ANNUAL REPORT 2022

CARIBBEAN DEVELOPMENT BANK

ANNUAL REPORT 2022

Mission Statement

Reducing poverty and transforming lives through sustainable, resilient and inclusive development.

Purpose

"The purpose of the Bank shall be to contribute to the harmonious economic growth and development of the member countries in the Caribbean (hereinafter called the "Region") and to promote economic co-operation and integration among them, having special and urgent regard to the needs of the less developed members of the Region."

Article 1 - Agreement establishing the Caribbean Development Bank

CONTENTS

The President's Statement

In 2022 the Caribbean advanced its recovery from the social and economic setbacks triggered by the COVID-19 pandemic; however, global events and natural hazards continued to underscore the Region's vulnerability to exogenous shocks. With recovery from the three-year ordeal still incomplete, the Caribbean Development Bank's (CDB) Borrowing Member Countries (BMCs) faced increased fiscal pressure from the effects of the Russia–Ukraine war which has triggered troubling shortages and crippling inflation.

Dr Hyginus "Gene" Leon
President, Caribbean Development Bank

Notwithstanding the difficult conditions, the BMCs demonstrated some degree of buoyancy, with Regional Gross Domestic Product (GDP) increasing by 11.0% compared to 4.9% the previous year. This was primarily driven by Guyana and Trinidad and Tobago, with both countries registering strong performance in the energy sector, and by continued resuscitation of the Region's tourism industry. The pace of debt accumulation slowed, in parallel, pushing the Regional average debt ratio down to 58.5% of GDP compared to 64.6% in 2021. However, while the labour market rebounded and economic activity increased, spikes in food and energy costs left businesses and households grappling with erosion in demand, revenues and disposable income.

Regional GDP increased by

11%

in 2022 compared to

4.9%

the previous year

In view of the continuing challenges, the Bank redoubled efforts to support the ongoing recovery while laying the framework for long-term sustainability across BMCs. Loans and grants approved amounted to $162.5 million (mn), representing an 11.8% decrease over the total for 2021. Disbursements totalled $285.9 mn, up from $254.9 mn in the previous year. The allocations reflect CDB's continued investment in critical pillar areas to support sustainable development, including Education, Agriculture, Water Supply, Energy and Infrastructure.

Among the significant lessons of 2022 was the need for resilience in our economies, social service systems and infrastructure, with recent experience demonstrating that preparation is the best antidote for shocks. Therefore, even as we troubleshoot the current challenges, CDB is primarily focused on repositioning BMC economies for sustainability. In this vein, we must reimagine the fundamental approaches to the pivotal factors driving sustainable development, to secure our collective future.

To begin with, we must significantly widen the pool of financing available to the Region for achieving the Sustainable Development Goals (SDGs). By CDB's estimates the Region will need more than $100 billion (bn) over the next decade to build resilience and facilitate the transformation necessary for achieving these SDGs. Recognising the extent of the resources required, in 2022 we accelerated our efforts to build a financial ecosystem for the Region, comprised of innovative instruments to meet emergency, intermediate and longer-term needs. Through outreach to other International Financial Institutions and the global donor community, we have sought to broaden our portfolio of funds to provide options to meet the various needs of our BMCs, which are by no means homogeneous.

In alignment with our objective to increase access to finance, we accelerated the development of our vulnerability and resilience framework and tools during the year. The mechanism uses the Recovery Duration Adjuster tool and the concept of Internal Resilience Capacity, two assessment methodologies conceived by CDB. The Bank's objective is for international financial and development institutions to adopt the framework as a mechanism for allocating adequate finance under appropriate terms for developing economies to ensure that responses to immediate shocks do not derail long-term sustainability efforts.

CDB President, Dr Hyginus "Gene" Leon (second left) and Hon. Philip J. Pierre, (second right) Prime Minister of Saint Lucia and Chairman of the CDB's Board of Governors (BOG) 2022-23, are flanked by Saint Lucian youth leaders, Mr Ajani Lebourne, (far left) and Ms Earlyca Frederick, President and Mobilisation Officer, respectively, of the Saint Lucia Youth Council at the Press launch of the 53rd Annual Meeting of the CDB's BOG which was held in Castries, Saint Lucia in August 2022.

Dr Ngozi Okonjo-Iweala, (right) Director General of the World Trade Organisation (WTO), hosted CDB President, Dr Hyginus "Gene" Leon when he visited the organisation's headquarters in Geneva, Switzerland in October 2022. During the visit, the two leaders signed a Memorandum of Understanding (MOU) under which the WTO will support capacity building in data collection, management and analysis for both CDB and its BMCs.

The structured outreach and advocacy campaign which we undertook in 2022 will continue in 2023 as we seek to increase Regional and global acceptance and support for our initiative.

As global geopolitical pressures intensified during the year, volatile fuel prices and galloping inflation threatened the quality of life and sustainability of production across the Region. In response to the multiple crises this presented for our BMCs, CDB elevated food sovereignty and energy security to the top of our agenda. We enhanced our energy security response by launching the Accelerated Sustainable Energy and Resilience Transition 2030 (ASERT-2030) framework. The framework was designed to expedite the Region's sustainable energy transition. ASERT will drive our energy proposition as we support our BMCs in achieving the energy-related SDGs.

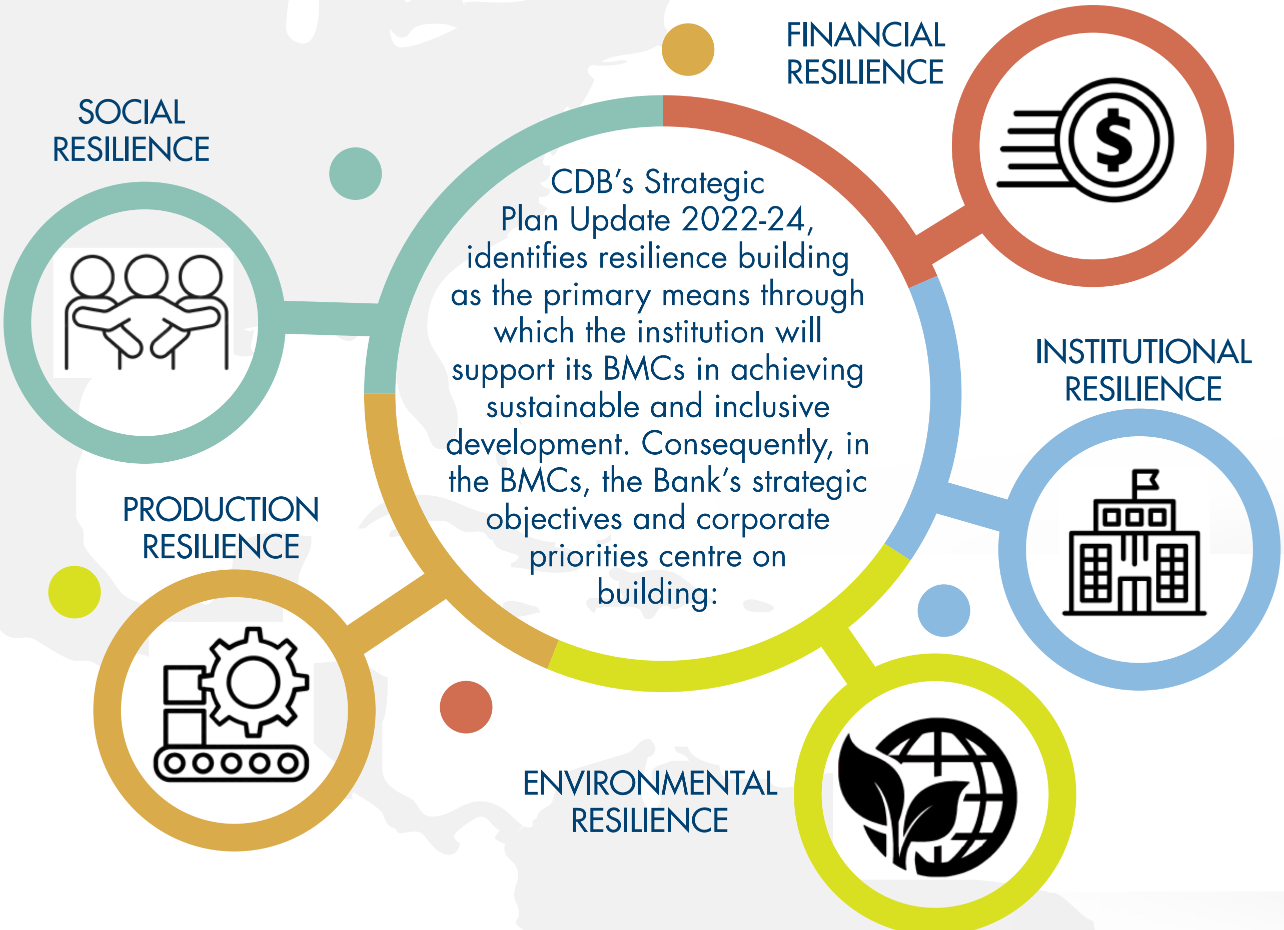
We are placing similar emphasis on food sovereignty by supporting the reconfiguration of our food supply systems which currently see us importing more than 80% of what we consume. The Bank is, therefore, fully aligned with the Caribbean Community (CARICOM) Agri-Food Systems Strategy devised to achieve a 25% reduction in the Region's spend on food imports by 2025. In support of this objective, CDB will continue to address factors hampering the Caribbean's agriculture sector, such as depressed productivity, inconsistency in the volume and quality of output, and susceptibility to natural hazards and climate impacts. We will also seek to advance potential game-changers such as improvements in air and maritime transport infrastructure and services, adoption of global food safety standards, and increased investment to modernise approaches to production.

Support for the agricultural sector is only one of the reasons why we must urgently address inter-regional transportation. In recent years, the movement of people and goods across the Region has been stymied by the breakdown in intra-regional transport, which declined by 50% between 2008 and 2018. The situation reached a crisis point in 2022, with the revival of the tourism industry coinciding with the demise of LIAT. The carrier, which was providing as many as 500 weekly flights in 2019, could only manage 50 during the year. CDB has been extremely supportive of efforts by Regional governments to address the air transportation dilemma. In December 2022, the Board of Directors (BOD) approved financing to procure consultancy services to devise urgent provisional measures to re-establish regular air transport services within the Eastern Caribbean in the first half of 2023.

A matter we must revisit with alacrity, to support the proposed approaches to the solutions outlined above, is the role of the private sector in sustainable development. At CDB, we have indicated that intensifying our partnership with this critical stakeholder group is an absolute priority. We understand that the quantum of resources needed to achieve the SDGs and attendant objectives will require private financing. Innovative ventures can best attract such inflows that marry viable development outcomes to the profit motive. This requires a mindset change, whereby the private sector entities can see themselves as development drivers. CDB intensified outreach to this target group during the year to propel this shift, and will continue to optimise opportunities to attract and deploy private capital in 2023 and beyond.

While the areas and approaches highlighted are pivotal to the Region's march to sustainable development, there are no quick-fix solutions to our challenges. However, addressing critical levers can have a catalytic effect, and as such the Bank continues to work diligently and strategically to improve the lives of citizens across the Region. I commend the Management Team and our Staff for their tireless efforts in 2022 and encourage them to remain resolute in the years ahead as we continue to devise and implement solutions. Also, I sincerely thank the Board of Governors (BOG), the BOD, our donors and other partners, whose support made 2022 a productive and fulfilling year.

IMPACT BRIEF



These key areas are supported by cross-cutting themes of

- Innovation
- Gender Equality
- Innovation
- Regional Cooperation and Integration
- Good Governance

Total Value of Projects Approved	Total Disbursements
$162.5 mn down **11.8%** from 2021	**$285.9 mn** up **12.2%** from 2021
$100.4 mn in loans	**$180.7 mn** in loans
$62.1 mn in grants	**$105.2 mn** in grants

Below is an overview of CDB's implementations in 2022 in the five key areas identified.

Social Resilience - Building capacity of individuals, communities, and institutions to sustain well-being and improve quality of life.

Education

- $43.8 mn approved for reconstruction of the East Grand Bahama Comprehensive School and enhancement of education systems in The Bahamas.
- 286,216 youths in Guyana and Suriname exposed to aspects of livelihood enhancement.
- 3,146 young students in Guyana and Suriname benefit from modernized basic school facilities.
- Over 19,200 students (45% females) in 121 primary and secondary schools in Haiti benefitted from fee waivers, textbooks, and food and nutrition through the Quality Enhancement in Public Education Project (EQuIP).
- 2,910 educators trained to address post-COVID learning loss through the Regional Learning Recovery and Enhancement Programme (Let's REAP) for Caribbean Schools
- 192 teachers in Belize trained in basic education.
- 175 educators trained in special and inclusive education under the EQuIP in Saint Lucia.

Social Support

- $40 mn in loans, through European Investment Bank (EIB) partnership, for health sector strengthening projects in Grenada, Saint Lucia, and Saint Vincent and the Grenadines.
- $25.3 mn in loans, through Inter-American Development Bank (IDB) partnership, for social protection projects to benefit vulnerable groups in Grenada, Saint Lucia, Saint Vincent and the Grenadines, Antigua and Barbuda, and St. Kitts and Nevis.

Agriculture

- 400 hectares (ha) of arable land equipped with improved irrigation, drainage and flood control systems to promote climate smart agriculture in Haiti.
- Guidelines and protocols for trade in 19 plant and animal products developed by the Caribbean Agricultural Health and Food Safety Agency with CDB financing approved by the Council for Trade and Economic Development
- Roll out of the online version of AGua para RIego (AGRI), a geospatial tool developed by CDB, the Centre for Tropical Agriculture (CIAT), and the Food and Agriculture Organisation (FAO), for planning and designing irrigation systems.

Water Supply and Sanitation

- 6,949 citizens in Jamaica and Suriname benefit from improved water supply and storage facilities

Basic Needs Trust Fund (BNTF)

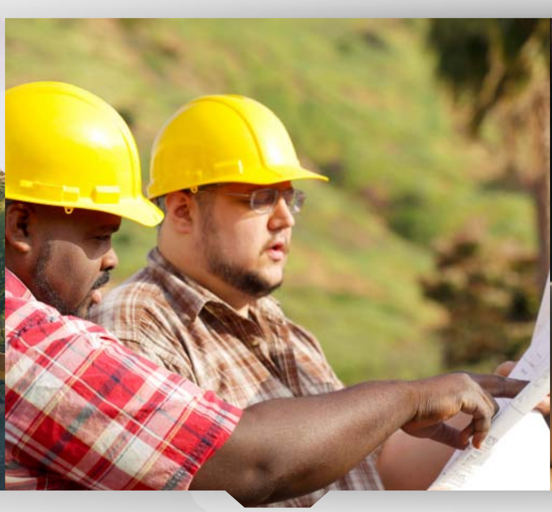
- Ninth cycle – Final 16 sub-projects, valued at $7.0 mn, completed impacting almost 300,000 beneficiaries.
- Tenth cycle – 21 sub-projects valued at $7.8 mn approved for participating countries, Dominica, Grenada, Monserrat, Saint Lucia, and Saint Vincent and the Grenadines.

Financial Resilience

Building financial capacity in CDB and BMCs

- Secured $50 mn from the Government of Italy to support sustainable development projects in CARICOM countries.
- Collaborating with the IDB and the World Bank to develop and fund a Disaster Risk Financing programme for the Government of Haiti (GOH).
- Moody's maintained the Bank's rating of Aa1 with a Stable outlook.
- Standard and Poor's maintained the Bank's rating at AA+ with a stable outlook.
- Fitch affirmed the Bank's rating at AA+ and raised the outlook from negative to stable.





Production Resilience

Fostering inclusive, sustainable, economic growth and development

Economic Infrastructure

- Completed climate resilient improvement work on 750 m of roadway and drainage channels in Barbados.
- GBP24.4 mn grant and $5.5 mn loan through United Kingdom Caribbean Infrastructure Partnership Fund (UKCIF) for rehabilitation of 11 km road corridor in Dominica.
- 2.6 km of community roads were upgraded to improve transport, trade and commerce in underserved rural communities in Jamaica.

Private Sector

- $8.6 mn loan for small and medium-sized infrastructure and energy projects in BMCs.
- $6 mn loan to the Development Finance Corporation (DFC) of Belize for loan scheme to enable tertiary students, including the financially disadvantaged, to pursue training in areas of national priority.
- $12 mn investment in Portland Caribbean Fund III to provide equity financing for high-growth regional companies.
- Designated operational hosts for She-Trades Hub for the Caribbean in collaboration with the International Trade Center.

Environmental Resilience

Promoting environmental sustainability

Climate Action

- $41.0 mn committed for climate change initiatives in the region, up from $20.4 mn the previous year.
- Climate initiatives accounted for 21.3% of total project approvals for 2022, up from 11% in 2021, trending positively towards the target of 25–30% by 2024
- Euro 14 mn financing from the European Union for the Caribbean Action for Resilience Enhancement (CARE) Programme
- $9.9 mn from the Adaptation Fund for resilience and adaptation agriculture project in Saint Lucia
- Achieved full alignment with Paris Agreement by December 2022 to ensure Bank operations are aligned with best practices for climate action.

Sustainable Energy

- $17 mn grant for 10 MW geothermal power plant in St. Kitts and Nevis.

Institutional Resilience

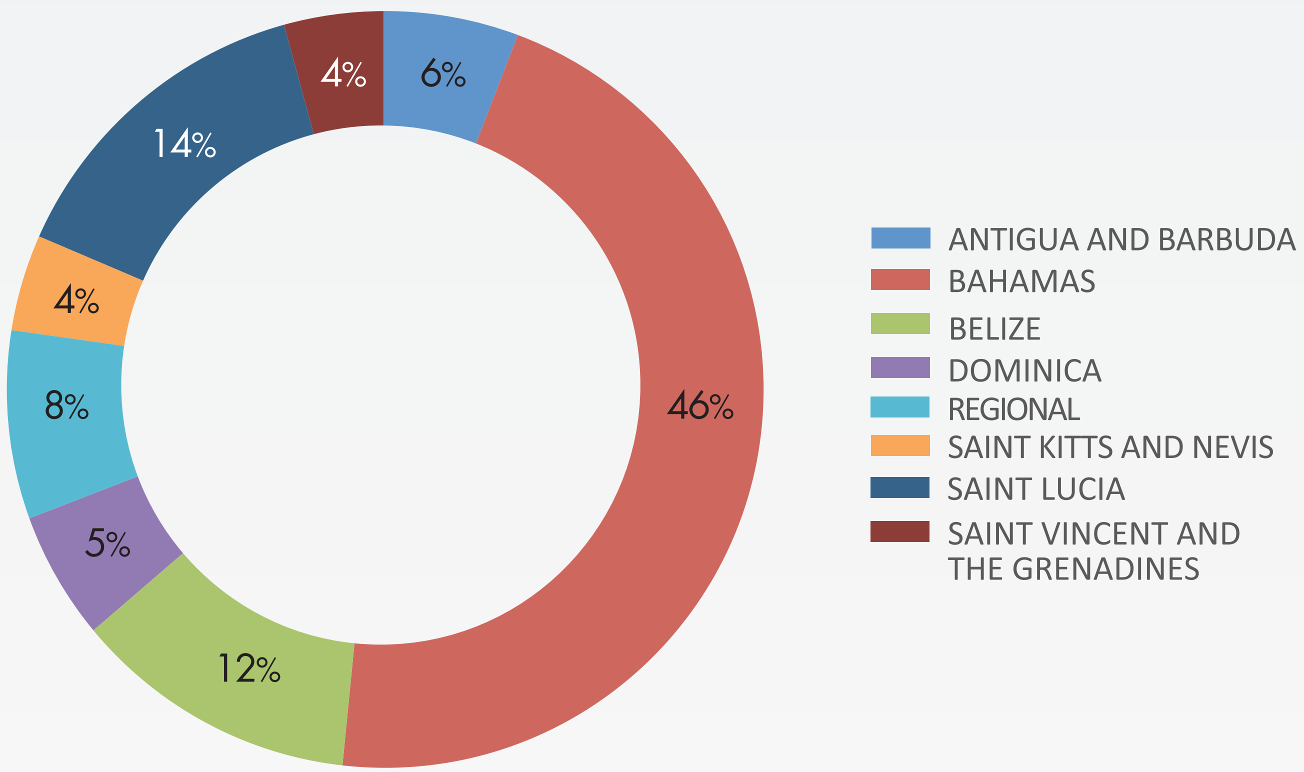
Building a result-based, client-centric, agile, transparent, gender-sensitive, and cost-efficient organisation

- Supported procurement reform including development of legislation in nine BMCs.
- Over 200 participants from the Region access procurement training through CDB's e-Learning platform.
- Continued strengthening governance and anti-corruption capacity in BMCs with the third annual Caribbean Conference on Corruption, Compliance and Cybercrime (3Cs) which attracted 1200 registrants from over 50 countries.
- Financed Country Gender Assessments in Belize, Jamaica, Saint Lucia, and Trinidad and Tobago, to facilitate effective gender mainstreaming and gender-responsive planning and programming.
- Established an MOU with the African Development Bank to deepen trade and investment between Africa and the Caribbean.
- Concluded a Framework Agreement with the Association of Caribbean States for cooperation on climate action, Disaster Risk Reduction, micro, small and medium enterprises (MSME) development and environmental protection.
- Finalised an MOU with the WTO for support in building capacity in CDB and BMCs for data collection, management and analysis, and assistance in implementing WTO Trade Facilitation Agreements.

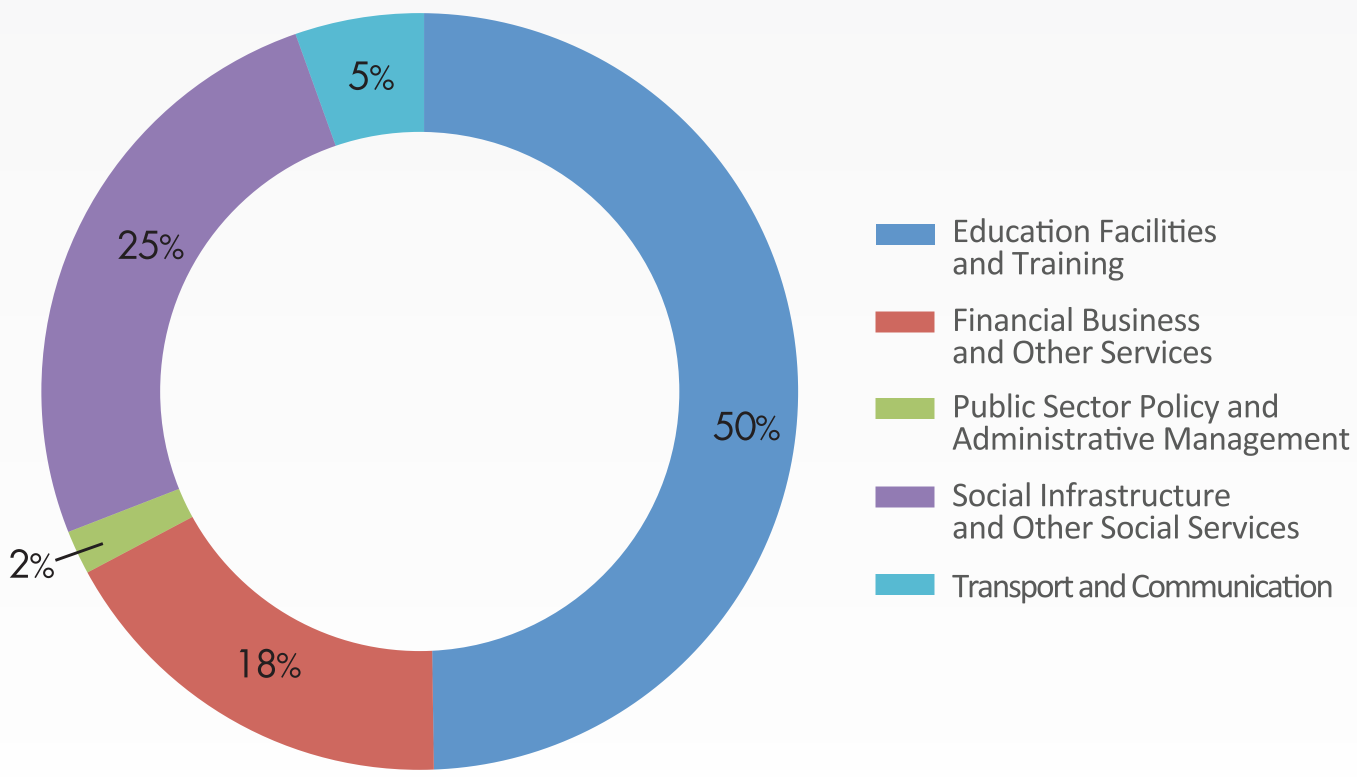
Table 1: Loans Approved by Country in USD January 1, 2022 to December 31, 2022

COUNTRY	DIVISION	PRN/LEGAL NO.	LOAN	SECTOR	AMOUNT	BOARD APPROVAL DATE	AGREEMENT DATE
Antigua And Barbuda	SSD	Pending	Strengthening Resilience And Supporting Recovery In Antigua And Barbuda: Covid-19 Health Response Project – Antigua And Barbuda	Social Infrastructure and Other Social Services	4,695,000.00	March 31, 2022	Pending
Bahamas	SSD	Pending	Bahamas Education Sector Transformation Project	Education Facilities and Training	45,064,848.00	December 9, 2022	January 1, 2099
Bahamas	EC	Pending	TA - Consultancy Services To Support Institutional Strengthening – Delivery Unit – Commonwealth Of The Bahamas	Public Sector Policy and Administrative Management	1,880,000.00	September 22, 2022	January 1, 2099
Belize	SSD	Pending	Belize Resilience Programme-B Resilient	Social Infrastructure and Other Social Services	5,000,000.00	December 9, 2022	January 1, 2099
Belize	SSD	Pending	Belize Social Investment Fund III: Additional Loan	Social Infrastructure and Other Social Services	1,262,400.00	December 9, 2022	January 1, 2099
Belize	PSDD	Pending	Student Loan Line Of Credit - Belize	Financial Business and Other Services	6,000,000.00	September 22, 2022	January 1, 2099
Dominica	EID	80/Sfr-Dmi	Rehabilitation Of Loubiere To Bagatelle Road - Phase 1 - Loubiere To Grand Bay Road	Transport and Communication	5,500,000.00	March 31, 2022	May 4, 2022
Regional	PSDD	Pending	Second Line Of Credit	Financial Business and Other Services	8,250,000.00	June 13, 2022	January 1, 2099
St. Kitts And Nevis	SSD	52/Sfr-Stk	Enhancing Learning Continuity Project	Education Facilities and Training	4,155,000.00	March 31, 2022	May 10, 2022
St. Lucia	SSD	Pending	Building Capacity And Resilience In The Health Sector To Respond To The Coronavirus-2019 Project	Social Infrastructure and Other Social Services	5,220,000.00	December 9, 2022	January 1, 2099
St. Lucia	SSD	Pending	Safety Nets For Vulnerable Populations Affected By Coronavirus Saint Lucia	Social Infrastructure and Other Social Services	5,217,000.00	September 22, 2022	January 1, 2099
St. Lucia	EID	Pending	Support To The Micro, Small And Medium Enterprises Sector Post Coronavirus Disease – Saint Lucia	Financial Business and Other Services	3,704,000.00	September 22, 2022	January 1, 2099
St. Vincent And The Grenadines	SSD	Pending	Improving Response And Resilience Of The Health Sector To Covid-19 Project - St. Vincent And The Grenadines	Social Infrastructure and Other Social Services	4,404,000.00	September 22, 2022	January 1, 2099
Total					**100,352,248.00**		

LOANS APPROVED BY COUNTRY

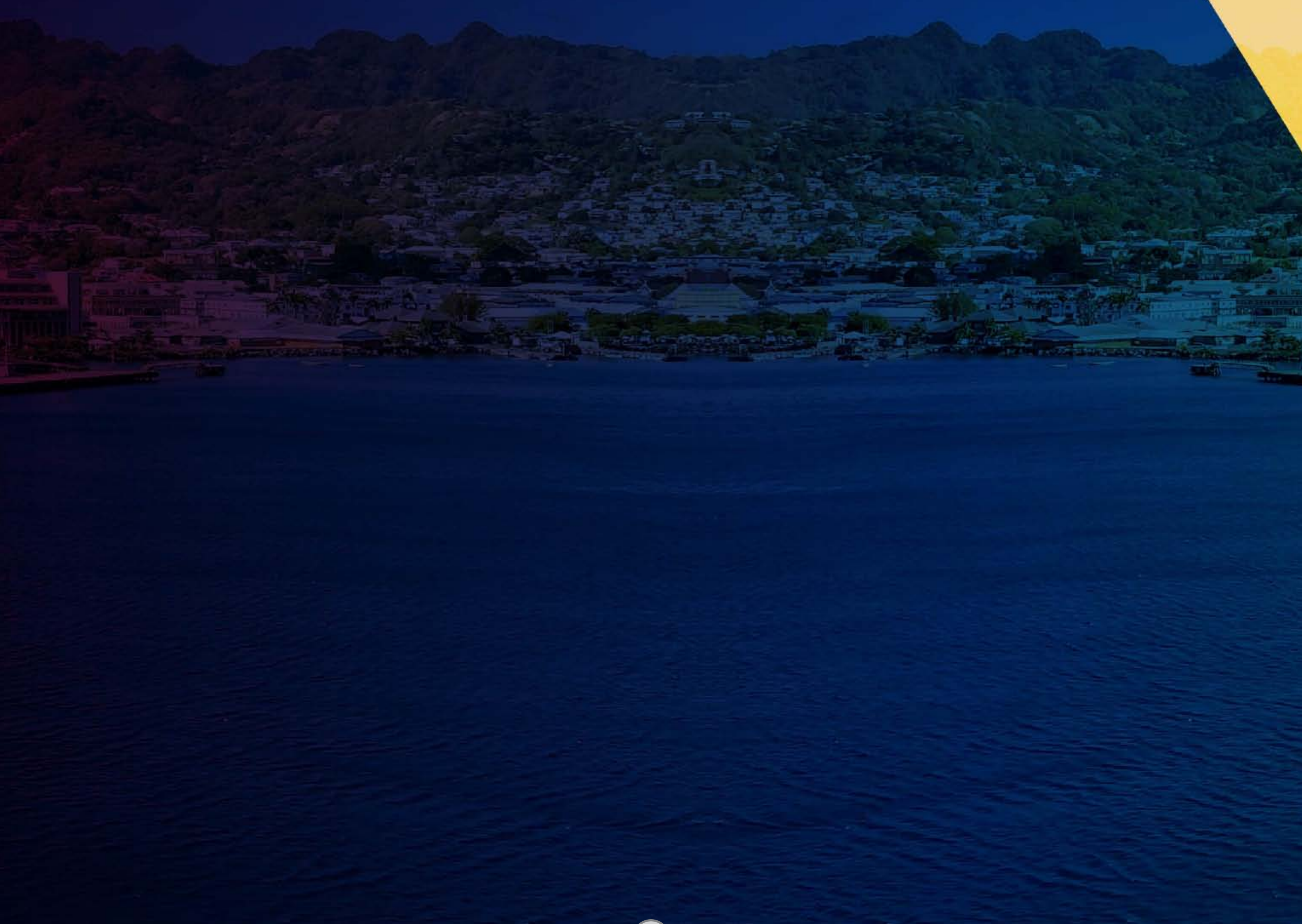


LOANS APPROVED BY SECTOR



SECTION 1

Caribbean Economic Review 2022 and Outlook 2023



Overview

BMCs economic performance improved in 2022, even as countries were navigating multiple shocks and global headwinds that necessitated continued policy focus on crisis management, and actions to stabilise and support durable economic recovery. As the pandemic and public health restrictions eased in 2022, the onset of the war in Ukraine in February unleashed sharp increases in fuel and food prices which, compounded by global supply-chain disruptions, pushed global inflation from 4.7% in 2021 to 8.7% (the highest rate in decades), with concomitant price pressures in BMCs. Simultaneously, monetary policy tightening in major economies contributed to considerably slower global growth of 3.4% from 6.3% in 2021, which weighed on the Region's growth prospects. Equally compelling in guiding policy during 2022 was the continuing need to pursue structural and other developmental reforms for forging ahead, to address retardation of development and long-standing challenges to more inclusive and sustainable growth.

In 2022, Regional GDP registered growth for the second consecutive year, expanding by 11.0% following 4.9% growth in 2021. The booming oil production in Guyana paved the way for a full recovery as Regional GDP ended above pre-pandemic levels. Likewise, tourism recovery gained momentum as a surge in demand for international travel resulted in most tourism-dependent BMCs experiencing significantly higher international arrivals than the previous year. Accordingly, real GDP for service-exporting countries expanded by 6.9%, compared with 5.6% in 2021. The faster pace of growth in the tourism industry has improved the prospect of a full rebound for some in 2023. However, higher imported inflation and economic uncertainty around the deepening geopolitical crisis in Eastern Europe and the persistence of its spillovers seemingly weighed on domestic consumption demand in 2022. BMCs adopted measures to rein in inflation and mitigate the impacts of higher cost of living, while governments continued to support the most vulnerable groups.

Elevated prices and higher economic activity contributed to increased revenue, which slightly improved fiscal outturns in the Region. The pace of debt accumulation in 2022 slowed considerably from the previous two years. However, debt sustainability remains a concern, with debt still above sustainable levels, especially in an environment of higher interest rates, a strengthening US Dollar and slowing global economic growth.

The CDB has forecasted growth of 6.4% for its 19 BMCs in 2023. There are several downside risks to this projection. Stubborn inflationary pressures, the ensuing monetary and financial tightening, and the energy crisis in Europe are among the factors impeding the post-pandemic economic recovery and increasing the likelihood of a global recession. Any resurgence of COVID-19 and other natural hazard events are additional threats.

BMCs' Performance

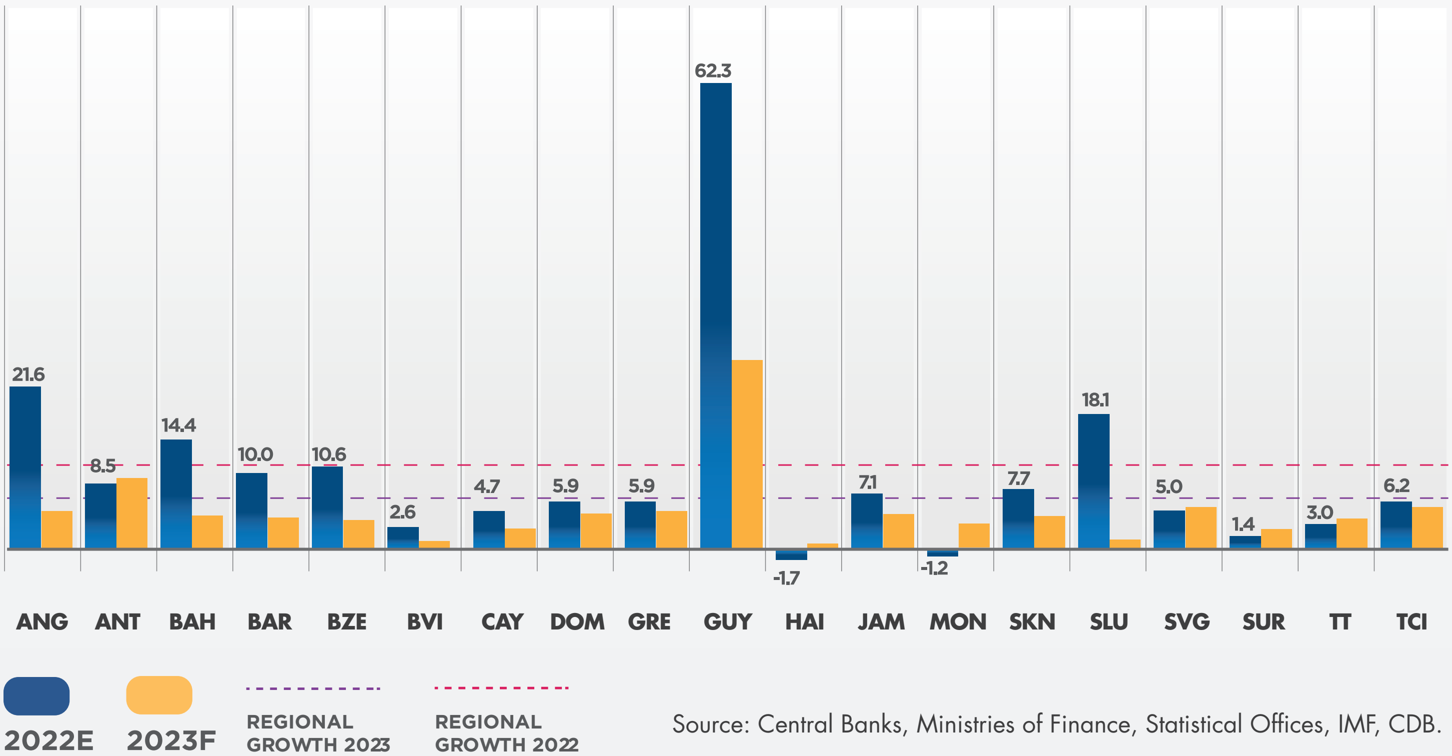
Pandemic related public health measures were gradually phased out during 2022 as the emerging COVID-19 variants became milder, allowing for a year of largely uninterrupted economic activity across the Region. Caribbean economies posted a stronger rebound, with real GDP growing by 11.0%, compared with 4.9% in 2021. However, economic growth and overall performance in Haiti continued to be marred by political instability, intensified gang violence and social unrest, inflation, and food and fuel shortages, with the unfavourable situation compounded by another outbreak of Cholera. Extreme weather events [1] impacted Belize, Dominica, Saint Lucia, and Trinidad and Tobago, resulting in the loss of crops, housing and other infrastructure.

The surge in regional growth was largely due to increased production of energy commodities in Guyana and Trinidad and Tobago, both benefiting from higher international oil prices.

Caribbean economies posted a stronger rebound in 2022 with real GDP growing by **11.0%** compared to **4.9%** in 2021

The two countries collectively accounted for much of the economic growth of 18.6% in commodity-exporting BMCs. In Guyana, crude oil production rose to 101.4 mn barrels, up from 42.7 mn in 2021, fuelling robust real GDP growth of 62.3% (see Chart 1). With only a marginal increase in gold milling and oil refinery activities, and costlier imports tempering other economic activity, Suriname's economic growth was modest in 2022.

CHART 1: REAL GDP GROWTH 2022[ESTIMATE] AND 2023[FORCAST]



Source: Central Banks, Ministries of Finance, Statistical Offices, IMF, CDB.

[1] Belize was impacted by Hurricane Lisa; Dominica and Saint Lucia by a low-level trough; and Trinidad and Tobago by heavy rains and flooding.

[2] Intra-regional travel continues to be a challenge due to reduced seat capacity, poor connectivity and higher travel costs.

In service-exporting BMCs reliant on tourism, the removal of pre-arrival COVID-19 testing requirements and the increase in extra-regional[2] airlift to meet a substantial pent-up demand for travel resulted in a strong, though insufficient, recovery in tourism activities that buoyed economic growth to 6.9% in these BMCs. Relaxation of public health measures enabled resumption of festivals and other popular events, attracting visitors and stimulating local demand. Tourist arrivals for the Region during 2022 reached 81.3% of 2019 pre-COVID arrival levels, up from 43.4% in 2021. The Turks and Caicos Islands, Jamaica, and Antigua and Barbuda have led the rebound, attaining over 85% of their 2019 pre-COVID arrival levels.

Across BMCs, continued global recovery and increased domestic demand spurred growth in other key economic sectors as well, such as wholesale and retail (5.9%) and transportation (11.5%). Momentum in construction continued in 2022 for both the private and public sectors, notwithstanding high freight costs and shipping delays. Public sector investments were mostly part of economic stimulus programmes, which continued in some BMCs to support the post-pandemic recovery. BMCs' agricultural output increased (5.0%), partly influenced by higher local and export demand as regional governments boosted efforts to strengthen food and nutrition security, amid COVID-19 supply chain disruptions and recent global commodity price increases which have jeopardised the Region's food supply[3].

The Region's financial systems have largely weathered the pandemic's impacts and are able to support the ongoing economic recovery. The commercial banking sector has generally remained stable, liquid and well-capitalised, although fragilities persist, with moderate financial intermediation. Credit to the private sector grew modestly in 2022. In addition, the number of non-performing loans-historically high in some BMCs-increased following the expiry of loan moratoria.

Labour Markets

There was a general improvement in labour market conditions in 2022. Data, where available, shows increased employment levels for women and men, mirroring removal of COVID-19 mobility restrictions and the reopening of key economic sectors, especially in the hotel and restaurant sector. Females had been disproportionately dislocated by the curtailment of tourism services, where women are over-represented. The Cayman Islands, Belize, Jamaica and Barbados posted reduced unemployment rates of 2.6%, 5.0%, 6.6% and 8.4%, respectively, for 2022. Unemployment among the Region's youth is expected to have moderated, but is still relatively high.

2 Intra-regional travel continues to be a challenge due to reduced seat capacity, poor connectivity and higher travel costs.

3 The Caribbean Community governments committed in 2022 to reducing the Region's food import bill by 25.0% by 2025, through an import-replacement programme that targets increased production and intra-regional trade of selected commodities including poultry, livestock (beef, sheep, goat), fish, vegetables and fruits.

Prices

The Region's heavy dependence on imported fossil fuels has made it vulnerable to imported fuel inflation. The Russia–Ukraine war, fuel supply disruptions and other supply chain imbalances exerted sustained price pressures that have triggered high and persistent food and energy inflation, after decades of relatively low and stable prices. The IMF estimated global inflation for 2022 at 8.7%, 4.0 percentage points above 2021. Throughout the Region, the cost of goods and services registered a noticeable increase, particularly for food, energy and transportation, resulting in higher inflation. This has placed significant pressure on households, businesses and governments alike.

During the year, inflation was most pronounced in Suriname, which registered a spike of 52.4% in its average consumer price index, due to the combined effect of elevated global inflation and a weakening Suriname dollar. In Jamaica, the 12-month moving average inflation rate at the end December 2022 rose to 10.3%, consistently breaching the inflation target of 6.0% for the year. Citizens of the Organisation of Eastern Caribbean States (OECS) also paid more for goods and services, with inflation ranging from 2.5% in Grenada to 7.9% in Dominica.

Rising cost-of-living heightened concerns over food and energy security, especially for the Region's poor, for whom food and fuel comprise a large share of their consumption basket. Food prices[4] in the Region rose significantly, by as much as 14.8% in Barbados and 35.5% in Haiti. Governments cushioned the impact of high inflation, pivoting from significant pandemic-related fiscal stimuli and income support towards cost-of-living assistance. Much of this support took the form of electricity assistance programmes, lower duties and taxes on food and fuel where feasible, a temporary increase in the number of zero-rated Value-added Tax items, and in some cases extending income support programmes for the most vulnerable and placing price controls on basic goods to preclude price gouging.

Amidst this environment of stubbornly high inflation, monetary authorities across all major economies, notably the United States of America, the United Kingdom and European Union, concurrently rolled back accommodative monetary policy to support the post-pandemic recovery. In some cases, monetary authorities raised their overnight policy rates and conducted open market operations to tighten credit conditions, mop up excess liquidity and slow inflation. Central banks and monetary authorities in some of the BMCs also deployed similar disinflation policies-in Suriname for example-as they grappled with the difficult policy trade-off between lowering inflation versus slowing the recovery. The central bank in Jamaica raised its policy rate by 450 basis points, hiking the rate from 2.5% to 7.0% during the year.

[4] The impact of inflation on households in the English and Dutch Speaking Caribbean was also spotlighted in the fifth World Food Programme Caribbean Food Security and Livelihoods Survey, implemented in August 2022, which found that 4.1 mn persons (57.0% of the population) in the Region were moderately or severely food insecure.

Fiscal and Debt Performance

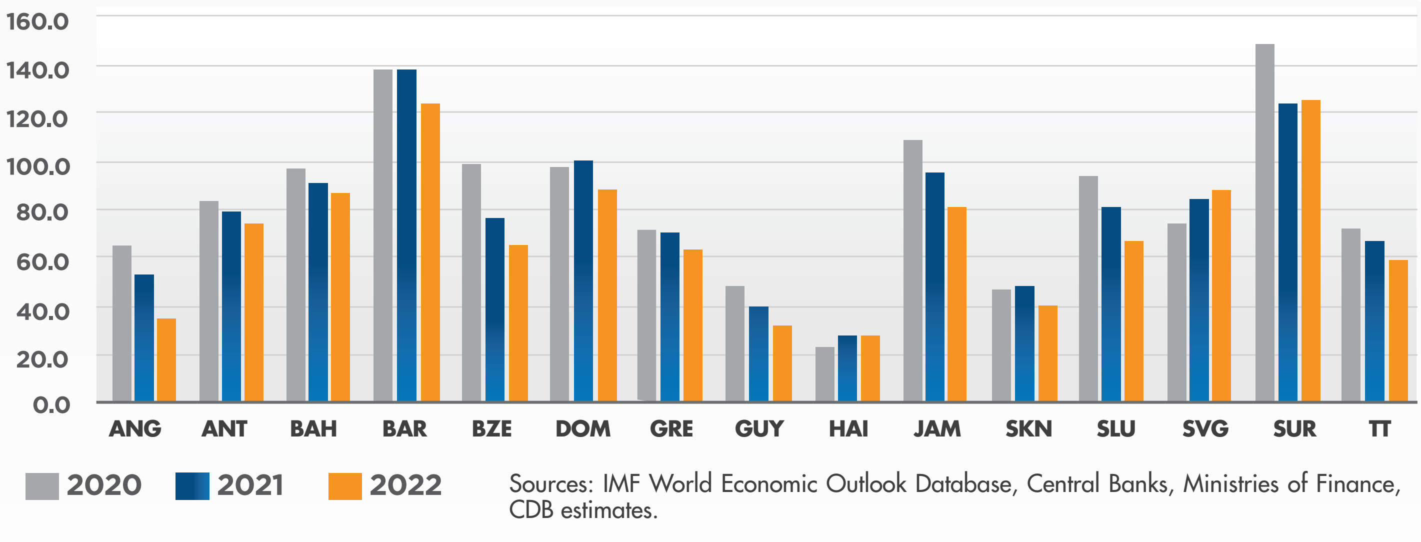
With the uptick in economic activity, the fiscal position of most BMCs improved, evidenced by an increase in the average primary balance from -1.8% of GDP in 2021 to 0.5% in 2022. Higher overall economic activity, and rising prices, contributed to increased revenue collections, particularly from taxes on international trade and on goods and services. In some countries, for example Anguilla and Barbados, some of the improvement is also attributable to the successful implementation of fiscal reforms. Receipts from Citizenship-by-Investment programmes continued to boost revenue performance, particularly in St. Kitts and Nevis, and are an important source of earmarked funds for projects in Dominica and Grenada.

BMCs began to wind down pandemic-related spending but faced additional spending pressures, as new initiatives were needed to mitigate the rising cost of living. Governments also faced higher costs of goods and services, and of servicing variable rate debt, in addition to wage increases in some countries. Though capital expenditure throughout the Region was restricted due to the limited fiscal space and slow implementation rates, work progressed on key projects. These included the Kingstown Port Modernization Project in Saint Vincent and the Grenadines, the Philip S W Goldson Highway and Remate Bypass Upgrading Project in Belize, and the Millennium Highway and West Coast Road Upgrading Project in Saint Lucia, all funded by the UKCIF and CDB.

The Regional average debt ratio continued to decline, but country-level debt ratios remained elevated—with ratios of 10 BMCs above 60.0% at end-2022 (see Chart 2). The average debt ratio fell from 64.6% of GDP in 2021 to 58.5% in 2022, due to strong nominal GDP growth that overshadowed a 4.0% increase in government debt stock. At the same time, although eight BMCs[5] managed to either reduce or stabilise their debt levels, the other BMCs experienced an increase, particularly Guyana and Suriname, reflecting higher public sector investment and currency depreciation, respectively.

The average debt ratio fell from **64.6%** of GDP in 2021 to **58.5%** in 2022.

CHART 2: DEBT-TO-GDP (%) IN SELECTED BMCS



Sources: IMF World Economic Outlook Database, Central Banks, Ministries of Finance, CDB estimates.

[5] Anguilla, British Virgin Islands, Dominica, Grenada, Jamaica, Montserrat, and Turks and Caicos Islands.

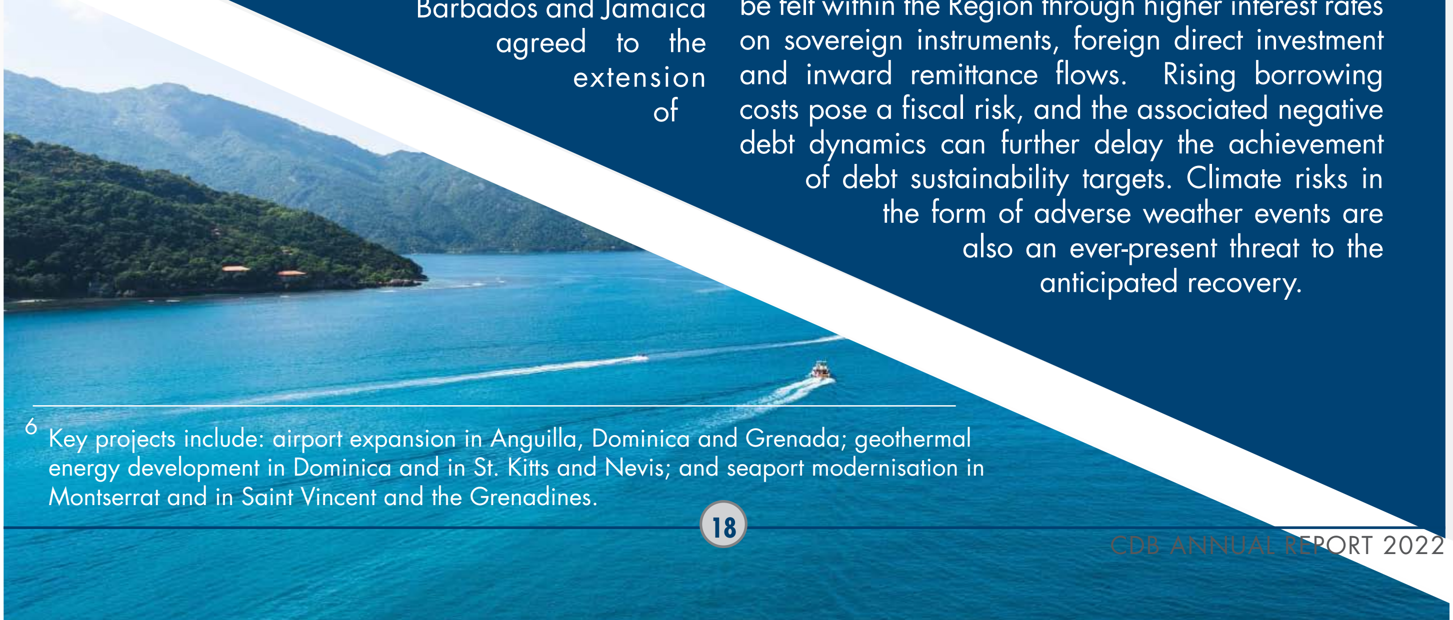
Outlook

The near-term outlook remains cautiously optimistic, although uncertainty regarding the duration and consequences of the war in Ukraine make it extremely difficult to estimate growth with any degree of confidence. Nevertheless, CDB forecasts regional growth of 6.4% in 2023, and baseline estimates are for most Regional economies to return to pre-pandemic output levels by 2024. Commodity exporters are forecasted to grow by 11.5% in 2023, anchored in continued natural resource investments in the energy sector. With the ongoing resuscitation of tourism arrivals to pre-COVID-19 levels, service-exporting economies are expected to grow at an average of 3.3%. Construction activity will also support the growth outturn across BMCs, based on planned private sector construction projects in the tourism sector, and governments implementing public sector investment programmes[6]. With respect to inflation, prices across the Region are expected to remain elevated, given the Russia–Ukraine war and the risk of escalating geopolitical tensions driving additional international commodity price shocks. However, if the downward pressures on international oil and other commodity prices observed in the later months of 2022 continue in 2023, inflation could soften.

The predicted economic growth should boost government revenues and aid improved fiscal outcomes. Additionally, some BMCs have signalled their intention to intensify consolidation efforts in 2023 by restoring fiscal rules suspended during the pandemic period. BMC governments continue to pursue reforms to tackle fiscal and debt imbalances, increase fiscal space and rebuild buffers. To maintain and strengthen macroeconomic stability and deepen their reform agenda, the governments of Barbados and Jamaica agreed to the extension of IMF supported programmes. This will provide them with access to the new Resilience and Sustainability Trust to help build resilience against economic risks associated with climate change, and to facilitate a zero-carbon economy in the case of Jamaica. Other ongoing reform initiatives include the planned introduction of VAT in Suriname in 2023 alongside the strengthening of the tax department as an independent authority, as well as the enhancement of fiscal responsibility frameworks in Jamaica, and Saint Vincent and the Grenadines.

Commodity exporters are forcasted to grow by **11.5%** in 2023, and service-exporting economies are expected to grow at an average of **3.3%**

A difficult external environment will challenge the recovery path. Most of the Region's main trading partners (The United States of America, the United Kingdom, the European Union and China) are simultaneously on track to register lower growth relative to 2022, increasing the likelihood of a global recession. Any surge in COVID-19 infections, such as that seen in China in late 2022, could prompt further travel and supply chain disruptions. Continued appreciation of the US dollar would reduce the price competitiveness of BMCs with currency pegs, particularly those that rely heavily on the United Kingdom as a trading partner. The effects of tighter monetary policy in advanced economies will also be felt within the Region through higher interest rates on sovereign instruments, foreign direct investment and inward remittance flows. Rising borrowing costs pose a fiscal risk, and the associated negative debt dynamics can further delay the achievement of debt sustainability targets. Climate risks in the form of adverse weather events are also an ever-present threat to the anticipated recovery.



[6] Key projects include: airport expansion in Anguilla, Dominica and Grenada; geothermal energy development in Dominica and in St. Kitts and Nevis; and seaport modernisation in Montserrat and in Saint Vincent and the Grenadines.

Repositioning and Resilience

The Caribbean is currently at a critical juncture in the Region's development journey. The collective impact of protracted shocks has eroded long-held development gains and compounded the Region's socioeconomic challenges. Governments are continuing reform through steps to attract investment and improve living standards; some, including Suriname, Barbados and Jamaica, are engaging with and securing multilateral development policy and/or financing support. Policies to spark more resilient and inclusive growth must, therefore, prioritise the following areas:

Promoting sound macroeconomic policies and devising approaches to reduce debt and regain sustainability, while focusing on access to affordable financing as part of a comprehensive debt management strategy that supports growth and development. With BMCs spending more on servicing debt, fewer resources are left for development and growth, and debt-related risks are rising in a high-inflation environment. Gradually replenishing depleted fiscal buffers will also be important to manage future shocks.

Seeking partnerships and investments to restore air connectivity levels, to improve intra-regional trade and travel and support tourism recovery.

Advancing the resilience agenda by diversifying productive bases and exports to overcome reliance on only a few economic sectors for growth, by scaling up investment in climate-resilient infrastructure and improving disaster preparedness and mitigation.

Improving the business environment to boost productivity and competitiveness and attract investment, especially in small and medium-sized enterprises, focussing on encouraging women and youth-owned businesses, and accelerating the uptake of digital technologies, innovation and technological sophistication. Enhancement of investment in physical infrastructure—energy, transportation and telecommunication, which are prime drivers of productivity growth—is also required.

Investing in human capital, especially in new skills and capabilities for high-growth industries, while deploying strategies to redress high youth unemployment and learning losses to prevent adverse long-term consequences for education outcomes, labour markets, social cohesion and development potential.

Strengthening social protection systems, by improving the targeting of social assistance for the most vulnerable while enhancing the efficiency of delivery systems through digitalisation.

Accelerating optimal use of climate-smart technology to improve agricultural productivity and strengthen food and nutrition security, towards the Region's goal of reducing its food import bill by 25% by 2025.

Bolstering institutional support structures to increase public and private sector investment in green energy transition.

Strengthening energy cooperation arrangements to help enhance resilience to external shocks, considering the Region's high reliance on fossil fuels and imported energy and the dominating influence of geopolitical factors in driving global energy market dynamics.

Reinforcing institutions and combating crime and corruption, since the latter discourage private initiative, firms' incentives to invest, and consequently inclusion and development.

SECTION 2
Projects Performance Review

Economic Infrastructure

Approved Financing

CDB approved a grant of GBP24.4 mn, through the UKCIF, and a loan of $5.5 mn from the Special Development Fund for the Government of Dominica. The funds will support the rehabilitation of an 11 km road corridor between Loubiere Bridge and Grand Bay, including climate resilient enhancements.

The Bank also approved $17 mn in grant financing to support the development of a 10 MW geothermal power plant in St. Kitts and Nevis. The facility can significantly increase renewable energy generation and lay the framework for producing green commodities, facilitating economic diversification.

Sustainable Energy

The Bank approved a revised Energy Sector Policy and Strategy (ESPS-2022) to improve its responsiveness to the evolving environment at the national, Regional and international levels, while bolstering energy transition in BMCs. ESPS-2022 addresses CDB's dual objectives of increasing energy security and improving climate resilience in the energy sector. It also recognises the projected increased role of electrification in the energy transition, with the potential for the electricity sector to become a vehicle for economic transformation in most BMCs, in the context of emerging opportunities linked to the global de-carbonisation thrust and the climate resilience imperative.

Officials from the Government of Belize, the Government of the United Kingdom and the CDB breaking ground in May 2022 to officially mark the construction phase of the Philip S W Goldson Highway and Remate Bypass Upgrading Project. The $59.9 mn project involves major improvement of 125 km of the essential arterial route that links Belize City to the Mexican border.

A key feature of ESPS-2022 is articulating the Accelerated Sustainable Energy and Resilience Transition 2030 (ASERT-2030) framework. In response to the sluggish energy transition across BMCs over the past decade, the Bank will use this framework to encourage an increase in pace and scale by helping countries to catalyse sustainable energy (SE), renewable energy (RE), energy efficiency and resilient electricity infrastructure investments. The Bank will also increase engagement with BMCs through ASERT-2030 Dialogues for enhanced sector diagnostics, and identification/ or development of transformative SE initiatives, called ASERTives. This will help address key barriers and leverage de-risking opportunities while supporting BMCs to be more assertive in pursuing their agreed 2030 RE and climate targets and achieve SDG 7. In addition, strong Strategic ASERT Partnerships will be a central feature of the framework to facilitate scaled-up resource mobilisation and increased coordination of activities and contributions of partners.

Water and Sanitation

The Bank continued to partner with the Caribbean Catastrophe Risk Insurance Facility (CCRIF SPC) and the IDB, forming a Caribbean Water Utility Insurance Company (CWUIC SP), which will be a segregated portfolio of CCRIF SPC. CWUIC SP will contribute to financial and physical resilience of the Region's water sector through the following initiatives:

- A rapid response programme to support preparedness and recovery activities by water utilities;
- Parametric insurance; and
- Support to identify and prepare proposals for financing resilient water and wastewater infrastructure.

Key Implementation Results

Despite challenges posed by the COVID-19 pandemic, the Region made notable progress on several projects, especially in the transportation, water supply and energy sectors. Over 600,000 Caribbean citizens will benefit from these projects, once completed. Benefiting countries and sectors include:

- Antigua and Barbuda – transport and energy
- Barbados – water supply and flood mitigation
- Belize – transport, water and energy
- The Bahamas – water supply
- Dominica – transport and water supply
- Guyana – sea defence and transportation
- Saint Vincent and the Grenadines – transportation and disaster recovery

More specifically, major investments to improve the climate change and natural disaster resilience of primary road networks continued during the period in Belize and Antigua and Barbuda. Project designs incorporated road safety considerations to improve conditions for all road users, especially vulnerable groups.

In Barbados, the Bank completed 750 meters of primary drainage channels along with associated bridge and road network improvements. Approximately 600 residents will benefit from enhanced climate change and natural disaster resilience and the revitalisation of urban communities. Saint Vincent and the Grenadines received technical assistance to improve project management, which contributed significantly to improving the implementation rate of CDB's large portfolio of Natural Disaster Management projects in the country. Mobilisation for the design and construction of CDB's largest capital works project in terms of monetary value, the Kingstown Port Modernization Project, commenced in May 2022.

CDB hosted a panel discussion on Gender Lens Investing for Caribbean Resilience at the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27), in Sharm el-Sheikh, Egypt in November 2022. The participants included (from left) Mr. Isaac Solomon, Vice President, Operations, CDB, Ms. Patricia Francis, International Trade Expert, Ms. Anita Bhatia, Assistant Secretary-General and UN Women Deputy Executive Director, New York, Hon. Pennelope Beckles, Minister of Planning and Development and CDB Governor for Trinidad and Tobago, Mr. Doug Hewson, Managing Director, Portland Private Equity, Ms Sumayyah Carghill, Strategic Development Manager, Bahamas Development Bank and Mr. Daniel Best, Director of Projects, CDB.

Environmental Sustainability

Throughout the year, CDB continued to promote strong environmental and social management across its project portfolio by implementing its Environmental and Social Review Procedures. In keeping with this, all investment projects were assessed for environmental and social risks and impact. The Bank also strengthened systematic screening for climate risks in projects and buttressed country engagement strategies.

CDB met its commitment to be fully aligned with the goals of the Paris Agreement by December 2022, ensuring that its business and operations are in consonance with the best practices for effective climate action. The Bank also committed an estimated $41.0 mn towards climate change initiatives in the region in 2022, compared to $20.4 mn the previous year. This amount represents 25.2% of total project approvals for 2022 and reflects steady progress towards the target of 25–30% allocation by 2024.

At the same time the Bank focused on supporting energy transition and bolstering climate change adaptation and resilience in BMCs through significant progress in implementing key initiatives during the year. These initiatives included the launch of the CARE Programme in March 2022, financed by the European Union through the 11th European Development Fund Intra-African, Caribbean, Pacific-EU-Natural Disaster Risk Reduction Programme.

CARE aims to:

- improve governance on disaster risk management and climate change adaptation;
- strengthen evidence-based and gender-sensitive decision making and financial responses to the climate crisis; and
- support community infrastructure and livelihood resilience to respond to climate change impact and natural hazards in BMCs.

Another avenue of support for BMCs was assistance with formulating an ambitious pipeline of programmes and projects for co-financing from the Green Climate Fund (GCF). The Bank used GCF Project Preparation Facility grants, amounting to over $2.1 mn, to prepare three large-scale initiatives for submission to the GCF in 2023, which should collectively mobilise significant concessional climate finance for the Caribbean. CDB also delivered much-needed technical assistance and capacity-building support to its members through five GCF readiness projects valued at $2.7 mn. In addition, CDB became the first organisation, globally, to secure approval for a project under the GCF's new Direct Access Entity support window, which will strengthen the Bank's capacity to assist BMCs with GCF programme and project preparation in 2023.

Other capacity building efforts included the launch of e-learning modules to enhance understanding of sustainable development and environmental sustainability, elements of the green economy, climate change risks, mitigation and adaptation. One hundred and thirty-one public sector officers across BMCs and 95 CDB staff members enrolled in the training initiative.

The Bank continued implementing Canada-CARICOM Climate Adaptation Fund (CCAF) financed by Global Affairs Canada to strengthen disaster risk financial management capacities in the BMCs. In 2022, CCAF assisted seven BMCs[8] with maintaining or increasing their coverage against tropical cyclone, extreme rainfall and earthquake risks under CCRIF. By the end of 2022, CDB had disbursed $11.0 mn to CCRIF for insurance premium payments on behalf of these countries. The Bank also contributed $3 mn for Haiti's CCRIF premium payment for the 2022-2023 policy year, with the GOH providing a counterpart contribution of $4.4 mn.

In addition, CDB undertook a "Comprehensive Diagnostic of Gender-sensitive Innovative Disaster Risk Financing Instruments" that will recommend a suite of relevant instruments for use in BMCs. We will complete this assessment in the first quarter of 2023.

In the global arena, CDB supported the Caribbean agenda at the 27th meeting of the Conference of the Parties (COP27) to the United Nations Framework Convention on Climate Change (UNFCCC), held in Sharm el-Sheikh, Egypt, in November 2022. The event provided a forum for promoting the Bank's environmental sustainability efforts and opportunities to strengthen partnerships with other development actors. The CDB delegation advocated for the Region's needs and priorities, including the necessity of enhancing mitigation and adaptation ambition, as well as establishing a mechanism to mitigate and redress loss and damage in vulnerable countries.

Private Sector

Throughout 2022, as the negative impacts of the COVID-19 pandemic abated, CDB resumed implementation and appraisal of new projects. Responding to the expanding needs of BMCs, while optimising its portfolio and maintaining strong financial and capital positions, CDB continued to crowd-in resources by pursuing collaborations and co-financing opportunities, mobilising finance for human capital development and forming strategic partnerships.

The Bank's interventions included approval of an $8.6 mn loan to Corporacion Interamericana para el Financiamiento de Infraestructura, S.A. (CIFI), which will provide financing to small and medium-sized private sector led infrastructure and energy projects in BMCs. CDB also approved a $6 mn loan to the DFC in Belize, to finance sub-loans under a Student Loan Scheme to enable eligible persons, including the financially disadvantaged, to pursue tertiary-level training programmes in areas of national priority.

The Bank undertook its first equity investment project in almost a decade with the approval of a $12 mn investment in Portland Caribbean Fund III (PCF III), a private equity fund. PCF III will provide much-needed equity financing for high-growth companies in the Caribbean. Consequently, CDB will be instrumental in attracting more international investors to the Region as anchor investors. The Fund will have a strong gender lens investing (GLI) component, integrating gender analysis into investments to improve decision making and advance gender equality.

[8] Antigua and Barbuda, Belize, Dominica, Grenada, Jamaica, St. Lucia and St. Vincent and the Grenadines

Micro, Small and Medium Enterprises

CDB continued its thrust towards strengthening the operational capacity and competitiveness of MSMEs in its BMCs throughout 2022. We approved $1.2 mn for implementing several technical assistance (TA) interventions through the Caribbean Technological Consultancy Services (CTCS) Network, the Bank's primary MSME development programme. Approved MSME interventions continued to focus on facilitating access to markets and finance, spurring innovation, enhancing the capacity of business support organisation (BSOs) and improving the business acumen of MSMEs. They provided support for startups and existing MSMEs across various sectors including agri-business, tourism, technology, manufacturing and services. One such initiative was support to the Government of Barbados for an incubator programme to promote access to equity financing for MSMEs through the Innovation and Growth Market of the Barbados Stock Exchange.

To address persistent gaps in human capital, the CTCS also approved a comprehensive three-year capacity building programme designed to support BSOs and MSMEs in several areas including Financial Literacy and Management, Business Continuity Planning, and Digital and Social Media Marketing. The implementation modalities incorporate regional train-the-trainer workshops, national workshops, one-on-one support and online self-learning modules. Another capacity-strengthening initiative devised to benefit BSOs was the assistance CTCS provided for the Caribbean Association of Regional Chambers of Commerce to identify common private sector priorities and develop regional solutions. Additionally, in keeping with efforts to engender entrepreneurial ventures which can create employment opportunities for young persons, CTCS collaborated with the Barbados Youth Business Trust to strengthen the youth entrepreneurship training programme of the Anguilla Youth Business Foundation (AYBF).

Consistent with its thrust of promoting partnerships with other development agencies, and aligning with the Bank's Gender Policy and Strategy, CDB approved a CTCS project to support the operationalisation of a regional She-Trades Hub in the Caribbean to be implemented in collaboration with the International Trade Center. The She-Trades Hub, which CDB will host, will facilitate increased access to technical assistance (TA), training, coaching, mentoring, networking, investment and export opportunities for women-owned MSMEs in the BMCs.

The Bank also approved approximately $0.8 mn to enhance the enabling environment for MSMEs, including a grant to the Caribbean Export Development Agency (Caribbean Export) in the amount of $523,000 to improve the ease of starting a business in the Caribbean. Additionally, the Bank supported the 2022 Caribbean Investment Forum in partnership with Caribbean Export, the Ministry of Trade and Industry (MTI) in Trinidad and Tobago, the Caribbean Association of Investment Promotion Agencies (CAIPA), and the CARICOM Secretariat. This forum presented bankable investment opportunities in the Region specifically to fast-track the transition to a greener and smarter economy by increasing investment in sectors such as renewable energy, agri-tech, information and communications technology (ICT), digital business, transportation and logistics. Specifically, the Bank supported the forum's investor lead generation and investment conversion components.

The Cultural and Creative Industries Innovation Fund

The Cultural and Creative Industries Innovation Fund (CIIF) continued to meet its objective to improve the global competitiveness of stated industries by advancing the implementation of approximately 25 projects. CIIF's programming benefitted 332 persons in 17 BMCs during the year through initiatives involving the music, fashion and contemporary design, visual arts, film and animation, and carnivals and festivals sectors.

The stakeholder symposium, "CIIF Creative Talk forum", was relaunched during the year with a two-day event that examined developments and requirements in the festivals and carnivals sector in a pandemic and post-pandemic context. CIIF also digitally launched the Creative Industry Country Profiles for 10 of CDB's BMCs. The Profiles present data on cultural heritage, policy and governance, financing, economics and trade, education, cultural entrepreneurship, and issues surrounding advocacy. We anticipate that this knowledge product will inform the design of strategic interventions targeted at the sector by donors, policy makers, practitioners and other stakeholders.

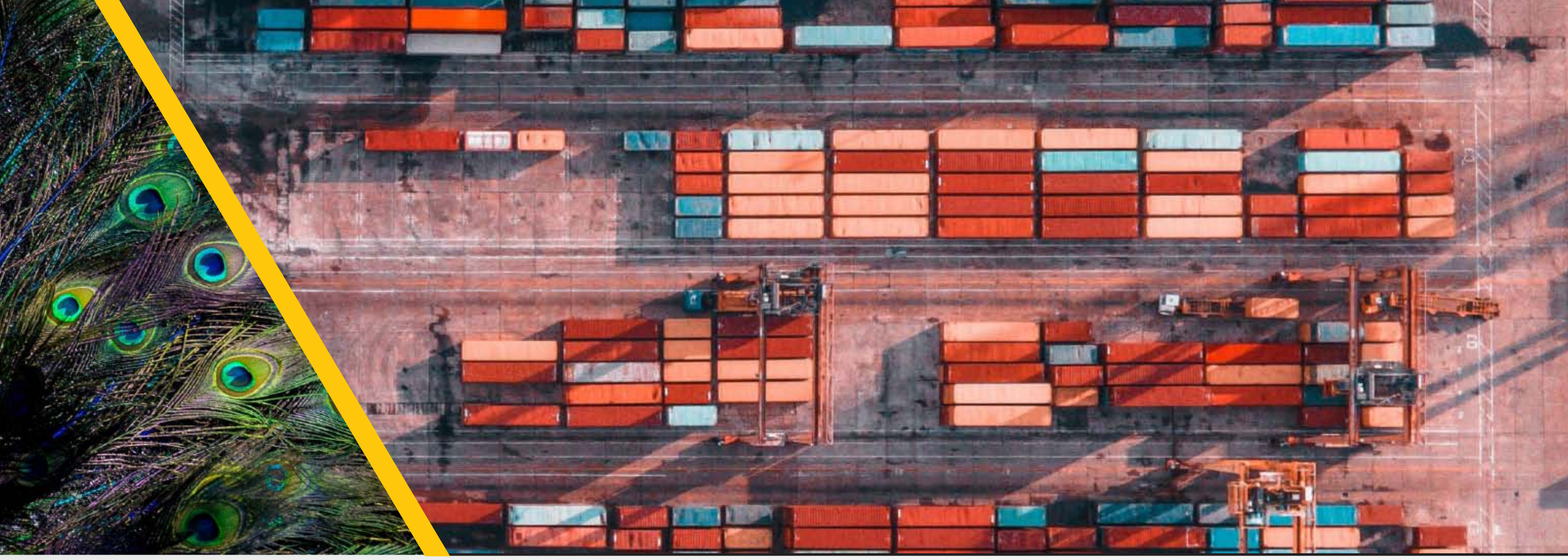
Other initiatives supported during the year include a study that demonstrated the contribution of copyright to economic growth in four BMCs, as well as a collaboration with the Basic Needs Trust Fund (BNTF) to design and deliver an accelerator focused on the "Business of Music", which targeted young entrepreneurs.

Regional Cooperation and Integration

In 2022, CDB approved 11 projects worth more than $1.8 mn to assist countries with increasing trade, complying with Regional/international trade treaties, addressing trade logistics, and providing regional public goods. Among the initiatives authorised was a grant of approximately $254,000 to Export Saint Lucia for capacity development in the agricultural sector to increase the country's exports by improving product quality and penetrating new markets.

The Bank provided TA valued at $224,000 to explore options for establishing a maritime cargo service between Barbados, Grenada, Guyana, and Trinidad and Tobago. The intervention will provide beneficiary governments and CDB with the necessary knowledge and analysis of measures to create the enabling environment for agri-food trade, improve food security, and inform financing of an agri-cargo service between Barbados, Grenada, Guyana, and Trinidad and Tobago.

The Bank also facilitated the Government of Antigua and Barbuda through a $200,000 grant to strengthen private sector capacity to utilise the CARIFORUM-European Union Economic Partnership Agreement (EPA) to increase competitiveness and maximise opportunities for global export. This intervention will include developing an export competitiveness strategy and supporting businesses to participate in trade shows.



Education and Training

The Bank continued investing extensively in education and training across 18 of its 19 BMCs, with both capital projects—including those financed under the BNTF programme—and technical assistance. The focus areas included aiding in the ongoing recovery from the impact of the COVID-19 pandemic and deepening transformation in the education sector. The key initiatives aimed to continue building the Technical and Vocational Education and Training (TVET) sub-sector for demand-driven skill development, to support learning continuity in the context of challenges posed by the pandemic and to promote student-centred learning. Some objectives of the projects are tackling gender disparities, by greater access to non-traditional skill development and addressing gender-based violence (GBV).

A sample of each project is presented below:

Supporting Learning Recovery and Transformation in Caribbean Education

In July 2022, the Bank, in collaboration with the CARICOM Secretariat and the OECS Commission, prepared Let's REAP for Caribbean Schools—A Roadmap for Principals. While outlining the optimal approach for addressing the learning loss occasioned by the COVID-19 pandemic, the programme also addresses longer-standing learning gaps and pedagogical challenges, exacerbated by the pandemic. Further, it aims to build the resilience of national education systems in the face of school disruptions, including the various natural hazards prevalent in the region, such as flooding, hurricanes and volcanic activity.

Hon. Miss Kay S. McConney, (left) Minister of Education, Technological and Vocational Training, Barbados, joined CDB's then Vice President, Corporate Services and Bank Secretary, Mrs Yvette Lemonias Seale for the launch of the capacity building component of the Learning Recovery and Enhancement Programme (Let's REAP) for Caribbean Schools. Let's REAP was designed to address the learning loss that occurred or worsened due to COVID-19. Some 15,000 educators across the region will receive training under this intervention which will help the teachers to bridge the gaps in student learning.

Focusing on recovery, improvement and transformation of learning, Let's REAP takes a multi-pronged approach, supporting national ministries, principals, teachers, parents and the communities. The programme was launched in the BMCs with the Ministries of Education appointing or assigning national focal points and establishing national Let's REAP teams. The first cohort comprised 2,910 educators who enrolled in a 45-hour professional certification course in October 2022. By 2024, the Let's REAP initiative will have trained 15,000 teachers and other educators.

In Antigua and Barbuda as well as Saint Vincent and the Grenadines, training in effective distributed teaching, psychosocial support and literacy instruction will benefit over 250 teachers and counsellors. In these two BMCs, communication technology devices were provided for 2,400 students, while 466 adolescent emerging readers (313 males, 153 females) at 10 secondary schools will benefit from remedial reading toolkits.

In St. Kitts and Nevis, the Enhancing Learning Continuity Project will procure devices for 400 teachers and 7,770 students in primary and secondary schools, providing universal coverage. The project will also support curriculum adaptation and assessment for students with special education needs; capacity-building in gender-responsive pedagogical skills for distributed teaching and learning for 150 teachers; the design and implementation of a gender-responsive cyber-security toolkit, and parent empowerment sessions to aid early learners at home.

Saint Lucia

The CDB's EQuIP, which focuses on strengthening the provision of special education, supported the training of 25 principals in mainstream schools. The training was delivered by the Mount Saint University of Canada. This project exposed principals to the benefits of inclusive education and the importance of special education training. In addition, the project financed the development of a Professional Certificate in Special Educational Needs by the Mount Saint Vincent University for teachers. The first cohort of 75 teachers graduated in June 2022, and another group of 75 began training in October.

The Bahamas

The Bank approved $43.8 mn to assist the Government of the Commonwealth of the Bahamas in improving student outcomes across the education sector. This initiative aims to make the country's education system more efficient, inclusive, relevant and resilient, to improve learner outcomes. It will enhance the learning environment, improve the quality and effectiveness of instruction, and strengthen the sector's governance, management capacity and service delivery. The project will finance the reconstruction of the East Grand Bahama Comprehensive School, capacity building through the Let's REAP initiative, and the development of an IT strategy and plan for the Ministry of Education and Technical and Vocational Training.

Haiti

Education and training efforts in Haiti included the Quality Enhancement in Public Education Project (QuEPE), which impacted over 19,200 students (45% girls) in 121 public and non-public primary and secondary schools in the Centre, West and Grand'Anse Departments. Among other services, the project underwrote tuition fees for students, provided food and nutrition supplies, and distributed textbooks to enhance the teaching and learning process.

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Citizen Security

The Bank assisted the Government of Grenada in improving the life chances of youth and families in at-risk communities, through the Awakening Special Potential by Investing in Restoration and Empowerment (ASPIRE) Project. The outreach addressed multiple risk factors - including poverty, limited access to education, unemployment—which predispose vulnerable young people, particularly males in their prime, to crime, violence and other anti-social behaviours, as well as to disaffection and loss of interest in formal education. The Bank contributed to enhancing the juvenile justice system to improve the resilience and empowerment of youths, particularly those falling foul of the law.

To address multifaceted challenges, the project conducted several coordinated interventions, including the Actively Committed and Empowered (ACE) youth community project. This sub-component was an integrated training programme targeting 25 at-risk youth (60% female) under the age of 30 in rural communities, as well as school dropouts, unemployed youth and youth receiving community sentencing by courts. The project also supported phase 3 of the Prison Community Rehabilitation and Re-integration Programme (REACH) for inmates who were 18–35 years of age and approaching their release date. REACH offered an integrated training and capacity-building programme to support the eventual reintegration of ex-offenders into society. The scope of the support included training in literacy and numeracy, entrepreneurship, small business management, customer service and adaptive life skills. Participants also benefited from exposure to community sports and the performing arts. During the year, six young persons (three males and three females) underwent internships that delivered training in building construction.

Other beneficiaries of REACH included the programme facilitators and auxiliary and ancillary staff (72 females and 18 males) at the Grand Bacolet Juvenile Rehabilitation and Treatment Centre. The employees received sensitisation and capacity-building training under two key modules, 'Working with Youth At Risk – Elements of Positive Youth Development' and 'Learning the Skills of Non-Violence and Personal Development'.

Youth Engagement

In 2022, CDB continued to support youth development by integrating youth considerations in policies and projects, and facilitating consultation to allow for their meaningful participation in identifying and designing development solutions.

To create space for leveraging young people's knowledge, expertise and solutions, the Bank partnered with youth, and organisations serving youth, across its BMCs to conceptualise, plan and deliver its annual youth engagement event. The 2022 Youth Leaders Forum: Caribbean Youth for Innovation and Resilience (Youth FIRE), held virtually, featured young leaders, advocates and innovators, including advocates for groups at greater risk of marginalisation: persons with disabilities, individuals from migrant and underserved communities, as well as Indigenous People. Representatives of development organisations, the private sector and academia

joined youth speakers to identify actions and share solutions to address the impact of climate change on health as well as on the skills and competencies needed for youth to gain decent work opportunities.

Youth FIRE reached over 2000 young people and development stakeholders in the Region and culminated with the Bank's call for applications to its Future Leaders Network (FLN). The FLN will be CDB's formal mechanism for engagement with young people in its BMCs.

CDB partnered with the Pan-American Health Organization (PAHO) on the second Caribbean Adolescent and Youth Health Congress II (CCAYH), building on the previous collaboration on CCAYH I in 2019. The Bank funded scholarships for young advocates engaged in efforts to promote youth health and well-being to attend the Congress. We also funded policy makers and programme managers from BMCs who have a demonstrated track record of leadership in adolescent and youth health, including strategies to support the most vulnerable attending the Congress. They joined more than 300 participants for the three-day event.

The forum created the opportunity to focus on the impact of the prolonged COVID-19 pandemic on the health and well-being of young people in the Caribbean, and the measures required to mitigate these consequences, recoup losses, and accelerate progress towards sustainable development. The first congress resulted in a consensus Call to Action articulated by the youth delegates, and a Roadmap document, capturing concrete priorities and recommendations. Youth inputs during CCAYH II informed a progress report on the regional roadmap, with a forward-looking perspective for key consensus actions to mitigate the direct and indirect consequences of the pandemic on the health and well-being of young people in the Caribbean, as well as advance integrated and comprehensive action to achieve the SDGs for children and youth.

The Bank is aligning its interventions with the imperative, announced in 2022 by CARICOM Heads of Government, to achieve a **25%** reduction in the Region's food import bill by 2025.

Agriculture and Rural Development

In keeping with its agriculture sector policy and strategy, in 2022 CDB continued its focus on measures to increase production and productivity, strengthen market linkages and intra-regional trade, and build resilience to climate change. Additionally, the Bank is aligning its interventions with the imperative, announced in 2022 by CARICOM Heads of Government, to achieve a 25% reduction in the Region's food import bill by 2025.

CDB's main agriculture sector interventions involve the Windward Islands, Belize, Haiti and Jamaica. During 2022 the Bank emphasised supporting BMCs in recovering from the slowdown in the implementation of ongoing projects because of the COVID-19 pandemic. The pandemic brought into sharp focus the negative impact of the high dependence of BMCs on food imports, especially the vulnerability of the Region to disruptions in global food supply chains. It also exposed weaknesses in intra-regional trade linkages, as BMCs with excess inventories of food products during the pandemic were unable to supply markets facing deficits. By extension, it also reinforced the importance of the agriculture sector to the Region's socioeconomic development, and its capacity to provide much-needed employment and income for large segments of the population across BMCs.

A National Irrigation Commission facility in Southern Jamaica, where agriculturalists obtain water to truck to farms in the surrounding areas. However, through the UKCIF, CDB is implementing the Essex Valley Agriculture Development Project and the Southern Plains Agricultural Development Project under which about 1,500 ha of land will be equipped with modern irrigation, drainage and flood control systems to drive climate smart agriculture. The projects represent a combined investment of $60 mn.

Two factors underpin the challenges facing intra-regional trade in agriculture in the Caribbean: the absence of clear guidelines and protocols, and weak transport (marine and air) linkages. The Bank is actively supporting the Region in efforts to alleviate these constraints. The 104th Special Meeting of the Council for Trade and Economic Development approved the guidelines and protocols for trade in 19 plant and animal products developed by the Caribbean Agricultural Health and Food Safety Agency with CDB financing. The Bank is considering additional support in this area, including for development of regional standards for trade in agricultural products.

Significant progress was made on Bank-supported interventions to improve productivity and build resilience to climate change. Stakeholders in Antigua and Barbuda, Barbados, Guyana, and Saint Vincent and the Grenadines received support under a Bank financed 'Regional Sweet Potato Value Chain Enhancement and Technology Transfer Project'. The project, being implemented in collaboration with the Caribbean Agriculture Research and Development Institute, seeks to strengthen the regional sweet potato value chain, improve market linkages and strengthen investment propositions.

The Bank continues to partner with international agricultural development agencies—in 2022 these included the Government of the United Kingdom—through the CDB executed UKCIF, International Fund for Agricultural Development (IFAD), the FAO, CIAT and Welthungerhilfe, (WHH) a German non-governmental organisation. IFAD and CDB are co-financing two projects in Grenada and Belize. In Grenada, the co-financed Climate Smart Agriculture and Rural Enterprise Programme is focused on the rehabilitation and climate proofing of rural roads and drainage systems and improving off-farm irrigation systems. In partnership with IFAD and GCF, the Bank approved a new $5 mn loan to Belize in 2022, to support the implementation of the 'Belize Resilient Project'.

In Jamaica, the pace of implementation of two UKCIF initiatives, the Essex Valley Agriculture Development Project and the Southern Plains Agricultural Development Project, increased, with the commencement of major infrastructure works. With a combined investment of more than $60 mn, these two projects will equip an estimated 1,500 ha of land with irrigation, drainage and flood control systems, build capacity in climate smart agriculture, and strengthen food safety management systems.

In Haiti, where the population still grapples with food and nutrition security, the Bank continued to support measures to increase food production by implementing two community-based agriculture and rural development projects in partnership with WHH. To date, an estimated 400 ha of arable land has been equipped with improved irrigation, drainage and flood control systems, with design studies ongoing for an additional 400 ha. These interventions, including the capacity building interventions in climate smart agriculture, are on track to improving the livelihoods of thousands of residents in communities in the northwest and northeast of Haiti.

Another significant development during the year was the successful pilot of an online version of AGua para RIego (AGRI), a geospatial tool developed by CIAT. The system integrates information related to terrain, soils, climate and hydrological models, and significantly reduces the time required for planning and designing irrigation systems. In November 2022, in partnership with CIAT and FAO, the online version of AGRI was successfully piloted in Grenada, Antigua and Barbuda, St. Kitts and Nevis, and Barbados. The online version is accessible to the general public.

Mainstreaming Gender

In line with its gender mainstreaming priority, CDB continues to implement a number of technical assistance grants within capital projects focused on reducing inequalities and advancing social inclusion and gender equality across its BMCs. Through the External Pillars of the Gender Equality Action Plan the Bank led and participated in the following initiatives:

Support for the Development of a Gender Equality and Social Inclusion (GESI) Action Plan for the Bank's UKCIF Projects

The CDB, in partnership with the Foreign Commonwealth Development Office, developed a GESI Action Plan, which includes targeted activities to ensure gender mainstreaming and social inclusion across the UKCIF portfolio in BMCs. Under this Action Plan, more than 50 participants from project implementation units across the BMCs were trained on gender-responsive and inclusive infrastructure development. Guidelines and tools were developed to facilitate the inclusion of GESI across the project cycle.

Country Gender Assessment Regional Technical Assistance Grant Board Approval for Four BMCs

The CGAs present a valuable opportunity to update the data on gender equality within BMCs for analysis to advance gender-responsive planning and programming as part of a process of mainstreaming gender in CDB and BMCs. The Bank approved a regional technical assistance project to conduct Country Gender Assessments (CGA) in Belize, Jamaica, Saint Lucia, and Trinidad and Tobago, which will identify constraints to effective gender mainstreaming and highlight opportunities for governments, CDB and development partners to address these gaps. The assessments will inform the Bank's investments and policy engagements with BMCs and partnerships with multilateral development institutions, while deepening the knowledge management thrust on gender equality. The implementation approach will also foster knowledge transfer to BMCs on gender analytical frameworks, as well as best practices in governance and leadership for gender mainstreaming.

Support to the Caribbean Court of Justice for the Eminent Caribbean Jurists Award Series

The Caribbean Court of Justice's educational arm, the CCJ Academy for Law, established the Eminent Caribbean Jurists Awards (ECJA) Series in 2019 to advance the Academy's mission. ECJA Series aims to recognise and honour the contributions of Caribbean jurists to the law and legal systems and educate and inspire future generations of young lawyers. The CDB provided technical and financing support for the launch and implementation of the Pioneering Caribbean Women Jurists (PCWJ) project, which featured three components: publication of an anthology of the honourees' biographies, a visual production recognising each honouree and their contributions, and an awards gala to honour those selected.

The PCWJ project will commemorate the contribution of 33 trailblazing and distinguished Caribbean Women Jurists in a permanent written and digital resource by doing the following:

- Developing public education, awareness, and sensitisation to expand the knowledge of the rule of law as a dynamic concept indispensable to safeguard and advance civil, cultural, economic, political, and social and gender justice within the region;
- Serving as a resource centre with a database of relevant educational and training materials;
- Highlighting the achievements of women and their contributions to regional law;
- Promoting greater respect for the women who have paved the way in the legal profession in the Region;
- Inspiring and empowering the younger generation of lawyers.

Young women, men, boys and girls from across the BMCs will have the opportunity to learn about the rule of law as a dynamic concept essential to safeguarding and advancing civil, cultural, economic, political, and social and gender justice in the Region, besides gaining insight into the experiences, lessons and successes of the women who have paved the way in the legal profession in the Region.

A Virtual Seminar for BMCs on Innovative Practices to Address Gender-Based Violence

Building on the support provided to BMCs for improving policy and regulatory policies and frameworks in response to GBV in 2021, CDB, in collaboration with the UN Women Multi-Country Office – Caribbean, organised the virtual seminar, "Innovating to Address Gender-based Violence", during 2022. The seminar explored and promoted innovative and effective prevention and response strategies, based on research and lessons learned, which will contribute to knowledge production and solutions to stem the cycle of violence in the Region. Over 200 participants from regional and international development agencies, national gender advocacy communities and civil society attended the seminar. They took stock of current initiatives in the Region to advance women's leadership and gender equality, As part of the MDBs' Gender Equality Working Group Global Gender Summit of 2022, the CDB led a knowledge exchange panel focused on "Increasing Women's Access to Climate Finance".

and to develop strategies to mainstream this focus in national sustainable development efforts. Through dynamic exchanges, the participants forged and strengthened partnerships, and coordinated agendas to address GBV more effectively in the Caribbean. As a follow-up to the Seminar in 2023, the CDB and UN Women will launch a flagship publication, entitled "Innovative Practices to Address Gender-based Violence in the Caribbean".

Global Knowledge Exchange on Increasing Women's Access to Climate Finance

As part of the MDBs' Gender Equality Working Group Global Gender Summit of 2022, the CDB led a knowledge exchange panel focused on "Increasing Women's Access to Climate Finance". Hosted by the EIB and the Islamic Development Bank, the summit was held under the patronage of the Egyptian Ministry of International Cooperation, the Egyptian Ministry of Planning and Economic Development, and Egypt's National Council for Women. Experts, policy makers and development practitioners used the platform to discuss concrete solutions to advance gender equality. The CDB-led panel discussed the potential represented by green finance to promote gender equality, women entrepreneurship, and women's leadership in climate action. MDBs and practitioners also shared best practices and policies to design gender-smart climate investments in various sectors of the green economy, and strategies to reduce knowledge gaps and leverage strategic partnerships.

The panel resulted in a partnership between the EIB and CDB at COP27 on the implementation of a toolkit to advance gender lens climate financing.

CDB Investment in Portland Equity Fund III to Promote Gender Lens Investing

CDB's Board of Directors approved a technical assistance grant for investment in the Portland Equity Fund III (PCF III), making the Bank the sole Regional contributor. Our participation is expected to signal confidence in the Region's capital market and motivate other institutional investors to support private equity operations in the Caribbean. CDB's support for private sector development in its BMCs is aimed at improving global competitiveness of the productive enterprises on a sustainable basis and repositioning Caribbean economies within the mainstream of the world economy by increasing the flow of investment capital to business enterprises. Involvement in PCF III will provide an additional avenue for reaching this target group. PCF III is projected to make investments in 10 to 12 companies. The Bank's resources will be pooled with those of other Limited Partners to fund investments in its BMCs equalling or surpassing three times the capital contributed by CDB. The venture also presents an opportunity for CDB to further advance its gender equality mandate through the fund's focus on gender lens investing. In addition to supporting women-owned firms, gender lens investment offers a substantial potential to invest in companies that promote workplace equality.

Collectively, more than 3,000 households and 13,500 persons from vulnerable populations, including unemployed youth, stay-at-home parents, and workers in informal roles and sectors, will benefit from support.

Health and Social Protection

Improving Health Systems and Services for COVID-19 and Beyond

CDB made significant progress with regard to the development and approval of the project pipeline under the EIB Climate Action Line of Credit (LOC) II (COVID-19) for the Health Sector Strengthening Projects in Grenada, Saint Lucia, and Saint Vincent and the Grenadines. These projects aim to enhance health sector capacity for care provisioning by boosting response and resiliency to the impacts of COVID-19, and increasing the preparedness and capacity to respond to future health emergencies and pandemics in the long term. A total of US $40.0 mn will be invested across the three BMCs.

The interventions reinforce CDB's commitment to modernising and strengthening health care systems

Saint Lucia and Saint Vincent and the Grenadines will also benefit from additional health projects approved in 2022 for financing under the Inter-American Development Bank's COVID-19 LOC. Funded by loan amounts of $5.2 mn for Saint Lucia, and $4.4 mn for Saint Vincent and the Grenadines, the projects are designed to enhance public health capacity and boost response to the impacts of COVID-19 and future emergencies.

The interventions reinforce CDB's commitment to modernising and strengthening health care systems in its BMCs and to fostering meaningful development partnerships with other IFIs.

Supporting Inclusive Social Protection Provision: COVID-19 Response Projects

As part of the Bank's continued support for its BMCs' COVID-19 response, CDB approved loans valued at $9.0 mn for Grenada, $6.0 mn for Saint Lucia, $6.0 mn for Saint Vincent and the Grenadines, $1 mn for Antigua and Barbuda, and $4.2 mn for St. Kitts and Nevis. The funds, which were provided under the IDB Global Loan Programme for Safety Nets for Vulnerable Populations, will finance interventions to bolster shock-responsive social protection. The projects will target the social protection and education systems in these countries to increase minimum income and employment levels. Collectively, more than 3,000 households and 13,500 persons from vulnerable populations, including unemployed youth, stay-at-home parents, and workers in informal roles and sectors, will benefit from support. Initiatives in Grenada and Saint Vincent and the Grenadines will be aimed at individuals and entities involved in commercial activity, including MSMEs, vendors and small-scale service providers in the tourism industry, where markets declined as a result of the pandemic.

Haiti Operations

In 2022, CDB's Haiti Country Office (HCO) continued to discharge its mandate to contribute meaningfully to the transformation and sustainability of the country's economy and advance its integration into CARICOM. These efforts centred on coordinating the Bank's aid, facilitating participation in policy formulation and donor coordination, and building strategic partnerships with key local stakeholders including national authorities, non-government organisations, civil society and the private sector.

Throughout the year, the HCO played a major role in the supervision of interventions in various sectors, including:

Education & Training
- Quality Enhancement in Public Education Project (QuEPE)
- Technical and Vocational Education and Training Project II

Agriculture & Rural Development
- Community-based Agriculture and Rural Development Project I (North-West)
- Community-based Agriculture and Rural Development Project II (North-East)

Sustainable Energy
- Training in Geospatial Mapping

Public Sector Capacity Improvement
- Institutional Strengthening of the Ecole Nationale d'Administration Financière
- Sanitation and Governance Training Programme

MSME Development
- Cultural and Creative Industries Innovation Fund
- Pilot Youth Entrepreneurship Education and Training Programme

Disaster Risk Management & Climate Resilience
- Support for the Caribbean Catastrophe Risk Insurance Facility Premium Payment
- Building Capacity for Disaster Risk Management and Climate Resilience Project - Ile à Vache

The HCO also continued collaboration with the GOH, development partners and the international community. CDB partnered with the IDB and the World Bank to sponsor, organise and participate in an international high-level conference on Disaster Risk Financing (DRF), at the request of the Ministry of Economy and Finance. The overall objective of the DRF Conference was to ensure the coordinated and structured participation of risk insurance partners in financing reconstruction and recovery in the event of future catastrophic occurrences. At the conclusion of the event, which was held in April 2022, participating financial partners agreed to assist in finalising the DRF strategy currently being prepared by the GOH. The GOH promised early adoption of the strategy as well as substantial annual budget allocations. In turn, the partners pledged to contribute matching funds once the DRF programme is operationalised.

61 classrooms were built or upgraded in basic schools, providing resilient infrastructure and modern facilities to 3,146 students

Basic Needs Trust Fund Programme

BNTF Cycle 10

Approved in April 2021, implementation of the 10th cycle of the BNTF, a community development methodology which supports small-scale demand led community-based initiatives, progressed in the year under review. The Fund has three priority areas: basic education, rural water and sanitation systems, and community road infrastructure. It prioritises initiatives that focus on livelihood enhancement, entrepreneurial development, certified training, and providing mechanisms for participating countries (PCs) to leverage private sector partnerships. Total funding for BNTF 10 is approximately $47.5 mn, representing grant financing totalling $40 mn and counterpart funding of $7.5 mn from the governments of the nine PCs, namely Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Lucia, Saint Vincent and the Grenadines, and Suriname.

Under the BNTF's Community Engagement Approach, training in online data collection and analysis was provided for Community Liaison and Monitoring and Evaluation Officers across the Implementing Agencies (IAs) in each PC. Phase I of CDB's Online Data Collection Platform preparation was also completed during the year, with Phase II scheduled to start in 2023.

Implementation of BNTF 10 sub-projects commenced in the last quarter of 2022, with the approval of sector portfolios of priority sub-projects. By December 31, 2022, CDB approved ten of the 45 sector portfolios across seven of the BNTF PCs, representing 41% of the 109 sub-projects to be covered under the 10th cycle. The initiatives, which cover all three priority areas, account for $7.8 mn of $29 mn grant financing available for sub-project interventions.

The Marlie Mount Primary School in Old Harbour, Jamaica is one of several educational institutions built or upgraded under the 9th Cycle of the BNTF. BNTF 9 was concluded in 2022 in tandem with the initial implementations under BNTF 10.

CDB continued the development of the BNTF OP365 digital platform with staff from the IAs supporting testing and participating in training on the platform's appraisal module which was launched in December. This module supports uploading and accessing project records across all countries. The Claims module, which will allow digital submissions by IA staff, is scheduled to be launched in the first quarter of 2023. These enhancements are expected to improve the quality of data inputs and enhance institutional capacity.

Before and after photos of the Epworth Main Road in St. Ann, Jamaica show the results of a $673,830 road rehabilitation project financed by CDB through a BNTF grant. The 3.1 km upgraded roadway has reaped numerous benefits for members of the Epworth community who now have easier access to markets for agricultural produce, employment opportunities, health service facilities and educational institutions.

BNTF Cycle 9

At the close of 2022, following the completion of the final projects, the ninth BNTF cycle ended. During the period, four PCs completed the last 16 sub-projects, valued at $7.0 mn and impacting some 297,163 beneficiaries. Notable achievements include the following:

- **61 classrooms** were built or upgraded in basic schools, providing resilient infrastructure and modern facilities to **3,146 students** (1,657 males and 1,489 females).
- **192 teachers** (37 males and 155 females) were trained in elements of basic education.
- **286,216 youths** (18,161 males, 268,055 females) were exposed to various areas of livelihood enhancement.
- **92 households** benefitted from improved water supply and sanitation services integrated with water, sanitisation and hygiene training.
- **Four kilometres** of water pipeline were installed along with **1.8 m³** of water storage facilities to improve the resilience and reliability of the potable water supply for 6,949 residents.
- **2.6 km of community roads** were upgraded, improving transport, trade and commerce, mainly within underserved rural communities, and enhancing quality of life and commercial livelihoods for some **650 persons,** including 350 women.

Regional Youth Empowerment Pilot Project

As part of a $400,000 BNTF pilot project implemented in Saint Lucia, CDB provided training in entrepreneurship, the Business of Music, and Fashion and Contemporary Design, among other skills, for 40 at-risk youth (20 women and 20 men). The pilot was a product of the Youth Employment and Empowerment through Enterprise Pilot project which was approved in 2019 under a BNTF empowerment framework for youth-at-risk. Upon completion of the course, 24 persons were awarded financial grants for business start-ups or expansion, amounting to just over $83,000. The project drew strongly on partnerships with civil society organisations, the private sector and government entities. This included the Saint Lucia Fashion Council, the Coalition of Services, the Saint Lucia Development Bank, CARE, and the University of Technology Trinidad and Tobago. Participants benefited from mentorship from some of the Region's top tier fashion and music industry professionals.

24 persons were awarded financial grants for business start-ups or expansion, amounting to just over $83,000.

Procurement and Disbursements

CDB awarded contracts valued at approximately $415 mn in 2022, as procurement activities accelerated with the repeal of COVID-19 restrictions. This included significant agreements for the construction phase of the Kingstown Port Modernization Project in Saint Vincent and the Grenadines and the Linden to Mabura Hill Road Upgrade Project in Guyana.

During the year, CDB provided procurement reviews and practical support to expedite and enhance project procurement. This support included hands-on enhanced guidance to BMCs through the Bank's roster of procurement specialists. In addition, following the issuance of evaluation guidance notes in 2021, CDB enhanced the capacity of executing agencies to evaluate bids and proposals by creating standard evaluation report templates and offering training. The Bank will make this training available to more BMCs, including Belize and Barbados, in 2023.

CDB continued to champion procurement reform in the region, and in collaboration with other MDBs supported 10 BMCs in enhancing their procurement capacity and systems. This included helping to establish modern public procurement legal and regulatory systems in several BMCs in the OECS. CDB also co-hosted and contributed to several webinars to promote sustainable procurement and facilitated the participation of its BMCs in the first Inter-American Government Procurement Network meeting since 2019, to share best practices and deepen professional associations. In addition, the Bank held six webinars and workshops to sensitise Regional and international private sector firms and consultants to opportunities in CDB financed projects and the Bank's procurement framework.

In another significant development, the Claims Team in the Procurement Unit developed an electronic claims solution during the year. This solution will allow CDB to introduce a fully digital claims processing system by early 2023, which will facilitate more efficient processing of claims and lower transaction costs for borrowers and the Bank.

CDB's Procurement Unit brokered significant agreements in 2022 including contracts for the construction phase of the $250.8 mn Kingstown Port Modernization Project in Saint Vincent and the Grenadines (SVG). Several officials attended the project's ground-breaking in July 2022, including (from left) Mr. Marty Harris, Executive Lead & Senior Vice President, Aecon Construction Group Inc, Mr. Herman Kriel, Project Manager, Sellhorn Ingenieurgesellschaft mbH, Mr. Isaac Solomon, Vice President, Operations, CDB, Honourable Julian Francis, Minister of Urban Development, Energy, Airport, Seaports, Grenadines Affairs and Local Government, SVG, Dr. Ralph Gonsalves, Prime Minister of SVG, Mr. Scott Furssedonn-Wood, High Commissioner to Barbados and the Eastern Caribbean, and Mr. Lenski Douglas, Project Manager (Acting), Port Modernisation Project.

SECTION 3
Internal Focus

Internal Audit Division

In 2022, the Internal Audit Division (IAD) had a clear mandate to address some of the key risks associated with the continuation of remote working, the introduction of enhanced technology and the replacement of key financial systems. Despite the challenges of the hybrid work environment, the IAD's staff delivered the high-priority engagements required for the Bank to maintain operations in the evolving situation.

The Division's accomplishments include the completion of four assurance engagements and six consultancy/advisory engagements. These engagements included the IAD's contribution to the introduction of a new application for Payroll; the Business Continuity Plan (BCP) for Information technology (IT); a review of the Information Security management processes, and Policies and Procedures related to the security of the IT environment; the Flexcube replacement project; the ISO 27001 certification; and the Bank's Risk Management processes. The IAD also provided the independent attestation required by SWIFT for the Know-your-Customer Self-Attestation.

The Division also completed assessment of the adequacy of Management Action Plans (MAPs) stemming from the 2021 External Auditors Management Letter (EAML) for financial controls, alongside its follow-up activities on previous assurance engagements. These activities fostered greater management ownership over the timely reporting and mitigation of identified risks.

Office of Integrity, Compliance and Accountability

Whistleblowing, Institutional Integrity and Ethics

The Office of Integrity, Compliance and Accountability (ICA) received and managed confidential complaints and disclosures in 2022. Consistent with its strategy of forestalling violations arising within CDB's internal systems and from its external operations, ICA mitigated integrity, ethical and accountability risks. The Office also conducted training for staff and management on ethical issues, including conflicts of interest, whistleblowing, fraud prevention, harassment, and external issues related to combatting corruption, sexual exploitation and abuse. ICA issued advisories on the detection, prevention, investigation and mitigation of risks from cyber-fraud, which was an area of focus during 2022.

ICA conducted proactive and reactive integrity investigations, in addition to ethics investigations and integrity due diligence. Among other things, these operations resulted in the temporary suspension of engagement with three entities.

Compliance

ICA advised the Bank and conducted training on mitigating risks and combatting money laundering in CDB's systems and operations. In addition, the requisite due diligence and compliance checks were carried out on financial counterparties, financial institutions, and other entities that engaged with the Bank.

Accountability

ICA conducted training in accountability for environmental and social harm and undertook investigations into accountability allegations. ICA staff also benefited from training through collaboration with independent offices of international financial institutions.

Collaboration

In December 2022 ICA delivered the third annual Caribbean Conference on Corruption, Compliance and Cybercrime (3Cs), under the theme "Good Governance for the Sustainable Development of the Caribbean". This virtual event provided valuable insights on several current and emerging issues, including combatting corruption, money laundering and cybercrime. The Conference, which continues to underscore CDB's thought leadership on good governance and anti-corruption, attracted 1200 registrants from over 50 countries.

Office of Independent Evaluation

In 2022 the Office of Independent Evaluation (OIE) presented reports on the Bank's programming in the energy sector; the Community Disaster Risk Reduction Fund; and the Country Strategy and Programme in Belize.

Energy Sector Policy and Strategy

Approved in December 2014, the ESPS aimed to significantly increase the Bank's engagement in the strategically important Regional and national energy sectors, particularly in renewable energy and energy efficiency. The evaluation assessed results achieved in this area to inform an updated Policy and Strategy. The OIE worked with an evaluation team comprised of both Regional and international energy sector focused evaluators.

The evaluation found that the Bank had gained recognition as a player in the Regional energy space, with high relevance to the needs of its borrowing members. A particular strength has been its ability to broker funding from other development partners. The several suggestions offered for an updated strategy included the following:

- Strengthening regulatory frameworks and institutional governance in the energy sector;
- Improving the quality and vertical integration of results frameworks, from project to strategy level;
- Facilitating more private sector financing, including adapting CDB instruments.

The evaluation's main conclusions and recommendations were incorporated into the ESPS which was subsequently approved by the Board of Directors.

Belize Country Strategy and Programme Evaluation

The Belize Country Strategy and Programme (CSP) Evaluation examined CDB's support to Belize during the CSP periods 2011–15 and 2016–2020. It also reflected on the important contextual factors which continued to develop over the first half of 2021, including the ongoing ramifications of the COVID-19 pandemic for the country's economy, the initial response, and other challenges faced by the new government elected in November 2020.

The evaluation noted that CDB, as the second largest individual provider, is an important player in development finance in Belize, with a good knowledge of the national context and positive relationships with stakeholders. However, effectiveness varied over the two CSP periods under review, as a result of difficulty in gaining traction for economic reforms through policy-based lending, delays in implementation of project lending, and some shortfall in actual vs planned results.

Opportunities for increased emphasis in a new CDB Country Engagement Strategy include:

- Better donor coordination and more attention to cross-cutting issues, specifically gender equality and Regional integration;
- Revisiting the balance between investments in physical infrastructure and social sectors;
- Improving Managing for Development Results practice including stakeholder engagement in formulation of results frameworks and good connection between project and CES Results Management Frameworks.

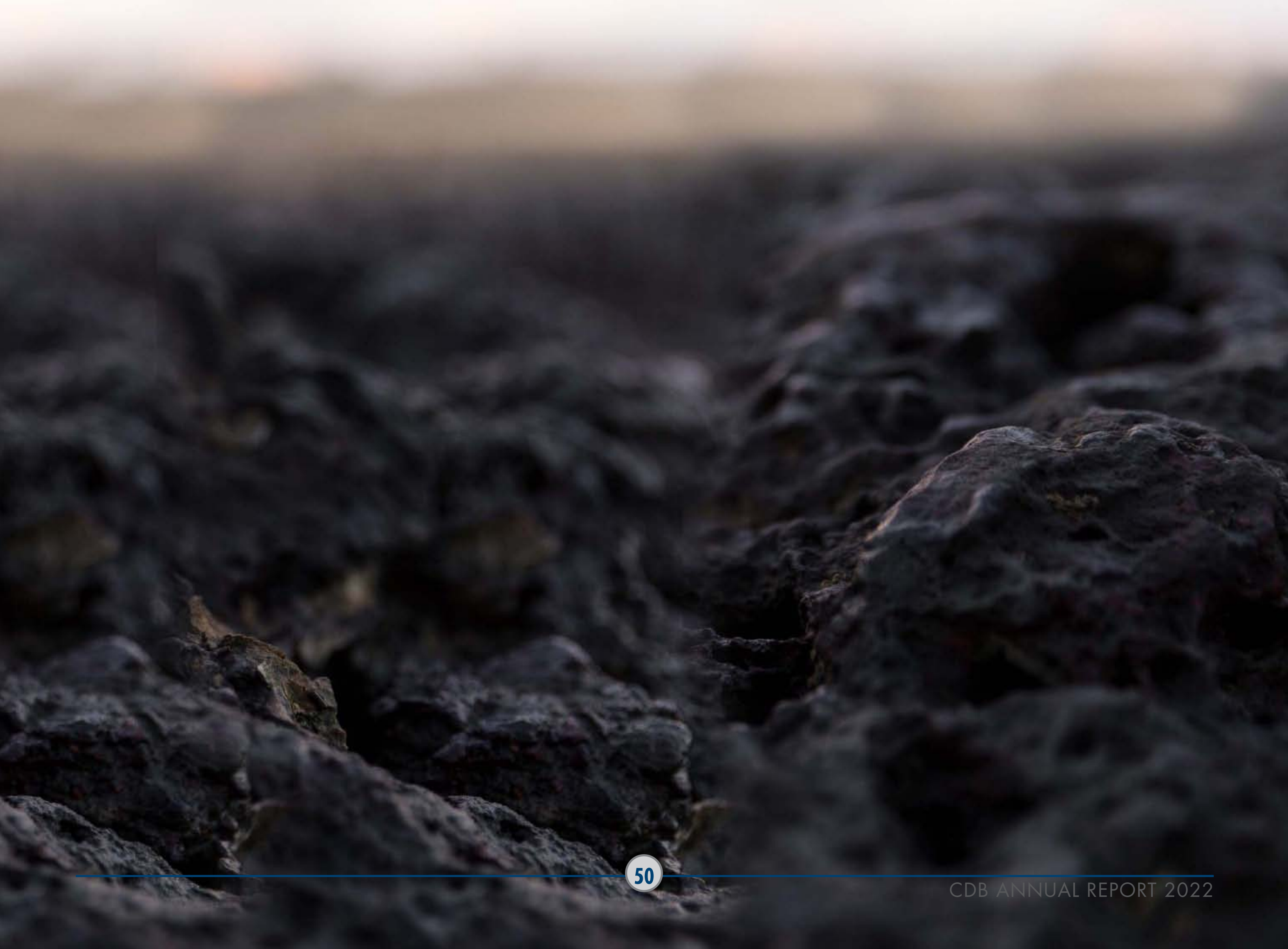
Community Disaster Risk Reduction Fund

The Community Disaster Risk Reduction Fund (CDRRF), established in 2012, was executed by CDB with resources from Canada, the United Kingdom and the European Union. The purpose was to provide grant funding for disaster risk reduction and/or climate change adaptation initiatives at the community level that would enhance livelihoods, resilience and sustainability. The trust fund agreement required OIE to undertake an end-of-project evaluation.

The Community Disaster Risk Reduction Fund, established in 2012, was executed by CDB with resources from Canada, the United Kingdom and the European Union.

Over its life the CDRRF funded eight sub-projects in Jamaica, Belize, Saint Vincent and the Grenadines, and the British Virgin Islands. An evaluation team examined a sample of the sub-projects, with site visits. The final report assessed performance and identified lessons that could be applied in future community-based Disaster Risk Reduction interventions. The findings indicated the following:

- Uptake and the number of projects supported fell well short of planned levels;
- There was a mismatch between the capacity of communities to propose and implement projects and the requirements of CDB's approval and oversight processes;
- There are opportunities for improved results framework formulation at the project level and greater alignment between those results and the overall fund objectives;
- CDB should share the lessons from the CDRRF experience within the Region to improve future community-based DRR interventions.



SECTION 4
Risk Review

In 2022, the Bank continued its Enterprise Risk Management (ERM) approach covering financial, strategic, operational and developmental risks. The operational risk pillar includes environmental, climate and disaster risks, with the increasing visibility and potential impact of those risks on the sovereign risk profiles of BMCs. At year end, CDB fully complied with its balance sheet risk appetite thresholds, as evident from Table 2.

Table 2: OCR Risk Appetite Thresholds at December 31, 2022

CDB RISK MEASURES & POLICY RATIOS - SCORECARD				
As of Dec 31, 2022 ($US M)				
RISK MEASURE / POLICY RATIO	**MEASURE**	**BASE AMOUNT**	**THRESHOLD LIMIT**	**ACTUAL**
SINGLE SOVEREIGN EXPOSURE	**GREATER OF:**			
	40% of Outstanding Loans	$1,312.5	$525.0	$241.1
	50% of Total Available Capital	$945.2	$472.6	$241.1
EXPOSURE TO 3 LARGEST BORROWERS	**GREATER OF:**			
	60% of Outstanding Loans	$1,312.5	$787.5	$506.3
	90% of Total Available Capital	$945.2	$850.7	$506.3
NON-SOVEREIGN EXPOSURE LIMIT				
Single Exposure	6% of Total Available Capital	$945.2	$56.7	$34.4
Portfolio Limit	43% of Total Available Capital	$945.2	$406.4	$73.4
INVESTMENT RISK				
Investment Risk - Single Entity Limit	Maximum - 10% of Total Investment Portfolio	$568.3	$56.8	$51.7
Investment Risk - Single Entity Limit - US Treasury or Gov't Agency	Maximum - 35% of Total Investment Portfolio	$568.3	$198.9	$134.4
Commercial Entity Exposure Limit	Maximum - 50% of Total Investment Portfolio	$568.3	$284.15	$216.2
LIQUIDITY				
	GREATER OF:-			
LIQUIDITY RISK	40% of Undisbursed & Loans not yet effective	$489.4	$195.8	$646.6
	3 Years of Net Funding Require-ments	$491.3	$491.3	$646.6
Policy Based Loans (PBL) & Guarantees	Maximum - 38% of Total Out-standing Loans & Guarantees	$2,054.1	$780.6	$681.7
Limit on Operations (Article14.1)	Equal to or less than Limit		$2,227.7	$1,324.5
Borrowing Limit - Proforma	Equal to or less than 100% Capital Limit (as defined)		$1,507.2	$1,032.9
Borrowing Limit - Capitalisation	Equal to or less than 65% of Capitalisation		$2,019.5	$1,032.9

Organisation

The Office of Risk Management (ORM) is an independent but integral part of the Bank's operations. CDB's risk liaison framework serves as part of an extended risk monitoring framework which follows three lines of defence:

- **Line 1 - Front Line Functions** which are the core areas where activities take place either in the front, middle or back office.
- **Line 2 – The ORM** which provides leadership, guidance, monitoring and independent oversight of the activities conducted by Line 1.
- **Line 3 - Internal Audit** which provides assurance on internal compliance with controls.

Operational Risk

Operational risk is successfully controlled within the Bank, with negligible operational losses in 2022. Operational risk, which is identified, registered and evaluated as inherent risk and residual risk (after considering controls), is managed via an internal network of risk liaison officers in all units of the Bank. Operational risks are captured via continued use of the following: i) a dedicated IT system, which automates the Bank's operational risk management process, including the annual Risk Control Self-Assessment (RCSA); ii) a risk register; and iii) escalation and management processes. The system also serves as an automated internal surveillance and early warning system for identifying potential threats to the Bank.

Credit Risk

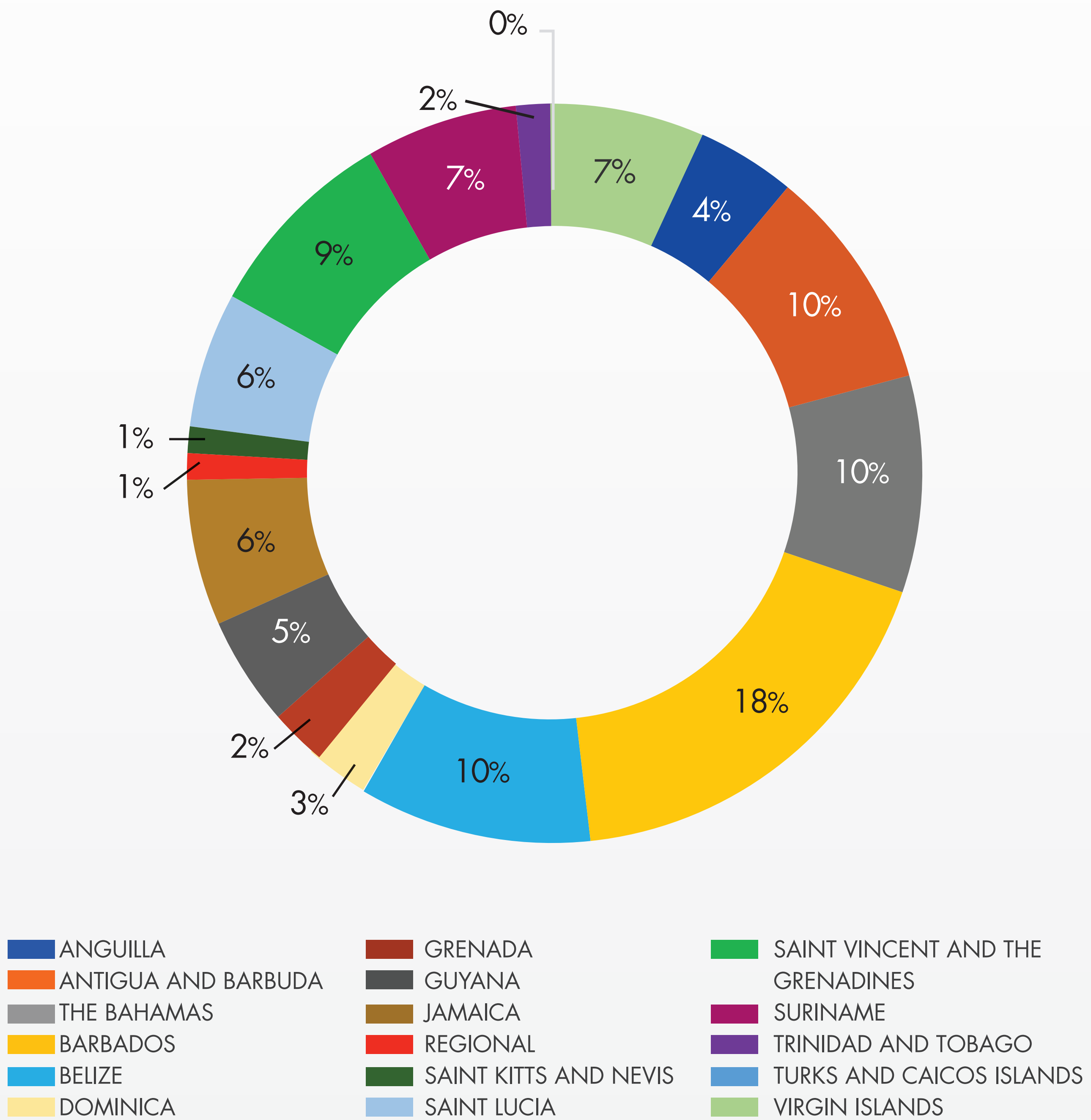
The sovereign risk profiles of BMCs' credit stabilised in 2022 due to the recovery from negative growth rates caused by the economic effects of the COVID-19 pandemic. The quality of the credit portfolio expressed in internal credit ratings remained overwhelmingly stable during the period. The Bank has not experienced any new non-performing loans in 2022.

Concentration

Given the limited number of BMCs and the characteristics of economic activity and demand for loans in the Region, the Bank operates with relatively high single-borrower concentration. Moreover, the Bank is prepared to support BMCs, when needed, for several reasons, including navigation through an economic crisis or recovery after a natural hazard event. Portfolio concentration continues to be actively managed in the credit approval process. The largest portfolio exposure relates to Barbados at 18%, while Belize, Antigua and Barbuda, and The Bahamas – each at 10% – are the Bank's other largest exposures. The Bank continued diversifying its portfolio by targeting new approvals for BMCs with stronger ratings and/or representing a smaller share of CDB's loan portfolio for new business growth, reducing portfolio concentration through targeted portfolio review.

The distribution of OCR loan exposure by BMC at December 31, 2022, did not present any changes from the previous year and is depicted in Chart 3.

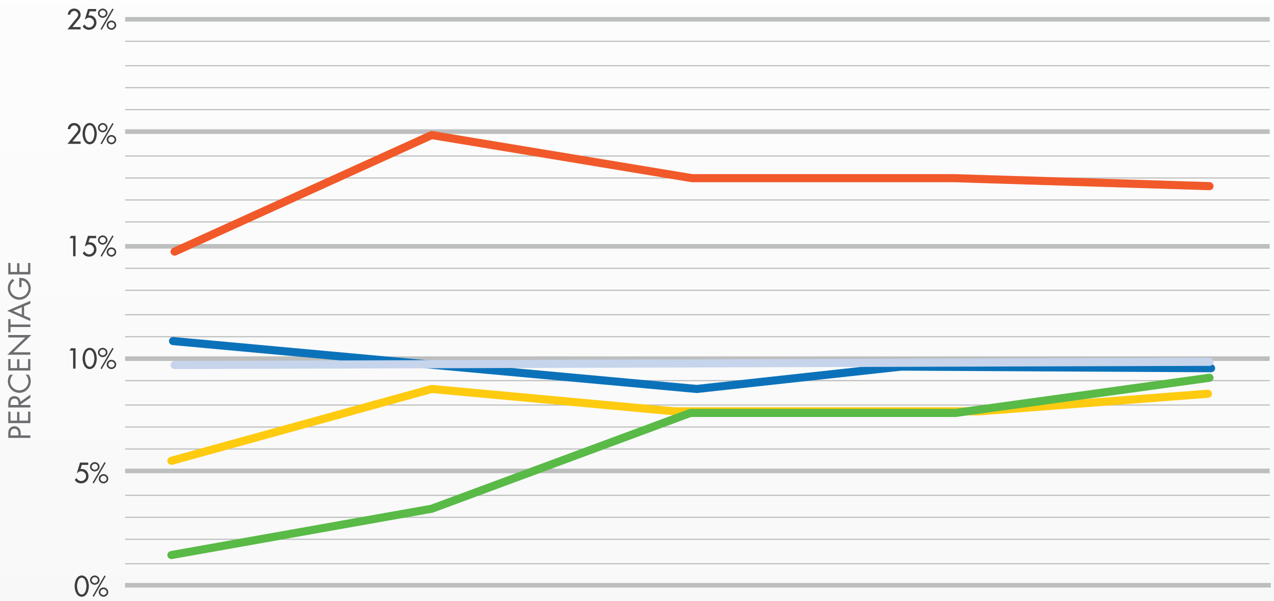
CHART 3: CDB'S GEOGRAPHIC EXPOSURE AT DECEMBER 31, 2022



Exposure Evolution

Overall, concentration risks remained at manageable levels and within the risk appetite of the Bank, with Barbados at 18% at 31 December 2022. Evolution of the Bank's top five sovereign exposures is represented in Chart 4.

CHART 4: TOP 5 COUNTRIES - RISK EXPOSURE EVOLUTION



	DEC-18	DEC-19	DEC-20	DEC-21
ANTIGUA AND BARBUDA	11%	10%	9%	10%
BARBADOS	15%	20%	18%	18%
BELIZE	10%	10%	10%	10%
SAINT VINCENT AND THE GRENADINES	6%	9%	8%	8%
THE BAHAMAS	2%	4%	8%	8%

Capital Adequacy

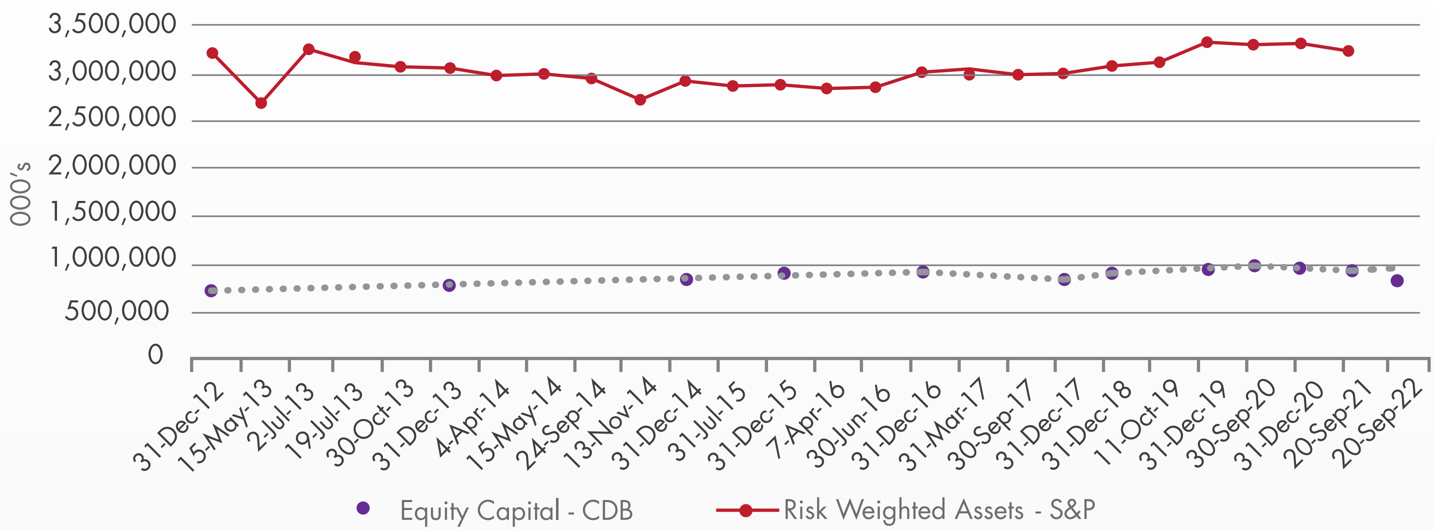
The Bank creates regulations, policies and guidelines, including the definition of adequate capital buffers, to maintain a balance sheet that is in line with a credit rating of AA+ (or equivalent) or better, with all major credit rating agencies. These regulations, policies and guidelines are designed to adhere to international best practices for financial risk management, especially those adopted by similarly rated Regional and multilateral development financial institutions.

The Bank manages capital adequacy in the following ways:

- carefully managing concentration of new lending to BMCs that have a high portfolio share and encouraging new lending to those countries with less exposure;
- encouraging increased lending to relatively better rated BMCs, aimed at achieving a balanced portfolio distribution by credit quality;
- supporting lower-rated entities using a blend of concessional and ordinary capital resources;
- managing undisbursed balances;
- Incentivising a robust capital generation strategy.

These efforts resulted in a slight reduction in risk-weighted assets from 2020, as reflected in Chart 5.

CHART 5: S&P RISK WEIGHTED ASSETS Versus CDB EQUITY CAPITAL TRENDS (USD 000'S)



Market Risk

CDB's overall objective is to manage market risks to minimise the risk of losses. During 2022, continuous interest rate increases and volatility in the foreign exchange markets contributed to unrealised losses in the liquidity and derivatives portfolios. These unrealised losses will be reversed as the instruments approach maturity.

Interest Rate Risk

CDB manages interest rate exposure by ensuring that the characteristics of its assets closely match those of its liabilities. The Bank makes use of interest rate swaps, which convert fixed-rate liabilities into floating-rate liabilities to align its borrowing and lending rate exposures. Residual exposure resulting from interest rate movement, which is effectively monitored and managed operationally with governance oversight provided by the Enterprise Risk Committee, was well within the Bank's risk appetite.

Foreign Exchange Risk

CDB minimises its exposure to currency exchange movements by limiting exposure to currencies other than its functional currency, the United States dollar. Existing currency exposures are managed via derivative hedging instruments, where necessary. These effectively reduce the volatility of future cash flows. Residual currency exposures arising during the year were well within the Bank's risk appetite.

Liquidity and Funding Risk

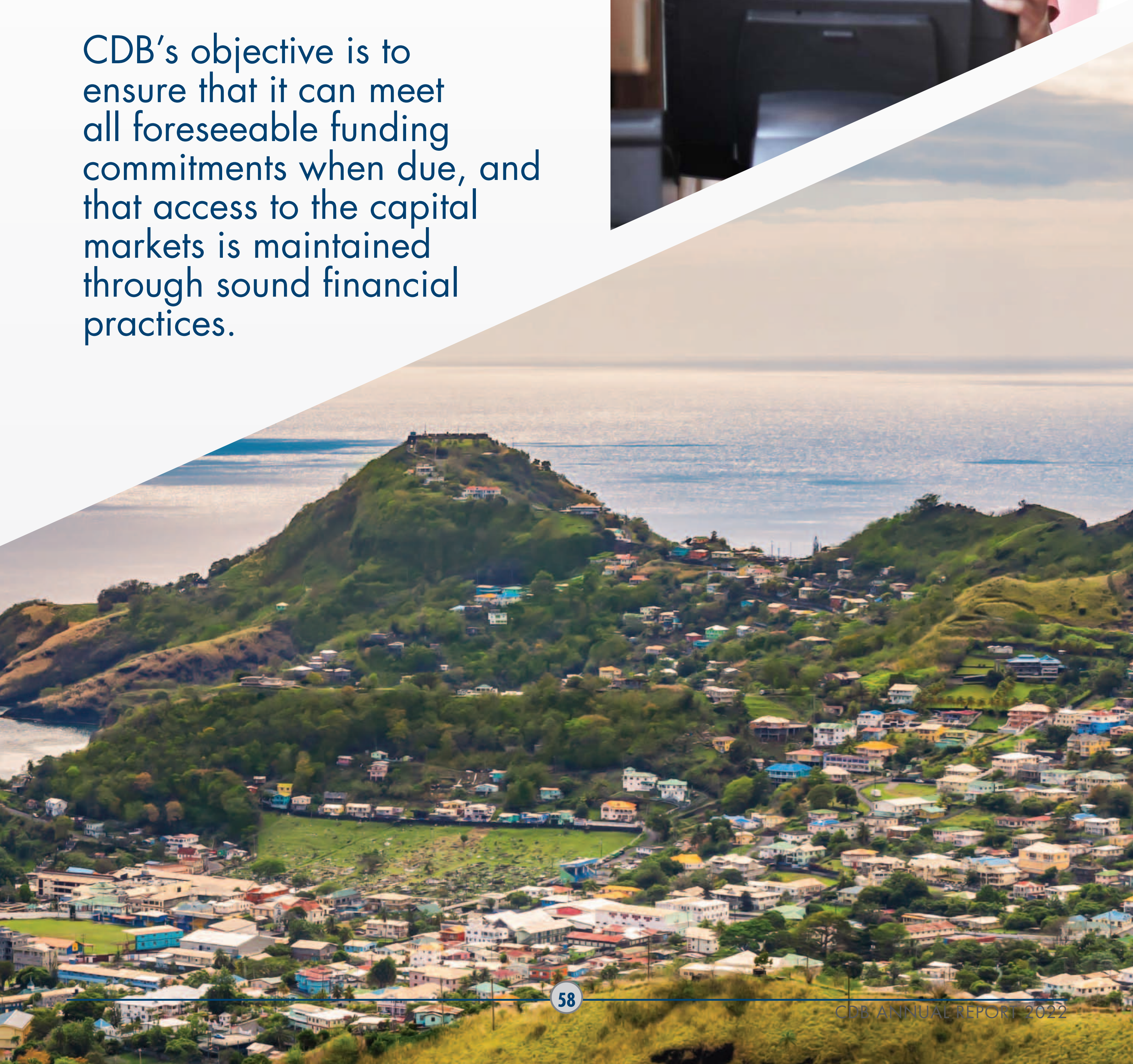
CDB's objective is to ensure that it can meet all foreseeable funding commitments when due, and that access to the capital markets is maintained through sound financial practices. To that end, the Bank maintains a portfolio of highly liquid assets, which are invested in accordance with approved investment policy and internal guidelines ensuring prudent management and avoiding concentration risks.

Access to liquidity is further ensured by maintaining a diversified funding base. This enables a prompt response to any temporary or seasonal liquidity demands. During the year, maturing borrowings were paid without the need to access additional funding as the Bank, in anticipation, had secured funding in the previous period.

CDB manages its liquidity risks by adhering to its policy of maintaining a net three years' funding requirement, or 40% of undisbursed commitments, whichever is greater. At December 31, 2022, actual liquidity of $646.6 mn comfortably exceeded the 3-year Net Funding Requirement of $491.3 mn as well as the 40% of Undisbursed Balances and Loans Not Yet Effective requirement of $195.8 mn.

The liquidity position of the Bank is further supported via access to approved, unsecured facilities with a reputable and highly rated financial institution.

CDB's objective is to ensure that it can meet all foreseeable funding commitments when due, and that access to the capital markets is maintained through sound financial practices.



SECTION 5

Management's Discussion and Analysis


CRONOS
APL
CMA CGM

Overview

CDB is a multilateral financial institution dedicated to the development of the economies of its BMCs with special and urgent regard to the needs of the less developed countries. We fulfill our mandate primarily through project loans and technical assistance to governments, public agencies, and other entities in our BMCs. The Bank's main goals are the promotion of sustainable economic development, poverty reduction and the facilitation of regional integration.

The Bank is structured into two fund resource entities through which it delivers on its mandate. These comprise the Ordinary Capital Resources (OCR) and the Special Funds Resources (SFR). The OCR operations are financed from CDB's share capital, borrowings raised in the capital markets, lines of credit from commercial banks, other multilateral institutions and internally generated equity. The SFR operations represent the Bank's concessionary resource pool, comprising the Special Development Fund (SDF), financed from the contributions of members and non-members of the Bank, and the Other Special Funds (OSF).

The Bank is rated by three major international rating agencies. In June 2022, Moody's Investor Services affirmed CDB's Long Term Issuer Rating as Aa1 with a Stable Outlook. In May 2022, Standard and Poor's (S&P) affirmed its Long-Term Issuer Credit Rating of AA+ with a Stable Outlook. In March 2022, Fitch Ratings affirmed its Long-Term Issuer Default Rating at AA+ and raised the outlook from Negative to Stable.

The following discussions should be read in conjunction with the audited financial statements of the Bank and accompanying Notes as set out in Section 6 of this report.

Ordinary Capital Resources

Financial Statement Reporting

The financial statements of the OCR are prepared in accordance with International Financial Reporting Standards (IFRS) on an historical cost basis, except for the following material items in the statement of financial position.

- the measurement of debt securities at fair value through other comprehensive income (FVOCI);
- net post-employment obligations, which are measured at the fair value of plan assets less the present value of the defined benefit obligation;
- the measurement of derivative financial instruments (cross currency interest rate swaps and interest rate swaps) at fair value;
- land which is measured at fair value; and
- with effect from October 2022, the carrying values of recognised assets and liabilities that are designated as

Moody's Investor Services affirmed CDB's Long Term Issuer Rating as Aa1 with a Stable Outlook in June 2022.

hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions and to exercise judgement in the process of applying its various accounting policies.

All amounts shown in the financial statements are stated in US dollar equivalents.

Management Reporting

Management has determined that its operating income is the best representation of the results of the Bank's core activities, and it is therefore used in the determination of CDB's financial performance evaluations, liquidity and other ratios and analyses. The accounting treatment in accordance with IFRS requires that derivatives are recorded at their fair value through P&L. This created significant income volatility due to foreign exchange and interest rate movements, and is not representative of the underlying strategy or economics of the transactions since it is the Bank's policy to hold these instruments to maturity. As a result, therefore, the Bank excludes the impact of these fair value and related foreign exchange translation adjustments associated with these derivatives from the determination of its operating income. The Bank therefore elected to adopt hedge accounting with effect from October 2022 to mitigate the resulting volatilities experienced in the determination of comprehensive income.

Loans are recorded on the amortised cost basis.

In compliance with the International Financial Reporting Standards, the Bank calculates the impairment of its financial instruments under the provisions of IFRS 9. This standard is based on the "expected credit loss" methodology as well as various rules governing the classification and subsequent treatment of financial instruments. This methodology is forward looking and based on changes in credit risk that determine whether impairment is calculated on a 12-month expected loss, a lifetime expected loss or an impaired basis, with movements between categories being based on assessed increases or decreases in credit risks. Impairment provisions are calculated based on the exposure at default (EAD) which includes commitments, measured against expected cash flows that are factored by probability of default (PD), loss given default (LGD) applicable to the credit ratings of counterparties, the time value of money and probability weighted optimistic and pessimistic scenarios against the base scenario.

Results of Operations of the OCR

Operating income: Operating income is defined as income prior to derivative fair value and debt security adjustments. Management defines this as the performance measure that reflects its core operations. This represents the metric which is used to analyse the Bank's performance and is allocated to reserves by the Board of Governors in accordance with the Bank's Charter. The operating income was $21.2 mn (2021: $22.3 mn) a decrease of 4.9%.

Total comprehensive income: Total comprehensive income or loss is defined as the sum of operating income and the effects of foreign exchange and interest rate adjustments related to derivative adjustments, fair value gains or losses on debt securities, actuarial re-measurements relating to post employment obligations and the revaluation of the land owned by the Bank. The OCR operations of the Bank for the year ended December 31, 2022, recorded a total comprehensive loss of $103.3 mn (2021: loss of $19.0 mn). The decline was largely a result of the impact of adverse interest rate and exchange rate movements on the derivative fair values which declined to an unrealised loss of $128.3 mn in 2022 from an unrealised loss of $85.3 mn in 2021. The foreign exchange translation on borrowings also declined to an unrealised gain of $35.2 mn in 2022 from an unrealised gain of $47.7 mn in 2021.

Unrealised gains or losses do not impact the Bank's cash flow, liquidity or impair its ability to meet its ongoing commitments.

Income from loans: Loan income for the year increased by $8.6 mn to $56.5 mn (2021: $47.9 mn). This was primarily a result of the rising interest rate environment that pertained during the period. The average interest rate in 2022 was 3.94% compared to 3.37% in 2021.

Income from cash and investments: For the year, income from cash and investments was $7.8 mn (2021: $7.2 mn) representing an increase of $0.6 mn which was also driven by the rising interest rate environment.

Interest expense: Interest expense for the year was $36.0 mn (2021: $20.1 mn). The increase of $15.9 mn also reflecting the significantly higher interest rate environment.

Loan income for the year increased by **$8.6 mn** to **$56.5 mn**. This was primarily a result of the rising interest rate environment that pertained during the period.

Operating expenses: In 2022, operating expenses amounted to $10.1 mn (2021: $13.6 mn). This change resulted from the favourable movement of foreign exchange translation, partially offset by increased administrative expenses. (See table below).

OPERATING EXPENSES		
	2022	**2021**
Administrative expenses	$16.0	$14.4
Realised losses	0.1	0.2
Other adjustments – forex translations	(6.0)	(1.0)
Total operating expenses	$10.1	$13.6

Rate/Volume analysis: The rate/volume analysis shows the effect on interest income (excluding fees, charges and unrealised gains and losses) of the Bank analysed by the various drivers.

RATE/VOLUME ANALYSIS			
	Increase/(Decrease) Due to		
	Rate	Volume	Total
Interest-earning assets			
Cash & Investments	$0.9	$(0.3)	$0.6
Loans	7.0	0.7	7.7
Total earning assets	7.9	0.4	8.3
Interest-bearing liabilities	0.3	0.3	0.6
Net change in interest income	**$7.6**	**$0.1**	**$7.7**

Financial Position of the OCR

Total assets: As at December 31, 2022, total assets were $2,066.1 mn (2021: $2,220.6 mn) representing a decrease of $154.5 mn (7.0%). This was largely due to a decrease in cash and investments by $130.0 mn to meet the repayment of a borrowing. Additionally, there was a decrease in the derivative assets by $37.0 mn resulting from unfavourable movements in interest and exchange rates.

Loans: In 2022 the loan portfolio was $1,324.1 mn (2021: $1,332.8 mn). This was a decrease of $8.7 mn, as a result of the reduced net disbursements resulting from the economic and fiscal impacts of the COVID-19 pandemic on the BMCs.

The Bank has only two impaired loans with one counterparty which are in its non-sovereign portfolio. The impaired amount is $1.6 mn and a full provision for this amount is reflected in financial records.

Borrowings and other liabilities: Total liabilities decreased by $51.2 mn (4.0%) to $1,220.1 mn (2021: $1,271.2 mn). This decrease largely reflected the borrowings repaid during the year, derivative liability increases, and reductions in post-employment obligations.

Shareholders' equity: At December 31, 2022, CDB's equity was $846.1 mn (2021: $949.4 mn). This reflected the comprehensive loss recorded for the year. Total equity currently represents 41.0% (2021: 42.8%) of total assets.

income from cash and investments was **$7.8 mn** representing an increase of **$0.6 mn** which was also driven by the rising interest rate environment.

SELECTED FINANCIAL DATA

(Expressed in millions of United States dollars)

	Years Ended December 31				
	2022	2021	2020	2019	2018
Balance Sheet Data					
Cash and investments	659.8	789.8	633.3	714.2	458.0
Loans outstanding[1]	1,324.1	1,332.8	1,332.1	1,249.3	1,163.5
Loans undisbursed	489.4	537.0	617.3	660.2	596.3
Total assets	2,066.1	2,220.6	2,121.3	2,095.5	1,747.7
Borrowings	1,050.8	1,190.6	1,094.1	1,103.2	796.3
Callable capital	1,375.1	1,375.1	1,375.1	1,375.1	1,375.1
Paid-in capital	388.5	388.5	388.5	388.5	388.5
Retained earnings & Reserves	457.9	561.2	580.2	546.4	512.4
Income Statement Data					
Loan income	56.5	47.9	56.5	58.6	49.3
Investment income	7.8	7.2	8.9	8.3	6.9
Borrowing costs	36.0	20.1	21.6	26.9	26.3
Foreign exchange translation	(6.0)	(1.0)	8.6	3.4	0.1
Derivative adjustment	(93.1)	(37.6)	6.6	15.7	(11.2)
Operating income	21.2	22.3	29.5	24.6	14.5
Comprehensive income / (loss)	(103.3)	(19.0)	33.8	34.0	6.3
Ratios					
Return on:					
Average assets	1.00%	1.06%	1.45%	1.32%	0.88%
Average investments	(7.6)%	(1.3)%	3.17%	1.45%	1.48%
Average loans outstanding	3.92%	3.71%	4.22%	5.18%	4.61%
Cost of borrowings	3.3%	1.84%	1.93%	3.54%	3.66%
Available capital[2]/economic capital	N.A.	N.A.	211.0%	232.9%	200.4%
Risk Adjusted Capital	23.3%	27.2%	N.A.	N.A.	N.A.

[1] Net of provisions.

[2] Defined as the sum of paid-in capital, total reserves, retained earnings after adjustment for derivatives and the currency translation on related borrowings and subscriptions paid in advance, less the General Banking Reserve, subscriptions not yet due or overdue and demand obligations from borrowers.

Special Development Fund

The SDF was established in 1970 and is the Bank's largest pool of concessionary funding, offering loans on more concessionary terms and conditions than those that are applied in the Bank's OCR. The SDF also provides grants and technical assistance to BMCs.

The SDF represents a significant and important enabler in the Bank's mission to reduce poverty and contribute to sustained welfare enhancement in eligible BMCs. Successive replenishments of the SDF since its inception have allowed CDB to make a significant contribution to the transformation of the lives of underprivileged and at-risk members of the population, primarily those in rural communities.

All members of the Bank are required to contribute to SDF (Unified), and contributions are also sought from non-members.

The SDF is composed of SDF (Unified) and SDF (Other) fund groups. SDF (Other) comprises a conglomeration of funds that operated under varied terms and conditions fixed by the Fund's various contributors. These differing terms and conditions created a number of complexities and inefficiencies in the Fund's management and operations. The SDF (Other) no longer accepts new funds.

All members of the Bank are required to contribute to SDF (Unified), and contributions are also sought from non-members. Contributions are interest-free and provided on a multi-year basis, for an indefinite term at predetermined times which are called Cycles and currently run for four years. SDF (Unified) also has consistent terms, objectives and procurement conditions and thus overcomes the challenges associated with individual donors and funding arrangements. There is a supplementary governance structure through an Annual Meeting of Contributors which focuses on the SDF (Unified)'s operations and an annual report on the performance of the fund is provided. Non-members are also invited to participate as observers in meetings of the Bank's BOD and BOG.

Prior to new cycles, Contributors enter into negotiations with the Bank with the objective of agreeing on the priority areas and programmes that should be addressed and on the amount of SDF (Unified) resources which will be necessary to realise the agreed objectives. The tenth cycle of SDF was formally agreed by contributors with effect for the period 2021-2024 to address the themes of building social, economic and environmental resilience.

Summary of Results

Result of Operations of the SDF

For the year ended December 31, 2022, there was a comprehensive loss of $23.3 mn (2021: comprehensive loss of $12.9 mn). Total interest income for the year was $18.1 mn (2021: $17.2 mn). The increase of 5.2% primarily from investment income was a reflection of the rising interest rate environment. The rising rates however, negatively impacted the valuation of assets held in the portfolios, resulting in net realised and unrealised losses of $24.2 mn (2021: loss of $7.8 mn).

Total expenses were $17.3 mn (2021: $22.3 mn), the decrease being due to the positive effect of no further write-down of financial assets, compared to a write-down of $6.1 mn in the prior year. The positive effect was partially offset by an increase in administrative expenses of $1.4 mn.

Income from loans: Loan income of $13.0 mn (2021: $13.0 mn) was equivalent to that experienced in the prior year as the increase in average portfolio size was offset by the decrease in average interest rates. These rates are set based on development objectives and not on market rates.

Income from cash and investments: Income from cash and investments recorded an outturn of $5.1 mn (2021: $4.2 mn), reflecting the rising interest rate environment.

Administrative expenses: Administrative expenses were $18.3 mn (2021: $16.9 mn) an increase of 8.3%. The SDF's share of the Bank's total administrative expenses is based on a predetermined cost-sharing formula, which is driven by the number of loan accounts and their status.

Financial Position of the SDF

Total assets: At December 31, 2022, total assets were $1,049.0 mn (2021: $1,061.5 mn).

Investments: At December 31, 2022, SDF cash and investments amounted to $299.0 mn (2021: $324.2 mn).

Loan portfolio: Total outstanding loans were $649.6 mn (2021: $638.7 mn), an increase of $10.9 mn due to a higher level of activity.

Receivable from contributors: This amounted to $100.1 mn (2021: $98.4 mn) largely reflecting additional contributions and exchange rate adjustments in relation to demand notes.

Liabilities and Funds: At the end of the year, liabilities and funds totalled $845.9 mn (2021: $843.8 mn), where the change was due to increases in funds made available and decreases in accounts payable.

Contributed resources: Contributions to the SDF net of allocations to technical assistance and grant resources increased by $6.5 mn to $788.8 mn (2021: $782.3 mn). This was due to the contributions received with respect to SDF10.

Other Special Funds

The Other Special Funds (OSF) was established to carry out the special operations of the Bank by providing resources on concessionary terms to assist BMCs in the goal of achieving poverty reduction. The Bank accepts contributions to the OSF for on-lending or administration on terms agreed with these contributors once the purposes are consistent with its objectives and functions.

Summary of Results

Results of Operations of the OSF

For the year, there was a comprehensive loss of $7.0 mn (2021: income of $0.9 mn), a decrease of $7.9 mn. This change was primarily due to unrealised foreign exchange losses.

Income from loans: Income from loans was $2.0 mn (2021: $1.6 mn), an increase of $0.4 mn compared with the previous year.

Interest Income from cash and investments: This was recorded at $1.8 mn (2021: $0.6 mn), an increase of $1.2 mn, reflecting the rising interest rate environment.

Administrative expenses: Administrative expenses totalled $2.1 mn (2021: $1.1 mn). The OSF's share of the total administrative expenses for the Bank as a whole is based on a predetermined cost-sharing formula, which is driven by the number of loans and accounts and their status.

Financial Position of the OSF

Total assets: This registered $348.1 mn (2021: $436.4 mn) representing a decline of $88.3 mn. The main components of the change were:

Cash and Investments: Cash and investments amounted to $62.5 mn (2021: $84.1 mn) reflecting a higher level of disbursements.

Loan portfolio: Total outstanding loans were $95.8 mn (2021: $83.8 mn) the increase being commensurate with higher disbursements.

Receivable from members: This declined to $155.1 mn (2021: $220.4 mn), the result of the encashment of promissory notes in respect of the UKCIF.

Liabilities and funds: Liabilities and funds totalled $348.1 mn (2021: $436.4 mn). This decrease largely reflects the decline in Technical Assistance and Grant resources.

Operations

In 2022, the Bank approved $174.5 mn (2021: $161.4 mn) in loans, grants and equity, loan and grant disbursements amounted to $285.9 mn (2021: $254.9 mn)

Details are shown in the Table below.

	Gross Approvals ($mn)		Disbursement ($mn)	
	2022	**2021**	**2022**	**2021**
OCR Loans	$58.7	$36.5	$113.8	$113.3
SFR Loans	41.7	34.7	66.9	71.6
Total Loans	100.4	71.2	180.7	184.9
SFR Grants and Equity	42.1	59.9	27.1	46.5
UKCIF	32.0	30.3	78.1	23.5
Total Grants and Equity	74.1	90.2	105.2	70.0
TOTAL	$174.5	$161.4	$285.9	$254.9

The three (3) largest portfolios held across the Bank's Funds were by Barbados (12.2%), Belize (10.1%), and Jamaica (8.7%).

Resource Transfers: In 2022, there was a positive net transfer of resources (i.e. the net of disbursements of loans and grants less repayments of principal, interest and charges) between CDB and its BMCs. The net flow of resources amounted to $111.3 mn (2021: $101.8 mn) a decrease of $9.5 mn (9.3%).

The Bank continued to drawdown on existing facilities mainly held with development partners and global funds including the IDB, GCF, Adaptation Fund, EIB, Governments of Canada, United Kingdom and Italy during the year.

The three largest portfolios held across the Bank's Funds were by Barbados (12.2%), Belize (10.1%), and Jamaica (8.7%).

Repayments: During the year, CDB was repaid 99.4% (2021:99.7%) of the total amounts that were charged to its borrowers. A breakdown by fund group follows:

	December 31, 2022 Amounts in $mn			December 31, 2021 Amounts in $mn		
	Principal Interest & Charges			Principal Interest & Charges		
	BILLED	RECEIVED	%	BILLED	RECEIVED	%
OCR	$188.1	$186.5	99.1	$156.9	$156.3	99.6
SDF	55.1	55.1	100.0	47.0	47.0	100.0
OSF	10.3	10.3	100.0	8.5	8.5	100.0
Total	$253.5	$251.9	99.4	$212.4	$211.8	99.7

Total Administrative Expenses

A comparative analysis of major administrative expenditure items is shown below. At December 31, 2022, total administrative expenses amounted to $36.3 mn, increasing by $3.9 mn over the expenditures of $32.4 mn experienced in 2021 mainly due to heightened activity following the resumption of operations previously constrained by the global pandemic.

ANALYSIS OF ACTUAL EXPENSES FOR 2022 AND 2021 STATED IN $mn

	2022	2021	Variance	%
Employee costs	$23.8	$23.7	$(0.1)	(0.4)
Professional fees and Consultants	2.3	1.9	(0.4)	(21.1)
Travel	1.2	0.3	(0.9)	(300.0)
Maintenance and Utilities	0.8	0.7	(0.1)	(14.3)
IT Services	2.7	2.4	(0.3)	(12.5)
Other	3.8	2.2	(1.6)	(72.7)
Depreciation	1.7	1.2	(0.5)	(41.7)
Total	$36.3	$32.4	$(3.9)	(12.0)

SECTION 6
Financial Statements

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Ordinary Capital Resources** of the **Caribbean Development Bank** ("the Bank"), which comprise the statement of financial position as at December 31, 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ordinary Capital Resources of the Bank as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS 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 International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Barbados and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Bank's 2022 Annual Report, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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 Oversight and Assurance Committee is responsible for overseeing the Bank's financial reporting process.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

Report on the Audit of the Financial Statements (continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

KPMG

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

We communicate with the Oversight and Assurance Committee 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.

Restriction on Use and Distribution

This report is made solely to the Board of Governors, as a body, in accordance with Article 38, sub-section 2 of the Agreement establishing the Bank, entered into force on January 26, 1970. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Board of Governors as a body, for our audit work, for this report, or for the opinion we have formed.

KPMG

Chartered Accountants
Bridgetown, Barbados
June 2, 2023

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF FINANCIAL POSITION
As at December 31, 2022
(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	2022	2021
Assets			
Cash and cash equivalents	**6**	**$163,741**	$304,727
Debt securities at fair value through other comprehensive income	**7**	**496,111**	485,101
Receivables and prepaid assets	**8**	**26,868**	14,705
Cash collateral on derivatives	**9**	**8,100**	-
Loans receivable	**10**	**1,324,143**	1,332,773
Receivable from members	**11**	**19,845**	24,646
Derivative financial instruments	**12**	**1,787**	38,795
Property and equipment	**13**	**25,537**	19,839
Total Assets		**$2,066,132**	$2,220,586

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

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF FINANCIAL POSITION
As at December 31, 2022
(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	2022	2021
Liabilities and Equity			
Liabilities			
Accounts payable and accrued liabilities	15	**$14,197**	$13,050
Maintenance of value on currency holdings	11	**108**	76
Deferred income	16	**875**	875
Post-employment obligations	17	**26,042**	38,144
Borrowings	18	**1,050,757**	1,190,556
Derivative financial instruments	12	**128,100**	28,532
Total Liabilities		**1,220,079**	1,271,233
Equity			
Subscriptions matured (net)	19(a)	**388,177**	388,177
Retained earnings and reserves	19(e)	**457,876**	561,176
Total Equity		**846,053**	949,353
Total Liabilities and Equity		**$2,066,132**	$2,220,586

Approved by the Board of Directors on May 17, 2023 and signed on their behalf by:

Hyginus Leon
President

Earl Estrado
Director, Finance and Information Technology Solutions

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

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2022
(expressed in thousands of United States dollars, unless otherwise stated)

	Subscriptions matured (net)	Retained Earnings	Post Employment Obligations Reserve	Fair value Reserve	Other Reserves	Total
Balance as of January 1, 2021	$388,177	$595,028	$(29,519)	$8,451	$6,254	$968,391
Net loss for the year	-	(15,248)	-	-	-	(15,248)
Other comprehensive (loss)/ income	-	-	10,805	(14,595)	-	(3,790)
Balance as of December 31, 2021	**$388,177**	**$579,780**	**$(18,714)**	**$(6,144)**	**$6,254**	**$949,353**
Net loss for the year	**-**	**(71,913)**	**-**	**-**	**-**	**(71,913)**
Other comprehensive income (loss)/gain	**-**	**-**	**13,938**	**(48,665)**	**3,340**	**(31,387)**
Balance as of December 31, 2022	**$388,177**	**$507,867**	**$(4,776)**	**$(54,809)**	**$9,594**	**$846,053**

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

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2022
(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	2022	2021
Interest and similar income	**20 (a)**	**$64,330**	$55,145
Interest expense and similar charges	**20 (b)**	**(36,034)**	(20,133)
Net interest income		**28,296**	35,012
Other income		**2,671**	2,152
Total income		**30,967**	37,164
Operating expenses	**21**	**(10,084)**	(13,582)
Impairment recovery/(charge)	**22**	**305**	(1,214)
Operating income before derivative and foreign denominated borrowing adjustments		**21,188**	22,368
Derivative fair value adjustment	**24**	**(128,268)**	(85,332)
Fair value and foreign exchange movement on borrowings	**24**	**35,167**	47,716
Net loss for the year		**(71,913)**	(15,248)
Other comprehensive income (loss) that will not be reclassified to the statement of net income			
Re-measurements – Actuarial gain	**17**	**13,938**	10,805
Revaluation surplus	**19h**	**3,550**	-
Other comprehensive gain (loss) that will be reclassified to the statement of net income			
Fair value (loss) gain on debt securities at fair value through other comprehensive income	**19g**	**(48,665)**	(14,595)
Net change in costs of hedging	**19h**	**(210)**	-
Total other comprehensive loss		**(31,387)**	(3,790)
Total comprehensive loss for the year		**$(103,300)**	$(19,038)

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

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022
(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	2022	2021
Operating activities:			
Net loss for the year		**$(71,913)**	$(15,248)
Adjustments for:			
Depreciation	**13**	**1,681**	1,191
Impairment (recovery)/charge on financial assets	**22**	**(305)**	1,214
Loss on revaluation		**80**	-
Derivative fair value loss adjustment	**24**	**128,268**	85,332
Interest income	**20(a)**	**(64,330)**	(55,145)
Interest expense	**20(b)**	**36,034**	20,133
Foreign exchange gain in translation - borrowings		**(43,106)**	(47,716)
Foreign exchange loss in translation - loans		**134**	-
Increase in maintenance of value on currency holdings		**(457)**	(925)
Total cash flows used in operating activities before changes in operating assets and liabilities		**(13,914)**	(11,164)
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables and prepaid assets		**(12,021)**	823
Increase in cash collateral on derivatives		**(8,100)**	-
Increase in accounts payable and accrued liabilities		**1,147**	2,193
Increase in post-employment obligations		**1,836**	2,141
Net (increase)/decrease in debt securities at fair value through other comprehensive income		**(59,351)**	37,780
Cash (used in)/from operating activities		**(90,403)**	31,773
Disbursements on loans	**10(b)**	**(113,780)**	(113,325)
Principal repayments on loans	**10(b)**	**127,801**	110,836
Interest received		**58,710**	56,258
Net cash (used in)/from operating activities		**(17,672)**	85,542
Investing activities:			
Purchase of property and equipment	**13**	**(3,909)**	(3,046)
Net cash used in investing activities		**(3,909)**	(3,046)
Financing activities:			
New borrowings	**18(b)**	**27,147**	156,458
Repayments on borrowings	**18(b)**	**(117,288)**	(14,083)
Interest paid on borrowings		**(34,491)**	(19,641)
Decrease in receivables from members		**5,227**	4,148
Net cash (used in)/from financing activities		**(119,405)**	126,882
Net (decrease)/increase in cash and cash equivalents		**(140,986)**	209,378
Cash and cash equivalents at beginning of year		**304,727**	95,349
Cash and cash equivalents at end of year		**$163,741**	$304,727

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

NOTE 1 – NATURE OF OPERATIONS

Corporate structure
The Caribbean Development Bank ("CDB" or "the Bank") is an international organisation established by an Agreement ("Charter") signed in Kingston, Jamaica, on October 18, 1969 and accepted and ratified by all the member countries which are signatories thereto. The Charter is an international treaty which, together with the instruments of ratification and accession by member countries, is deposited with the United Nations Secretary-General. The Charter entered into force on January 26, 1970 and CDB commenced operations on January 31, 1970. Since then, other countries have become members of CDB by acceding to the Charter.

The Bank's headquarters is located in Wildey in the parish of Saint Michael in the island of Barbados.

Purpose and objectives
CDB is a regional financial institution established for the purpose of contributing to the harmonious economic growth and development of the member countries in the Caribbean ("the Region") and to promote economic cooperation and integration among them, with special and urgent regard to the needs of the less developed members.

Membership
The membership of the Bank is open to:
(a) States and Territories of the Region;
(b) Non-Regional States which are members of the United Nations or any of its specialised Agencies; or of the International Atomic Energy Agency.

The Bank's members are classified as either: -
- Borrowing member countries ("BMCs") which comprise members of the Region that are qualified to borrow from the Bank.
- Non-regional members ("NRMs") which comprise members outside of the region that do not qualify to borrow from the Bank.

The BMCs are also shareholders of the Ordinary Capital Resources ("OCR") of the Bank and are therefore considered related parties.

The current membership of the Bank is comprised of twenty-three (23) regional states and territories and five (5) non-regional states (2021: 23 regional states and territories and 5 non-regional states). A detailed listing of the membership is provided at Note 19(c) - Equity.

Reducing poverty in the region is CDB's main objective and it finances development projects in its BMCs primarily through its OCR which comprises shareholders' paid-in capital, retained earnings and reserves and borrowings. In advancing this objective, the Bank participates in the selection, study and preparation of projects contributing to poverty reduction and, where necessary, provides technical assistance and support.

Special funds resources
Attainment of the Bank's objectives are also supplemented by the Special Development Fund ("SDF") and Other Special Funds ("OSF") which comprise its Special Fund Resources ("SFR") with distinct assets and liabilities and which are subject to different operational, financial and other rules as set out by the contributors, some of which are non-members of the Bank. The SFR is independently managed from, and has no recourse to, the OCR for obligations in respect of any of the liabilities of the SDF or OSF.

NOTE 1 – NATURE OF OPERATIONS *…continued*

Special funds resources …continued

Mobilising financial resources is an integral part of CDB's strategic and operational activities, where alone or jointly, it administers funds under agreements that are restricted to specific uses such as technical assistance, grants and regional programmes.

These funds are provided by donors, including members, some of their agencies and other development institutions.

NOTE 2 – ACCOUNTING POLICIES

All policies have been consistently applied to the years presented, except where otherwise stated. Accounting policies which are specific in nature are included as part of the relevant Notes to the financial statements. The accounting policies that are of a general nature are set out below:

Foreign currency translation
The functional and presentation currency of the Bank is the United States dollar (USD). Monetary assets and liabilities in currencies other than USD are translated at market rates of exchange prevailing at the reporting date. Non-monetary items measured at historical cost in currencies other than United States dollars are translated into USD using the prevailing exchange rates at the effective dates of the initial transactions.

Foreign currency transactions are initially translated into USD at applicable rates of exchange on the transaction dates. Any gains or losses arising as a result of differences in rates applied to income or expenses and to assets or liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Taxation
Under the provisions of Article 55 of the Charter and the provisions of the Caribbean Development Bank Act, 1970-71 of Barbados, the Bank's assets, property, income and its operations and transactions are exempt from all direct and indirect taxation and from all custom duties on goods imported for its official use.

Basis of preparation

Statement of compliance
These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- the measurement of debt securities at fair value through other comprehensive income (FVOCI)
- net post-employment obligations, which are measured at the fair value of plan assets less the present value of the defined benefit obligation
- the measurement of derivative financial instruments (cross currency interest rate swaps and interest rate swaps) at fair value
- land which is measured at fair value
- the carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships

The financial statements are presented in United States dollars and all values are rounded to the nearest thousand ($000), except where otherwise indicated.

NOTE 2 – ACCOUNTING POLICIES *…continued*

Basis of preparation *…continued*

Presentation of financial statements
The presentation format of the Bank's statement of comprehensive income reflects the Operating Income from the Bank's core activities. In the opinion of management, this enhances the information to the users of the Bank's financial statements, as Operating Income is the basis upon which the Bank's financial, liquidity, capital adequacy, efficiency and other performance ratios and measures are determined.

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Notes 6 – 18 as applicable.

Financial assets and financial liabilities are generally reported gross in the statement of financial position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Bank and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

Effective October 1, 2022, the Bank designated certain of its interest rate and cross currency interest rate swaps, into a hedging relationship. These were accounted for prospectively as presented in Note 12.

Certain immaterial comparative amounts have been reclassified to conform to the presentation adopted in the current year.

Significant accounting judgements, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur.

NOTE 2 – ACCOUNTING POLICIES *…continued*

Significant accounting judgements, estimates and assumptions *…continued*

Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- Note 5: Financial Assets
    - establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of Expected Credit Losses (ECL) and selection and approval of models used to measure ECL.

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included int the following notes:

- Note 3: measurement of fair value of financial instruments with significant unobservable inputs.
- Note 5: Financial Assets: impairment of financial instruments; determination of inputs into the ECL measurement model, including assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- Note 17: post-employment obligations: measurement of defined benefit obligations; key actuarial assumptions.

Going concern
The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue its operations for the foreseeable future. The Bank also continues to have the full support of its Members through the provision of additional financial, technical, material and other assistance as well as guidance and support from the Board of Directors.

NOTE 2 – ACCOUNTING POLICIES *…continued*

New and amended standards and interpretations which are applicable to the Bank

In these financial statements, the Bank has applied the following standards and amendments for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below. The new and amended standards and interpretations are effective for annual periods beginning on or after January 1, 2022, unless otherwise stated. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IAS 16 - Property, plant and equipment - Proceeds before intended use (Amendments to IAS 16)

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss in the Statement of comprehensive income. These amendments had no impact on the financial statements of the Bank as there were no sales of such items on or after the beginning of the earliest period presented.

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets - Onerous contracts - costs of fulfilling a contract (Amendments to IAS 37)

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). This amendment had no impact on the financial statements of the Bank as there were no contracts within the scope of these amendments during the period.

Annual improvements cycle 2018 – 2020: IFRS 9, Financial Instruments - Fees in the '10 per cent' test for de-recognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

In accordance with the transitional provisions, the Bank applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Bank as there were no modifications of the Bank's financial instruments during the period.

NOTE 2 – ACCOUNTING POLICIES *…continued*

New and amended standards and interpretations which are applicable to the Bank *…continued*

Other standards, interpretations and amendments

The following are the standards, interpretations and amendments, which also became effective January 1, 2022 but which were not applicable to the Bank, as we did not hold assets or liabilities within their scope as at the date of adoption:

- IFRS 3 – Business Combinations, Reference to the Conceptual Framework (Amendments to IFRS 3)
- Annual Improvement Cycle 2018 – 2020
    - IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
    - IAS 41 Agriculture – Taxation in fair value measurements

Standards in issue not yet effective that may be applicable to the Bank

The following is a list of standards and interpretations issued that may be applicable but are not yet effective up to the date of the issuance of the Bank's financial statements. The Bank intends to adopt these standards when they become effective. The impact of adoption depends on the assets held by the Bank at the date of adoption.

Amendments to IAS 1– Classification of liabilities as current and non-current

Effective for annual periods beginning on or after January 1, 2023

Clarifies that the classification of liabilities as current or noncurrent is based solely on a reporting entity's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of an entity's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument.

Amendments to IAS 1 and IFRS Practice statement 2 – Disclosure of accounting policies

Effective for annual periods beginning on or after January 1, 2023.

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies. Additionally, guidance was added on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Amendments to IAS 8 - Definition of accounting estimates

Effective for annual periods beginning on or after January 1, 2023.

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

NOTE 3 – RISK MANAGEMENT

The Bank's principal financial liabilities, other than derivative financial instruments, comprise borrowings and accounts payable, the main purpose of which is to finance the Bank's operations. The Bank also provides guarantees to its borrowers under set terms and conditions. The Bank's principal financial assets are loans outstanding, receivables, cash and cash equivalents and debt securities at fair value through other comprehensive income that are all derived directly from its operations.

The Bank also holds derivative contracts and enters into derivative transactions when deemed necessary by senior management. All derivative activities for risk management purposes are undertaken by senior management in accordance with the approved Board of Directors (BOD) policy which includes the provision that derivatives are held to maturity except under specific conditions and that no trading in derivatives for speculative purposes may be undertaken.

The Bank's BOD sets the governance framework for the Bank by setting the risk and risk appetite framework, and the underlying policies and procedures. Financial risk activities are governed by the policies and procedures and financial risks are identified, measured and managed in accordance with the Bank's approved policies and risk objectives.

The ability to manage these risks is supported by an enterprise-wide risk management framework which was approved by the BOD. Operationally, CDB seeks to minimise its risks via the implementation of robust mitigating controls aimed at achieving adherence to approved risk appetite portfolio limits. The Bank's risk mitigation approaches include adopting processes, systems, policies, guidelines and practices which are reviewed and modified periodically in line with the institution's changing circumstances.

The Bank's Office of Risk Management (ORM) manages, coordinates, monitors and reports on the mitigation of all risks that the Bank faces such as strategic, financial, operational, and reputational risks. The ORM also has the responsibility for recommending and implementing new or amended policies and procedures for effective risk management to the BOD for approval and to ensure that risk awareness is embedded within the Bank's operations and among its employees. CDB's risk management framework is built around its governance, policies and processes. The risk management governance structure supports the Bank's senior management in their oversight function in the coordination of different aspects of risk management, and is built around the following committees:

(i) The Enterprise Risk Committee (ERC) which is responsible for monitoring adherence to BOD approved policies related to financial and other risks;
(ii) The Adjudication and Review Committee (ARC) which reviews and recommends Loans, Grants and Technical Assistance (TA) applications to the BOD for consideration;
(iii) The Oversight and Assurance Committee (OAC) through which the ORM, the Office of Institutional integrity, Compliance and Accountability (ICA), the Office of Independent Evaluation (OIE) and the Internal Audit Division (IAD) report to the BOD.
(iv) ICA operationalises the strategic framework for integrity, compliance and accountability. It is responsible for managing institutional integrity, compliance, anti-money laundering (AML), countering the financing of terrorism (CFT) and financial sanctions, ethics, whistleblowing, and project accountability;
(v) The Strategic Advisory Team (SAT) which is the highest decision-making body of the Bank.

The Bank is exposed to credit risk, market risk (currency and interest rate risk), liquidity risk and operational risk. By its very nature the Bank is also exposed to concentration risk in relation to its BMCs. The Bank manages and controls concentration of credit risk through financial policies which limit the amount of exposure in relation to a single borrower and to groups of borrowers, by counterparties, credit ratings and by type of investments. Performance against these limits is measured and reported on a monthly and quarterly basis to the ERC and the OAC.

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk

Credit risk relates to potential losses in the event that a BMC is unable or unwilling to service its obligations to the Bank. CDB manages this risk through its financial policies and lending strategies, including the setting of individual country exposure limits and evaluation of overall creditworthiness. Individual BMC exposure to the Bank on outstanding loans as at December 31, 2022 is reported in Note 4 and Note 10.

The Bank manages its credit risk related to liquid funds and derivative financial instruments by ensuring that all individual investments carry a minimum credit rating as follows:

	Standard & Poor's	Moody's Investors Service
Commercial bank obligations	A-	A3
Government obligations	A-	A3
Corporate obligations	BBB+	Baa1

Additionally, CDB can invest in non-freely convertible currencies in unconditional obligations issued or guaranteed by indigenous commercial banks provided that no such bank holds more than $1 million of the investible amount of the given currency or 10% of CDB's capital, whichever is smaller. In relation to derivative transactions, all counterparties must have a minimum rating of BBB/Baa2 (by Standard & Poor's and Moody's respectively), with a minimum rating for new transactions of A-/ A3 (stable outlook) by Standard & Poor's and Moody's respectively.

(i) <u>Credit risk measurement</u>

The Bank assesses borrowers based upon their external credit ratings. For borrowers without an external rating, judgment and benchmarking against similar credits are used to assign an appropriate internal rating. Borrowers are segmented into four rating classes. The rating scale, shown below, reflects the range of default probabilities defined for each rating class and related exposures can migrate between classes based on the results of the re-assessments of their probability of default.

The internal rating scale and mapping of external ratings are as follows:

CDB Grade	Description of the grade	CDB Rating
1	Basic monitoring	AAA, AA, A Range
2	Standard monitoring	BBB, BB, B Range
3	Special monitoring	CCC to C Range
4	Sub-standard	D Range

The CDB ratings are aligned to a large extent with external ratings and mapped to corresponding proxy default rates. The observed defaults per rating category vary year on year, based on current and projected economic results.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT...*continued*

(a) Credit risk...*continued*

(ii) Risk limit control and mitigation measures

Loans
Currently the approved exposure limit to the single largest borrower is 40% of total outstanding loans or 50% of total available capital, whichever is greater. The limit for the three largest borrowers is 60% of total outstanding loans or 90% of total available capital whichever is greater.

	2022	**2021**
Single largest borrower's exposure to total outstanding loans	**18.2%**	19.1%
Three largest borrowers' exposure to total outstanding loans	**38.2%**	38.7%
Three largest borrowers' exposure to available capital	**53.6%**	53.8%

Cash and cash equivalents and Debt securities at FVOCI
The Bank's results as at December 31 against the BOD approved policy ratios were as follows:

Investment Type	**Maximum policy limit (based upon total investment portfolio)**	**2022**	**2021**
Single entity	10%	**9.1%**	8.8%
US Treasury or US Government Agency	35%	**23.6%**	22.3%
Commercial entity	50%	**38.0%**	24.8%

(iii) Credit related commitments

Guarantees and standby letters of credit represent irrevocable assurances that the Bank will make payment. The primary purpose of these instruments is to ensure that funds are available to a borrower as required. The Bank currently has guarantees not exceeding the equivalent of $12 million (2021 - $12 million) with respect to bonds issued by the Government of St. Kitts and Nevis (GOSKN). These commitments expose the Bank to similar risks as loans outstanding and are mitigated by the same control processes and policies.

(iv) Master netting arrangements

All of the Bank's derivatives are executed under International Swap Dealers' Association (ISDA) Master Agreements and the Schedule to the Master Agreement in order to limit exposure to credit risk through the provisions in these agreements for offsetting of amounts due to or by both counterparties. Under the provisions of these agreements both parties compute amounts owing to and by each other and the party with a net amount owing makes payment to the other party. The ISDA and related Schedule also make provision for the voluntary netting of currencies and transactions and for the computation methodology of and settlement of final net payment in the event of termination. CDB is currently party to five swaps with four counterparties.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT*…continued*

(a) Credit risk*…continued*

(v) Maximum exposure to credit risk before collateral held or other credit enhancements

The table below shows the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are the gross carrying amounts net of the allowance for expected credit loss (ECL). Details of the Bank's internal grading system are explained in Note 3(a)(i) and policies about the calculation of the ECL allowance are disclosed in Note 5.

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents	**$163,741**	**$-**	**$-**	**$163,741**
Debt securities fair value through OCI	**493,647**	**2,464**	**-**	**496,111**
Receivables	**24,841**	-	**964**	**25,805**
Sovereign loans outstanding	**840,628**	**413,485**	**-**	**1,254,113**
Non-sovereign loans outstanding	**70,030**	-	**-**	**70,030**
Cash collateral on derivatives	**8,100**	-	**-**	**8,100**
Non-negotiable demand notes	**13,878**	**-**	**-**	**13,878**
Maintenance of value on currency holdings	**4,745**	**-**	**-**	**4,745**
Subscriptions in arrears	**1,222**	**-**	**-**	**1,222**
Derivative financial instruments	**1,787**	**-**	**-**	**1,787**
	$1,622,619	**$415,949**	**$964**	**$2,039,532**
Commitments				
Undisbursed sovereign loan balances	**$425,317**	**$-**	**$-**	**$425,317**
Undisbursed non-sovereign loan balances	**3,500**	**-**	**-**	**3,500**
Guarantees	**12,000**	**-**	**-**	**12,000**
	$440,817	**$-**	**$-**	**$440,817**
	$2,063,436	**$415,949**	**$964**	**$2,480,349**

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk…*continued*

(v) Maximum exposure to credit risk before collateral held or other credit enhancements…*continued*

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents	$304,727	$-	$-	$304,727
Debt securities fair value through OCI	485,101	-	-	485,101
Receivables	13,513	-	556	14,069
Sovereign loans outstanding	871,212	386,331	-	1,257,543
Non-sovereign loans outstanding	75,230	-	-	75,230
Non-negotiable demand notes	18,441	-	-	18,441
Maintenance of value on currency Holdings	4,256	-	-	4,256
Subscriptions in arrears	1,949	-	-	1,949
Derivative financial instruments	38,795	-	-	38,795
	$1,813,224	$386,331	$556	$2,200,111
Commitments				
Undisbursed sovereign loan balances	$252,066	$179,487	$-	$431,553
Guarantees	12,000	-	-	12,000
	$264,066	$179,487	$-	$443,553
	$2,077,290	$565,818	$556	$2,643,664

The above tables represent a worst-case scenario of credit risk exposure as at the reporting date, without taking account of any collateral held or other credit enhancements attached.

The Bank's policy in relation to collateral is disclosed in Note 10 to these financial statements.

As shown, the total gross maximum exposure to sovereign loans and commitments was 68.5% (2021: 64.4%), and to the non-sovereign was 2.9% (2021: 2.8%).

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk…*continued*

(vi) Credit quality

Debt securities, treasury bills and other eligible bills
The main investment management objectives are for capital preservation and liquidity. In accordance with these parameters, CDB seeks the optimal return on its investments. CDB's Investment Policy restricts its investments to government and government-related debt instruments, corporate bonds and time deposits. Investments may also be made in unconditional obligations issued or guaranteed by commercial banks rated A-/A3, or better, AAA rated asset-backed securities, and AAA-rated mortgage-backed securities. Adherence to the investment policy guidelines is monitored on a continuous basis by the ERC.

The following tables present an analysis of the credit quality of debt securities, treasury bills and other eligible bills, neither past due nor impaired based on Standard & Poor's rating or equivalent. As of December 31, 2022, the Bank's debt securities were classified as fair value through other comprehensive income. These assets were individually assessed for ECL. Amounts totalling $493,647 were classified as Stage 1 and amounts totalling $2,464 were classified as Stage 2 financial assets.

	2022				
	AAA	**AA+ to AA-**	**A+ to A-**	**BBB+ to BBB-**	**Total**
Obligations guaranteed by Governments[1]	**$52,425**	**$176,582**	**$19,594**	**$-**	**$248,601**
Time Deposits	**-**	**761**	**-**	**-**	**761**
Sovereign Bonds	**11,897**	**8,133**	**10,452**	**-**	**30,482**
Supranational Bonds[2]	**68,509**	**10,039**	**-**	**-**	**78,548**
Corporate Bonds	**13,253**	**33,408**	**88,094**	**2,964**	**137,719**
	$146,084	**$228,923**	**$118,140**	**$2,964**	**$496,111**

	2021				
	AAA	**AA+ to AA-**	**A+ to A-**	**BBB+ to BBB-**	**Total**
Obligations guaranteed by Governments[3]	$37,095	$125,684	$29,770	$-	192,549
Time Deposits	-	759	-	-	759
Sovereign Bonds	9,418	43,377	11,662	-	64,457
Supranational Bonds[4]	70,192	2,976	-	-	73,168
Corporate Bonds	12,944	40,688	98,001	2,535	154,168
	$129,649	$213,484	$139,433	$2,535	$485,101

In accordance with the Bank's internal rating scale 99.4% (2021: 100%) of debt securities, treasury bills and other eligible bills are classified as 'Basic monitoring'.

[1] Freely convertible currencies in Government and Government-guaranteed obligations which are members of the G7 or EU and its agencies.

[2] An international organization, or union, whereby member states transcend national boundaries or interests to share in the decision-making and vote on issues pertaining to the wider grouping.

[3] Freely convertible currencies in Government and Government-guaranteed obligations which are members of the G7 or EU and its agencies.

[4] An international organization, or union, whereby member states transcend national boundaries or interests to share in the decision-making and vote on issues pertaining to the wider grouping.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT...*continued*

(a) Credit risk...*continued*

(vi) Credit quality...*continued*

Loans and advances
As of December 31, 2022, loans that were classified as Stage 1 and Stage 2 represented 99.9% (2021: 99.9%) of gross loans outstanding. Loans are summarised as follows:

2022

	Sovereign	**Non-sovereign**	**Total**
Stage 1	**$841,447**	**$74,018**	**$915,465**
Stage 2	**415,068**	**-**	**415,068**
Stage 3	**-**	**1,627**	**1,627**
Gross	**1,256,515**	**75,645**	**1,332,160**
Less: allowance for ECL	**(2,402)**	**(5,615)**	**(8,017)**
Net	**$1,254,113**	**$70,030**	**$1,324,143**

2021

	Sovereign	**Non-sovereign**	**Total**
Stage 1	$872,169	$79,326	$951,495
Stage 2	387,891	-	387,891
Stage 3	-	1,627	1,627
Gross	1,260,060	80,953	1,341,013
Less: allowance for ECL	(2,517)	(5,723)	(8,240)
Net	$1,257,543	$75,230	$1,332,773

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk…*continued*

(vi) Credit quality…*continued*

Loans and advances…continued
The credit quality of the loan portfolio classified as Stage 1 and Stage 2 was assessed by reference to the internal rating system adopted by the Bank.

	2022		
	Sovereign	**Non-Sovereign**	**Total Loans**
Standard monitoring	**$608,703**	**$22,421**	**$631,124**
Special monitoring	**530,775**	**47,609**	**578,384**
Sub-Standard	**114,635**	**-**	**114,635**
	$1,254,113	**$70,030**	**$1,324,143**

	2021		
	Sovereign	**Non-Sovereign**	**Total Loans**
Standard monitoring	$601,175	$27,627	$628,802
Special monitoring	561,851	47,603	609,454
Sub-Standard	94,517	-	94,517
	$1,257,543	$75,230	$1,332,773

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk…*continued*

(vi) Credit quality…*continued*

Other financial assets
Other financial assets comprise amounts due from the Bank's member countries, local institutions and staff.

Other financial assets carried at amortised cost and classified as Stage 1 and 2

	2022				
	Basic Monitoring	**Standard Monitoring**	**Special Monitoring**	**Sub-Standard**	**Total**
Cash and cash equivalents	**$125,562**	**$10,921**	**$27,258**	**$-**	**$163,741**
Receivables	**-**	**-**	**25,805**	**-**	**25,805**
Cash collateral on derivatives	**8,100**	**-**	**-**	**-**	**8,100**
Non-negotiable demand notes	**8**	**10,990**	**284**	**2,596**	**13,878**
Maintenance of value on currency holdings	**1,250**	**3,495**	**-**	**-**	**4,745**
Subscriptions in arrears	**1**	**-**	**-**	**1,221**	**1,222**
	$134,921	**$25,406**	**$53,347**	**$3,817**	**$217,491**

	2021				
	Basic Monitoring	**Standard Monitoring**	**Special Monitoring**	**Sub-Standard**	**Total**
Cash and cash equivalents	$304,727	$-	$-	$-	304,727
Receivables	-	-	14,069	-	14,069
Non-negotiable demand notes	8	15,554	284	2,595	18,441
Maintenance of value on currency holdings	1,250	3,006	-	-	4,256
Subscriptions in arrears	-	1	1,948	-	1,949
	$305,985	$18,561	$16,301	$2,595	$343,442

Other financial assets – Fair value through profit or loss

	2022				
	Basic Monitoring	**Standard Monitoring**	**Special Monitoring**	**Sub-Standard**	**Total**
Derivative financial instruments	**$1,787**	**$-**	**$-**	**$-**	**$1,787**

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT*…continued*

(a) Credit risk*…continued*

(vi) Credit quality*…continued*

Other financial assets…continued

Other financial assets – Fair value through profit or loss…continued

	2021				
	Basic Monitoring	Standard Monitoring	Special Monitoring	Sub-Standard	Total
Derivative financial instruments	$38,795	$-	$-	$-	$38,795

(vii) Risk concentration of financial assets with exposure to credit risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The Bank manages risk concentration by counterparty and geography.

Geographical sectors
The following table presents CDB's main credit exposures at their gross amounts, net of impairment allowances. For this table, the exposures are allocated to regions based on the country of domicile of the counterparties. A further analysis of the Bank's exposure to loans by geographical region is provided at Note 10.

	2022				
	Borrowing Member Countries	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	**$28,201**	**$15,811**	**$92,810**	**$26,919**	**$163,741**
Debt securities at fair value through OCI	**-**	**99,987**	**246,815**	**149,309**	**496,111**
Sovereign loans outstanding	**1,254,113**	**-**	**-**	**-**	**1,254,113**
Non-sovereign loans outstanding	**70,030**	**-**	**-**	**-**	**70,030**
Cash collateral on derivatives	**-**	**-**	**-**	**8,100**	**8,100**
Derivative financial instruments	**-**	**-**	**1,787**	**-**	**1,787**
Maintenance of value on currency holdings	**670**	**4,075**	**-**	**-**	**4,745**
Non-negotiable demand notes	**13,878**				**13,878**
Subscriptions in arrears	**1,222**	**-**	**-**	**-**	**1,222**
Receivables	**25,805**	**-**	**-**	**-**	**25,805**
	$1,393,919	**$119,873**	**$341,412**	**$184,328**	**$2,039,532**

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk…*continued*

(vii) Risk concentration of financial assets with exposure to credit risk…*continued*

Geographical sectors…continued

	2021				
	Borrowing Member Countries	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$34,236	$97,059	$173,432	$-	$304,727
Debt securities at fair value through OCI	-	86,594	269,899	128,608	485,101
Sovereign loans outstanding	1,257,543	-	-	-	1,257,543
Non-sovereign loans outstanding	75,230	-	-	-	75,230
Derivative financial instruments	-	16,446	22,349	-	38,795
Maintenance of value on currency holdings	678	3,578	-	-	4,256
Non-negotiable demand notes	18,441	-	-	-	18,441
Subscriptions in arrears	1,949	-	-	-	1,949
Receivables	14,069	-	-	-	14,069
	$1,402,146	$203,677	$465,680	$128,608	$2,200,111

(b) Market risk

CDB takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. CDB is exposed to two types of market risk - foreign currency risk and interest rate risk. Financial instruments affected by market risk include loans, debt securities at fair value through OCI, borrowings and derivative financial instruments.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Bank manages foreign currency risk by ensuring that all loans by the Bank are made either from currencies available from members' subscriptions or from currencies borrowed, and the principal amounts are repayable to the Bank in the currencies lent. It also manages this risk by entering into currency swaps where borrowing currencies are not denominated in USD. The following table summarises the exposure to foreign currency exchange rate risk. Included in the table are the financial instruments at carrying amounts, categorised by currency. Management has considered the impact of non-freely convertible currencies and the risk is minimal.

All of the Bank's loans are denominated in United States dollars, with the exception of one which is denominated in Euros.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT*…continued*

(b) Market risk*…continued*

(ii) ***Concentrations of foreign currency risk***

	2022					
As at December 31	**US$**	**Yen**	**CHF**	**Euro**	**Other**	**Total**
Assets						
Cash and cash equivalents	$109,414	$1	$-	$2,823	$51,503	$163,741
Debt securities at fair value through OCI	490,641	-	-	-	5,470	496,111
Loans outstanding	1,296,485	-	-	27,658	-	1,324,143
Cash collateral on derivatives	8,100	-	-	-	-	8,100
Derivative financial instruments	-	1,787	-	-	-	1,787
Receivable from members	15,100	-	-	-	4,745	19,845
Receivables	24,875	-	-	-	930	25,805
Total financial assets	$1,944,615	$1,788	$-	$30,481	$62,648	$2,039,532
Liabilities						
Accounts payable	11,115	-	-	-	56	11,171
Borrowings	609,866	50,093	154,655	236,143	-	1,050,757
Derivative financial instruments	11,272	-	23,451	93,377	-	128,100
Total financial liabilities	$632,253	$50,093	$178,106	$329,520	$56	$1,190,028
Net on-balance sheet financial position	$1,312,362	$(48,305)	$(178,106)	$(299,039)	$62,592	$849,504
Credit commitments	$428,817	$-	$-	$-	$-	$428,817

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

(b) Market risk…*continued*

(ii) Concentrations of foreign currency risk …*continued*

	2021					
As at December 31	**US$**	**Yen**	**CHF**	**Euro**	**Other**	**Total**
Assets						
Cash and cash equivalents	$264,654	$-	$-	$1,624	$38,449	$304,727
Debt securities at fair value through OCI	480,416	-	-	-	4,685	485,101
Loans outstanding	1,332,773	-	-	-	-	1,332,773
Derivative financial instruments	16,314	22,481	-	-	-	38,795
Receivable from members	-	-	-	-	24,646	24,646
Receivables	11,584	-	-	1,796	689	14,069
Total financial assets	$2,105,741	$22,481	$-	$3,420	$68,469	$2,200,111
Liabilities						
Accounts payable	9,320	-	-	-	38	9,358
Borrowings	583,700	165,040	158,852	282,964	-	1,190,556
Derivative financial instruments	-	-	5,411	23,121	-	28,532
Total financial liabilities	$593,020	$165,040	$164,263	$306,085	$38	$1,228,446
Net on-balance sheet financial position	$1,512,721	$(142,559)	$(164,263)	$(302,665)	$68,431	$971,665
Credit commitments	$443,553	$-	$-	$-	$-	$443,553

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

(b) Market risk…*continued*

(iii) Foreign currency sensitivity

In calculating these sensitivities management made the assumption that the sensitivity of the relevant item within profit or loss is the effect of the assumed changes in respect of market risks based on the financial assets and liabilities at the reporting period.

The Bank entered into currency swap agreements by which proceeds of one Yen, one Swiss Franc (CHF), and one Euro (EUR) denominated borrowing were converted into US dollars in order to hedge against ongoing operational currency and interest rate risks.

The following is the estimated impact on profit or loss that would have resulted from management's estimate of reasonably possible changes in the Yen and EUR and the CHF rates respectively:

YEN	**Effect on profit or loss (Income)/Expense**	
Exchange rate movements	**2022**	**2021**
Increase of 5%	**$(2,340)**	$(1,381)
Decrease of 5%	**$2,588**	$17,904
Increase of 10%	**$(4,467)**	$(5,754)
Decrease of 10%	**$5,462**	$27,543
CHF		
Exchange rate movements		
Increase of 5%	**$(7,483)**	$(6,893)
Decrease of 5%	**$8,272**	$22,818
Increase of 10%	**$(14,287)**	$(16)
Decrease of 10%	**$17,463**	$32,107
EURO		
Exchange rate movements		
Increase of 5%	**$(12,711)**	$(12,646)
Decrease of 5%	**$14,048**	$41,013
Increase of 10%	**$(24,266)**	$(396)
Decrease of 10%	**$29,658**	$57,561

NOTE 3 – RISK MANAGEMENT…*continued*

(b) **Market risk**…*continued*

(iii) Foreign currency sensitivity…*continued*

The 'Other' currency category comprises various individual currencies which management does not consider to be material and therefore sensitivity analysis has not been applied.

(iv) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows on the fair value of financial instruments. CDB manages its interest rate exposure by ensuring that the changes in the cash flow of its assets closely match those of its liabilities. This relationship is maintained by the use of interest rate swaps which converts its liabilities from fixed rate into floating rate obligations where applicable.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

***(b)* Market risk**…*continued*

(v) Exposure to interest rate risk

The following table summarises the exposure to interest rate risks including financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2022					
At December 31	**0-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Non-interest generating/bearing**	**Total**
Assets	**$**	**$**	**$**	**$**	**$**	**$**
Cash and cash equivalents	163,741	-	-	-	-	163,741
Debt securities at fair value through OCI	21,083	57,769	288,148	129,111	-	496,111
Loans outstanding	1,324,143	-	-	-	-	1,324,143
Cash collateral on derivatives	8,100	-	-	-	-	8,100
Derivative financial instruments	1,787	-	-	-	-	1,787
Receivable from members	-	-	-	-	19,845	19,845
Receivables	-	-	-	-	25,805	25,805
Total Assets	**$1,518,854**	**$57,769**	**$288,148**	**$129,111**	**$45,650**	**$2,039,532**
Liabilities						
Accounts payable	-	-	-	-	11,171	11,171
Borrowings	29,333	102,931	275,632	642,861	-	1,050,757
Derivative financial instruments	23,451	104,649	-	-	-	128,100
Total Liabilities	**$52,784**	**$207,580**	**$275,632**	**$642,861**	**$11,171**	**$1,190,028**
Total interest sensitivity Gap	**$1,466,070**	**$(149,811)**	**$12,516**	**$(513,750)**	**$34,479**	**$849,504**

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

(b) Market risk…*continued*

(v) Exposure to interest rate risk…*continued*

	2021					
At December 31	**0-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Non-interest generating/bearing**	**Total**
Assets	$304,727	$-	$-	$-	$-	$304,727
Cash and cash equivalents						
Debt securities at fair value through OCI	45,155	27,155	228,241	184,550	-	485,101
Loans outstanding	1,332,773	-	-	-	-	1,332,773
Derivative financial instruments	22,481	16,314	-	-	-	38,795
Receivable from members	-	-	-	-	24,646	24,646
Receivables	-	-	-	-	14,069	14,069
Total Assets	$1,705,136	$43,469	$228,241	$184,550	$38,715	$2,200,111
Liabilities						
Accounts payable	-	-	-	-	9,358	9,358
Borrowings	6,421	125,428	371,269	687,438	-	1,190,556
Derivative financial instruments	5,411	23,121	-	-	-	28,532
Total Liabilities	$11,832	$148,549	$371,269	$687,438	9,358	$1,228,446
Total interest sensitivity Gap	$1,693,304	$(105,080)	$(143,028)	$(502,888)	$29,357	$971,665

NOTE 3 – RISK MANAGEMENT…*continued*

(b) Market risk…*continued*

(vi) Interest rate sensitivity

All other variables held constant (and excluding the effects of the derivative instruments), if interest rates had been 50 bps higher, net income for the year would have increased by $3,721 (2021: $3,817). Had interest rates been 50 bps lower, net income would have declined by the same amount.

All other variables held constant and including the impact of the derivative instruments, if interest rates had been 50 bps higher, net income for the year would have decreased by $15,077 (2021: $3,591). Had interest rates been 50 bps lower, net income for the year would have increased by $17,067 (2021: $11,526).

The sensitivity analyses have shown the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. The 50-bps movement represents management's assessment of a reasonable possible change in interest rates.

(c) Liquidity risk

Liquidity risk relates to the probability that the Bank will be unable to meet the payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations or to disburse on its loan commitments. This risk is managed by conformity to the Bank's policy of maintaining a net three years' funding requirement of $491.3 million (2021: $564.2 million;) or 40% of undisbursed loan commitments and loans not yet effective (comprising loans approved by the BOD for which all conditions precedent have not yet been met) of $489.4 million (2021: $537.1 million), whichever is greater.

The Bank holds a diversified portfolio of cash and securities to support payment obligations and contingent funding in the event of a highly stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with commercial banks;
- Time deposits;
- Government bonds and other securities that can be readily liquidated; and
- Secondary sources of liquidity including a line of credit with a commercial bank.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT...*continued*

(c) Liquidity risk...*continued*

(i) Non-derivative cash flows

The table below presents the cash flows by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2022				
At December 31	**0 – 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets					
Cash and cash equivalents	**$167,357**	**$-**	**$-**	**$-**	**$167,357**
Debt securities at fair value through OCI	**22,979**	**63,545**	**305,493**	**136,214**	**528,231**
Loans outstanding	**72,917**	**152,085**	**790,665**	**683,795**	**1,699,462**
Cash collateral on derivatives	**8,100**	**-**	**-**	**-**	**8,100**
Receivable from members	**-**	**19,845**	**-**	**-**	**19,845**
Receivables	**55**	**25,456**	**294**	**-**	**25,805**
Total Assets	**$271,408**	**$260,931**	**$1,096,452**	**$820,009**	**$2,448,800**
Liabilities					
Accounts payable	**-**	**6,570**	**-**	**4,601**	**11,171**
Borrowings	**25,620**	**95,274**	**362,179**	**777,049**	**1,260,122**
Total Liabilities	**$25,620**	**$101,844**	**$362,179**	**$781,650**	**$1,271,293**

	2021				
At December 31	**0 – 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets					
Cash and cash equivalents	$304,727	$-	$-	$-	$304,727
Debt securities at fair value through OCI	42,353	34,941	226,869	192,050	496,213
Loans outstanding	57,196	122,113	688,797	705,171	1,573,277
Receivable from members	-	24,646	-	-	24,646
Receivables	12,999	739	244	87	14,069
Total Assets	$417,275	$182,439	$915,910	$897,308	$2,412,932
Liabilities					
Accounts payable	-	4,757	-	4,601	9,358
Borrowings	116,822	33,917	372,104	818,257	1,341,100
Total Liabilities	$116,822	$38,674	$372,104	$822,858	$1,350,458

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT...*continued*

(c) Liquidity risk ...*continued*

(ii) Derivative cash flows

The following table shows the derivative financial instruments that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	2022				
At December 31	**0 - 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivative financial instruments					
Derivative asset	**$1,316**	**$16,632**	**$45,885**	**$504,058**	**$567,891**
Derivative liability	**$(4,893)**	**$(40,426)**	**$(120,371)**	**$(561,711)**	**$(727,401)**

	2021				
At December 31	**0 - 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivative financial instruments:					
Derivative asset	$6,773	$7,194	$14,803	$10,144	$38,914
Derivative liability	$(1,441)	$(2,616)	$(34,338)	$(18,195)	$(20,200)

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT...*continued*

(c) Liquidity risk ...*continued*

(iii) *Commitments, guarantees and contingent liabilities*

Loan and capital commitments
The table below summarises the amounts of the Bank's commitments and guarantees to which it has committed for the extension of credit to its BMCs.

Loan commitments represent amounts undrawn against loans approved by the BOD. Capital commitments represent obligations in respect of ongoing capital projects. Balances are aged based on expected disbursement dates.

	2022		
At December 31	**0-12 months**	**1-5 years**	**Total**
Loan commitments	**$230,000**	**$198,817**	**$428,817**
Guarantees	**12,000**	**-**	**12,000**
	$242,000	**$198,817**	**$440,817**

	2021		
At December 31	**0-12 months**	**1-5 years**	**Total**
Loan commitments	$155,000	$276,553	$431,553
Guarantees	12,000	-	12,000
	$167,000	$276,553	$443,553

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT...*continued*

(d) Fair value of financial assets and liabilities

(i) Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included in Level 1 for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 – Inputs for the asset or liability for which the lowest level input that is significant to the fair value measurement is unobservable.

(ii) Financial assets and liabilities measured at fair value

All of the Bank's financial assets and liabilities which are measured at fair value are classified as Level 2 as follows:

December 31	2022	2021
Financial assets at fair value through profit or loss		
Derivative financial instruments	**$1,787**	$38,795
Financial assets at fair value through OCI		
Debt securities	**496,111**	485,101
	497,898	$523,896
Financial liabilities at fair value through profit or loss		
Derivative financial instruments	**$128,100**	$28,532
	$128,100	$28,532

There were no transfers between Level 2 and Level 3 during the year.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT…*continued*

(d) Fair value of financial assets and liabilities…*continued*

(iii) Financial instruments not measured at fair value

The fair value measurement using valuation techniques for the Bank's assets and liabilities which are not measured at fair value but for which fair value is disclosed is as follows:

	Carrying value		Fair value	
	2022	**2021**	**2022**	**2021**
Financial assets – loans and receivables				
Loans outstanding	**$1,324,143**	$1,332,773	**$984,963**	$1,140,027
Financial liabilities – amortised cost				
Borrowings	**$1,050,757**	$1,190,556	**$992,097**	$1,418,270

The fair value of both the loans outstanding and borrowings disclosed above is ranked as Level 2 in the fair value hierarchy. There is no active market for loans made by CDB to its BMCs and therefore there are no quoted market prices which can be used to value such assets. The discounted cash flow method which is used to derive the fair value of the loans contains inputs in the form of a series of interest rates which reflect the tenor and the credit risk associated with the cash flows arising from the loans. Yield curves which are derived from observable market trades of US-dollar denominated bonds, issued by US-based financial institutions with credit-ratings similar to those assigned to CDB's BMCs, are deemed to be acceptable proxies for the yield curves required by the discounted cash flow valuation process. The credit ratings for BMCs which have been assigned ratings by international credit rating agencies are used in the cashflow analysis.

Other financial assets/liabilities are not shown above as their carrying values approximate their fair value.

(e) Capital Management

CDB's objectives when managing capital, which is a broader concept than "equity" on the face of the statement of financial position, are to:

(i) Safeguard the Bank's ability to continue as a going concern; and
(ii) Maintain a strong capital base to support its development mandate.

The Bank uses a Risk Adjusted Capital (RAC) policy framework to measure and manage its capital adequacy. This methodology permits the consideration of a comprehensive scope of risks including credit, operational, concentration, and market risk. It also captures the mitigating impact of Preferred Credit Treatment, which is a beneficial factor unique to Multi-Lateral Institutions. The policy requires the Bank to maintain risk adjusted capital (as defined in the Bank's Board approved policy) at a minimum level of 24% of risk weighted assets.

As at December 31, 2022 the Bank's RAC ratio was 23.3% (2021: 27.2%).

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT...*continued*

(f) Interest rate benchmark reform

A fundamental reform of major interest rates benchmarks is being undertaken globally, replacing some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

The Bank conducted a review of its LIBOR exposures from financial, legal and risk management perspectives in order to manage its transition to alternative rates. The review evaluated the extent to which borrowings, liabilities, and derivatives reference LIBOR cash flows, and whether such contracts need to be amended as a result of IBOR reform. The results of the review were reported to the Bank's Enterprise Risk Committee and Board of Directors.

For contracts indexed to LIBOR that mature after the expected cessation of the LIBOR rate the Bank aims to sign fallback mechanisms for centrally cleared derivatives and to transfer exposures to the new benchmark rate ahead of the activation date of the fallback provisions.

Non-derivative borrowings
During 2022, the Bank had one principal LIBOR exposure in respect of non-derivative borrowings subject to the reform. This was a USD borrowing indexed to LIBOR with Agence Francaise de Developpement. This borrowing remains unreformed as at December 31, 2022 with a carrying value of $22,688 (2021: $26,812). There are no unreformed non-derivative financial assets.

Derivatives and hedge accounting
The Bank holds derivatives for risk management purposes (see Notes 3 and 12). Derivatives held for risk management purposes are designated in hedging relationships. The interest rate and cross-currency swaps have floating legs that are indexed to LIBOR. The Bank's derivative instruments are governed by ISDA's 2006 definitions.

The following table shows the total amounts of unreformed derivative instruments at December 31, 2022 and December 31, 2021. For cross-currency swaps, the Bank used the notional amount of the pay leg of the swap.

The Bank expects both legs of cross-currency swaps to be reformed simultaneously.

Maturity date	2022	2021
2022	**$-**	$103,220
2027	**300,000**	300,000
2028	**151,341**	151,341
2030	**60,000**	60,000
2039	**210,906**	210,906
	$722,247	$825,467

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(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 4 – COUNTRY ANALYSIS & REPORTING

The Bank's operations are managed as a single business unit and it does not have multiple components for which discrete financial information is produced.

The following table presents CDB's outstanding loan balances inclusive of accrued interest and net of impairment provisions as of December 31, 2022 and 2021, and associated interest income by countries which generated in excess of 10% of the loan interest income for the years ended December 31, 2022 and 2021:

	Interest income		Loans outstanding	
Country	**2022**	**2021**	**2022**	**2021**
Antigua and Barbuda	**$5,730**	$4,494	**$131,026**	$136,419
Barbados	**9,641**	8,647	**241,145**	254,748
Belize	**5,604**	4,542	**134,116**	125,609
Others	**35,579**	30,220	**817,856**	815,997
	$56,554	$47,903	**$1,324,143**	$1,332,773

NOTE 5 – FINANCIAL ASSETS

Initial recognition and measurement of financial assets
Financial assets, with the exception of loans, are initially recognised on the settlement date, i.e., the date on which the transaction becomes final and payment must be made. This includes regular way trades – purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans are recognised when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value. Trade receivables are measured at the transaction price.

Measurement categories of financial assets

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

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

The Bank classifies and measures its derivatives at FVPL. The debt securities are classified as FVOCI.

The Bank has not designated any financial instruments at FVPL in order to eliminate or significantly reduce measurement or recognition inconsistencies (accounting mismatches).

NOTE 5 – FINANCIAL ASSETS*…continued*

Subsequent measurement*…continued*

Loans outstanding, receivable from members and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation recognised is included in 'Interest and similar income' in the statement of comprehensive income. The losses arising from impairment of loans and receivables are recognised in the statement of comprehensive income in 'Impairment charge/(recovery)'.

The Bank measures loans outstanding, receivable from members and receivables at amortised cost having determined that both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The details of these conditions are outlined below.

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. Loans to members, receivables from members and receivables are assessed on a counterparty level having regard to the small number of borrowers in the portfolio.

Assessment is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

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

The SPPI test
As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether it meets the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount, if applicable). The Bank's loans are approved for fixed amounts with pre-determined repayment dates and other terms in settlement of principal and interest amounts. The receivables from members and receivables are for fixed amounts, but without pre-determined repayment dates.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. The Bank's operating currency is US Dollars and interest rates for loans are set on a quarterly basis based on the cost of funds and an appropriate margin to cover operating expenditures and to realise a return. Receivables from members and receivables are interest free.

NOTE 5 – FINANCIAL ASSETS…*continued*

Subsequent measurement*…continued*

Debt securities

The Bank classifies its debt securities at FVOCI when both of the following conditions are met:

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

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

Derivatives recorded at fair value through profit or loss

The Bank's derivatives are classified at FVPL.

The Bank enters into interest rate swaps and/or cross currency swaps with various counterparties and in accordance with approved policy. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed in Note 12. Changes in the fair value of derivatives are presented as '*Derivative fair value adjustment*' in the statement of comprehensive income in the period during which they arise. Income and expenditures related to derivative financial instruments are shown as *'Net interest income from derivatives'* in Note 20 (b) and are included in *'Interest expense and similar charges'* in the statement of comprehensive income.

Fair Value Measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or those for which only fair values are disclosed, are itemised in Note 3(d)(iii).

For financial instruments traded in active markets, the determination of fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset takes place either in the principal market for the asset or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Bank.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset assuming that the market participants are acting in their economic best interest.

NOTE 5 – FINANCIAL ASSETS…*continued*

Fair Value Measurement…*continued*

The Bank uses widely recognised valuation models for determining fair values of non-standardised financial instruments for which the inputs into models are generally market observable. Models are also used to determine the fair value of financial instruments that are not quoted in active markets. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, consideration of inputs such as credit risks, liquidity risks, volatilities and correlations require the inclusion of estimates by management. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Financial assets are allocated within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of financial assets

Overview of the ECL principles

The Bank records the allowance for expected credit losses for all loans and other financial assets not held at FVPL, together with loan commitments and financial guarantee contracts (all referred to as ‘financial instruments’ below).

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL) that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on an individual basis.

Determination of significant increase in credit risk

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

NOTE 5 – FINANCIAL ASSETS…*continued*

Impairment of financial assets…*continued*

Determination of significant increase in credit risk…continued

Based on the above process, the Bank groups its financial assets into Stage 1, Stage 2, Stage 3 as described below:

- Stage 1: When financial assets are first recognised, the Bank recognizes an allowance based on 12mECLs. Stage 1 financial assets also include those assets where the credit risk has improved and the asset has then been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast exposure at default (EAD) and multiplied by the expected loss given default (LGD) and discounted by an approximation to the original EIR. This calculation is made for each of three scenarios, as explained below.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. These also include assets for which the credit risk has improved and the loan has been reclassified from Stage 3. The mechanics are similar to those outlined above for Stage 1, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

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

The calculation of ECLs

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

The three probability weighted scenarios comprise a base case, an optimistic scenario and a pessimistic scenario, each of which is associated with different PDs, Exposure at Default [EAD]s and Loss given default [LGD]s.

NOTE 5 – FINANCIAL ASSETS…*continued*

Impairment of financial assets…*continued*

The calculation of ECLs…continued

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

- PD – The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognised and is still in the portfolio.
- EAD – The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.
- PCT factor – The Preferred Creditor Treatment (PCT) factor is calculated as a mitigation of the total ECL computed in accordance with the standard formula, to reflect the status of the Bank as a preferred creditor by its sovereign borrowers. PCT treatment includes the obligation to meet the payments of all sovereign debts in full and on time, no re-negotiation or “haircuts” on outstanding amounts and the role of the Bank as a lender of last resort which rests in large part on the respect of PCT treatment to all institutions similar to the Bank.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market, counterparties or business model at the date of the financial statements. To reflect this, adjustments or overlays are occasionally made when such differences are significantly material. This includes taking into account the Bank’s PCT afforded by its borrowing members as well as forward looking information.

Loans outstanding, receivables from members and receivables

The amount of the provision is the difference between the assets’ carrying value and the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income.

NOTE 5 – FINANCIAL ASSETS…*continued*

Impairment of financial assets…*continued*

Debt instruments measured at fair value through OCI

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

Forward looking information
In its ECL models, the Bank relies on a broad range of forward-looking information as economic and financial inputs, especially for its sovereign borrowers, such as:

- GDP growth projections
- Unemployment rate trends
- Debt profiles, debt management and projected debt levels
- Foreign exchange reserves outlook
- Political and social stability
- Growth trends in significant economic sectors
- External evaluation reports such as those of other IFIs such as the World Bank, IMF and internationally recognised credit rating agencies

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

Definition of default and cure

The Bank considers a loan defaulted and therefore Stage 3 (credit-impaired) for ECL calculations when the borrower becomes 180 days past due in the case of sovereign borrowers and 90 days past due in the case of non-sovereign borrowers on their contractual payments. Members' receivables are considered defaulted when the payments are 180 days past due. Debt securities and other receivables are considered defaulted when the contractual payments are 90 days past due.

NOTE 5 – FINANCIAL ASSETS…*continued*

Impairment of financial assets*…continued*

Definition of default and cure…continued

As a part of a qualitative assessment of whether a sovereign or non-sovereign borrower is in default, the Bank also considers a variety of instances that may indicate inability to pay in order to determine whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events (only some of which will be applicable to each type of borrower), include:

- External and internal credit rating of the borrower
- Prognosis of economic performance
- Debt restructuring, consolidations or defaults to lenders
- The borrower requesting emergency funding from the Bank or other sources
- The borrower entering into a structured economic programme with other MDBs
- The borrower having past due liabilities to public creditors or employees
- A covenant breach not waived by the Bank
- Breach of the Bank's preferred creditor treatment
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Debtor's listed debt or equity suspended at the primary exchange because of indicators or facts about financial difficulties.

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3, when none of the default criteria have been present for at least six consecutive months in the case of sovereign loans. In the case of non-sovereign loans and other financial assets the assessment period would be at least for a minimum of one year. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated economic and financial performance at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Bank's internal rating and PD estimation process

The Bank's ORM uses its internal rating models. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Where practical, they also build on information from external rating agency action and information. These information sources are first used to determine the PDs within the Bank's Basel III framework. The internal credit grades are assigned based on these Basel III grades. PDs are then adjusted to incorporate forward looking information and the stage classification of the exposure. This is repeated for each economic scenario as appropriate.

NOTE 5 – FINANCIAL ASSETS…*continued*

Impairment of financial assets*…continued*

Sovereign loans

Due to the nature of its borrowers and guarantors and relevant aspects of the Bank's business model, management expects that all of its sovereign and sovereign guaranteed loans will be repaid in full. The OCR has had a fully performing sovereign and sovereign guaranteed loan portfolio since its inception in 1970.

Recognition of interest income on written-off loans

Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The estimated future cash flows projected in the effective interest rate method consider all contractual terms but do not consider future credit losses that have not yet been incurred.

Significant accounting judgements, estimates and assumptions

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses as well as the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different allowance amounts.

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

- The Bank's internal credit rating model, which assigns PDs to the individual ratings;
- The Bank's criteria for assessing if there has been a significant increase in credit risk;
- Utilisation of appropriately tested ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs and the effect on PDs, EADs and LGDs;
- Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL models;
- Evaluation of the impact of unique mitigating factors against credit losses based on the nature of the Bank, its ownership, borrowers and its preferred creditor status;
- Determination of the mitigating factor for the Bank's PCT status.

NOTE 5 – FINANCIAL ASSETS...*continued*

Collateral valuation

To mitigate its credit risks in its non-sovereign portfolio the Bank seeks to use collateral to secure or further secure its loans primarily in non-interest-bearing cash deposits and charges against trade assets in the non-sovereign portfolio. Non-cash collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed annually. The Bank held cash collateral with respect to three non-sovereign borrowers amounting to $4.6 million (2021: $4.2 million).

Write-offs

The Bank does not write-off, renegotiate or take "haircuts" on its sovereign loans in accordance with its business model, polices and its legal status. Financial assets of a non-sovereign nature are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Renegotiated loans

It is the Bank's policy not to renegotiate sovereign loans. In respect of its non-sovereign portfolio the Bank seeks to restructure loans in preference to taking possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once terms have been renegotiated any impairment is measured using the original effective interest rate as calculated before the modification of terms and the loan is no longer considered past due. There are no renegotiated loans in the Bank's portfolio.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e., removed from the statement of financial position) when:

(i) The rights to receive cash flows from the asset have expired; or
(ii) The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

    (a) the Bank has transferred substantially all the risks and rewards of the asset; or
    (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 6 – CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition which are subject to an insignificant risk of changes in value and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents include cash, time deposits, and amounts due from other banks.

Cash and cash equivalents comprise the following balances:

	2022	2021
Due from banks	**$89,385**	$165,504
Time deposits	**74,356**	139,223
	$163,741	$304,727

Due from banks includes cash and inter-bank placements. The estimated fair value of floating rate placements and overnight deposits is their carrying value.

NOTE 7 – DEBT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The accounting policy is as defined in Note 5.

(a) A summary of the Bank's debt securities at fair value through other comprehensive income as at December 31, 2022 is as follows:

	2022			
	USD	CAD	Other	Total
December 31				
Obligations guaranteed by Governments[1]	**$276,411**	**$2,686**	**$-**	**$279,097**
Multilateral organisations	**76,528**	**2,023**	**-**	**78,551**
Corporations	**137,702**	**-**	**-**	**137,702**
Time deposits	**-**	**-**	**761**	**761**
	$490,641	**$4,709**	**$761**	**$496,111**

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 7 – DEBT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME…*continued*

	2021			
	USD	**CAD**	**Other**	**Total**
December 31				
Obligations guaranteed by Governments[1]	$257,006	$-	$-	$257,006
Multilateral organisations	69,202	3,966	-	73,168
Corporations	154,168	-	-	154,168
Time deposits	-	-	759	759
	$480,376	$3,966	$759	$485,101

The ECL computed for debt securities at FVOCI was $20 as at December 31, 2022 (2021: $24).

An assessment of the allowance for ECL as at December 31 is as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at January 1, 2021	$18	$(1)	$-	$17
Impairment charge (Note 22)	4	3	-	7
Balance as at December 31, 2021	**$22**	**$2**	**$-**	**$24**
Impairment recovery (Note 22)	**(2)**	**(2)**	**-**	**(4)**
Balance as at December 31, 2022	**$20**	**$-**	**$-**	**$20**

(b) A maturity analysis of debt securities at fair value through other comprehensive income as at December 31 is as follows:

	2022	**2021**
Current	**$80,669**	$73,828
Non-current	**415,442**	411,273
	$496,111	$485,101

1/ Freely convertible currencies in Government and Government-guaranteed obligations which are members of the G7 or EU and its agencies.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 8 – RECEIVABLES AND PREPAID ASSETS

The accounting policy for receivables is as defined at Note 5. Prepaid assets are not financial assets. They recorded on the statement of financial position when cash is paid and expensed over the relevant contract term.

Due to the short-term nature of receivables and prepaid assets, fair value is assumed to be equal to carrying value.

Receivables and prepaid assets comprise the following:

	2022	**2021**
Inter-fund receivable – Note 25	**$24,223**	$12,907
Staff loans and other receivables	**622**	483
Value added tax receivable	**1,100**	1,060
Institutional receivables	**274**	175
Prepaid assets	**1,063**	636
	27,282	15,261
Allowance for ECL	**(414)**	(556)
	$26,868	$14,705

An assessment of the allowance for ECL as at December 31 is as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at January 1, 2021	$4	$-	$541	$545
Impairment (recovery)/charge (Note 22)	(4)	-	15	11
Balance as at December 31, 2021	**$-**	**$-**	**$556**	**$556**
Impairment recovery (Note 22)	**-**	**-**	**(142)**	**(142)**
Balance as at December 31, 2022	**$-**	**$-**	**$414**	**$414**

NOTE 9 – CASH COLLATERAL ON DERIVATIVES

The cash collateral on derivatives is a financial asset as defined in Note 5.

The Bank attempts to reduce counterparty credit exposure in derivative transactions through bilateral collateral requirements. Under these arrangements collateral is not required to be posted up to an agreed valuation threshold beyond which collateral is posted in cash by either one of the parties based on the exposure that is in excess of the credit threshold. When the Bank's derivative is in a liability position, it posts collateral to the counterparty and records the collateral posted as an asset receivable. When the Bank's derivative is in a receivable position, it receives collateral from the counterparty and records the collateral received as a reduction in the receivable or an increase in the liability.

The Bank is party to a currency swap with Credit Suisse International AG to convert $145 million CHF to USD at a fixed exchange rate on a fixed date and to exchange a fixed interest rate of 0.297% for a floating rate based on USD Libor.

As at December 31, 2022, the collateral receivable from Credit Suisse International in respect of this cross-currency interest rate swap was $8,100 (2021: nil). Interest on this account is calculated at the daily US Federal Funds rate and the amounts earned for the year was $143 (2021: nil).

NOTE 10 – LOANS OUTSTANDING

Loans outstanding are financial assets as defined in Note 5.

The Bank's loan portfolio comprises loans granted to, or guaranteed by, its BMCs and are disbursed and repaid in US Dollars. Loans are granted for a maximum period of twenty-two years, including a grace period, which typically covers the period of the project implementation and are for the purpose of financing development projects and programmes, and are not intended for sale. Interest rates are reset quarterly. The interest rate prevailing as at December 31, 2022 was 4.75% (2021: 3.30%).

The estimated fair values of the loans are based on discounted cash flow models using an estimated yield curve appropriate for the remaining term to maturity. The loans are evaluated based on parameters such as interest rates, specific country risk factors and individual credit worthiness.

NOTE 10 – LOANS OUTSTANDING...*continued*

Collateral

CDB does not take collateral on its sovereign loans. The Loans (CDB) Acts or other applicable legislation are enacted in the various BMCs and authorise the governments to raise loans from CDB or guarantee loans provided by CDB to their statutory authorities. They also provide for repayment of any loan made by CDB to the Government or to any statutory corporation, to be charged upon and paid out of the consolidated fund. CDB also derives comfort from the negative pledge condition included in its loan agreements which prohibits, except with CDB's written consent, the charging of Government assets to secure external indebtedness unless CDB is equally and ratably secured. Furthermore, CDB continues to be accorded preferred creditor treatment (PCT) by its BMCs by which, in applicable circumstances, the Bank's loans are not included in any debt rescheduling arrangements and defaults of its BMCs and the Bank is also given preferential access to foreign currency.

With respect to non-sovereign loans, CDB requires its commitments to be secured, the nature and extent of which is determined on a case-by-case basis. The Bank secures non-interest-bearing cash collateral against certain non-sovereign loans the amounts of which are estimated to be sufficient to maintain the loan in a current status in the event that this would become a requirement. If not utilised the amounts are refundable to the borrower upon maturity of the loan. In addition to security pledged by the borrower, the security against the non-sovereign loans, where applicable, also comprises that pledged against sub-loans (comprising loans on-lent by the borrower in accordance with terms of the original loan agreement) assigned to trusts that are managed by the borrower at no cost to CDB.

The fair value of the collateral held (off-balance sheet) for the impaired non-sovereign loans was not able to be valued due to the nature of the collateral and the cost effectiveness of establishing the value of the security, being the fair value of sub-loans and the Bank's portion of the estimated realisable value of a property. These values would not, in management's view, be material to the financial statements.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 10 – LOANS RECEIVABLE...*continued*

(a) The following tables disclose the Bank's credit exposures at their carrying amounts, as categorised by Borrowing Member Countries, regional institutions and non-sovereign entities as at December 31.

2022

Borrowers	Loans not yet effective[1]	Undisbursed	Outstanding	% of Loans outstanding
Anguilla	$-	$1,247	$67,317	5.13
Antigua and Barbuda	-	44,803	129,847	9.89
Bahamas	48,825	19,023	114,829	8.75
Barbados	-	5,793	238,845	18.20
Belize	-	46,851	132,486	10.09
British Virgin Islands	-	15,036	95,395	7.27
Dominica	-	4,216	24,241	1.85
Grenada	-	8,082	34,551	2.63
Guyana	-	91,733	29,284	2.23
Jamaica	-	1	83,064	6.33
St. Kitts and Nevis	-	2,101	17,705	1.35
St. Lucia	-	14,364	84,470	6.44
St. Vincent and the Grenadines	-	117,345	77,964	5.94
Suriname	-	50,649	79,204	6.03
Trinidad and Tobago	-	2,724	23,606	1.80
Turks and Caicos Islands	-	858	180	0.01
Regional	8,250	3,991	6,105	0.47
Non-sovereign	3,500	-	73,402	5.59
Sub-total	60,575	428,817	1,312,495	100.00
Allowance for ECL			(8,017)	
Accrued interest and other charges			19,665	
	$60,575	$428,817	$1,324,143	

	2022
Current	$148,599
Non-current	$1,175,544
	$1,324,143

[1] Loans not yet effective are loans which have been approved by the Board of Directors but for which the official loan agreement has not yet been signed by the BMC.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 10 – LOANS OUTSTANDING...*continued*

(a) Credit exposures...*continued*

2021

Borrowers	Loans not yet effective	Undisbursed	Outstanding	% of Loans outstanding
Anguilla	$-	$1,581	$75,112	5.7
Antigua and Barbuda	-	51,508	135,217	10.2
Bahamas	-	20,168	120,987	9.1
Barbados	4,000	5,793	252,929	19.0
Belize	-	64,651	125,609	9.5
British Virgin Islands	-	20,036	95,911	7.2
Dominica	-	5,605	24,584	1.8
Grenada	-	10,293	37,499	2.8
Guyana	101,466	250	22,243	1.7
Jamaica	-	1	100,392	7.6
St. Kitts and Nevis	-	3,283	20,015	1.5
St. Lucia	-	20,820	86,261	6.5
St. Vincent and the Grenadines	-	143,031	59,170	4.5
Suriname	-	80,839	56,563	4.3
Trinidad and Tobago	-	2,724	27,681	2.1
Turks and Caicos Islands	-	970	143	0.0
Regional	-	-	7,169	0.5
Non-sovereign	-	-	79,165	6.0
Sub-total	105,466	431,553	1,326,650	100.0
Allowance for ECL			(8,240)	
Accrued interest and other charges			14,363	
	$105,466	$431,553	$1,332,773	

	2021
Current	$129,348
Non-current	$1,203,425
	$1,332,773

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 10 – LOANS OUTSTANDING...*continued*

(b) An analysis of the composition of outstanding loans was as follows:

	2022						
Currencies receivable	**Loans outstanding 1 January 2022**	**Translation adjustment**	**Net interest**	**Disbursements**	**Repayments**	**Impairment recovery**	**Loans outstanding 31 December 2022**
United States dollars	**$1,324,277**	**$-**	**$-**	**$88,684**	**$(127,801)**	**$-**	**$1,285,160**
Euros	**2,373**	**(134)**	**-**	**25,096**	**-**	**-**	**27,335**
Sub-total	**1,326,650**	**(134)**	**-**	**113,780**	**(127,801)**	**-**	**1,312,495**
Allowance for ECL	**(8,240)**	**-**	**-**	**-**	**-**	**223**	**(8,017)**
Accrued interest	**14,363**	**-**	**5,302**	**-**	**-**	**-**	**19,665**
Total – December 31	**$1,332,773**	**(134)**	**$5,302**	**$113,780**	**$(127,801)**	**$223**	**$1,324,143**

	2021					
Currencies receivable	**Loans outstanding 1 January 2021**	**Net interest**	**Disbursements**	**Repayments**	**Impairment charge**	**Loans outstanding 31 December 2021**
United States dollars	$1,324,161	$-	$110,952	$(110,836)	$-	$1,324,277
Euros	-	-	2,373	-	-	2,373
Sub-total	1,324,161	-	113,325	(110,836)	-	1,326,650
Allowance for ECL	(7,046)	-	-	-	(1,194)	(8,240)
Accrued interest	14,972	(609)	-	-	-	14,363
Total – December 31	$1,332,087	$(609)	$113,325	$(110,836)	$(1,194)	$1,332,773

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 10 – LOANS OUTSTANDING…*continued*

(c) Reconciliation of the allowance account for ECL on loans is as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance as at January 1, 2021	$4,633	$787	$1,626	$7,046
Impairment charge (Note 22)	420	774	-	1,194
Balance as at December 31, 2021	**5,053**	**1,561**	**1,626**	**8,240**
Impairment (recovery)/charge (Note 22)	**(245)**	**22**	**-**	**(223)**
Balance as at December 31, 2022	**$4,808**	**$1,583**	**$1,626**	**$8,017**

NOTE 11 – RECEIVABLE FROM MEMBERS

The accounting policy for receivable from members is as defined at Note 5. Receivable from members comprise the following:

	2022	2021
Non-negotiable demand notes (NNDN)	**$13,878**	$18,441
Maintenance of value on currency holdings (MOV)	**4,745**	4,256
Subscriptions in arrears (ARR)	**1,222**	1,949
	$19,845	$24,646

Amounts payable to members are made up as follows:

	2022	2021
Maintenance of value on currency holdings	**108**	76
	$108	$76

All asset values were classified as Stage 1. An assessment of the allowance for ECL as at December 31 is as follows:

	NNDN	MOV	ARR	Total
Balance as at January 1, 2021	$221	$-	$27	$248
Impairment (recovery)/charge (Note 22)	(3)	-	5	2
Balance as at December 31, 2021	**$218**	**$-**	**$32**	**$250**
Impairment (recovery)/charge (Note 22)	**(3)**	**-**	**67**	**64**
Balance as at December 31, 2022	**$215**	**$-**	**$99**	**$314**

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 11 – RECEIVABLE FROM MEMBERS…*continued*

(a) Non-negotiable demand notes

Under the provisions of its Charter the Bank shall accept, in place of any part of the members' currency paid or to be paid with respect to capital subscriptions, promissory notes issued by the Government of the member or by the depository designated by the member, subject to such currency not being required by the Bank for the conduct of its operations. These notes are non-negotiable, non-interest bearing and payable at their par value on demand. They are classified as current assets and their fair value is therefore estimated to be their carrying value.

As at December 31, the non-negotiable demand notes were comprised as follows: -

	2022	2021
Gross carrying amount	**$14,093**	$18,659
Allowance for ECL	**(215)**	(218)
	$13,878	$18,441

(b) Maintenance of value (MOV) on currency holdings

In order to ensure that receipts for capital subscriptions originally paid in currencies other than US dollars retain at a minimum their value as determined in accordance with Article 24 of the Charter, each member is required to maintain the value of its currency held by the Bank. If in the opinion of the Bank, the value of a Member's currency depreciates or appreciates to a significant extent, the Bank or Member may be required to repay an amount of currency equal to the increase or decrease in the value of its currency which is held by the Bank in respect of capital subscriptions. For the purposes of effecting settlement, MOV obligations are established at December 31 in each year.

The Board of Directors has agreed that MOV obligations on any part of a member's paid-up capital which is represented by loans outstanding be postponed and become payable on each portion of the principal of such loans when such portion is repaid to the Bank. MOV obligations that are not so deferred are due for settlement within 12 months of the date established. The regime approved by the Board with respect to MOV payments does not allow for the making of MOV payments by the Bank where circumstances are unfavorable to the Bank. In particular, it permits the offsetting of Notes and will allow the encashment of Notes only with the prior and specific approval of the Board.

Member countries, whose currencies do not have a fixed relationship with the US dollar but for which there have been adjustments to the exchange rate, are obliged to maintain the value of their currencies in respect of capital contributions if such currencies depreciate. These adjustments are made to maintain the value of the member's subscriptions received by the Bank and are based on the prevailing exchange rates at the end of each reporting period, therefore reflecting fair value and can constitute a liability of the member or the Bank.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 11 – RECEIVABLE FROM MEMBERS...*continued*

(b) Maintenance of value (MOV) on currency holdings...*continued*

As at December 31 maintenance of value on currency holdings was comprised as follows:

	2022	2021
Gross carrying amount	**$4,745**	$4,256

Allowance for ECL was nil (2021: Nil).

Amounts payable to members

As at December 31, 2022 $108 (2021: $76) was due by the Bank.

(c) Subscriptions in arrears

Member countries are required to meet their obligations for paid-in shares in six instalments. Subscriptions in arrears therefore represent amounts that are due and not yet paid by certain members.

The amount reported as subscriptions in arrears is comprised as follows:

	2022	2021
Gross carrying amount	**$1,321**	$1,981
Allowance for ECL	**(99)**	(32)
	$1,222	$1,949

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The accounting policy is described in Note 5.

The Bank is party to five swaps with four counterparties. One swap was used to transform an underlying fixed rate borrowing in Japanese Yen to a floating rate obligation in USD. The fixed rate Japanese Yen note which matures in 2030 carries an interest rate of 4.35%. The principal amount due on maturity is in Japanese Yen, while the interest payments are due in USD.

Two interest rate swaps were executed in August 2013 and September 2014, which transformed a fixed rate borrowing of 300 million USD into obligations with LIBOR based floating rates of interest. Both swaps mature in November 2027.

A cross currency interest rate swap was also executed in July 2016 related to a bond issue of 145 million Swiss Francs. The swap was used to transform the underlying 0.297% fixed rate borrowing in Swiss Francs to LIBOR based floating rate obligations in USD. The swap matures concurrently with the borrowing in 2028.

A cross currency interest rate swap was also executed in September 2021 related to a pre-existing bond issue of 250 million Euros. The swap was used to transform $180 million of the underlying fixed rate borrowing in Euros to LIBOR based floating rate obligations in USD. The swap matures concurrently with the borrowing in 2039.

Counterparties to derivative contracts are selected in accordance with the Bank's approved policy. In accordance with this policy, engaging in speculative activities is prohibited and all derivative financial instruments are held to maturity but may be terminated in those instances where the contract no longer satisfies the purpose for which it was intended, or is detrimental to the Bank's profitability in any way.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when it is negative. The fair values of derivative financial instruments held at December 31, were as follows:

		2022	**2021**
		Fair values	
	Notional Amount		
Derivative financial asset			
Cross currency interest rate swaps	**$60,000**	**$1,910**	$20,321
Interest rate swaps	**$300,000**	**-**	15,279
Bilateral non-performance risk adjustment		**178**	(340)
Accrued interest		**(301)**	3,535
		$1,787	$38,795
Derivative financial liability			
Cross currency interest rate swaps	**$362,247**	**$116,831**	$27,640
Interest rate swaps	**$300,000**	**10,617**	-
Bilateral non-performance risk adjustment		**(4,648)**	(367)
Accrued interest		**5,300**	1,259
		$128,100	$28,532

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING…*continued*

For the purpose of hedge accounting, hedges are classified as fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

At the inception of a hedge relationship, the Bank formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Bank will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

Cross-currency interest rate swaps are held to manage the fair value or cash flow exposures of borrowings denominated in foreign currencies and are designated as fair value hedges and cash flow hedges as appropriate. Interest rate swaps are held to manage the interest rate exposures of fixed rate borrowings and may be designated as fair value hedges or cash flow hedges as appropriate.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Bank actually hedges and the quantity of the hedging instrument that the Bank actually uses to hedge that quantity of hedged item.

Hedge accounting will be discontinued when the hedging instrument is sold, matured, terminated, exercised, or no longer qualifies for hedge accounting.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging instrument is recognised in profit or loss in the statement of comprehensive income as 'derivative fair value adjustment'. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss in the statement of comprehensive income as 'fair value and foreign exchange movement on borrowings'.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss in the statement of comprehensive income.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss in the statement of comprehensive income.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING…*continued*

Impact of Hedges

USD Debt - Fair Value Hedge

The Bank hedges fair value risk due to interest rates on $300m of fixed rate debt using pay floating / receive fixed interest rate swaps. These swaps were entered into in prior periods, however they were designated in hedge relationships for accounting purposes prospectively from October 1, 2022. Within the fair value hedge, the component designated is the risk-free interest rate.

Although ineffectiveness is expected to arise due to the day 1 fair value of the derivative, the Bank considers that an economic relationship exists as the hedged item and hedging instrument are impacted in opposite directions by movements in interest rates.

The hedge ratio is 1:1. The Bank therefore performs a qualitative and quantitative assessment of effectiveness. During the period, ineffectiveness of $2,818 was recognised in profit or loss in the statement of comprehensive income in relation to this relationship. Ineffectiveness might arise:

- due to the fair value of the derivative at hedge inception;
- if the timing of the forecast transaction changes from originally estimated; or
- if there are changes in the credit risk of the derivative counterparty.

Summary information relating to the hedge relationship is as follows:

	2022
Fair Value Hedge	
Notional amount of the derivative	$300,000
Maturity date	9-Nov-27
Carrying amount of hedging instrument	$11,272
Carrying amount of hedged item	$299,045
Periodic change in value of the hedging instrument used to determine hedge ineffectiveness	$1,862
Periodic change in value of hedged item used to determine hedge ineffectiveness	$955
Cumulative change in the value of hedged item included in 'fair value and foreign exchange movement on borrowings'	$955
Weighted average hedged rate for the year	USD LIBOR - 0.02648%

CHF & EUR Debt - Fair Value Hedges

The Bank hedges fair value risk due to interest rates and foreign currency risk on the interest and principal of:

- CHF145m of fixed rate debt and commission costs using a cross currency interest rate swap.
- EUR180m of EUR 250m fixed rate debt using a cross currency interest rate swap.

The fair value risk due to movements in interest rates arising on the risk-free component of the interest payments are designated in a fair value hedge.

The CHF swap was entered into at the same time as the related debt, and the EUR swap was entered into after the issuance of the related debt, however they were both designated in hedge relationships for accounting purposes prospectively from October 1, 2022.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING…*continued*

Impact of Hedges…continued

CHF & EUR Debt - Fair Value Hedges…*continued*

Although ineffectiveness is expected to arise due to the day 1 fair value of the derivative, the Bank considers that an economic relationship exists as the hedged item and hedging instrument are impacted in opposite directions by movements in interest and foreign exchange rates. The hedge ratio is 1:1. The Bank therefore performs a qualitative and quantitative assessment of effectiveness.

During the period, ineffectiveness was recognised in profit or loss in the statement of comprehensive income in relation to these relationships as follows:

CHF145m	$142
EUR180m	$(3,947)

Ineffectiveness might arise:
- due to the fair value of the derivative at hedge inception;
- if the timing of the forecast transaction changes from originally estimated; or
- if there are changes in the credit risk of the derivative counterparty.

Summary information relating to the hedge relationship is as follows:

	2022	
	CHF Debt	EUR Debt
Notional amount of the derivative	$151,341	$210,906
Maturity date	7-Jul-28	29-Nov-39
Fair Value Hedge		
Carrying amount of hedging instrument	$23,451	$93,377
Carrying amount of hedged item	$155,010	$254,669
Periodic change in value of the hedging instrument used to determine hedge ineffectiveness	$7,132	$6,679
Periodic change in value of hedged item used to determine hedge ineffectiveness	$(6,990)	$(10,626)
Cumulative change in the value of hedged item included in Borrowings	$6,990	$(10,626)
Weighted average hedged interest rate	USD LIBOR -1.77%	USD LIBOR - 2.36%
Weighted average hedged foreign exchange rate	1.020825	0.976181

JPY Debt

The Bank hedges fair value risk due to USD interest rates and foreign currency risk on the principal of JPY6,500mn of fixed rate debt using a cross currency interest rate swap. No hedge accounting was applied at this time.

NOTE 13 – PROPERTY AND EQUIPMENT

Land is measured at fair value and is not depreciated as it is deemed to have an indefinite life. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to other reserves (specifically the asset revaluation surplus) in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

All other categories of fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the assets.

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

Depreciation of all categories of fixed assets subject to such, is computed on the straight-line basis at rates considered adequate to write-off the cost of these assets over their useful lives as follows:

	Years
Buildings and ancillary works	15 - 25
Furniture and equipment	4 - 8
Computers	4
Motor vehicles	4

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

Gains or losses on disposals are determined by comparing proceeds with the carrying amount and costs to sell. These are included in the statement of comprehensive income.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 13 – PROPERTY AND EQUIPMENT…*continued*

The carrying values of property and equipment were as follows:

	2022						
	Projects in Progress	**Land**	**Buildings & Ancillary Works**	**Computers**	**Furniture & Equipment**	**Motor Vehicles**	**Total**
Opening net book value	**$11,692**	**$880**	**$4,594**	**$2,267**	**$331**	**$75**	**$19,839**
Additions	**3,405**	**-**	**-**	**394**	**110**	**-**	**3,909**
Revaluation	**-**	**3,470**	**-**	**-**	**-**	**-**	**3,470**
Transfers from projects in progress	**238**	**-**	**(1,433)**	**1,073**	**122**	**-**	**-**
Disposals – Cost	**-**	**-**	**-**	**-**	**(2,210)**	**-**	**(2,210)**
Disposals – accumulated depreciation	**-**	**-**	**-**	**-**	**2,210**	**-**	**2,210**
Depreciation expense	**-**	**-**	**(273)**	**(1,223)**	**(157)**	**(28)**	**(1,681)**
Closing net book value	**$15,335**	**$4,350**	**$2,888**	**$2,511**	**$406**	**$47**	**$25,537**
At December 31							
Cost	**$15,335**	**$4,350**	**$11,490**	**$16,368**	**$5,141**	**$378**	**$53,062**
Accumulated depreciation	**-**	**-**	**(8,602)**	**(13,857)**	**(4,735)**	**(331)**	**(27,525)**
Closing net book value	**$15,335**	**$4,350**	**$2,888**	**$2,511**	**$406**	**$47**	**$25,537**

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 13 – PROPERTY AND EQUIPMENT…*continued*

	2021						
	Projects in Progress	**Land**	**Buildings & Ancillary Works**	**Computers**	**Furniture & Equipment**	**Motor Vehicles**	**Total**
Opening net book value	$12,374	$880	$3,504	$793	$328	$105	$17,984
Additions	2,261	-	-	660	125	-	3,046
Transfers from projects in progress	(2,943)	-	1,468	1,447	28	-	-
Disposals – Cost	-	-	-	(104)	-	-	(104)
Disposals – accumulated depreciation	-	-	-	104	`	-	104
Depreciation expense	-	-	(378)	(633)	(150)	(30)	(1,191)
Closing net book value	$11,692	$880	$4,594	$2,267	$331	$75	$19,839
At December 31							
Cost	$11,692	$880	$12,923	$14,901	$7,119	$378	$47,893
Accumulated depreciation	-	-	(8,329)	(12,634)	(6,788)	(303)	(28,054)
Closing net book value	$11,692	$880	$4,594	$2,267	$331	$75	$19,839

Valuation techniques and significant unobservable inputs
The Bank's land was revalued as at December 31, 2022 by a professional, independent property appraiser as is stated at fair market value, as appraised by the appraiser. The value for the property was determined using the market approach which best reflects the nature of the property.

Land shown at revalued amounts are included in Level 2 on the fair value hierarchy. There were no transfers between levels for both years.

NOTE 13 – PROPERTY AND EQUIPMENT…*continued*

Valuation techniques and significant unobservable inputs…continued

The following table shows the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Category	Valuation techniques	Significant unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Land	Market Approach	• Adjustment to price based on commercial land sales in the area – USD$9.05 to USD$16.50 per square foot for commercial	The estimated fair value would increase /(decrease) if: • Sales value of comparable properties was higher/(lower) • Comparability adjustment was higher/(lower)

NOTE 14 – FINANCIAL LIABILITIES

Financial liabilities are recognised on the statement of financial position when the Bank becomes a party to the contractual provisions of an instrument. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Bank's financial liabilities include accounts payable and borrowings. Further information is included at Notes 15 and 18 respectively. All financial liabilities are recognised initially at fair value and, in the case of borrowings and accounts payable, net of directly attributable transaction costs.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

<u>Financial liabilities at fair value through profit or loss</u>
Financial liabilities at fair value through profit or loss include derivative financial instruments entered into by the Bank that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on are recognised in the statement of profit or loss.

<u>Financial liabilities at amortised cost</u>
This is the category most relevant to the Bank. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised. Amortised cost is calculated by taking into account any discount or premium on acquisition, and fees or costs that are an integral part of the EIR. The EIR amortisation is included as a borrowing expense in the statement of comprehensive income. This category generally applies to interest-bearing borrowings.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 14 – FINANCIAL LIABILITIES…*continued*

Fair value measurement
Fair value disclosures for financial liabilities are contained in Note 3(d). Fair value is determined using valuation techniques and are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of future cash flows, or other valuation techniques using inputs.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

De-recognition
A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

NOTE 15 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounting policy for accounts payable is as defined at Note 14.

Accrued liabilities are not financial liabilities. These are recorded as liabilities on the statement of financial position when the OCR has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Due to the short-term nature of these liabilities with no stated maturity, fair value is assumed to be equal to carrying value which is the amount payable on demand.

The carrying values of accounts payable and accrued liabilities is as follows:

	2022	2021
Accounts payable	**$11,171**	$9,358
Accrued liabilities	**3,026**	3,692
	$14,197	$13,050

NOTE 16 – DEFERRED INCOME

Deferred income comprises freehold land donated to the Bank as a Government grant and is stated at historical value of $875 (2021: $875). The grant was recorded using the income approach and will be recognised in profit or loss in line with the useful life of the assets scheduled for construction on the property, approval for which was given by the Bank's BOD and preliminary undertakings are in process.

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS

Pension obligations
CDB has both a contributory defined benefit New Pension Plan ("the Plan" or "NPP") and a hybrid Old Pension Scheme ("the Scheme" or "OPS") to secure pensions for eligible employees of the Bank. Both the Plan and the Scheme are final salary defined benefit and are managed by independent Trustees who are appointed by representatives from the management and staff respectively and operated under the rules of respective Trust Deeds.

A defined benefit plan is a pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time. The amount specified usually is a function of one or more factors such as age, years of service, and compensation prior to retirement.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Current service costs, past service costs and gains or loss on settlement and net interest expense or income on the net defined liability are recognised immediately in profit or loss under "*Operating expenses*". Net interest is calculated by applying the discount rate to the net defined liability or asset.

Re-measurements of the net defined liability/(asset) comprising actuarial gains and losses, return on plan assets excluding amounts included in net interest on the net defined liability/(asset) and any change in the effect of the asset ceiling (if applicable) excluding amounts included in net interest on the net defined liability (asset), are recognised immediately in the statement of financial position with a corresponding debit or credit to equity through other comprehensive income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Other post-retirement obligations
The Bank provides post-retirement medical benefits to its retirees. The expected costs of these benefits are accrued over the period using an accounting methodology similar to that for defined benefit pension plans. The present value of the post-retirement obligation is determined by discounting the estimated future cash outflows (relating to service accrued to the reporting date) using the yields available on high-quality corporate bonds.

Description of the plans
The plans require contributions to be made to independent investment managers under respective management agreements and who are authorised to exercise complete discretion over the investment and reinvestment of the plans' assets and the reinvestment of the proceeds of sale and the variation of investments made.

The solvency of the plans is assessed by independent actuaries every three years to determine the funding requirements for the plans. The most recent actuarial valuation was performed as at January 1, 2020. The financial statements of the plans are audited annually by independent external auditors. The level of contributions necessary to meet future obligations is approved by the Trustees acting on professional advice.

With respect to the hybrid pension scheme, members other than those of the NPP or those who have completed 33 1/3 years of pensionable service, pay regular contributions of 5% of salaries. The Bank meets the balance of the cost of funding the defined benefits and must pay contributions at least equal to 16.9% of contributing members' salaries and fund any deficit over a maximum period of 40 years.

In accordance with the rules of the NPP, members contribute 7% of their annual salary and the Bank contributes such sums as are certified by the Actuary to be sufficient together with the existing assets of the plan to provide the benefits payable and preserve the solvency of the plan. The current contribution rate effective January 1, 2022 as certified by the Actuary and applied by the Bank is 31.1% (2021: 31.1%) of the aggregate amount of the annual salaries of eligible employees. All contributions (initially determined in Barbados dollars) are immediately

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Description of the plans…continued
converted to United States dollars and held or invested in that currency. The latest changes to the Plan were approved by the BOD in 2014 and in 2019.

The post-retirement medical benefit is provided through a group insurance contract which is available to all defined benefit pension plan and hybrid pension scheme retirees (including those who took their hybrid pension scheme entitlement as a lump sum) provided they retired from the service of the Bank after completing at least 10 years' service. It is not available to persons who leave the service of the Bank before retirement. The Bank and the retirees share the burden of the medical premiums using a predetermined ratio of 65:35, respectively.

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, Management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and applying a single weighted average discount rate that reflects the estimated timing and amounts of benefit payments and the currency in which the benefits are to be paid, extrapolated as needed, along the yield curve to correspond with the average expected term of the defined benefit obligation.

With respect to the Post-Retirement Medical Plan, the appropriate discount rate has been determined to be based on the yield on Government of Barbados long term Bonds since there is no deep market in Barbados Dollar denominated long term Corporate Bonds. Barbados Dollar Bonds are used as the liability is denominated in that currency.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Future salary increases and pension increases are based on expected future inflation rates of the country of the Bank's location. The key assumptions and their sensitivity analyses are discussed further below.

Risks factors that may impact the Bank
The defined benefit new pension plan exposes the Bank to:

- longevity risk;
- inflation risk since although pension increases are capped, the benefits to current employees are based on final average salaries;
- interest rate risk due to the liabilities being of longer duration than the dated securities;
- investment risk in order to counter the inflation risk and improve the investment return. As at the reporting date 57.75% (2021: 57.63%) of the plan assets were invested in equities.

The hybrid pension scheme also exposes the Bank to the same longevity, inflation and interest rate risks. The investment risk inherent in the cash balance option has been managed by concentrating on short and medium-term, high-quality securities, leaving the Bank exposed to the inflation and interest rate risks in the pension option.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Net post-employment obligations

	2022	2021
Defined benefit pension liability	**$15,234**	$23,954
Hybrid pension liability	**7,796**	11,709
Post-retirement medical obligation	**3,012**	2,481
	$26,042	$38,144

Net pension costs recognised in profit or loss

	2022	2021
Defined benefit pension liability (Note 21)	**$6,677**	$6,965
Hybrid pension liability (Note 21)	**270**	296
Post-retirement medical obligation (Note 21)	**272**	282
	$7,219	$7,543

Net re-measurement (gain)/loss recognised in other comprehensive income

	2022	2021
Defined benefit obligation	**$(11,258)**	$(10,129)
Hybrid pension liability	**(3,098)**	(306)
Post-retirement medical obligation	**418**	(370)
	$(13,938)	$(10,805)

The amounts recognised in the statement of financial position for the individual plans are determined as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2022	2021	2022	2021
Present value of funded obligations	**$93,897**	$113,531	**$21,800**	$27,263
Fair value of plan assets	**(78,663)**	(89,577)	**(14,004)**	(15,554)
Net defined benefit liability	**$15,234**	$23,954	**$7,796**	$11,709

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS...*continued*

The amounts recognised in profit or loss are as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2022	2021	2022	2021
Current service costs	**$5,920**	$6,116	**$18**	$38
Net interest on net defined benefit liability	**757**	849	**252**	258
Net pension cost	**$6,677**	$6,965	**$270**	$296

Re-measurement recognised in other comprehensive income are as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2022	2021	2022	2021
Experience losses/(gains)	**$11,258**	$(10,129)	**$3,098**	$(306)
Total amount recognised in other comprehensive income	**$11,258**	$(10,129)	**$3,098**	$(306)

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Movement in the liability recognised in the statement of financial position was as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2022	2021	2022	2021
Opening defined benefit liability	**$23,954**	$31,337	**$11,709**	$12,758
Net pension cost	**6,677**	6,965	**270**	296
Re-measurement recognised in other comprehensive income	**(11,258)**	(10,129)	**(3,098)**	(306)
Bank contributions paid	**(4,139)**	(4,219)	**(1,085)**	(1,039)
Balance as at December 31	**$15,234**	$23,954	**$7,796**	$11,709

Movement in the defined benefit obligation over the year was as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2022	2021	2022	2021
Balance at January 1	**$113,531**	$111,853	**$27,263**	$30,882
Current service costs	**5,920**	6,116	**18**	38
Interest costs	**3,169**	2,770	**600**	614
Members' contributions	**932**	950	**341**	360
Re-measurements				
Experience adjustments	**3,446**	2,197	**635**	(417)
Actuarial losses from changes in financial assumptions	**(28,834)**	(6,257)	**(5,450)**	(458)
Benefits paid	**(4,267)**	(4,098)	**(1,607)**	(3,756)
Balance as at December 31	**$93,897**	$113,531	**$21,800**	$27,263

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS...*continued*

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

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2022	**2021**	**2022**	**2021**
Balance at January 1	**$89,577**	$80,516	**$15,554**	$18,123
Return on plan assets, excluding interest	**(11,718)**	7,989	**(1,369)**	(212)
Bank contributions	**4,139**	4,219	**1,085**	1,039
Members' contributions	**932**	950	**341**	360
Benefits paid	**(4,267)**	(4,097)	**(1,607)**	(3,756)
Balance as at December 31	**$78,663**	$89,577	**$14,004**	$15,554

The asset allocation as at December 31 for the Defined benefit pension plan is as follows:

	2022	**2021**
Quoted in active markets		
Equity securities	**$45,430**	$51,620
	$45,430	$51,620
Unquoted investments		
Cash and cash equivalents	**532**	948
Debt securities	**37,840**	38,509
	$38,372	$39,457
Net accruals	**(5,139)**	(1,500)
Total	**$78,663**	$89,577

The asset allocation as at December 31 for the Hybrid pension scheme is as follows:

	2022	**2021**
Unquoted investments		
Government and Government guaranteed bonds	**$8,077**	$9,336
Supranational bonds	**2,835**	3,483
Corporate bonds	**3,482**	2,697
Cash, cash equivalents and net accruals	**(390)**	38
Total	**$14,004**	$15,554

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS...*continued*

The principal actuarial assumptions used for accounting purposes are:

	Defined Benefit Pension Plans	
	2022	**2021**
Discount rate – Defined benefit pension plan	**4.96%**	2.68%
Discount rate – Hybrid pension scheme	**4.89%**	2.25%
Future salary increases	**4.00%**	3.00%
Future pension increases – Defined benefit pension plan	**2.50%**	2.00%

It was assumed that there would be no future pension increases with respect to the hybrid pension scheme.

The proportion of the defined benefit pension plan preserved for members opting for pension was assumed to be 75% (2021: 75%). The proportion of other members opting for pension was assumed to be 75% (2021: 75%).

Mortality rate

Assumptions regarding future mortality experience are set based on actuarial advice, published statistics and experience.

The average life expectancy in years of a pensioner retiring at age 60 for current pensioners as at the reporting date is as follows:

	2022	**2021**
Male	**25.11 years**	25.03 years
Female	**27.07 years**	27.03 years

The average life expectancy at age 60 for current members age 40 as at the reporting date is as follows:

	2022	**2021**
Male	**26.67 years**	26.60 years
Female	**27.90 years**	27.86 years

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Sensitivity analysis and liability profile

(a) Defined benefit pension plan

A quantitative sensitivity analysis for significant assumptions as at December 31, 2022 is as shown below:

	Discount rate		Future salary increases		Pension increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on the defined benefit obligation	**$(12,359)**	**$15,689**	**$3,811**	**$(3,352)**	**$10,460**	**$(8,824)**

	Life expectancy of male pensioners		Life expectancy of female pensioners	
	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on the defined benefit obligation	**$1,101**	**$(1,054)**	**$1,321**	**$(1,295)**

A quantitative sensitivity analysis for significant assumptions as at December 31, 2021 is as shown below:

	Discount rate		Future salary increases		Pension increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on the defined benefit obligation	$(17,098)	$22,199	$5,356	$(4,677)	$14,519	$(12,086)

	Life expectancy of male pensioners		Life expectancy of female pensioners	
	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on the defined benefit obligation	$1,644	$(1,566)	$1,912	$(1,839)

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Sensitivity analysis and liability profile...*continued*

(a) Defined benefit pension plan...continued

The sensitivity analyses have been determined based on a method which extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years to the defined benefit obligation:

	2022	**2021**
Within the next 12 months (annual reporting period)	**$3,668**	$3,449
Between 1 year and 2 years	**$3,715**	$3,716

The defined benefit obligation is allocated among the plan members as follows:

Active members..................**46.41%** (2021: 50.9%)
Deferred members................**1.36%** (2021: 0.92%)
Pensioners.........................**52.24%** (2021: 48.19%)

The weighted average duration of the defined benefit obligation was **14.94 years** (2021: 17.31 years).

91% (2021: 89%) of the benefits for active members were vested, **25.87%** (2021: 21.43%) of the defined benefit obligation for active members was conditional on future salary increases.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Sensitivity analysis and liability profile…*continued*

(b) *Hybrid pension scheme*

A quantitative sensitivity analysis for significant assumptions as at December 31, 2022 is as shown below:

	Discount rate		Future salary increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on hybrid pension scheme	**$(1,103)**	**$1,602**	**$33**	**$(31)**

	Life expectancy of male pensioners		Life expectancy of female pensioners	
	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on the hybrid pension scheme	**$176**	**$(173)**	**$249**	**$(241)**

A quantitative sensitivity analysis for significant assumptions as at December 31, 2021 is as shown below:

	Discount rate		Future salary increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on hybrid pension scheme	$(2,613)	$3,371	$113	$(107)

	Life expectancy of male pensioners		Life expectancy of female pensioners	
	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on the hybrid pension scheme	$261	$(253)	$341	$(304)

The sensitivity analyses disclosed have been determined based on a method which extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Sensitivity analysis and liability profile...*continued*

(b) ***Hybrid pension scheme***...*continued*

The following payments are expected contributions to be made in the future years to the defined benefit obligation:

	2022	2021
Within the next 12 months	**$1,253**	$4,219
Between 1 year and 2 years	**$1,249**	$4,189

The defined benefit obligation is allocated among the plan members as follows:

Active members........................**27.65%** (2021: 34%)
Additional Voluntary Contributions **7.61%**
Pensioners..............................**64.74%** (2021: 66%)

The weighted average duration of the hybrid pension scheme was **6.72 years** (2021: 11.61 years).

100% (2021: 100%) of the benefits for active members were vested, **1.79%** (2021: 4.01%) of the hybrid pension scheme for active members is conditional on future salary increases.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Post-retirement medical plan

Changes to the medical obligation are determined as follows:

		Pension charged to profit & loss			Remeasurement (gains)/losses in OCI				
	1-Jan-22	**Current Service Cost**	**Net interest cost**	**Sub-total included in profit or loss**	**Experience adjustments**	**Net gain from change in financial & demographic assumptions**	**Sub-total included in OCI**	**Premiums paid by the bank**	**31-Dec-22**
Medical obligation	**$2,481**	*$67*	*$205*	$272	*$418*	$-	$418	$(159)	**$3,012**

		Pension charge to profit & loss			Remeasurement (gains)/losses in OCI				
	1-Jan-21	**Current Service Cost**	**Net interest cost**	**Sub-total included in profit or loss**	**Experience adjustments**	**Loss from change in financial assumptions**	**Sub-total included in OCI**	**Premiums paid by the bank**	**31-Dec-21**
Medical obligation	$2,713	*$78*	*$204*	$282	*$(141)*	*$(229)*	$(370)	$(144)	$2,481

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Post-Retirement Medical Plan…*continued*

Principal actuarial assumptions

The principal actuarial assumptions used for accounting purposes are:

	Post-employment medical obligation	
	2022	**2021**
Discount rate	**8.30%**	8.30%
Medical cost increase	**4.00%**	4.00%

Mortality Rate

Assumptions regarding future mortality experience are set based on actuarial advice, based on published statistics and experience. The same assumptions used for the pension plans regarding mortality rates were used for the medical plan.

An increase of 1 year in the assumed life expectancies would increase the medical obligation at the reporting date by $73 (2021: $60).

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at December 31, 2022 is as shown below:

	Discount rate		Medical cost increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on medical obligation	**$(291)**	**$347**	**$360**	**$(305)**

A quantitative sensitivity analysis for significant assumptions as at December 31, 2021 is as shown below:

	Discount rate		Medical cost increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on medical obligation	**$(244)**	**$291**	**$302**	**$(256)**

The expected contributions to be made to the post-retirement medical obligation within the next twelve months is $162 (2021: $147).

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Post-retirement medical plan…*continued*

Liability profile

The post-retirement medical obligation is allocated among the plan members as follows:

Active members………………. **27%** (2021: 28%)
Pensioners……………………...**73%** (2021: 72%)

The weighted average duration of the post-retirement medical obligation was **10.58 years** (2021: 10.78 years).

64% (2021: 61%) of the benefits of active members were vested.

NOTE 18 – BORROWINGS

The accounting policy for borrowings is as defined at Note 14.

It is the Bank's policy to limit borrowing and guarantees chargeable to the Bank's Ordinary Capital Resources to 100% of the callable capital of its investment grade non-borrowing members plus the paid in capital and retained earnings less receivables from members (cash reserves).

The aggregate fair values are based on discounted cash flow models using a current yield curve appropriate for the remaining term to maturity, similar terms and credit risk.

As of December 31, 2022, the ratio of total outstanding borrowings and undrawn commitments of $1,192,828 (2021: $1,278,244) to the borrowing limit of $1,493,212 (2021: $1,495,783) was 79.9% (2021: 85.5%).

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 18 – BORROWINGS…*continued*

(a) A summary of the borrowings was as follows:

	2022						
	Original amounts[1/]	Translation adjustments & other	Repayments to date	Fair value hedge adjustment[2/]	Undrawn	Outstanding	Due dates
Short term Borrowing							
Line of credit	$78,000	$-	$-	$-	$(53,000)	$25,000	2023
CDB Market Borrowings							
4.35% Notes – Yen	$60,000	$(10,851)	$-	$-	$-	$49,149	2030
2.75% Notes – Yen	100,000	644	(100,644)	-	-	-	2022
4.375% Bonds – US$	300,000	-	-	(955)	-	299,045	2027
2.55% Notes - US$	100,000	-	-	-	-	100,000	2041
2.50%Notes - US$	50,000	-	-	-	-	50,000	2043
0.297% Bonds – CHF	151,341	5,823	-	(2,154)	-	155,010	2028
0.875% Notes – EUR	275,550	(8,627)	-	(12,254)	-	254,669	2039
Unamortised transaction costs	(21,982)	2,004	-	-	-	(19,978)	
Unamortised currency swap	220	-	-	(220)	-	-	
	1,015,129	(11,007)	(100,644)	(15,583)	-	887,895	
European Investment Bank							
Global Loan 111 – US$	34,857	-	(31,537)	-	-	3,320	2023
Climate Action Credit I– US$	65,320	-	(11,468)	-	-	53,852	2032/2033
Climate Action Credit II– US$	115,701	-	(4,879)	-	(76,671)	34,151	2033
Unamortised transaction costs	(201)	-	-	-	-	(201)	
	215,677	-	(47,884)	-	(76,671)	91,122	
Inter-American Development Bank							
Loan 2798/BL-RG	14,000	-	(1,881)	-	(416)	11,703	2043
Loan 3561/OC – RG	20,000	-	-	-	(11,984)	8,016	2037
	34,000	-	(1,881)	-	(12,400)	19,719	
Agence Francaise de Developpement	33,000	-	(10,312)	-	-	22,688	2028
Sub-total	1,375,806	(11,007)	(160,721)	(15,583)	(142,071)	1,046,424	
Accrued interest	-	-	-	-	-	4,333	
Total – December 31	$1,375,806	$(11,007)	$(160,721)	$(15,583)	$(142,071)	$1,050,757	

[1/] Net of cancellations and borrowings fully paid.
[2/] Includes the final portion of the unwinding of previously terminated fair value hedges $220 (2021: $972).

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 18 – BORROWINGS...*continued*

	2021						
	Original amounts[1/]	Translation adjustments & other	Repayments to date	Currency swap[2/]	Undrawn	Outstanding	Due dates
CDB Market Borrowings							
4.35% Notes – Yen	$60,000	$(3,763)	$-	$-	$-	$56,237	2030
2.75% Notes – Yen	100,000	8,582	-	-	-	108,582	2022
4.375% Bonds – US$	300,000	-	-	-	-	300,000	2027
2.55% Notes - US$	100,000	-	-	-	-	100,000	2041
2.50%Notes - US$	50,000	-	-	-	-	50,000	2043
0.297% Bonds – CHF	151,341	7,511	-	-	-	158,852	2028
0.875% Notes – EUR	275,550	7,415	-	-	-	282,965	2039
Unamortised transaction costs	(23,201)	1,219	-	-	-	(21,982)	
Unamortised currency swap	1,192		-	(972)	-	220	
	1,014,882	20,964	-	(972)	-	1,034,874	
European Investment Bank							
Global Loan 111 – US$	34,857	-	(28,218)	-	-	6,639	2023
Climate Action Credit I– US$	65,320	-	(6,048)	-	-	59,272	2032
Climate Action Credit II– US$	115,821	-	(1,626)	-	(76,791)	37,404	2033
Unamortised transaction costs	(220)	-	-	-	-	(220)	
	215,778	-	(35,892)	-	(76,791)	103,095	
Inter-American Development Bank							
Loan 926/OC-RG-US$	19,347	-	(19,347)	-	-	-	2022
Loan 2798/BL-RG	14,000	-	(1,353)	-	(1,309)	11,338	2043
Loan 3561/OC – RG	20,000	-	-	-	(11,984)	8,016	2037
	53,347	-	(20,700)	-	(13,293)	19,354	
Agence Francaise de Developpement	33,000	-	(6,188)	-	-	26,812	2028
Sub-total	1,317,007	20,964	(62,780)	(972)	(90,084)	1,184,135	
Accrued interest	-	-	-	-	-	6,421	
Total – December 31	$1,317,007	$20,964	$(62,780)	$(972)	$(90,084)	$1,190,556	

1/ Net of cancellations and borrowings fully paid.
2/ Unwinding of terminated fair value hedge.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 18 – BORROWINGS...*continued*

(b) Currencies repayable on outstanding borrowings were as follows:

2022

Currencies Repayable	Outstanding at December 2021	Translation adjustment	Fair value hedge adjustment[1]	Draw-downs	Net interest expense/ paid	Repayments	Outstanding at December 2022
United States Dollars	**$599,482**	**$-**	**$(955)**	**$25,892**	**$-**	**$(16,644)**	**$607,775**
Swiss Francs	**158,852**	**(1,688)**	**(2,154)**	**-**	**-**	**-**	**155,010**
Euro	**282,965**	**(16,042)**	**(12,254)**	**-**	**-**	**-**	**254,669**
Japanese Yen	**165,038**	**(15,025)**	**(220)**	**-**	**-**	**(100,644)**	**49,149**
Sub-total	**1,206,337**	**(32,755)**	**(15,583)**	**25,892**	**-**	**(117,288)**	**1,066,603**
Amortised borrowing costs	**(22,202)**	**768**	**-**	**1,255**	**-**	**-**	**(20,179)**
Accrued interest	**6,421**	**-**	**-**	**-**	**(2,088)**	**-**	**4,333**
Total – December 31	**$1,190,556**	**$(31,987)**	**$(15,583)**	**$27,147**	**$(2,088)**	**$(117,288)**	**$1,050,757**

2021

Currencies Repayable	Outstanding at December 2020	Translation adjustment	Net interest expense/ paid	Draw-downs	Currency swap amortisation 1/	Repayments	Outstanding at December 2021
United States Dollars	$451,879	$-	$-	$161,686	$-	$(14,083)	$599,482
Swiss Francs	164,623	(5,771)	-	-	-	-	158,852
Euro	306,861	(23,896)	-	-	-	-	282,965
Japanese Yen	185,279	(19,269)	-	-	(972)	-	165,038
Sub-total	1,108,642	(48,936)	-	161,686	(972)	(14,083)	$1,206,337
Amortised borrowing costs	(18,194)	1,220	-	(5,228)	-	-	(22,202)
Accrued interest	3,653	-	2,768	-	-	-	6,421
Total – December 31	$1,094,101	$(47,716)	$2,768	$156,458	(972)	$(14,083)	$1,190,556

1/Includes the final portion of the unwinding of previously terminated fair value hedges $220 (2021: $972).

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 18 – BORROWINGS…*continued*

A maturity analysis of borrowings as at December 31 is as follows:

	2022	2021
Current	**$132,264**	$131,849
Non-current	**918,493**	1,058,707
	$1,050,757	$1,190,556

The most recent credit ratings are as follows:

	Credit Rating	Last Updated
Moody's Ratings	Long-Term Issuer Default Rating (IDR) - 'Aa1' Stable outlook.	20-May-22
S&P Global Ratings	Long-Term IDR - 'AA+' Short-Term IDR - 'A-1+' Stable outlook	25-May-22
Fitch Ratings	Long-Term IDR - 'AA+' Stable outlook	24-Feb-23

NOTE 19 – EQUITY

Equity is comprised of capital stock, retained earnings and reserves.

The capital stock of the Bank was initially expressed in terms of United States dollars of the weight and fineness in effect on September 1, 1969 ("the 1969 dollar"). However, with effect from April 1, 1978, the Second Amendment to the Articles of Agreement of the International Monetary Fund came into force, as a result of which currencies no longer have par values in terms of gold.

Prior to December 1986, the Bank had not taken a decision on the implications of this change on the valuation of its capital stock and had translated its capital stock into current United States dollars at the rate of 1.206348 current United States dollars ("current dollars") per 1969 dollar. On December 11, 1986, the Board of Directors of the Bank agreed that, until such time as the Charter may be amended in respect of the standard of value, the expression "United States dollars of the weight and fineness in effect on September 1, 1969" be interpreted, pursuant to Article 59 of the Charter, to mean the "Special Drawing Right" (SDR) introduced by the International Monetary Fund as the SDR was valued in terms of United States dollars immediately before the introduction of the basket method of valuing the SDR on July 1, 1974, such value being 1.206348 current dollars for one SDR as at June 30, 1974 ("the 1974 SDR").

For the purposes of the financial statements, the Bank has expressed the value of its capital stock on the basis of the 1974 SDR.

The Bank's capital stock is divided into paid-in shares and callable shares. Payment of the amount subscribed to the callable capital is subject to call by the Bank to meet its obligations as and when required by the Bank subject to certain conditions. Payment for paid-in shares subscribed by its members is made over six (6) annual instalments. Of each installment, up to 50 percent is payable in non-negotiable, non-interest-bearing promissory notes or other obligations issued by the subscribing member and payable at their par value upon demand. Subscriptions that are not yet payable are presented as subscriptions not yet matured. Amounts paid in advance of the due dates by members are treated as a liability and classified as subscriptions in advance.

NOTE 19 – EQUITY…continued

The Charter states that payment of the amount subscribed to the callable capital is subject to call by the Bank to meet its obligations incurred pursuant to Article 7, paragraph 6 taking into account paragraphs (b) and (d) of Article 13 on borrowings of funds or on guarantees, only as and when required by the Bank.

The Charter also allows for a member country to withdraw from the Bank, at which time the Bank is required to arrange for the repurchase of the former member's shares. There has been only one occurrence of membership withdrawal in the Bank's existence which occurred in 2000, and no other member has indicated to the Bank that it intends to withdraw its membership. The stability in the membership reflects the fact that the purpose of the Bank is to contribute to the harmonious economic growth and development of its BMCs individually and jointly. Moreover, there is a significant financial disincentive to withdrawing membership. The repurchase price of the shares is the value shown on the books of the Bank on the date a country ceases to be a member. However, the former member shall remain liable for direct obligations and contingent liabilities to the Bank for so long as any part of the loans or guarantees contracted before the date of withdrawal are outstanding. The Bank may partially or fully offset amounts due for shares purchased against the member's liabilities on loans and guarantees due to the Bank. Were a member to withdraw, the Bank may set the dates in respect of payments for shares repurchased. In the instance where paying a former member would have adverse consequences for the Bank's financial position, the Bank can exercise its option to defer payment until the risk has passed, and indefinitely if appropriate.

If the Bank were to terminate its operations, within six months of the termination date, all liabilities of the Bank would first be settled out of the assets of the Bank and then, if necessary, out of members' callable capital, before any distribution could be made to any member country, including the withdrawing member. Management has therefore determined that members' shares are deemed to be a permanent investment in the Bank and are appropriately classified as equity.

A puttable financial instrument that includes a contractual obligation for the Bank to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Bank's net assets in the event of the Bank's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Bank to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Bank over the life of the instrument.

The Bank's subscriptions matured meet these conditions and are classified as equity. Incremental costs directly attributable to the issue or redemption of the subscriptions matured are recognised directly in equity as a deduction from the proceeds or part of the acquisition cost. To date, no incremental costs were recognised in equity.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – EQUITY…continued

(a) At the fortieth meeting of the Board of Governors in May 2010, a general capital increase of 150% was approved. The Bank's capital as at December 31 was as follows:

	2022	2021
Authorised capital: 312,971 shares (2021: 312,971) shares		
Subscribed capital: 279,399 shares (2021: 279,399) shares	**$1,763,656**	$1,763,656
Less callable capital: 218,050 shares (2021: 218,050) shares	**(1,375,135)**	(1,375,135)
Paid-up capital: 61,349 shares (2021: 61,349) shares	**$388,521**	$388,521
Less: Prepayment discount	**(344)**	(344)
	$388,177	$388,177

(b) There was no movement in the Bank's paid-up capital or subscriptions matured during the year. The determination of the par value of the Bank's shares is as disclosed above.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – EQUITY…*continued*

(c) The subscriptions by member countries and their voting power at December 31 were as follows:

2022

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power No. of votes	Voting Power % of total votes	Gross[2/] Receivable from members non-negotiable demand notes
Regional States and Territories:									
Jamaica	48,354	17.31	$291,659	$227,614	$64,045	64,045	48,504	17.14	4,593
Trinidad and Tobago	48,354	17.31	291,659	227,614	64,045	64,045	48,504	17.14	6,401
Bahamas	14,258	5.10	86,001	67,115	18,886	18,886	14,408	5.09	-
Guyana	10,417	3.72	62,833	49,038	13,795	13,795	10,567	3.74	-
Colombia	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Mexico	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Venezuela	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Barbados	9,074	3.24	54,732	42,717	12,015	12,015	9,224	3.26	-
Suriname	4,166	1.49	25,128	19,627	5,501	5,501	4,316	1.53	2,805
Belize	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Dominica	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	286
Grenada	1,839	0.66	11,093	8,661	2,432	2,432	1,989	0.70	-
St. Lucia	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
St. Vincent and the Grenadines	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Antigua and Barbuda	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
St. Kitts and Nevis	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Anguilla[1/]	455	0.16	2,744	2,141	603	603			-
Montserrat[1/]	533	0.19	3,215	2,509	706	706			-
British Virgin Islands[1/]	533	0.19	3,215	2,509	706	706	2,737	0.97	-
Cayman Islands[1/]	533	0.19	3,215	2,509	706	706			8
Turks and Caicos Islands[1/]	533	0.19	3,215	2,509	706	706			-
Haiti	2,187	0.78	13,191	10,296	2,895	2,895	2,337	0.83	-
Brazil	3,118	1.12	18,807	14,687	4,120	4,120	3,268	1.15	-
	180,627	64.64	1,089,494	850,273	239,221	239,221	183,477	64.84	14,093

[1/]In accordance with Article 3 of the Charter and Board of Governors Resolution No. 4/81, these territories are considered as a single member of the Bank for the purpose of Articles 26 and 32 of the Charter.
[2/]Gross of ECL.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – EQUITY...*continued*

2022

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power No. of votes	Voting Power % of total votes	Gross[2/] Receivable from members non-negotiable Demand notes
Non-Regional States:									
Canada	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
United Kingdom	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
Italy	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
Germany	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
China	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
	98,772	35.36	595,767	464,944	130,823	130,823	99,522	35.16	-
Sub-total	279,399	100.00	1,685,261	1,315,217	370,044	370,044	282,999	100.00	14,093
Additional subscriptions									
China	-	-	18,804	14,688	4,116	4,116	-	-	-
Colombia	-	-	1,810	905	905	905	-	-	-
Germany	-	-	12,546	9,681	2,865	2,865	-	-	-
Italy	-	-	12,546	9,681	2,865	2,865	-	-	-
Mexico	-	-	6,273	4,841	1,432	1,432	-	-	-
Venezuela	-	-	1,810	905	905	905	-	-	-
Haiti	-	-	2,639	2,060	579	579	-	-	-
Suriname	-	-	12,564	9,814	2,750	2,750	-	-	-
Brazil	-	-	9,403	7,343	2,060	2,060	-	-	-
Sub-total	-	-	78,395	59,918	18,477	18,477	-	-	-
Prepayment discount	-	-	-	-	-	(344)	-	-	-
Total - December 31	279,399	100.00	$1,763,656	$1,375,135	$388,521	$388,177	282,999	100.00	14,093

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – EQUITY...*continued*

(c) The subscriptions by member countries and their voting power at December 31 were as follows:

2021

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power No. of votes	Voting Power % of total votes	Gross[2/] Receivable from members non-negotiable demand notes
Regional States and Territories:									
Jamaica	48,354	17.31	$291,659	$227,614	$64,045	64,045	48,504	17.14	9,160
Trinidad and Tobago	48,354	17.31	291,659	227,614	64,045	64,045	48,504	17.14	6,399
Bahamas	14,258	5.10	86,001	67,115	18,886	18,886	14,408	5.09	-
Guyana	10,417	3.72	62,833	49,038	13,795	13,795	10,567	3.74	-
Colombia	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Mexico	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Venezuela	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Barbados	9,074	3.24	54,732	42,717	12,015	12,015	9,224	3.26	-
Suriname	4,166	1.49	25,128	19,627	5,501	5,501	4,316	1.53	2,806
Belize	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Dominica	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	286
Grenada	1,839	0.66	11,093	8,661	2,432	2,432	1,989	0.70	-
St. Lucia	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
St. Vincent and the Grenadines	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Antigua and Barbuda	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
St. Kitts and Nevis	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Anguilla[1/]	455	0.16	2,744	2,141	603	603			-
Montserrat[1/]	533	0.19	3,215	2,509	706	706			-
British Virgin Islands[1/]	533	0.19	3,215	2,509	706	706	2,737	0.97	-
Cayman Islands[1/]	533	0.19	3,215	2,509	706	706			8
Turks and Caicos Islands[1/]	533	0.19	3,215	2,509	706	706			-
Haiti	2,187	0.78	13,191	10,296	2,895	2,895	2,337	0.83	-
Brazil	3,118	1.12	18,807	14,687	4,120	4,120	3,268	1.15	-
	180,627	64.64	1,089,494	850,273	239,221	239,221	183,477	64.84	18,659

[1/] In accordance with Article 3 of the Charter and Board of Governors Resolution No. 4/81, these territories are considered as a single member of the Bank for the purpose of Articles 26 and 32 of the Charter.

[2/] Gross of ECL.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – EQUITY...*continued*

2021

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power: No. of votes	Voting Power: % of total votes	Gross[2/] Receivable from members non-negotiable Demand notes
Non-Regional States:									
Canada	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
United Kingdom	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
Italy	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
Germany	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
China	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
	98,772	35.36	595,767	464,944	130,823	130,823	99,522	35.16	-
Sub-total	279,399	100.00	1,685,261	1,315,217	370,044	370,044	282,999	100.00	18,659
Additional subscriptions									
China	-	-	18,804	14,688	4,116	4,116	-	-	-
Colombia	-	-	1,810	905	905	905	-	-	-
Germany	-	-	12,546	9,681	2,865	2,865	-	-	-
Italy	-	-	12,546	9,681	2,865	2,865	-	-	-
Mexico	-	-	6,273	4,841	1,432	1,432	-	-	-
Venezuela	-	-	1,810	905	905	905	-	-	-
Haiti	-	-	2,639	2,060	579	579	-	-	-
Suriname	-	-	12,564	9,814	2,750	2,750	-	-	-
Brazil	-	-	9,403	7,343	2,060	2,060	-	-	-
Sub-total	-	-	78,395	59,918	18,477	18,477	-	-	-
Prepayment discount	-	-	-	-	-	(344)	-	-	-
Total - December 31	279,399	100.00	$1,763,656	$1,375,135	$388,521	$388,177	282,999	100.00	18,659

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 19 – EQUITY…*continued*

(d) **Prepayment discounts**

The Board of Governors of the Bank approved a "Variation of conditions of subscription of shares to permit a discount for prepayment" policy. The provision of this policy is that members are entitled to a discount from the Bank for prepayment of an instalment or part thereof (including those members which have already made prepayments) only if the prepayment is received more than three months prior to the date of the scheduled General Capital Increase (GCI) payments. The discount is computed based on a present value methodology and is disclosed as a charge against equity. During the year, no discounts were provided to members. The cumulative discount provided to date is $344 (2021: $344).

(e) **Retained earnings and reserves**

Retained earnings and reserves is comprised of:

	2022	2021
Opening retained earnings and reserves	**$561,176**	$580,214
Net loss for the year	**(71,913)**	(15,248)
Actuarial gain	**13,938**	10,805
Net change in fair value reserve	**(48,665)**	(14,595)
Revaluation reserve	**3,550**	-
Cost of hedging reserve	**(210)**	-
	457,876	$561,176

(f) **Post-employment obligations reserve**

The post-employment obligations reserve comprises various gains/(losses) arising from the actuarial valuation where actual performance results differ from projected results due to changes in assumptions and in differences between actual investment returns and assumed returns from the previous year's calculations. These differences are classified as experience gains/(losses). A reconciliation of the cumulative loss of $4,776 (2021: $18,714) is shown in the statement of changes in equity.

(g) **Fair value reserves**

The Bank's debt securities are classified as fair value through other comprehensive income (FVOCI). As a result, all fair value gains or losses are accounted for through a fair value reserve in equity. As at December 31, 2022, the cumulative fair value reserve amounted to a loss of $54,809 (2021: $6,144). An unrealised loss of $48,665 was recorded as at December 31, 2022 (2021: $14,595) as a result of changes in the fair value of debt securities. For securities which were sold or which matured during the year, a fair value loss of $136 (2021: $182) was reclassified to realised fair value (gains)/losses included in 'Operating expense' in the statement of comprehensive income.

NOTE 19 – EQUITY...*continued*

(h) **Other reserves**

Special reserve
In accordance with Article 18 of the Charter, commissions and guarantee fees received on loans made from OCR are required to be set aside in a Special Reserve which shall be kept for meeting liabilities of the Bank. The assets of the Special Reserve are to be held in such liquid form as the BOD may decide.

At the One Hundred and Nineteenth Meeting of the Board of Directors held on July 21, 1988, the Board decided that appropriations to the Special Reserve should be discontinued with effect from January 1, 1989. Pursuant thereto, no commission is charged on loans approved after January 1, 1989, and all amounts received after that date as commission on loans approved before that date are treated as interest and accounted for as such. During 1993, the Special Reserve was converted into United States dollars and is valued at $6,254 (2021: $6,254).

Revaluation surplus
The Bank's revaluation surplus arises on the increase in the fair value of the Land owned upon the assessment of an independent valuer. As at December 31, 2022 the cumulative revaluation surplus amounted to $3,550.

Cost of hedging reserve
The Bank's cost of hedging reserve relates to the cross-currency basis adjustment on its cross-currency interest rate swaps. A net loss of $210 was recorded as at December 31, 2022 related to CHF (Loss - $936) and EUR (Gain - $726) swaps.

NOTE 20 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES

Interest income and expense
Interest income and expense are recognised in the statement of comprehensive income using the effective interest method.

In the event of an asset becoming credit-impaired and therefore being regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Other fees and charges
Fees and other income are recognised on an accrual basis when the service has been provided.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 20 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES…*continued*

(a) **Interest and similar income**

Interest income earned from loans outstanding and debt securities at FVOCI was as follows:

	2022	2021
Loans outstanding – amortised cost		
Interest income	**$50,970**	$43,251
Other fees and charges	**5,584**	4,652
Income from loans and receivables	**56,554**	47,903
Debt securities - FVOCI		
Bonds	**7,054**	7,247
US Treasuries	**195**	9
Treasury bills	**-**	6
Time deposits	**497**	34
Management fees	**(55)**	(54)
Cash and cash equivalents		
Cash	**(58)**	-
Cash collateral balance	**143**	-
Interest and similar income	**$64,330**	$55,145

Interest income earned under the effective interest method was as follows:

	2022	2021
Loans outstanding – amortised cost		
Interest income	**$50,970**	$43,251
Debt securities - FVOCI		
Bonds	**7,054**	7,247
US Treasuries	**195**	9
Treasury bills	**-**	6
Time deposits	**497**	34
	$58,716	$50,547

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 20 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES…*continued*

(b) **Interest expense and similar charges**

Interest expense and other charges from borrowings and interest income and expense from derivative financial instrument swaps were as follows:

	2022	2021
Financial liabilities carried at amortised cost (borrowings)		
Gross interest expense	**$27,071**	$26,495
Other finance charges	**1,668**	1,491
Borrowings	**$28,739**	$27,986
Financial assets at fair value through profit or loss (derivatives)		
Interest income from derivative financial instruments	**$(11,893)**	$(20,720)
Interest expense from derivative financial instruments	**23,433**	12,867
Adjustment – hedge accounting	**(4,245)**	-
Net interest expense/(income) from derivatives	**$7,295**	$(7,853)
Interest expense and similar charges	**$36,034**	$20,133

NOTE 21 – OPERATING EXPENSE

Administrative expenses
Administrative expenses incurred by the Bank are allocated to the OCR and the SFR in accordance with a methodology approved by the Board of Directors.

Other operating expenses
Other operating expenses result from realized fair value losses/gains on debt securities at fair value through OCI and foreign exchange losses/gains as a result of daily transactions.

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 21 – OPERATING EXPENSE...*continued*

Operating expenses are broken down as follows:

	2022	2021
Net realised fair value losses	**$136**	$182
Foreign exchange translation	**(6,036)**	(1,013)
Administrative expenses:		
Employee related	**10,526**	10,719
Professional fees and consultancies	**1,054**	829
Travel	**618**	163
Depreciation	**740**	529
Other expenses	**337**	138
Utilities and maintenance	**429**	388
Training and seminars	**187**	111
Supplies and printing	**17**	13
Board of Governors and Directors	**390**	47
Computer services	**1,182**	1,040
Communications	**330**	300
Bank charges	**87**	98
Insurance	**52**	38
Revaluation deficit	**35**	-
	$10,084	$13,582

Employee costs charged to the OCR were as follows:

	2022	2021
Salaries and allowances	**$6,668**	$6,716
Pension costs – hybrid scheme[1/]	**99**	133
Pension costs – defined benefit plan[1/]	**2,884**	3,017
Medical costs	**274**	277
Other benefits	**601**	576
	$10,526	$10,719

[1/]This represents the allocation of the net pension costs to the OCR. The full pension expense for the hybrid scheme amounted to $270 (2021: $296), for the defined benefit new pension plan it amounted to $6,677 (2021: $6,965) and for the medical plan it was $272 (2021: $282).

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 22 – IMPAIRMENT (RECOVERY)/CHARGE (ECL)

The table below shows the ECL (recoveries)/charges on financial assets recorded in profit or loss in the statement of comprehensive income.

	2022			
	Stage 1 12month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Impaired**	**Total**
Loans outstanding	**$(245)**	**$22**	**$-**	**$(223)**
Debt Securities	**(2)**	**(2)**	**-**	**(4)**
Receivables	**-**	**-**	**(142)**	**(142)**
Receivable from members				
Non-negotiable demand notes	**(3)**	**-**	**-**	**(3)**
Maintenance of value on currency holdings	**-**	**-**	**-**	**-**
Subscription in arrears	**67**	**-**	**-**	**67**
Total Impairment (recovery)/charge	**$(183)**	**$20**	**$(142)**	**$(305)**

	2021			
	Stage 1 12month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Impaired**	**Total**
Loans outstanding	$420	$774	$-	$1,194
Debt Securities	4	3	-	7
Receivables	(4)	-	15	11
Receivable from members				
Non-negotiable demand notes	(3)	-	-	(3)
Maintenance of value on currency holdings	-	-	-	-
Subscription in arrears	5	-	-	5
Total Impairment charge	$422	$777	$15	$1,214

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 23 – ALLOCATION FROM NET INCOME

In accordance with Article 39 of the Charter, the Board of Governors shall determine at least annually the disposition of the net income of the Bank arising from its OCR ("operating income"). The OCR net income is typically allocated to the Ordinary Reserves. These reserves are available to meet possible future losses on loans and guarantees made by the Bank in its Ordinary operations and possible future losses from currency devaluations.

NOTE 24 – DERIVATIVE AND FOREIGN DENOMINATED BORROWING ADJUSTMENTS

The revaluation of the derivative financial instruments (cross currency and interest rate swaps) gave rise to a loss of $128,478 (2021: gain of $85,332). This was offset by the cross-currency basis adjustment of $210 (2021: Nil) which was recorded in the cost of hedging reserve. The foreign exchange effect thereon was $24,048 (2021: ($47,716). The fair value adjustment as a result of the application of hedge accounting was $11,119 (2021: Nil).

NOTE 25 – RELATED PARTY TRANSACTIONS

(a) The movement in the net inter-fund receivable or payable during the year was as follows:

	2022	2021
Balance at January 1	**$12,907**	$13,567
Advances	**49,951**	56,647
Allocation of administrative expenses	**20,335**	18,017
Repayments	**(58,970)**	(75,324)
Inter-fund receivable December 31	**$24,223**	$12,907

The receivable account represents net amounts due from/(payable to) the SDF and OSF as a result of payments by OCR on their behalf as well as the allocation of administrative expenditure in accordance with Bank policy. Inter-fund balances are settled in cash on a quarterly basis.

The composition of the balances (*included in "Receivables and prepaid assets"*) as at December 31 was as follows:

	2022	2021
Due from SDF	**$16,008**	$15,526
Due from/(to) OSF	**$4,545**	$(4,017)
Due from Pension schemes	**$3,670**	$1,432
Due to Others	**$-**	$(34)
	$24,223	$12,907

(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 25 – RELATED PARTY TRANSACTIONS…*continued*

(b) Key management compensation for the year ended December 31 was as follows:

	2022	**2021**
Salaries, benefits and allowances	**$1,197**	$1,010
	$1,197	$1,010

(c) Interest subsidy fund

In 2008, the interest subsidy fund was established by the Board of Directors of the Bank to subsidise part of the interest payments for which certain borrowers are liable on loans from the OCR. During the reporting period $240 in interest (2021: $280) was received from the OSF on behalf of the borrowers. The fund balance is included in Receivable and prepaid assets in the statement of financial position.

NOTE 26 – COMMITMENTS AND GUARANTEES

Legal claims are recognised when the Bank has a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The Bank recognises no provisions for future operating expenses.

Commitments
The Bank's commitments are represented by loan disbursement obligations to its borrowers up to the approved amount of these loans (*Note 3(c)(iii) and Note 10)*.

Guarantees
Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised as a liability in the financial statements at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee, on the date the guarantee was given. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

At its two hundred and forty-ninth meeting held on December 8, 2011, the Bank issued a guarantee in an amount not exceeding the equivalent of $12 million with respect to Bonds issued by the Government of St. Kitts and Nevis (GOSKN) on a rolling, re-instatable and non-accelerable basis.

The guarantee contains a Counter Guarantee and Indemnity clause whereby the GOSKN undertakes irrevocably, and unconditionally agrees to reimburse the Bank for any amount paid under the guarantee together with interest and other charges at a rate specified by the Bank. Where reimbursement to the Bank is not made (in whole or in part) within a period of 90 days of such amounts being paid the Bank such unreimbursed amounts shall be converted to a loan due by the GOSKN to the Bank's OCR.

NOTE 27 – SUBSEQUENT EVENTS

On February 24, 2023 Fitch Ratings affirmed the Bank's Long-Term IDR of 'AA+' with a stable outlook.

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK – SPECIAL DEVELOPMENT FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Special Development Fund** ("the Fund") of the **Caribbean Development Bank** ("the Bank"), which comprise the statement of financial position as at December 31, 2022, the statements of comprehensive income and accumulated net income and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Fund for the year ended December 31, 2022 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

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 Fund in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Barbados and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – SPECIAL DEVELOPMENT FUND

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Bank's 2022 Annual Report, but does not include the financial statements and our auditors' report thereon.

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

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

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – SPECIAL DEVELOPMENT FUND

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting described in Note 2, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

The Oversight and Assurance Committee is responsible for overseeing the Fund's financial reporting process.

Auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – SPECIAL DEVELOPMENT FUND

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – SPECIAL DEVELOPMENT FUND

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Oversight and Assurance Committee 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.

Restriction on Use and Distribution

This report is made solely to the Fund's contributors, as a body, in accordance with Article 38, sub-section 2 of the Agreement establishing the Caribbean Development Bank entered into force on January 26, 1970. Our audit work has been undertaken so that we might state to the Fund's contributors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's contributors as a body, for our audit work, for this report, or for the opinion we have formed.

KPMG

Chartered Accountants
Bridgetown, Barbados
June 2, 2023

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

	2022			2021		
	Unified	**Other**	**Total**	Unified	Other	**Total**
Assets						
Cash and cash equivalents – Note 3	**$18,584**	**$4,540**	**$23,124**	$19,523	$9,145	$28,668
Debt securities at fair value through profit or loss (Schedule 1)	**258,885**	**17,027**	**275,912**	283,112	12,410	295,522
Loans outstanding (Schedule 2)	**630,365**	**19,251**	**649,616**	618,254	20,408	638,662
Accounts receivable	**202**	**-**	**202**	199	-	199
	908,036	**40,818**	**948,854**	921,088	41,963	963,051
Receivable from contributors						
Non-negotiable demand notes (Schedule 3)	**85,245**	**-**	**85,245**	70,267	-	70,267
Contribution in arrears	**14,859**	**-**	**14,859**	28,178	-	28,178
	100,104	**-**	**100,104**	98,445	-	98,445
Total assets	**$1,008,140**	**$40,818**	**$1,048,958**	$1,019,533	$41,963	$1,061,496
Liabilities and Funds						
Accounts payable – Note 9	**$54,013**	**$1,779**	**$55,792**	58,929	1,207	60,136
Subscriptions in advance	**1,330**	**-**	**1,330**	1,330	-	1,330
	$55,343	**$1,779**	**$57,122**	$60,259	$1,207	$61,466

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION… *continued*
As at December 31, 2022
(expressed in thousands of United States dollars, unless otherwise stated)

	2022			2021		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Funds – Note 5						
Contributed resources (Schedule 3)						
Contributions	**$1,419,670**	**$38,046**	**$1,457,716**	$1,395,955	$38,410	$1,434,365
Less amounts not yet made Available	**(18,347)**	**-**	**(18,347)**	(34,431)	-	(34,431)
Amounts made available	**1,401,323**	**38,046**	**1,439,369**	1,361,524	38,410	1,399,934
Allocation to technical assistance and grant resources	**(640,600)**	**(10,000)**	**(650,600)**	(607,600)	(10,000)	(617,600)
	760,723	**28,046**	**788,769**	753,924	28,410	782,334
Accumulated net income (Schedule 4)	**34,734**	**10,068**	**44,802**	56,697	11,421	68,118
Technical assistance and grant resources – Note 7	**157,340**	**925**	**158,265**	148,653	925	149,578
	952,797	**39,039**	**991,836**	959,274	40,756	1,000,030
Total liabilities and funds	**$1,008,140**	**$40,818**	**$1,048,958**	$1,019,533	$41,963	$1,061,496

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED NET INCOME
For the year ended December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

	2022			2021		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Interest and similar income						
Loans	**$12,694**	**$299**	**$12,993**	$12,630	$326	$12,956
Investments and cash balances	**4,911**	**218**	**5,129**	4,081	147	4,228
	17,605	**517**	**18,122**	16,711	473	17,184
Net realised and unrealised losses on investments	**(23,139)**	**(1,014)**	**(24,153)**	(7,463)	(329)	(7,792)
	(5,534)	**(497)**	**(6,031)**	9,248	144	9,392
Expenses						
Administrative expenses	**16,999**	**1,252**	**18,251**	15,730	1,177	16,907
Write-down of financial assets	**-**	**-**	**-**	1,172	4,961	6,133
Foreign exchange translation	**(570)**	**(396)**	**(966)**	(349)	(361)	(710)
	16,429	**856**	**17,285**	16,553	5,777	22,330
Total comprehensive loss for the Year	**$(21,963)**	**$(1,353)**	**$(23,316)**	$(7,305)	$(5,633)	$(12,938)
Accumulated net income						
Accumulated net income – beginning of year	**$56,697**	**$11,421**	**$68,118**	$64,002	$17,054	$81,056
Total comprehensive loss for the year	**(21,963)**	**(1,353)**	**(23,316)**	(7,305)	(5,633)	(12,938)
Accumulated net income – end of year	**$34,734**	**$10,068**	**$44,802**	$56,697	$11,421	$68,118

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

	2022	2021
Operating activities		
Total comprehensive loss for the year	**$(21,963)**	$(7,305)
Adjustments for non-cash items		
Unrealised loss on debt securities at fair value through profit or loss	**23,090**	7,463
Interest income	**(17,605)**	(16,711)
Unrealised net foreign exchange gain	**(1,869)**	(203)
Total cash flows used in operating activities before changes in operating assets and liabilities	**(18,347)**	(16,756)
Changes in operating assets and liabilities		
(Increase)/decrease in accounts receivable	**(3)**	7
(Decrease)/increase in accounts payable	**(4,916)**	12,441
Cash used in operating activities	**(23,266)**	(4,308)
Disbursements on loans	**(47,937)**	(59,301)
Principal repayments to the Bank on loans	**35,850**	34,343
Interest received	**17,640**	16,925
Net decrease in debt securities at fair value through profit or loss	**1,078**	42,594
Technical assistance disbursements	**(14,312)**	(22,310)
Net cash (used in)/provided by operating activities	**(30,947)**	7,943
Financing activities		
Increase in contributions to be on-lent to BMCs	**8,668**	6,729
Increase in receivables from contributors	**(1,659)**	(7,861)
Increase in subscriptions in advance	**-**	1,330
Technical assistance allocation	**22,999**	23,000
Net cash provided by financing activities	**30,008**	23,198
Net (decrease)/increase in cash and cash equivalents	**(939)**	31,141
Cash and cash equivalents - beginning of year	**19,523**	(11,618)
Cash and cash equivalents - end of year	**$18,584**	$19,523

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)

STATEMENT OF CASH FLOWS…*continued*
For the year ended December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

	2022	2021
Operating activities		
Total comprehensive loss for the year	**$(1,353)**	$(5,633)
Adjustments for non-cash items		
Unrealised loss on debt securities at fair value through profit or loss	**1,014**	329
Interest income	**(517)**	(473)
Unrealised net foreign exchange gain	**(364)**	(313)
Total cash flows used in operating activities before changes in operating assets and liabilities	**(1,220)**	(6,090)
Changes in operating assets and liabilities		
Increase in accounts payable	**572**	50
Cash used in operating activities	**(648)**	(6,040)
Principal repayments to the Bank on loans	**1,150**	1,174
Interest received	**497**	483
Net (increase)/decrease in debt securities at fair value through profit or loss	**(5,604)**	386
Net cash used in operating activities	**(4,605)**	(3,997)
Net decrease in cash and cash equivalents	**(4,605)**	(3,997)
Cash and cash equivalents – beginning of year	**9,145**	13,142
Net cash and cash equivalents - end of year	**4,540**	$9,145

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUND RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF INVESTMENTS
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

Debt securities at fair value through profit or loss – Note 4 **SCHEDULE 1**

	2022			2021		
	Market value			Market value		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Government and Agency Obligations	**$140,884**	**$12,904**	**$153,788**	$131,946	$7,388	$139,334
Supranationals	**44,944**	**1,885**	**46,829**	70,485	5,000	75,485
Corporate Bonds	**71,670**	**2,188**	**73,858**	79,235	-	79,235
Sub-total	**257,498**	**16,977**	**274,475**	281,666	12,388	294,054
Accrued interest	**1,387**	**50**	**1,437**	1,446	22	1,468
Total – December 31	**$258,885**	**$17,027**	**$275,912**	$283,112	$12,410	$295,522

Residual term to contractual maturity

	2022	**2021**
One month to three months	**$19,626**	$39,688
Over three months to one year	**18,384**	37,133
From one year to five years	**182,426**	143,452
From five years to ten years	**52,076**	70,499
From ten years to twenty years	**3,400**	4,750
Total – December 31	**$275,912**	$295,522

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)
SUMMARY STATEMENT OF LOANS
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2022			
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Anguilla	$-	$-	$849	0.1
Antigua and Barbuda	-	4,222	15,018	2.4
Bahamas	-	-	62	0.0
Belize	8,762	26,004	73,496	11.7
British Virgin Islands	-	5,000	2,191	0.3
Dominica	-	14,889	59,312	9.5
Grenada	-	26,398	74,192	11.8
Guyana	-	26,118	126,591	20.2
Jamaica	30,000	4,684	76,993	12.3
Montserrat	-	-	2,877	0.5
St. Kitts and Nevis	-	1,121	31,190	5.0
St. Lucia	3,998	7,762	79,182	12.6
St. Vincent and the Grenadines	-	32,752	65,340	10.4
Suriname	-	5,290	13,242	2.1
Turks and Caicos Islands	-	-	478	0.1
Regional	-	2,000	6,215	1.0
Sub-total	42,760	156,240	627,228	100.0
Accrued interest	-	-	3,137	
Total – December 31	$42,760	$156,240	$630,365	

1/ There are no overdue installments of principal (2021 - nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

2021				
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Anguilla	$-	$-	$1,037	0.2
Antigua and Barbuda	-	4,647	14,877	2.4
Bahamas	-	-	145	0.0
Barbados	2,000	-	-	0.0
Belize	2,500	35,055	66,494	10.8
British Virgin Islands	-	5,000	2,578	0.4
Dominica	-	12,079	60,217	9.8
Grenada	-	29,033	75,520	12.3
Guyana	10,966	27,263	120,395	19.6
Jamaica	30,000	4,600	84,357	13.7
Montserrat	-	-	3,171	0.5
St. Kitts and Nevis	-	1,982	33,294	5.4
St. Lucia	294	12,717	78,014	12.7
St. Vincent and the Grenadines	-	44,777	56,008	9.1
Suriname	-	6,914	11,813	1.9
Turks and Caicos Islands	-	-	565	0.1
Regional	-	-	6,656	1.1
Sub-total	45,760	184,067	615,141	100.0
Accrued interest	-	-	3,113	
Total – December 31	$45,760	$184,067	$618,254	

1/ There are no overdue installments of principal.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)
SUMMARY STATEMENT OF LOANS…*continued*
As at December 31, 2022
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2022		
Member countries in which loans have been made	**Outstanding1/**	**% of Total Loans Outstanding**
Antigua and Barbuda	**11,984**	**62.5**
Belize	**2,937**	**15.3**
Dominica	**1,006**	**5.2**
Grenada	**90**	**0.5**
Jamaica	**233**	**1.2**
St. Kitts and Nevis	**2,302**	**12.0**
St. Lucia	**97**	**0.5**
St. Vincent and the Grenadines	**530**	**2.8**
Sub-total	**19,179**	**100.0**
Accrued interest	**72**	
Total	**$19,251**	

1/ There were no overdue installments of principal (2021 - Nil). There were no loans approved but not yet effective, neither were there any amounts undisbursed at December 31, 2022 (2021 – Nil).

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2021		
Member countries in which loans have been made	**Outstanding1/**	**% of Total Loans Outstanding**
Antigua and Barbuda	12,011	59.0
Belize	3,387	16.7
Dominica	1,112	5.5
Grenada	99	0.5
Jamaica	367	1.8
St. Kitts and Nevis	2,611	12.8
St. Lucia	141	0.7
St. Vincent and the Grenadines	601	3.0
Sub-total	20,329	100.0
Accrued interest	79	
Total	$20,408	

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS…*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2022			
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Out-standing[1/]**	**% of total loans outstanding**
Special Development Fund (Unified)				
Members/Contributors	**$42,760**	**$156,240**	**$627,228**	**100.0**
Accrued interest	**-**	**-**	**3,137**	
Total - Special Development Fund (Unified)	**$42,760**	**$156,240**	**$630,365**	
Special Development Fund (Other)				
Members				
Germany	**$-**	**$-**	**$72**	**0.4**
Mexico	**-**	**-**	**815**	**4.2**
Venezuela	**-**	**-**	**6,474**	**33.8**
	-	**-**	**7,361**	
Other contributors				
Sweden	**-**	**-**	**18**	**0.1**
United States of America	**-**	**-**	**11,800**	**61.5**
Sub-total – SDF (Other)	**-**	**-**	**19,179**	**100.0**
Accrued interest	**-**	**-**	**72**	
Total – Special Development Fund (Other)	**$-**	**$-**	**$19,251**	
Total Special Development Fund	**$-**	**$-**	**$649,616**	

1/There were no overdue installments of principal (2021- nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS…*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

Analysis by Contributor	2021 Loans approved but not yet effective	Undisbursed	Out-standing[1/]	% of total loans outstanding
Special Development Fund (Unified)				
Members/Contributors	$45,760	$184,067	$615,141	100.0
Accrued interest	-	-	3,113	
Total - Special Development Fund (Unified)	$45,760	$184,067	$618,254	
Special Development Fund (Other)				
Members				
Germany	$-	$-	$78	0.4
Mexico	-	-	946	4.7
Venezuela	-	-	7,485	36.8
	-	-	8,509	
Other contributors				
Sweden	-	-	20	0.1
United States of America	-	-	11,800	58.0
Sub-total – SDF (Other)	-	-	20,329	100.0
Accrued interest			79	
Total – Special Development Fund (Other)	$-	$-	$20,408	
Total Special Development Fund	$45,760	$184,067	$638,662	

1/There were no overdue installments of principal.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS…*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

Currencies Receivable	2022 Loans outstanding 2021	Net interest earned	Disbursements	Repayments	Loans outstanding 2022
(a) Special Development Fund (Unified)					
United States dollars	$615,141	$ -	$ 47,937	$(35,850)	$627,228
Accrued interest	3,113	24	-	-	3,137
Total – December 31	$618,254	$24	$47,937	$(35,850)	$630,365
(b) Special Development Fund (Other)					
United States dollars	$20,329	$-	$-	$(1,150)	$ 19,179
Accrued interest[1]	79	(7)	-	-	72
Total – December 31	$20,408	$(7)	$	$(1,150)	$19,251

January 1, 2023 to December 31, 2023	$42,063
January 1, 2024 to December 31, 2024	39,481
January 1, 2025 to December 31, 2025	41,072
January 1, 2026 to December 31, 2026	44,516
January 1, 2027 to December 31, 2027	44,234
January 1, 2028 to December 31, 2032	193,495
January 1, 2033 to December 31, 2037	135,371
January 1, 2038 to December 31, 2042	87,458
January 1, 2043 to December 31, 2047	21,926
Total – December 31	$649,616

1/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS…*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2021

Currencies Receivable	Loans outstanding 2020	Net interest earned	Disbursements	Repayments	Loans outstanding 2021
(c) Special Development Fund (Unified)					
United States dollars	$590,183	$-	$59,301	$(34,343)	$615,141
Accrued interest	3,056	57	-	-	3,113
Total – December 31	$593,239	$57	$59,301	$(34,343)	$618,254
(d) Special Development Fund (Other)					
United States dollars	$21,503	$-	$-	$(1,174)	$20,329
Accrued interest[1]	86	(7)	-	-	79
Total – December 31	$21,589	$(7)	$-	$(1,174)	$20,408

January 1, 2022 to December 31, 2022	$39,942
January 1, 2023 to December 31, 2023	38,118
January 1, 2024 to December 31, 2024	38,516
January 1, 2025 to December 31, 2025	39,369
January 1, 2026 to December 31, 2026	42,386
January 1, 2027 to December 31, 2031	190,948
January 1, 2032 to December 31, 2036	134,239
January 1, 2037 to December 31, 2041	87,573
January 1, 2042 to December 31, 2046	27,495
January 1, 2047 to December 31, 2047	76
Total – December 31	$638,662

1/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2022				
Contributors	**Total approved[1/]**	**Approved but not yet effective[2/]**	**Total contribution agreed**	**Amounts made available**	**Receivable from members non-negotiable demand notes**
Special Development Fund (Unified) Members					
Trinidad and Tobago	$68,305	$-	$68,305	$63,789	$23,380
Bahamas	39,086	7,231	31,855	31,855	14,908
Barbados	35,851	10,170	25,681	25,681	2,833
Brazil	5,000	-	5,000	5,000	-
Jamaica	67,818	-	67,818	61,326	19,113
Guyana	39,087	-	39,087	34,471	-
Antigua and Barbuda	5,326	2,437	2,889	2,889	777
Belize	9,861	1,773	8,088	8,088	3,788
Dominica	9,601	1,773	7,828	7,828	2,065
St. Kitts and Nevis	9,861	4,727	5,134	5,134	-
St. Lucia	9,861	-	9,861	8,974	1,819
St. Vincent and the Grenadines	9,874	1,773	8,101	8,101	923
Grenada	7,263	-	7,263	5,933	3,853
Montserrat	4,119	778	3,341	3,341	-
British Virgin Islands	4,119	-	4,119	3,730	-
Turks and Caicos Islands	4,119	-	4,119	4,119	-
Cayman Islands	4,019	2,679	1,340	1,340	-
Anguilla	4,119	2,074	2,045	2,045	571
Colombia	37,657	-	37,657	35,324	-
Venezuela	37,125	15,142	21,983	21,983	-
Canada	396,279	-	396,279	408,153	-
United Kingdom	290,387	-	290,387	295,106	6,322
Germany	126,122	-	126,122	117,093	2,135
Italy	73,884	-	73,884	71,806	-
China	61,428	-	61,428	58,158	-
Haiti	4,660	3,100	1,560	1,560	-
Suriname	15,561	7,231	8,330	8,330	2,758
Mexico	27,591	10,591	17,000	17,000	-
	1,407,983	71,479	1,336,504	1,318,157	85,245
Other contributors					
France	58,254	-	58,254	58,254	-
Chile	10	-	10	10	-
Netherlands	24,902	-	24,902	24,902	-
	1,491,149	71,479	$1,419,670	1,401,323	85,245
Technical assistance allocation	(640,600)	-	(640,600)	(640,600)	-
	$850,549	$71,479	$779,070	$760,723	$85,245

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2022				
Contributors	**Total approved 1/**	**Approved but not yet effective 2/**	**Total contribution agreed**	**Amounts made available 3/**	**Receivable from members non-negotiable demand notes**
Sub-total brought forward – SDF –Unified	**$850,549**	**$71,479**	**$779,070**	**$760,723**	**$85,245**
Special Development Fund – Other					
Members					
Colombia	**5,000**	**-**	**5,000**	**5,000**	**-**
Mexico	**13,067**	**-**	**13,067**	**13,067**	**-**
Venezuela	**17,473**	**-**	**17,473**	**17,473**	**-**
	35,540	**-**	**35,540**	**35,540**	**-**
Other contributors					
Sweden	**2,506**	**-**	**2,506**	**2,506**	**-**
	38,046	**-**	**38,046**	**38,046**	**-**
Technical Assistance Allocation	**(10,000)**	**-**	**(10,000)**	**(10,000)**	**-**
Sub-total – SDF - Other	**28,046**	**-**	**28,046**	**28,046**	**-**
Total SDF	**$878,595**	**$71,479**	**$807,116**	**$788,769**	**$85,245**
Summary					
Members	**$802,923**	**71,479**	**$731,444**	**$713,097**	**$85,245**
Other contributors	**75,672**	**-**	**75,672**	**75,672**	**-**
Total SDF	**$878,595**	**$71,479**	**$807,116**	**$788,769**	**$85,245**

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

3/ There were no amounts not yet made available

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

2021

Contributors	Total approved1/	Approved but not yet effective2/	Total contribution agreed	Amounts made available	Receivable from members non-negotiable demand notes
Special Development Fund (Unified) Members					
Trinidad and Tobago	$68,305	$-	$68,305	$59,272	$7,784
Bahamas	39,086	7,231	31,855	31,855	14,908
Barbados	35,851	10,170	25,681	25,681	2,833
Brazil	5,000	-	5,000	5,000	-
Jamaica	67,818	12,984	54,834	54,834	16,223
Guyana	39,087	7,231	31,856	31,856	420
Antigua and Barbuda	5,326	2,437	2,889	2,889	777
Belize	9,861	1,773	8,088	8,088	3,788
Dominica	9,601	1,773	7,828	7,828	2,065
St. Kitts and Nevis	9,861	4,727	5,134	5,134	-
St. Lucia	9,861	-	9,861	8,531	1,819
St. Vincent and the Grenadines	9,874	1,773	8,101	8,101	1,441
Grenada	7,263	-	7,263	5,933	4,297
Montserrat	4,119	778	3,341	3,341	-
British Virgin Islands	4,119	-	4,119	3,536	-
Turks and Caicos Islands	4,119	-	4,119	4,119	-
Cayman Islands	4,019	2,679	1,340	1,340	-
Anguilla	4,119	2,074	2,045	2,045	571
Colombia	37,657	3,500	34,157	34,157	-
Venezuela	37,124	15,142	21,982	21,982	-
Canada	396,279	-	396,279	392,285	-
United Kingdom	290,387	-	290,387	290,183	7,075
Germany	126,123	-	126,123	113,983	3,509
Italy	73,884	-	73,884	72,078	-
China	61,428	-	61,428	57,417	-
Haiti	4,660	3,100	1,560	1,560	-
Suriname	15,561	7,231	8,330	8,330	2,757
Mexico	27,591	10,591	17,000	17,000	-
	1,407,983	95,194	1,312,789	1,278,358	70,267
Other contributors					
France	58,254	-	58,254	58,254	-
Chile	24,902	-	24,902	24,902	-
Netherlands	10	-	10	10	-
	1,491,149	95,194	$1,395,955	1,361,524	70,267
Technical assistance allocation	(607,600)	-	(607,600)	(607,600)	-
	$883,549	$95,194	$788,355	$753,924	$70,267

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
As at December 31, 2022
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2021				
Contributors	**Total approved 1/**	**Approved but not yet effective 2/**	**Total contribution agreed**	**Amounts made available 3/**	**Receivable from members non-negotiable demand notes**
Sub-total brought forward – SDF –Unified	$883,549	$95,194	$788,355	$753,924	$70,267
Special Development Fund – Other					
Members					
Colombia	5,000	-	5,000	5,000	-
Mexico	13,067	-	13,067	13,067	-
Venezuela	17,473	-	17,473	17,473	-
	35,540	-	35,540	35,540	-
Other contributors					
Sweden	2,870	-	2,870	2,870	-
	38,410	-	38,410	38,410	-
Technical Assistance Allocation	(10,000)	-	(10,000)	(10,000)	-
Sub-total – SDF - Other	28,410	-	28,410	28,410	-
Total SDF	$911,959	$95,194	$816,765	$782,334	$70,267
Summary					
Members	$825,923	$95,194	$730,729	$696,298	$70,267
Other contributors	86,036	-	86,036	86,036	-
Total SDF	$911,959	$95,194	$816,765	$782,334	$70,267

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

3/ There were no amounts not yet made available

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES...*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

			2022		
Currencies	**Amounts made available 2021**	**Translation adjustment**	**Drawdowns/ appropriations from capital[1/]**	**Repayments**	**Amounts made available 2022**
(a) Special Development Fund (Unified)					
Euros	$ 8,308	$(471)	$3,310	$-	$ 11,147
Pounds sterling	13,138	(1,398)	6,321	-	18,061
United States dollar	732,478	-	(963)	-	731,515
	$753,924	$(1,869)	$8,668	$-	$760,723
(b) Special Development Fund (Other)					
Swedish kroners	$2,870	(364)	$-	$-	$ 2,506
United States dollars	25,540	-	-	-	25,540
	$28,410	$(364)	$-	$-	$28,046

1/Net of conversations to United States dollars in accordance with the funding Rules of the Unified Special Development Fund.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES...*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2021				
Currencies	**Amounts made available 2020**	**Translation adjustment**	**Drawdowns/ appropriations from capital[1/]**	**Repayments**	**Amounts made available 2021**
(a) Special Development Fund (Unified)					
Euros	$1,627	$(127)	$6,808	$-	$8,308
Pounds sterling	6,140	(76)	7,074	-	13,138
United States dollar	739,630	-	(7,152)	-	732,478
	$747,397	$(203)	$6,730	$-	$753,924
(b) Special Development Fund (Other)					
Swedish kroners	$3,183	(313)	$-	$-	$2,870
United States dollars	25,540	-	-	-	25,540
	$28,723	$(313)	$-	$-	$28,410

1/Net of conversations to United States dollars in accordance with the funding Rules of the Unified Special Development Fund.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF ACCUMULATED NET INCOME
For the year ended December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 4

2022			
Contributors	**Brought forward 2021**	**Net income 2022**	**Carried forward 2022**
Special Development Fund (Unified)	**$56,697**	**$(21,963)**	**$34,734**
Special Development Fund (Other)			
Members			
Colombia	1,375	(388)	987
Germany	(1,949)	(97)	(2,046)
Mexico	239	(356)	(117)
Venezuela	(1,227)	(409)	(1,636)
	$(1,562)	$(1,250)	$(2,812)
Other contributors			
Sweden	$1,748	$74	$1,822
United States of America	11,235	(177)	11,058
	12,983	(103)	12,880
Sub-total – SDF - Other	11,421	(1,353)	10,068
Total Special Development Fund	**$68,118**	**$(23,316)**	**$44,802**
Summary			
Members	$55,135	$(23,213)	$31,922
Other contributors	12,983	(103)	12,880
Total Special Development Fund	**$68,118**	**$(23,316)**	**$44,802**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF ACCUMULATED NET INCOME…*continued*
For the year ended December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 4

2021

Contributors	Brought forward 2020	Net income 2021	Carried forward 2021
Special Development Fund (Unified)	$64,002	$(7,305)	$56,697
Special Development Fund (Other)			
Members			
Colombia	1,456	(81)	1,375
Germany	(1,881)	(68)	(1,949)
Mexico	432	(193)	239
Venezuela	4,079	(5,306)	(1,227)
	$4,086	$(5,648)	$(1,562)
Other contributors			
Sweden	$1,607	$141	$1,748
United States of America	11,361	(126)	11,235
	12,968	15	12,983
Sub-total – SDF - Other	17,054	(5,633)	11,421
Total Special Development Fund	$81,056	$(12,938)	$68,118
Summary			
Members	$68,088	$(12,953)	$55,135
Other contributors	12,968	15	12,983
Total Special Development Fund	$81,056	$(12,938)	$68,118

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022
(expressed in thousands of United States dollars, unless otherwise stated)

1. NATURE OF OPERATIONS

The Special Development Fund (SDF) was established to carry out the special operations of the Caribbean Development Bank (the Bank) by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Due to the nature of the SDF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be presented in accordance with International Financial Reporting Standards (IFRS) and have been prepared in accordance with the accounting policies outlined below.

Preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Foreign currency translation

Functional and presentation currency
The functional and presentation currency of the Fund is the United States dollar (USD$) and the Fund's financial statements are rounded to the nearest thousand. Monetary assets and liabilities in currencies other than United States dollars are translated at market rates of exchange prevailing at the reporting date. Non-monetary items measured at historical cost in currencies other than United States dollars are translated using the exchange rates at the dates of the initial transactions.

Foreign currency transactions are initially translated into United States dollars at applicable rates of exchange on the transaction dates. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the statement of total comprehensive income for the year.

Debt securities at fair value through profit or loss

All debt securities are in a portfolio designated at fair value through the profit or loss and reported at fair market value. Securities are recognised on the statement of financial position when the Fund assumes related contractual rights and de-recognised when the rights to secure cash flows from the financial asset expire or when all risks and rewards of ownership have been substantially transferred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Debt securities at fair value through profit or loss…*continued*

Regular way purchases and sales of financial assets are recognised on the settlement date which is the date the Fund becomes a party to the contractual provisions of the instrument.

All securities are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income and accumulated net income. Gains and losses arising from changes in the fair value of debt securities through profit or loss are included in the profit for the year in the statement of comprehensive income and accumulated net income in the period in which they arise. Interest income earned whilst holding securities is reported as "*Interest and similar income - investments and cash balances*" in the statement of comprehensive income and accumulated net income.

Determination of fair value
For securities traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. A security is regarded as quoted in an active market if 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. If the above criteria are not met, the market is regarded as being inactive.

For securities in inactive markets, fair values are determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows, or other valuation techniques, using inputs (for example, LIBOR yield curves, FX rates, volatilities and counterparty spreads) existing at the reporting date.

The Fund uses widely recognised valuation models for determining fair values of non-standardised financial instruments. For these securities, inputs into models are generally market observable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Loans

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate method net of impairments if any.

All loans by the Fund are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are repayable to the Fund in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member countries in which the loans are made.

The Fund is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans nor does the Fund intend to sell these loans and as a result, the use of market data to arrive at the fair value of loans will not yield any meaningful results.

The Fund does not make provisions for impairment on loans as any loss that may occur is recognsied in the statement of comprehensive income and accumulated net income for that year.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition.

Technical assistance and grants

Technical assistance and grants for capital projects to borrowing member countries are provided either from grants received from contributors or from other resources specifically allocated for this purpose. The contributions from donors are included in the financial statements from the date of the contribution agreement. Technical assistance is recognised when the project is approved and becomes effective.

Interest income and charges on contributions

For instruments carried at amortised cost, interest income and expense are recognised in the statement of comprehensive income and accumulated net income using the effective interest rate method. Interest income and expense are recognised as earned for items classified as fair value through profit or loss.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

(expressed in thousands of United States dollars, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Administrative expenses

Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources ("OCR), the Other Special Funds ("OSF") and the SDF in accordance with a method of allocation approved by the Board of Directors.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	SDF Unified		SDF Other	
	2022	**2021**	**2022**	**2021**
Due to Banks	**$-**	$(3,650)	**$(5,381)**	$-
Due from banks	**7,206**	-		4,184
Time deposits	**11,378**	23,173	**9,921**	4,961
	$18,584	$19,523	**$4,540**	$9,145

4. DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

As part of its overall portfolio management strategy, the Bank invests in Government, agency, supranational and bank obligations, including time deposits and euro commercial paper as well as corporate bonds. The Bank limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Bank.

The annualised rate of return on the average investments held during the year, including realised and unrealised gains and losses was a loss of 5.83% (2021: gain of 1.03%). Net realised losses on investments traded during 2022 for the Unified and Other funds amounted to $49 (2021: Losses of $336) and net unrealised losses were $24,104 (2021: Losses of $7,792).

5. FUNDS

In accordance with the Agreement establishing the Bank (the Charter), Special Funds Resources comprise the Special Development Fund and Other Special Funds established or administered by the Bank, including technical assistance and other grant resources contributed on a non-reimbursable basis. The Special Development Fund was established to receive contributions or loans which may be used to make or guarantee loans of high developmental priority, comprising longer maturities, longer deferred commencement of repayment and lower interest rates than those determined by the Bank in its Ordinary Operations. As a result of Rules adopted by the Bank in May 1983 for the Special Development Fund, contributions to the Special Development Fund currently comprise funds made available to the Bank under the rules applicable to the old Special Development Fund (referred to herein as “Other”) and shown separately from funds made available to the Bank from the Unified SDF (referred to herein as “Unified”).

Details of contributions and loan resources to the Special Development Fund are stated at the equivalent in thousands of United States dollars where such contributions and loans have been made in currencies other than United States dollars, and are as follows:

(i) Special Development Fund – Unified

	2022	2021
Contributions (as per Schedule 3)	**$760,723**	$753,924

All contributions to the Special Development Fund - Unified are interest-free with no date for repayment.

Effective October 27, 2000, France ceased to be a member of the Bank, however under the Rules of the Special Development Fund, its contributions are non-reimbursable.

(ii) Special Development Fund – Other

	2022	2021
Colombia (as per Schedule 3)	**$5,000**	$5,000

The contribution is interest-free and was not repayable before 2000. The agreement with the contributor provides that not less than 5% or more than 10% of the contribution may be used for technical assistance.

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS...*continued*

(ii) Special Development Fund – Other ...*continued*

	2022	2021
Mexico		
First contribution	**$7,000**	$7,000
Second contribution	**5,000**	5,000
Third contribution	**3,333**	3,333
	15,333	15,333
Less technical assistance	**(12,266)**	(12,266)
	3,067	3,067
Technical assistance resources	**$16,285**	$16,285

The contributions are interest-free and were not subject to call before 2009.

	2022	2021
Venezuela		
First contribution	**$10,000**	$10,000
Less technical assistance	**(177)**	(177)
	9,823	9,823
Second contribution	**7,650**	7,650
Sub-total (as per Schedule 3)	**$17,473**	$17,473

The contributions are interest-free and were not subject to call before 1999 and 2006, respectively. The agreement with the contributor provides that up to 10% of the first contribution may be used to finance technical assistance on the basis of contingent recovery.

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS...*continued*

(ii) Special Development Fund – Other...*continued*

	2022	2021
Sweden (as per Schedule 3)	**$2,506**	$2,870

The contribution is interest-free with no definite date for repayment.

	2022	2021
United States of America		
First contribution	**$10,000**	$10,000
Less repayments	**(10,000)**	(10,000)
	$-	$-
Second contribution	**12,000**	12,000
Less repayments	**(12,000)**	(12,000)
	$-	$-
Technical Assistance	**$302**	$302

6. ACCUMULATED NET INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

In accordance with the rules of the Special Development Fund, the accumulated net income and total comprehensive income for the current year form part of the contributed resources of the fund and are not available for allocation by the Board of Governors.

(expressed in thousands of United States dollars, unless otherwise stated)

7. TECHNICAL ASSISTANCE AND GRANT RESOURCES – UNIFIED AND OTHER

In accordance with paragraph 4.9.2 of the Rules for the Special Development Fund, allocations/appropriations of income and capital of the Fund may be made for the purpose of the Bank's technical assistance and grant operations. The movements during the years ended December 31, 2022 and 2021 were as follows:

Balance at December 31, 2020	**$148,888**
Allocations for the year	**23,000**
Expenditure for the year	**(22,310)**
Balance at December 31, 2021	**$149,578**
Allocations for the year	**22,999**
Expenditure for the year	**(14,312)**
Balance at December 31, 2022	**$158,265**

8. LOANS OUTSTANDING – UNIFIED AND OTHER

The average interest rate earned on loans outstanding was 1.80% (2021: 1.84%). There were no impaired loans at or during the financial years ended December 31, 2022 and 2021.

9. ACCOUNTS PAYABLE – UNIFIED AND OTHER

	2022	**2021**
Accounts payable – general	**$39,828**	$44,817
Interfund payables	**15,964**	15,319
	$55,792	$60,136

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – OTHER SPECIAL FUNDS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Other Special Funds** ("the Fund") of the **Caribbean Development Bank** ("the Bank"), which comprise the statement of financial position as at December 31, 2022, the statements of comprehensive income and accumulated net income and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Fund for the year ended December 31, 2022 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

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 Fund in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Barbados and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – OTHER SPECIAL FUNDS

Report on the Audit of the Financial Statements (continued)

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Bank's 2022 Annual Report, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the basis of accounting as described in Note 2, 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.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – OTHER SPECIAL FUNDS

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

The Oversight and Assurance Committee is responsible for overseeing the Fund's financial reporting process.

Auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – OTHER SPECIAL FUNDS

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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

We communicate with the Oversight and Assurance Committee 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.

INDEPENDENT AUDITORS' REPORT (Continued)

TO THE BOARD OF GOVERNORS OF
CARIBBEAN DEVELOPMENT BANK – OTHER SPECIAL FUNDS

Report on the Audit of the Financial Statements (continued)

Restriction on Use and Distribution

This report is made solely to the Fund's contributors, as a body, in accordance with Article 38, sub-section 2 of the Agreement establishing the Caribbean Development Bank entered into force on January 26, 1970. Our audit work has been undertaken so that we might state to the Fund's contributors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's contributors as a body, for our audit work, for this report, or for the opinion we have formed.

KPMG

Chartered Accountants
Bridgetown, Barbados
June 2, 2023

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

	2022	2021
Assets		
Cash and cash equivalents – Note 3	**$10,125**	$28,149
Investments (Schedule 1)	**52,366**	55,945
Loans outstanding (Schedule 2)	**95,845**	83,775
Receivable from members		
Non-negotiable demand notes – Note 8	**155,102**	220,400
Accounts receivable – Note 9	**34,703**	48,110
Total assets	**$348,141**	$436,379
Liabilities and Funds		
Liabilities		
Accounts payable	**$130**	$80
Accrued charges on contributions repayable	**211**	183
	341	263
Funds		
Contributed resources (Schedule 3)	**69,515**	53,050
Accumulated net income (Schedule 4)	**59,798**	66,794
	129,313	119,844
Technical assistance and other grant resources (Schedule 5)	**218,487**	316,272
Total liabilities and funds	**$348,141**	$436,379

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED NET INCOME
For the year ended December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

	2022	2021
Interest and similar income		
Loans	**$2,005**	$1,600
Investments and cash balances	**1,758**	587
	3,763	2,187
Unrealised (losses)/gains on investments	**(1,322)**	2,899
Total income	**2,441**	5,086
Expenses		
Administrative expenses	**2,083**	1,108
Charges on contributions repayable	**1,461**	1,170
Foreign exchange translation	**5,893**	1,886
Total expenses	**9,437**	4,164
Total comprehensive (loss)/income for the year	**$(6,996)**	$922
Accumulated net income		
Accumulated net income – beginning of year	**$66,794**	$68,506
Appropriations	**-**	(2,634)
Total comprehensive (loss)/income for the year	**(6,996)**	922
Accumulated net income – end of year	**$59,798**	$66,794

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

	2022		2021	
Operating activities				
Total comprehensive (loss)/income for the year	**$(6,996)**		$922	
Adjustments for non-cash items				
Net unrealised loss/(gain) on investments	**1,322**		(622)	
Interest income	**(3,763)**		(4,464)	
Interest expense	**1,461**		1,108	
Unrealised net foreign exchange gain	**(184)**		(66)	
Total cash flow used in operating activities before changes in operating assets and liabilities		**(8,160)**		(3,122)
Changes in operating assets and liabilities				
Decrease/(increase) in accounts receivable	**13,407**		(11,991)	
Decrease in non-negotiable demand notes	**65,298**		15,247	
Increase in accounts payable	**50**		80	
Cash provided by operating activities		**70,595**		214
Disbursements on loans		**(19,016)**		(12,314)
Principal repayments to the Bank on loans		**6,820**		6,868
Technical assistance disbursements		**(90,861)**		(47,732)
Interest received		**3,453**		4,482
Net decrease/(increase) in investments		**2,364**		(7,710)
Net cash used in operating activities		**(26,645)**		(56,192)
Financing activities				
Interest paid	**(1,433)**		(1,119)	
Contributions:				
Increase in contributions to fund loans	**19,376**		3,381	
Reimbursement of repayable contributions	**(2,398)**		(2,694)	
Technical assistance contributions	**(6,924)**		35,215	
Net cash provided by financing activities		**8,621**		34,783
Appropriation of accumulated net income		**-**		(2,634)
Net decrease in cash and cash equivalents		**(18,024)**		(24,043)
Cash and cash equivalents at beginning of year		**28,149**		52,192
Cash and cash equivalents at end of year		**$10,125**		$28,149

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF INVESTMENTS
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 1

Investments	2022	2021
Debt securities at fair value through profit or loss – Note 4		
Government and Agency obligations	**$11,721**	$17,423
Supranationals	**16,718**	12,558
Other securities		
Mutual Funds	**10,579**	10,663
Equity Investments	**13,155**	15,215
Sub-total	**52,173**	55,859
Accrued interest	**193**	86
	$52,366	$55,945

Residual Term to Contractual Maturity

	2022	2021
1 – 3 months	**$26,917**	$27,975
3 months - 1 year	**3,844**	6,576
1 year - 5 years	**21,605**	21,394
	$52,366	$55,945

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2022			
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Antigua and Barbuda	**$4,695**	**$4,083**	**$3,049**	**3.2**
Barbados	**-**	**-**	**8,438**	**8.9**
Dominica	**-**	**5,370**	**16,892**	**17.7**
Grenada	**-**	**-**	**23,043**	**24.2**
Guyana	**-**	**-**	**1,485**	**1.6**
Jamaica	**-**	**-**	**16,909**	**17.8**
St. Kitts and Nevis	**-**	**631**	**4,453**	**4.7**
St. Lucia	**10,437**	**609**	**10,400**	**10.9**
St. Vincent and the Grenadines	**4,404**	**1**	**10,570**	**11.0**
Sub-total	**19,536**	**10,694**	**95,239**	**100.0**
Accrued interest	**-**	**-**	**606**	
	$19,536	**$10,694**	**$95,845**	

[1/]There were no overdue installments of principal at December 31, 2022 (2021 - nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2022
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2021				
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Antigua and Barbuda	$-	$-	$1,784	2.1
Barbados	-	-	8,951	10.7
Dominica	-	7,340	15,959	19.1
Grenada	-	5,950	18,314	22.0
Guyana	-	-	1,731	2.1
Jamaica	-	-	18,515	22.3
St. Kitts and Nevis	-	-	1,189	1.4
St. Lucia	-	612	11,655	14.0
St. Vincent and the Grenadines	-	5,957	5,171	6.2
Trinidad and Tobago	-	-	103	0.1
Sub-total		19,859	83,372	**100.0**
Accrued interest	-	-	403	
	$-	$19,859	$83,775	

[1/]There were no overdue installments of principal at December 31, 2021.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2022			
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Members				
Trinidad and Tobago	$-	$-	$2	0.0
Other contributors				
Caribbean Development Bank	-	-	37,091	38.9
Nigeria	-	-	1,519	1.6
Inter-American Development Bank	19,536	10,694	49,882	52.4
International Development Association	-	-	6,745	7.1
Sub-total	19,536	10,694	95,239	100.0
Accrued interest	-	-	606	
	$19,536	$10,694	$95,845	

[1/] There were no overdue installments of principal at December 31, 2022 (2021 – nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2021			
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Members				
Trinidad and Tobago	$-	$-	$2	0.0
Other contributors				
Caribbean Development Bank	-	-	40,292	48.3
Nigeria	-	-	1,766	2.1
Inter-American Development Bank	-	19,859	33,071	39.7
European Union	-	-	241	0.3
International Development Association	-	-	8,000	9.6
Sub-total			83,372	100.0
Accrued interest	-	-	403	
	$-	$19,859	$83,775	

[1/] There were no overdue installments of principal at December 31, 2021.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2022					
Currencies receivable	**Loans out-standing 2021**	**Translation adjustment**	**Net Interest earned**	**Disburse-ments**	**Repay-ments**	**Loans out-standing 2022**
Euros	$242	$(14)	$-	$-	$(228)	$-
Special Drawing Rights	6,426	(315)	-	-	(743)	5,368
United States dollars	76,704	-	-	19,016	(5,849)	89,871
Sub-total	83,372	(329)	-	19,016	(6,820)	95,239
Accrued interest[1]	403	-	203	-	-	606
	$83,775	$(329)	$203	$19,016	$(6,820)	$95,845

1/ Relates to amounts disbursed and outstanding.

Maturity structure of loans outstanding

January 1, 2023 to December 31, 2023	$7,355
January 1, 2024 to December 31, 2024	7,229
January 1, 2025 to December 31, 2025	7,599
January 1, 2026 to December 31, 2026	7,515
January 1, 2027 to December 31, 2027	7,101
January 1, 2028 to December 31, 2032	29,076
January 1, 2033 to December 31, 2037	15,198
January 1, 2038 to December 31, 2042	6,777
January 1, 2043 to December 31, 2046	2,597
January 1, 2047 to December 31, 2054	5,398
	$95,845

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2022
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2021					
Currencies receivable	**Loans out-standing 2020**	**Translation adjustment**	**Net Interest earned**	**Disburse-ments**	**Repay-ments**	**Loans out-standing 2021**
Euros	$520	$(40)	$-	$-	$(238)	$242
Special Drawing Rights	7,418	(209)	-	-	(783)	6,426
United States dollars	70,237	-	-	12,314	(5,847)	76,704
Sub-total	78,175	(249)	-	12,314	(6,868)	83,372
Accrued interest[1]	419	-	(16)	-	-	403
	$78,594	$(249)	$(16)	$12,314	$(6,868)	$83,775

1/ Relates to amounts disbursed and outstanding.

Maturity structure of loans outstanding

January 1, 2022 to December 31, 2022	$7,276
January 1, 2023 to December 31, 2023	6,631
January 1, 2024 to December 31, 2024	7,110
January 1, 2025 to December 31, 2025	6,810
January 1, 2026 to December 31, 2026	6,654
January 1, 2027 to December 31, 2031	25,833
January 1, 2032 to December 31, 2036	14,122
January 1, 2037 to December 31, 2041	2,604
January 1, 2042 to December 31, 2046	1,342
January 1, 2047 to December 31, 2054	5,393
	$83,775

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2022 Contributions	
Contributors	**Total[1/]**	**Amounts made available**
Members		
Canada	$6,479	$6,479
Other contributors		
Inter-American Development Bank	148	148
Contributed resources	6,627	6,627
Other contributors		
Inter-American Development Bank [1/]	54,195	54,195
European Union	152	152
International Development Association	8,541	8,541
Repayable contributions	62,888	62,888
	$69,515	$69,515

[1/]Net of cancellations and repayments.

Maturity structure of repayable contributions outstanding

January 1, 2023 to December 31, 2023	$2,399
January 1, 2024 to December 31, 2024	2,349
January 1, 2025 to December 31, 2025	2,298
January 1, 2026 to December 31, 2026	3,398
January 1, 2027 to December 31, 2027	3,398
January 1, 2028 to December 31, 2032	15,664
January 1, 2033 to December 31, 2037	12,838
January 1, 2038 to December 31, 2042	10,431
January 1, 2043 to December 31, 2053	10,113
	$62,888

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS...*continued*
As at December 31, 2021

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2021	
	Contributions	
Contributors	**Total[1/]**	**Amounts made available**
Members		
Canada	$6,570	$6,570
Other contributors		
Inter-American Development Bank	148	148
Contributed resources	6,718	6,718
Other contributors		
Inter-American Development Bank [1/]	36,224	36,224
European Union	267	267
International Development Association	9,841	9,841
Repayable contributions	46,332	46,332
	$53,050	$53,050

[1/]Net of cancellations and repayments.

Maturity structure of repayable contributions outstanding

January 1, 2022 to December 31, 2022	$2,440
January 1, 2023 to December 31, 2023	2,441
January 1, 2024 to December 31, 2024	2,388
January 1, 2025 to December 31, 2025	2,334
January 1, 2026 to December 31, 2026	2,484
January 1, 2027 to December 31, 2031	11,564
January 1, 2032 to December 31, 2036	8,883
January 1, 2037 to December 31, 2041	5,780
January 1, 2042 to December 31, 2053	8,018
	$46,332

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS...*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

2022

Currencies Repayable	Contributions made available 2021	Translation adjustment	Drawdowns /appropriations from capital	Repayments	Contributions made available 2022
Canadian dollars	**$1,570**	**$(91)**	**$-**	**$-**	**$1,479**
Euros	**267**	**(15)**	**-**	**(100)**	**152**
Special Drawing Rights	**8,286**	**(407)**	**-**	**(698)**	**7,181**
United States dollars	**42,927**	**-**	**19,376**	**(1,600)**	**60,703**
	$53,050	**$(513)**	**$19,376**	**$(2,398)**	**$69,515**

2021

Currencies Repayable	Contributions made available 2020	Translation adjustment	Drawdowns /appropriations from capital	Repayments	Contributions made available 2021
Canadian dollars	$1,570	$-	$-	$-	$1,570
Euros	680	(53)	-	(360)	267
Special Drawing Rights	9,282	(262)	-	(734)	8,286
United States dollars	41,146	-	3,381	(1,600)	42,927
	$52,678	$(315)	$3,381	$(2,694)	$53,050

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF ACCUMULATED NET INCOME
For the year ended December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 4

Contributors	Brought forward 2021	Net (loss)/income 2022	Carried forward 2022
General Funds	$59,282	$1,723	$61,005
European Investment Bank	(763)	(15)	(778)
European Union	2,574	(35)	2,539
Inter-American Development Bank	(3,651)	(2,030)	(5,681)
International Development Association	299	72	371
Nigeria	5,618	(121)	5,497
United States of America	1,864	(36)	1,828
United Kingdom	1,616	(6,084)	(4,468)
Venezuela	46	3	49
European Commission	(91)	(530)	(621)
BMZ/ The Federal Government of Germany	5	(3)	2
Agence Francaise de Developpement	(5)	60	55
	$66,794	$(6,996)	$59,798

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF ACCUMULATED NET INCOME...*continued*
For the year ended December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

	2021			
Contributors	**Brought forward 2020**	**Net income/(loss) 2021**	**Appropriations**	**Carried forward 2021**
General Funds	$57,478	$4,105	$(2,301)	$59,282
European Investment Bank	(740)	(23)	-	(763)
European Union	2,626	(52)	-	2,574
Inter-American Development Bank	(2,545)	(1,106)		(3,651)
International Development Association	269	30		299
Nigeria	5,713	(95)	-	5,618
United States of America	1,932	(54)	(14)	1,864
United Kingdom	2,776	(951)	(209)	1,616
Venezuela	46	-	-	46
European Commission	983	(964)	(110)	(91)
BMZ/ The Federal Government of Germany	13	(8)	-	5
Agence Francaise de Developpement	(45)	40		(5)
	$68,506	$922	$(2,634)	$66,794

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 5

	2022			
	Contributors			
Contributors	Total[1/]	Amounts made available	Amounts utilised	Net Amounts available
Members				
Canada	$86,987	$86,987	$75,260	$11,727
United Kingdom	292,932	292,932	170,865	122,067
Italy	522	522	522	-
China	677	677	270	407
Venezuela	585	585	-	585
Germany	456	456	476	(20)
	382,159	382,159	247,393	134,766
Other contributors				
Caribbean Development Bank	298,267	298,267	232,297	65,970
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	26,455	26,455	24,765	1,690
Nigeria	193	193	193	-
European Commission	44,469	44,469	32,538	11,931
European Investment Bank Climate Action Support	2,184	2,184	1,074	1,110
Agence Francaise de Developpement	2,175	2,175	1,077	1,098
United Nations	8,390	8,390	6,468	1,922
Improve Public Investment Management through Procurement	320	320	320	-
Sub-total	383,860	383,860	300,139	83,721
Total – December 31	$766,019	$766,019	$547,532	$218,487
Summary				
Basic Needs Trust Fund	$219,750	$219,750	$190,838	$28,912
Other resources	546,269	546,269	356,694	189,575
	$766,019	$766,019	$547,532	$218,487

[1/] Net of cancellation and resources fully utilized and expended in non-reimbursable operations.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES...*continued*
As at December 31, 2022

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 5

	2021			
	Contributors			
Contributors	**Total[1/]**	**Amounts made available**	**Amounts utilised**	**Net Amounts available**
Members				
Canada	$88,390	$88,390	$72,349	$16,041
United Kingdom	308,598	308,598	99,121	209,477
Italy	522	522	522	-
China	677	677	270	407
Venezuela	586	586	-	586
Germany	493	493	497	(4)
	399,266	399,266	172,759	226,507
Other contributors				
Caribbean Development Bank	288,274	288,274	224,381	63,893
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	26,455	26,455	24,232	2,223
Nigeria	193	193	193	-
European Commission	46,286	46,286	31,477	14,809
European Investment Bank Climate Action Support	2,184	2,184	728	1,456
Agence Francaise de Developpement	1,078	1,078	471	607
United Nations	7,480	7,480	703	6,777
Improve Public Investment Management through Procurement	320	320	320	-
Sub-total	373,677	373,677	283,912	89,765
Total – December 31	$772,943	$772,943	$456,671	$316,272
Summary				
Basic Needs Trust Fund	$209,750	$209,750	$183,720	$26,030
Other resources	563,193	563,193	272,951	290,242
	$772,943	$772,943	$456,671	$316,272

[1/] Net of cancellation and resources fully utilized and expended in non-reimbursable operations.

1. NATURE OF OPERATIONS

The Other Special Fund Group ("OSF" or "the Fund") was established to carry out the special operations of the Caribbean Development Bank ("the Bank") by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Due to the nature of the OSF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be presented in accordance with International Financial Reporting Standards (IFRS). These financial statements have been prepared in accordance with the accounting policies outlined below.

Preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Foreign currency translation

Functional and presentation currency
The functional and presentation currency of the Fund is the United States dollar (US$) and the Fund's financial statements are rounded to the nearest thousand. Monetary assets and liabilities in currencies other than United States dollars are translated at market rates of exchange prevailing at the reporting date. Non-monetary items measured at historical cost in currencies other than United States dollars are translated using the exchange rates at the dates of the initial transactions.

Foreign currency transactions are initially translated into United States dollars at applicable rates of exchange on the transaction dates. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in profit or loss in the statement of comprehensive income and accumulated net income for the year.

Investments
All investment securities with the exception of equities are in a portfolio designated at fair value through profit or loss and reported at fair market value. Securities are recognised on the statement of financial position when the Fund assumes related contractual rights and de-recognised when the rights to secure cash flows from the financial asset expire or when all risks and rewards of ownership have been substantially transferred. Equity instruments are carried at cost where they do not have a quoted market price in an active market and their fair value cannot be reliably measured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Regular way purchases and sales of financial assets are recognised on the settlement date which is the date the Fund becomes a party to the contractual provisions of the instrument.

All securities are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income and accumulated net income in the period during which they arise. Gains and losses arising from changes in the fair value of securities designated at fair value through profit or loss are included in technical assistance (TA) contributions/expenses for the year based on the terms of the specific fund. Interest or dividend income earned whilst holding securities is reported as "Interest and similar income - investments and cash balances" in the statement of comprehensive income and accumulated net income.

Equity investments are assessed for impairment annually. The impairment assessment is based on the net book value of the underlying asset and adjusted if the carrying value is less than the Fund's proportionate share of net assets. Impairment losses are recorded within "Interest and similar income - investments and cash balances" in the statement of comprehensive income and accumulated net income. Amounts distributed to the Fund are recorded as a return on investment until such investments are disposed and recorded as gains or losses.

Determination of fair value
For securities traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. A security is regarded as quoted in an active market if 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. If the above criteria are not met, the market is regarded as being inactive.

For debt securities in inactive markets fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows, or other valuation techniques, using inputs (for example, LIBOR yield curves, FX rates, volatilities and counterparty spreads) existing at the reporting date.

The Fund uses widely recognised valuation models for determining fair values of non-standardised financial instruments. For these securities, inputs into models are generally market-observable.

Loans
Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate method less any impairment.

All loans by the Fund are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are payable to the Fund in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member countries in which the loans are made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...*continued*

The Fund is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans nor does the Fund intend to sell these loans. As a result, the use of market data to arrive at the fair value of loans will not yield any meaningful results.

The Fund does not make provisions for impairment on loans as in the event of any such occurrences, the impairment would be recognised in the statement of comprehensive income and accumulated net income in the year that it occurred.

Cash and cash equivalents
For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition.

Technical assistance and grants
Technical assistance and grants for capital projects to borrowing member countries are provided either from non-reimbursable grants received from contributors or from other resources specifically allocated for this purpose. The contributions from donors are included in the financial statements from the date of the contribution agreement. Technical assistance is recognised when the project is approved and becomes effective.

Interest income and charges on contributions
Interest income and charges on contributions are recognised in the statement of comprehensive income and accumulated net income for all interest-bearing instruments carried at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Administrative expenses
Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources (OCR), the Other Special Funds (OSF) and the Special Development Fund (SDF) in accordance with a method of allocation which is approved by the Board of Directors.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2022	2021
Due from banks	**$3,618**	$(9,651)
Time deposits	**6,507**	37,800
	$10,125	$28,149

4. INVESTMENTS

As part of its overall portfolio management strategy, the Fund invests in Government agency, supranational and bank obligations, including time deposits. The Fund limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Fund.

The annualised rate of return on the average of these investment types held during the year, including realised and unrealised gains and losses was a loss of 2.72%. There were no net realised gains on these specific investments traded during 2022 and net unrealised losses amounted to $1,236.

Net realised gains on equities and mutual funds were $901 and net unrealised losses amounted to $85.

5. FUNDS

In accordance with the Agreement establishing the Bank (the Charter), Special Funds Resources comprise the SDF and OSF established or administered by the Bank, including technical assistance and other grant resources contributed on a non-reimbursable basis. For the purposes of these financial statements, the OSF has been presented separately from the SDF. The OSF was established in accordance with agreements between the Bank and the contributors and is for specific types of projects as agreed between the Bank and the contributors. In accordance with the Agreement, each Special Fund, its resources and accounts are kept entirely separate from other Special Funds, their resources and accounts.

These financial statements reflect the aggregated position of all the funds that comprise the OSF.

Technical assistance and other grant resources include resources for the Basic Needs Trust Fund and other resources established for specific purposes as determined between the Bank and the contributors.

5. FUNDS...*continued*

Details of contributions, loans and technical assistance resources of the OSF are stated at the equivalent in thousands of United States dollars where such contributions, loans and technical assistance grants have been made in currencies other than United States dollars and are as follows:

	2022	2021
Canada		
Agricultural[1/] (Schedule 3)	**$6,479**	$6,570
Technical assistance resources (Schedule 5)	**86,987**	88,390
Italy		
Technical assistance resources (Schedule 5)	**$522**	$522
China		
Technical assistance resources (Schedule 5)	**$677**	$677
Venezuela		
Technical assistance resources (Schedule 5)	**$585**	$586
Nigeria		
Technical assistance resources (Schedule 5)	**$193**	$193
United Kingdom		
Technical assistance resources (Schedule 5)	**$292,932**	$308,598
Inter-American Development Bank		
975/SF-RG	**$14,212**	$14,212
Less repayments	**(8,555)**	(8,136)
	$5,657	$6,076
1108/SF-RG Global Credit	**$20,000**	$20,000
Less repayments	**(6,885)**	(6,229)
	$13,115	$13,771

[1/] The contributions are interest-free with no date for repayment.

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS...*continued*

Inter-American Development Bank...*continued*

	2022	2021
1637/SF-RG Credit	**$9,923**	$9,923
Less repayments	**(2,315)**	(1,985)
	$7,608	7,938
2798/BL Regional Global Loan – OECS	**5,821**	5,439
5156/OC-RG Global Loan Covid19-OECS	**21,994**	3,000
Repayable contributions (Schedule 3)	**$54,195**	$36,224
Technical assistance resources (Schedule 5)	**$26,455**	$26,455

Loan 975/SF-RG is subject to interest at the rate of 1% per annum until 2006 and thereafter at 2% per annum and is repayable during the period 2003 to 2036.

Global Credit 1108/SF-RG was subject to interest at the rate of 1% for the first ten years and 2% thereafter and is repayable during the period 2012 to 2042.

Grenada Reconstruction 1637/SF-RG is subject to interest at the rate of 1% per annum until 2015 and thereafter at 2% per annum and is repayable during the period 2016 to 2045.

2798/BL Regional Global Loan is subject to interest at the rate of 0.5% fixed and is repayable in 2053.

5156/OC-RG Global Loan Covid19-OECS is subject to interest at the rate of 1.2% per annum and is repayable in full by 2045.

The loans are subject to a credit fee of 0.5% per annum on any undrawn balance.

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS...*continued*

	2022	2021
United States of America		
Technical Assistance resources (Schedule 5)	**$1,407**	$1,407

	2022	2021
European Union		
Second Contribution	**2,673**	2,688
Less repayments	**(2,521)**	(2,421)
Repayable contributions (Schedule 3)	**$152**	$267

The contributions are subject to interest at the rate of 1% per annum. The first contribution is repayable during the period 1992 to 2021 and the second contribution is repayable over the period 1994 to 2024.

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS...*continued*

International Development Association

	2022		2021		Due dates
Credit No. 960/CRG	**$6,480**		$6,480		1990-2029
Less repayments	**(5,119)**	**1,361**	(4,925)	1,555	
Credit No. 1364/CRG	**7,463**		7,592		
Less repayments	**(5,189)**	**2,274**	(4,973)	2,619	1993-2033
Credit No. 1785/CRG	**6,336**		6,485		
Less repayments	**(3,654)**	**2,682**	(3,469)	3,016	1997-2030
Credit No. 2135/CRG	**7,666**		7,796		
Less repayments	**(5,442)**	**2,224**	(5,145)	2,651	2000-2030
Repayable contributions (Schedule 3)		**$8,541**		$9,841	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding.

	2022	2021
Caribbean Development Bank		
Technical assistance resources (Schedule 5)	**$298,267**	$288,274
BMZ/ The Federal Government of Germany		
Technical assistance resources (Schedule 5)	**$456**	$493
European Investment Bank Climate Action Support		
Technical assistance resources (Schedule 5)	**$2,184**	$2,184
European Commission		
Technical assistance resources (Schedule 5)	**$44,469**	$46,286

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS…*continued*

	2022	2021
Improve Public Investment Management through Procurement		
Technical assistance resources (Schedule 5)	**$320**	$320

Included in the amounts shown against each contributor in Schedule 5 – "*Statement of Technical Assistance & Other Grant Resources*" are the following programmes for which specific disclosures are included in these financial statements.

2022	Approved amount	Amounts made available	Amounts utilised	Net Amounts available
European Union				
Sustainable Energy for the Eastern Caribbean (SEEC)	**€4,450**	**$3,895**	**$2,060**	**$1,835**
Geothermal Risk Mitigation for the Eastern Caribbean (EU-CIF)	**€12,350**	**$5,957**	**$6,075**	**$(118)**
United Kingdom				
Increasing Renewable Energy and Energy Efficiency in the Eastern Caribbean	**£4,305**	**$5,183**	**$5,109**	**$74**
Sustainable Energy for the Eastern Caribbean (SEEC)	**£2,500**	**$1,941**	**$1,394**	**$547**
Inter-American Development Bank [Acting as Administrator for the Global Environment Facility (GEF)]	**$3,014**	**$1,856**	**$1,684**	**$172**
Sustainable Energy Facility for the Eastern Caribbean (SEF)				
Inter-American Development Bank [Acting as Implementing entity for the Clean Technology Fund (CTF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	**$19,050**	**$19,050**	**$19,050**	**$-**
Canada				
Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C)	**CAD5,000**	**$3,841**	**$2,539**	**$1,302**

(expressed in thousands of United States dollars, unless otherwise stated)

5. FUNDS…*continued*

2021

	Approved amount	Amounts made available	Amounts utilised	Net Amounts available
European Union				
Sustainable Energy for the Eastern Caribbean (SEEC)	€4,450	$4,119	$1,848	$2,271
Geothermal Risk Mitigation for the Eastern Caribbean (EU-CIF)	€12,350	$6,301	$6,070	$232
United Kingdom				
Increasing Renewable Energy and Energy Efficiency in the Eastern Caribbean	£4,305	$5,744	$5,662	$82
Sustainable Energy for the Eastern Caribbean (SEEC)	£2,500	$2,152	$1,335	$816
Inter-American Development Bank [Acting as Administrator for the Global Environment Facility (GEF)]	$3,014	$1,856	$1,633	$223
Sustainable Energy Facility for the Eastern Caribbean (SEF)				
Inter-American Development Bank [Acting as Implementing entity for the Clean Technology Fund (CTF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	$19,050	$19,050	$19,050	$-
Canada				
Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C)	CAD5,000	$3,841	$2,287	$1,554

6. TOTAL ACCUMULATED INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

On an annual basis the Board of Governors determine the disposition of the accumulated net income and net income for the current year of each of the OSF, subject to any rules and regulations governing each Fund and any agreement relating thereto.

(expressed in thousands of United States dollars, unless otherwise stated)

7. LOANS

The average interest rate earned on loans outstanding was 2.32% (2021: 2.13%). There were no impaired loans at December 31, 2022 and 2021.

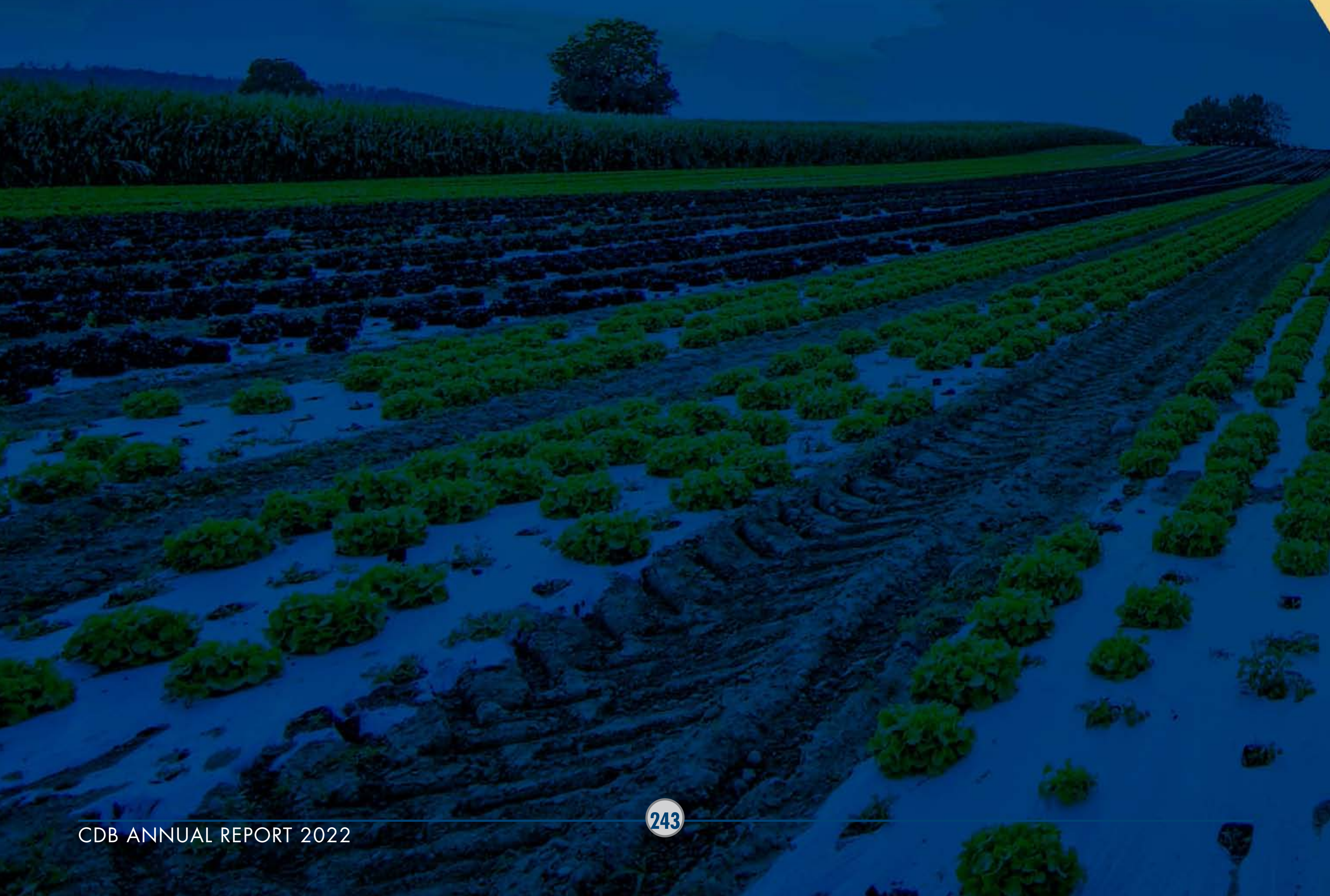
8. NON-NEGOTIABLE DEMAND NOTES

The non-negotiable demand notes of $155,102 (2021: $220,400) represent the equivalent of GBP 128,812 million (2021: GBP163.5 million) submitted to the Bank by the UK Department for International Development (DFID) against commitments under the UK Caribbean Infrastructure Fund (UKCIF). The UK Government has committed to donating GBP300 million over an eight (8) year period 2016 - 2024, from which grants are to be provided to build economic infrastructure which have been identified by DFID in countries eligible for overseas development assistance. By amendment letter dated July 26, 2018 the donation commitment from the UK Government under the UKCIF was increased to GBP330 million.

9. ACCOUNTS RECEIVABLE

	2022	**2021**
Institutional receivables	**$39,300**	$44,300
Accounts receivable	**(4,597)**	3,810
	$34,703	$48,110

SECTION 7
Appendices



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People's Republic of China	Mr. Yi Gang Governor People's Bank of China	
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Venezuela	Mr. Simon Zerpa Delgado President Venezuelan Economic and Social Development Bank (BANDES)	Ambassador Raul Licausi Director Latin America and Caribbean Ministry of Popular Power for Foreign Affairs

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PEOPLE'S REPUBLIC OF CHINA Mr. Jin Zhongxia Director-General International Department The People's Bank of China 32 Cheng Fang Street West District Beijing 100800 **CHINA** **TEL NO.** (86) (10) 6619-4266 **FAX NO.** (86) (10) 6601-6725 **Email: jzhongxia@pbc.gov.cn**	Mr. ZHAO Zhihao Chief Representative of the Liaison Office of the People's Bank of China and CDB's Alternate Director for China Embassy of the People's Republic of China No. 25 Foursquare Rockley Golf & Country Club Golf Club Road Christ Church **BARBADOS** **TEL NO.** (246) 247-6786 **Email: zzhihao @pbc.gov.cn**

PRINCIPAL OFFICERS OF THE BANK AS AT DECEMBER 31, 2022

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Senior Advisor to the President	Ms. Andrea Power**
Chief Risk Officer (Ag.)	Mr. Oliver Sieg**
Deputy Director, Internal Audit	Mr. Denis Bergevin
Head, Office of Integrity, Compliance and Accountability	Dr. Toussant Boyce
Head of Evaluation, Office of Independent Evaluation	Mr. James Melanson
Head, Corporate Communications	Miss Camille Taylor

CORPORATE SERVICES

Vice-President (Corporate Services) and Bank Secretary (VPCS&BS)	Mrs. Yvette Lemonias Seale**
Advisor to the VPCS&BS	Mrs. Fay Alleyne Kirnon**
Director, Human Resources and Administration	Mr. Phillip Brown**
Advisor to the Director, Human Resources	Mr. Warren Hokan
Deputy Director , Human Resources	Mrs. Ria Balbos Jordan
General Counsel	Mrs. Diana Wilson Patrick**
Deputy General Counsel	Mrs. S. Nicole Jordan
Director, Finance and Information Technology Solutions	Mr. Earl Estrado**
Deputy Director, Finance	Mrs. Faye Hardy
Chief Information Officer	Mr. Julio Cesar Goncalves Lima

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Vice-President Operations (VPO)	Mr. Isaac Solomon**
Advisor to the VP(O)	Dr. Darran Newman**
Director, Economics	Mr. Ian Durant**
Deputy Director, Economics	Ms. Christine Dawson
Deputy Director, Corporate Strategy	Ms. Ann-Marie Warner**
Director, Projects	Mr. Daniel Best**
Division Chief, Social Sector	Dr. Martin Baptiste
Head of Procurement, Procurement Policy	Mr. Douglas Fraser
Division Chief, Economic Infrastructure	Mr. L. O'Reilly Lewis
Head, Private Sector	Mr. Miguel Almeyda Casillas
Coordinator, Sustainable Energy	Mr. Joseph Williams
Programme Manager, Infrastructure Partnerships	Mr. Andrew Dupigny

*Chairman, Strategic Advisory Team

**Member, Strategic Advisory Team

ABBREVIATIONS AND ACRONYMS

$ refers to U.S. Dollars throughout unless otherwise stated.

BMC	-	Borrowing Member Country
BNTF	-	Basic Needs Trust Fund
CARE	-	Caribbean Action for Resilience Enhancement Programme
CART	-	Community Assessment of Readiness Tool
CARICOM	-	Caribbean Community
CCAF	-	Canada-CARICOM Climate Adaptation Fund
CCRIF	-	Caribbean Catastrophe Risk Insurance Facility
CDB	-	Caribbean Development Bank
CIIF	-	Cultural and Creative Industries Innovation Fund
COP26	-	26th Conference of Parties of the United Nations Framework Convention on Climate Change
CSME	-	CARICOM Single Market and Economy
CTCS	-	Caribbean Technological Consultancy Services
DFI	-	Development Financing Institution
DFC	-	Development Finance Corporation
EIB	-	European Investment Bank
ERC	-	Enterprise Risk Committee
ERM	-	Enterprise Risk Management
GAIA	-	Grantley Adams International Airport
GCF	-	Green Climate Fund
GDP	-	Gross Domestic Product
GE	-	geothermal energy (GE)
ICA	-	Office of Integrity, Compliance and Accountability
IDB	-	Inter-American Development Bank
IFRS	-	International Financial Reporting Standards
IMF	-	International Monetary Fund
Km	-	kilometres (km)
LIDAR	-	Light Detection and Ranging (LIDAR)
MfDR	-	Managing for Development Results
mn	-	million
MSME	-	micro, small and medium-sized enterprise
OAC	-	Oversight and Assurance Committee
OCR	-	Ordinary Capital Resources
OECS	-	Organisation of Eastern Caribbean States
OIE	-	Office of Independent Evaluation
ORM	-	Office of Risk Management
OSF	-	Other Special Funds
PPF	-	Project Preparation Facilities
RDA	-	Recovery Duration Adjuster
RCSA	-	Risk Control Self-Assessment
RMF	-	Results Management Framework
SDF	-	Special Development Fund
SFR	-	Special Funds Resources
SDGs	-	Sustainable Development Goals
TA	-	Technical Assistance
TVET	-	Technical and Vocational Education and Training
UKCIF	-	United Kingdom Caribbean Infrastructure Partnership Fund

APPENDIX I-A

Distribution of Loans, Secondary Mortgage, Equity and Grants Approved (Net) by Country and by Fund - 2022 ($'000)

COUNTRY	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL	PERCENTAGE OF TOTAL
Antigua and Barbuda	-	99	6,233	6,332	3.8%
Bahamas	46,945	-	-	46,945	28.4%
Belize	3,500	7,143	150	10,793	6.5%
Dominica	-	5,250	32,051	37,301	22.5%
Grenada	-	-	378	378	0.2%
Haiti	-	3,040	-	3,040	1.8%
Montserrat	-	26	-	26	0.0%
Saint Kitts and Nevis	-	-	21,155	21,155	12.8%
Saint Lucia	-	3,704	10,711	14,415	8.7%
Saint Vincent and the Grenadines	-	-	4,404	4,404	2.7%
Suriname	(4,864)	-	-	(4,864)	-2.9%
Trinidad and Tobago	-	-	50	50	0.0%
Regional	8,250	3,618	13,660	25,528	15.4%
Total	53,831	22,880	88,792	165,503	
Percentage of Total	32.5	13.8	53.6		100.0
LDCs	(1,364)	19,262	75,082	92,980	56.2%
MDCs	46,945	0	50	46,995	28.4%
Regional	8,250	3,618	13,660	25,528	15.4%

APPENDIX I-B

Distribution of Loans, Secondary Mortgage, Equity and Grants Approved (Net) by Sector and By Fund - 2022 ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Total All Sectors	**53,831**	**22,880**	**88,792**	**165,503**
Agriculture and Rural Development	**-**	**5,000**	**-**	**5,000**
Agriculture (excluding Crop Farming)	-	5,000	-	5,000
Manufacturing and Industry	**-**	**3,704**	**-**	**3,704**
Micro and Small Scale Enterprises	-	3,704	-	3,704
Transportation and Communication	**-**	**5,626**	**32,380**	**38,006**
Road Transport	-	5,593	32,030	37,623
Air Transport	-	-	350	350
Communication	-	33	-	33
Power, Energy, Water and Sanitation	**(4,864)**	**913**	**17,828**	**13,877**
Power and Energy	(4,864)	865	17,828	(13,829)
Water and Sanitation	-	48	-	48
Social Infrastructure and Services	**45,065**	**1,289**	**25,100**	**71,454**
Education - General	45,065	(1,434)	293	43,924
Education - Basic	-	(8)	5,155	5,147
Health	-	-	19,536	19,536
Housing	-	181	-	181
Other Social Infrastructure and Services	-	2,550	116	2,666
Environmental Sustainability and Disaster Risk Reduction	**-**	**3,316**	**1,010**	**4,326**
Environmental Sustainability	-	266	1,010	1,276
Disaster Prevention and Preparedness	-	3,050	-	3,050
Financial, Business and Other Services	**11,750**	**2,250**	**12,000**	**14,000**
Financial Intermediaries	11,750	2,250	12,000	14,000
Multi-Sector and Other	**1,880**	**782**	**474**	**3,136**
Government and Civil Society	1,880	40	150	2,070
Urban Development	-	76	-	76
Regional/Multulateral Trade Agreements	-	-	274	274
Other	-	666	50	716

APPENDIX I-C

Distribution of Loans, Secondary Mortgage, Equity and Grants Approved (Net) by Country and by Sector - ($'000)

COUNTRY	AGRICULTURE AND RURAL DEVELOPMENT	MANUFACTURING AND INDUSTRY	TRANSPORTATION AND COMMUNICATION	POWER, ENERGY, WATER AND SANITATION	SOCIAL INFRASTRUCTURE AND SERVICES	ENVIRONMENTAL SUSTAINABILITY AND DISASTER RISK REDUCTION	FINANCIAL, BUSINESS AND OTHER SERVICES	MULTI-SECTOR AND OTHER	TOTAL
Antigua and Barbuda	-	-	-	-	6,182	-	-	150	**6,332**
Bahamas	-	-	-	-	45,065	-	-	1,880	**46,945**
Belize	5,000	-	-	150	(357)	-	6,000	-	**10,793**
Dominica	-	-	37,530	-	21	-	(250)	-	**37,301**
Grenada	-	-	-	378	-	-	-	-	**378**
Haiti	-	-	-	-	40	3,000	-	-	**3,040**
Montserrat	-	-	-	-	26	-	-	-	**26**
Saint Kitts and Nevis	-	-	-	17,000	4,155	-	-	-	**21,155**
Saint Lucia	-	3,704	-	-	10,437	-	-	274	**14,415**
Saint Vincent and the Grenadines	-	-	-	-	4,404	-	-	-	**4,404**
Suriname	-	-	-	(4,864)	-	-	-	-	**(4,864)**
Trinidad and Tobago	-	-	-	-	-	-	-	50	**50**
Regional	-	-	476	1,213	1,481	1,326	20,250	782	**25,528**
Total	**5,000**	**3,704**	**38,006**	**(13,877)**	**71,454**	**4,326**	**26,000**	**3,136**	**165,503**

APPENDIX I-D

Distribution of Loans Approved (Net)
by Country and by Fund - 2022 ($'000)

COUNTRY	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL	PERCENTAGE OF TOTAL
Antigua and Barbuda	-	-	5,695	4,695	5.0%
Bahamas	46,945	-	-	46,945	49.8%
Belize	3,500	7,820	-	11,320	12.0%
Dominica	-	5,250	-	5,250	5.6%
Saint Kitts and Nevis	-	-	4,155	4,155	4.4%
Saint Lucia	-	3,704	10,437	14,141	15.0%
Suriname	(4,864)	-	-	(4,864)	-5.2%
Saint Vincent and the Grenadines	-	-	4,404	4,404	4.7%
Regional	8,250	-	-	8,250	8.7%
Total	**53,831**	**16,774**	**23,691**	**94,296**	
Percentage of Total	57.1	17.8	25.1		100.0
LDCs	-1,364	16,774	23,691	39,101	41.5%
MDCs	46,945	0	0	46,945	49.8%
Regional	8,250	0	0	8,250	8.7%

APPENDIX I-E

Distribution of Loans Approved (Net)
by Sector and by Fund - 2022 ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Total All Sectors	**53,831**	**16,774**	**23,691**	**94,296**
Agriculture and Rural Development	**-**	**5,000**	**-**	**5,000**
Agriculture (excluding Crop Farming)	-	5,000	-	5,000
Manufacturing and Industry	**-**	**3,704**	**-**	**3,704**
Micro and Small Scale Enterprises	-	3,704	-	3,704
Transportation and Communication	**-**	**5,500**	**-**	**5,500**
Road Transport	-	5,500	-	5,500
Power, Energy, Water and Sanitation	**(4,864)**	**-**	**-**	**(4,864)**
Power and Energy	(4,864)	-	-	(4,864)
Social Infrastructure and Services	**45,065**	**320**	**23,691**	**69,076**
Education - General	45,065	(934)	-	44,131
Education - Basic	-	(8)	4,155	4,147
Health	-	-	19,536	19,536
Other Social Infrastructure and Services	-	1,262	-	1,262
Financial, Business and Other Services	**11,750**	**2,250**	**-**	**14,000**
Financial Intermediaries	11,750	2,250	-	14,000
Multi-Sector and Other	**1,880**		**-**	**1,880**
Government and Civil Society	1,880	-	-	1,880

APPENDIX I-F

Loan Approvals - 2022 ($'000)

COUNTRY	NO. OF LOAN PROJECTS	CDB	PUBLIC	PRIVATE	UNKNOWN
Antigua and Barbuda	1	4,695	4,695	-	-
Bahamas	2	46,945	46,945	-	-
Belize	3	12,262	6,262	6,000	-
Dominica	1	5,500	5,500	-	-
Saint Kitts and Nevis	1	4,155	4,155	-	-
Saint Lucia	3	14,141	14,141	-	-
Saint Vincent and the Grenadines	1	4,404	4,404	-	-
Regional	1	8,250	8,250	-	-
Total	**13**	**100,352**	**94,352**	**6,000**	**-**
LDCs	**10**	**45,157**	**39,157**	**6,000**	**-**
MDCs	**2**	**46,945**	**46,945**	**-**	**-**
Regional	**1**	**8,250**	**8,250**	**-**	**-**

APPENDIX I-G

Gross Loans Approvals by Project and Loan Equivalent - 2022 ($'000)

			OCR		SDF		Other Special Funds		
	PROJECT NAME	COUNTRY	AMOUNT	LOAN EQUIVALENT	AMOUNT	LOAN EQUIVALENT	AMOUNT	LOAN EQUIVALENT	TOTAL
1	Strengthening Resilience And Supporting Recovery in Antigua and Barbuda: Covid-19 Health Response Project – Antigua and Barbuda	Antigua and Barbuda	-	-	-	-	4,695	1.00	4,695
2	Bahamas Education Sector Transformation Project	Bahamas	45,065	1.00	-	-	-	-	45,065
3	TA - Consultancy Services to Support Institutional Strengthening – Delivery Unit – Commonwealth of the Bahamas	Bahamas	1,880	1.00	-	-	-	-	1,880
4	Belize Resilience Programme-B Resilient	Belize	-	-	5,000	1.00	-	-	5,000
5	Belize Social Investment Fund III: Additional Loan	Belize	-	-	1,262	1.00	-	-	1,262
6	Student Loan Line of Credit - Belize	Belize	3,500	0.58	2,500	0.42	-	-	6,000
7	Rehabilitation of Loubiere to Bagatelle Road - Phase 1 - Loubiere to Grand Bay Road	Dominica	-	-	5,500	1.00	-	-	5,500
8	Enhancing Learning Continuity Project	Saint Kitts and Nevis	-	-	-	-	4,155	1.00	4,155
9	Building Capacity and Resilience in the Health Sector to Respond to the Coronavirus-2019 Project	Saint Lucia	-	-	-	-	5,220	1.00	5,220
10	Safety Nets for Vulnerable Populations Affected by Coronavirus Saint Lucia	Saint Lucia	-	-	-	-	5,217	1.00	5,217
11	Support to the Micro, Small and Medium Enterprises Sector Post Coronavirus Disease – Saint Lucia	Saint Lucia	-	-	3,704	1.00	-	-	3,704
12	Improving Response and Resilience of the Health Sector to Covid-19 Project - Saint Vincent and the Grenadines	Saint Vincent and the Grenadines	-	-	-	-	4,404	1.00	4,404
13	Second Line of Credit	Regional	8,250	1.00	-	-	-	-	8,250
Total			**58,695**		**17,966**		**23,691**		**100,352**
LDCs			3,500	0.08	17,966	0.39	23,691	0.53	45,157
MDCs			46,945	1.00	-	-	-	-	46,945
Regional			8,250	1.00	-	-	-	-	8,250
LDCs			0.06		1.00		1.00		0.46
MDCs			0.80		-		-		0.46
Regional			0.14		-		-		0.08
Total			0.58		0.18		0.24		

APPENDIX II-A

Summary of Total Financing Approved (Net) (1970 - 2022)
Loans, Contingent Loans, Equities and Grants ($'000)

FINANCING TYPE	1970-2021	2022	TOTAL
Loans	5,618,319	94,296	5,712,615
Contingent Loans	5,204	-	5,204
Equity	43,193	12,000	55,193
Grants	801,970	8,494	827,464
Other	409,983	32,713	442,696
Total	**6,878,669**	**164,503**	**7,043,172**

APPENDIX II-B

Summary of Total Financing Approved (Net) by Sector (1970 - 2022)
Loans, Contingent Loans, Equities and Grants ($'000)

SECTOR	1970-2021	2022	TOTAL
Agriculture and Rural Development	472,885	5,000	477,885
Environmental Sustainability and Disaster Risk Reduction	613,177	4,326	617,503
Financial, Business and Other Services	173,040	26,000	199,040
Manufacturing and Industry	355,046	3,704	358,750
Mining and Quarrying	36,143	-	36,143
Multi-Sector and Other	1,330,095	3,136	1,333,231
Power, Energy, Water and Sanitation	812,457	(13,877)	826,334
Social Infrastructure and Services	1,374,812	70,454	1,445,266
Tourism	102,761	-	102,761
Transportation and Communication	1,608,253	38,006	1,646,259
Total	**6,878,669**	**164,503**	**7,043,172**

APPENDIX II-C

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund (1970 - 2022) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Total All Sectors	**3,814,277**	**2,134,827**	**1,093,668**	**7,043,172**
Agriculture and Rural Development	**188,424**	**170,003**	**119,458**	**477,885**
Agriculture (excluding Crop Farming)	127,840	43,504	20,778	192,122
Crop Farming	3,725	6,215	2,919	12,859
Export Crops	39,223	23,389	4,732	67,344
Mixed Farming	207	279	3,070	3,556
Irrigation, Drainage and Land Reclamation	10,948	7,967	565	19,480
Fishing	-	2,478	872	3,350
Land Settlement and Rural Development	3,947	36,889	684	41,520
Feeder Roads and Bridges	2,534	49,282	85,838	137,654
Mining and Quarrying	**31,409**	**3,875**	**859**	**36,143**
Fossil Fuels	30,862	926	853	32,641
Metal Ores	547	190	-	737
Non-Metallic Minerals	-	2,759	6	2,765
Manufacturing and Industry	**185,140**	**97,720**	**75,890**	**358,750**
Industrial Development	178,828	61,914	27,614	268,356
Micro and Small Scale Enterprises	-	26,032	12,332	38,364
Agro-Industries	(175)	6,896	34,999	41,720
Textile, Wearing Apparel and Leather Goods	-	297	311	608
Forest Industries	3,502	348	-	3,850
Chemicals and Chemical Products	-	13	541	554
Non-Metallic Mineral Products	2,985	73	-	3,058
Construction	-	2,147	93	2,240
Tourism	**78,611**	**13,063**	**11,087**	**102,761**
Tourism	78,611	13,063	11,087	102,761
Transportation and Communication	**1,013,673**	**273,130**	**359,456**	**1,646,259**
Transport Policy and Administrative Management	39,302	21,348	5,294	65,944
Road Transport	557,227	171,887	248,109	977,223
Water Transport	142,948	51,544	71,814	266,306
Air Transport	265,946	27,665	33,986	327,597
Communication	8,250	551	106	8,907
Storage	-	135	147	282

APPENDIX II-C (CONTINUED)

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Sector and by Fund (1970 - 2022) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Power, Energy, Water and Sanitation	**518,756**	**178,517**	**129,061**	**826,334**
Power and Energy	259,515	19,587	46,792	325,894
Electric Power	66,755	32,489	1,860	101,104
Alternative Energy	8,250	-	18,791	27,041
Water and Sanitation	184,236	126,441	61,618	372,295
Social Infrastructure and Services	**512,290**	**705,784**	**227,192**	**1,445,266**
Education - General	193,481	141,182	32,755	367,418
Education - Basic	8,253	60,682	18,328	87,263
Education - Secondary/Vocational	36,332	48,075	6,051	90,458
Education - Post Secondary	154,731	107,628	2,570	264,929
Health	4,091	2,734	35,332	42,157
Housing	74,672	37,140	23,049	134,861
Other Social Infrastructure and Services	40,730	308,343	109,107	458,180
Environmental Sustainability and Disaster Risk Reduction	**250,394**	**325,919**	**40,790**	**617,503**
Environmental Sustainability	441	5,889	6,235	12,565
Sea Defence/Flood Prevention/Control	15,249	5,033	801	21,083
Disaster Prevention and Preparedness	21,149	83,366	17,261	122,176
Reconstruction Relief and Rehabilitation	213,555	231,631	16,493	461,679
Financial, Business and Other Services	**137,019**	**46,900**	**15,121**	**199,040**
Financial Policy and Administrative Management	32,083	11,111	2,345	45,539
Financial Intermediaries	104,936	35,789	12,776	153,501
Multi-Sector and Other	**898,561**	**319,916**	**114,754**	**1,333,231**
Government and Civil Society	230,901	23,207	15,541	269,649
Urban Development	29,912	10,423	156	40,491
Policy-Based Loans/Structural Adjustment Programme	668,600	257,296	38,800	964,696
Regional/Multulateral Trade Agreements	-	3,967	14,191	18,158
Other	(30,852)	25,023	46,066	40,237

APPENDIX II-D

Distribution of Loans, Contingent Loans, Equity and Grants Approved (Net) by Country and by Sector (1970 - 2022) ($'000)

COUNTRY	AGRICULTURE AND RURAL DEVELOPMENT	MINING AND QUARRYING	MANUFACTURING AND INDUSTRY	TOURISM	TRANSPORTATION AND COMMUNICATION	POWER, ENERGY, WATER AND SANITATION	SOCIAL INFRASTRUCTURE AND SERVICES	ENVIRONMENTAL SUSTAINABILITY AND DISASTER RISK REDUCTION	FINANCIAL, BUSINESS AND OTHER SERVICES	MULTI-SECTOR AND OTHER	TOTAL
Anguilla	2,871	-	6,578	1,193	20,712	14,734	9,317	9,425	22,404	77,406	**164,640**
Antigua and Barbuda	6,638	0	4,055	1,922	115,856	6,789	51,706	48,114	(615)	123,049	**357,514**
Bahamas	10,086	-	11,468	2,187	21,778	58,375	51,260	2,096	274	92,932	**250,456**
Barbados	18,869	100	31,863	40,061	167,459	44,666	105,710	7,647	7,593	194,747	**618,715**
Belize	35,284	-	15,714	1,251	233,608	84,369	152,842	22,678	44,439	63,183	**653,368**
Cayman Islands	1,308	388	1,671	6,429	23,047	9,775	5,551	-	44	(13)	**48,200**
Dominica	21,952	-	28,216	7,506	74,434	63,569	70,760	72,151	12,676	40,601	**391,865**
Dominican Republic	519	-	-	-	-	-	24	-	-	259	**802**
Grenada	25,327	451	19,626	4,553	69,871	21,636	100,225	44,182	11,034	57,410	**354,315**
Guyana	64,150	-	18,506	128	285,925	13,718	84,543	25,935	(2)	55,794	**548,697**
Haiti	25,500	-	909	-	-	924	88,667	27,908	-	19,086	**162,994**
Jamaica	146,990	932	99,030	15,646	105,466	72,735	135,445	115,962	56,718	171,457	**920,381**
Montserrat	1,408	87	1,948	168	25,371	3,174	10,859	-	378	712	**44,105**
Saint Kitts and Nevis	6,164	123	10,854	1,746	46,915	47,529	79,529	13,900	520	40,201	**247,481**
Saint Lucia	31,876	62	28,930	14,197	121,060	79,132	153,327	33,812	5,625	96,467	**564,488**
Saint Vincent and the Grenadines	16,899	2,939	13,174	541	233,939	74,710	107,975	81,016	5	77,502	**608,700**
Suriname	215	-	25	-	-	165,790	25,898	318	-	59,298	**251,544**
Trinidad and Tobago	42,214	30,875	32,650	4	38,262	43,249	(16,306)	204	10,008	33,735	**214,895**
Turks and Caicos Islands	1,510	18	1,015	1,302	3,140	913	21,806	1,096	(207)	5,088	**35,681**
Virgin Islands	3,503	-	5,378	403	36,018	5,062	11,677	82,863	1	50,000	**194,905**
Regional	3,313	0	4,182	1,430	4,476	13,501	98,079	26,243	25,035	29,015	**205,274**
Regional: LDC Focus	1,365	119	605	430	11,059	1,091	12,690	617	491	5,346	**33,813**
Regional: MDC Focus	25	-	-	-	6,313	-	9,602	-	-	3,020	**18,960**
Regional: LDC/MDC Focus	9,899	49	22,353	1,664	1,550	893	74,080	1,336	2,619	36,936	**151,379**
Total	**477,885**	**36,143**	**358,750**	**102,761**	**1,646,259**	**826,334**	**1,445,266**	**617,503**	**199,040**	**1,333,231**	**7,043,172**

APPENDIX II-E

Approvals of Loans, Contingent Loans, Equity and Grants (Net)
by Country and by Year (1970 - 2022) ($'000)

COUNTRY	1970 - 2016	2017	2018	2019	2020	2021	2022	TOTAL
Anguilla	136,527	5,590	14,923	11	-	7,589	-	164,640
Antigua and Barbuda	211,970	90,881	2,705	3,855	13,763	28,008	6,332	357,514
Bahamas	99,720	281	11,441	50,213	41,468	388	46,945	250,456
Barbados	494,752	(30,966)	115,746	74,971	(31,318)	(4,470)	-	618,715
Belize	470,780	6,052	82,897	6,971	65,250	10,625	10,793	653,368
Cayman Islands	48,259	(47)	(12)	-	-	-	-	48,200
Dominica	245,397	14,343	23,473	2,426	26,699	42,226	37,301	391,865
Dominican Republic	778	-	-	17	-	7	-	802
Grenada	306,804	10,390	21	40	24,444	12,238	378	354,315
Guyana	336,173	8,347	5,598	2,642	188,000	7,937	-	548,697
Haiti	110,083	24,575	2,961	3,017	11,811	7,507	3,040	162,994
Jamaica	781,305	79,440	21,697	(5,140)	34,624	8,455	-	920,381
Montserrat	23,709	20,092	(8)	-	(321)	607	26	44,105
Saint Kitts and Nevis	224,773	1,048	150	-	355	-	21,155	247,481
Saint Lucia	468,017	5,013	(12,383)	(6,230)	94,916	740	14,415	564,488
Saint Vincent and the Grenadines	339,201	13,453	40,831	151,905	36,792	22,114	4,404	608,700
Suriname	203,381	41,463	310	46	8,518	2,690	(4,864)	251,544
Trinidad and Tobago	204,116	9	200	10,076	248	196	50	214,895
Turks and Caicos Islands	34,467	440	655	119	-	-	-	35,681
Virgin Islands	77,495	68,760	50,200	-	250	(1,800)	-	194,905
Regional	96,233	28,296	11,218	13,445	11,143	19,411	25,528	205,274
Regional: LDC Focus	33,813	-	-	-	-	-	-	33,813
Regional: MDC Focus	18,960	-	-	-	-	-	-	18,960
Regional: LDC/ MDC Focus	151,379	-	-	-	-	-	-	151,379
Total	**5,118,092**	**387,460**	**372,623**	**308,384**	**526,642**	**164,468**	**165,503**	**7,043,172**
LDCs	2,934,500	302,053	206,723	162,160	282,477	132,544	92,980	4,113,437
MDCs	1,935,202	57,111	154,682	132,762	233,022	12,506	46,995	2,572,280
Regional	248,390	28,296	11,218	13,462	11,143	19,418	25,528	357,455

Note: Cancellations prior to 2009 are deducted in the year in which approvals were made.

APPENDIX II-F

Distribution of Loans Approved (Net)
by Country and by Fund (1970 - 2022) ($'000)

COUNTRY	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL	PERCENTAGE OF TOTAL
Anguilla	149,656	11,599	500	161,755	2.8%
Antigua and Barbuda	256,793	45,174	19,736	321,703	5.6%
Bahamas	239,271	3,036	3,240	245,547	4.3%
Barbados	555,627	6,909	35,779	598,315	10.5%
Belize	343,758	192,463	11,265	547,486	9.6%
Cayman Islands	39,884	4,703	3,313	47,900	0.8%
Dominica	85,105	142,621	46,662	274,388	4.8%
Grenada	106,990	165,862	41,433	314,285	5.5%
Guyana	172,144	224,703	22,164	419,011	7.3%
Jamaica	512,004	217,478	74,831	804,313	14.1%
Montserrat	485	10,857	1,372	12,714	0.2%
Saint Kitts and Nevis	102,246	96,151	13,180	211,577	3.7%
Saint Lucia	256,656	169,935	49,248	475,839	8.3%
Saint Vincent and the Grenadines	304,757	157,375	33,882	496,014	8.7%
Suriname	219,762	25,755	-	245,517	4.3%
Trinidad and Tobago	203,808	5,018	2,566	211,392	3.7%
Turks and Caicos Islands	17,399	12,100	-	29,499	0.5%
Virgin Islands	168,033	22,041	1,894	191,968	3.4%
Regional	22,721	7,175	-	29,896	0.5%
Regional: LDC Focus	10,000	5,232	2,626	17,858	0.3%
Regional: LDC/MDC Focus	39,912	742	-	40,654	0.7%
Regional: MDC Focus	7,266	5,544	2,174	14,984	0.3%
Total	**3,814,277**	**1,532,473**	**365,865**	**5,712,615**	
Percentage of Total	66.8	26.8	6.4		100.0
LDCs	2,061,524	1,061,868	225,111	3,348,503	58.6%
MDCs	1,690,120	462,688	140,754	2,293,562	40.1%
Regional	62,633	7,917	0	70,550	1.2%

APPENDIX II-G
Distribution of Loans Approved (Net)
by Sector and by Fund (1970 - 2022) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Total All Sectors	**3,814,277**	**1,532,473**	**365,865**	**5,712,615**
Agriculture and Rural Development	**188,424**	**134,805**	**36,835**	**360,064**
Agriculture (excluding Crop Farming)	127,840	40,704	18,865	187,409
Crop Farming	3,725	5,895	2,780	12,400
Export Crops	39,223	23,314	4,674	67,211
Mixed Farming	207	100	1,421	1,728
Irrigation, Drainage and Land Reclamation	10,948	7,816	409	19,173
Fishing	-	2,437	694	3,131
Land Settlement and Rural Development	3,947	25,567	312	29,826
Feeder Roads and Bridges	2,534	28,972	7,680	39,186
Mining and Quarrying	**31,409**	**3,294**	**436**	**35,139**
Fossil Fuels	30,862	535	430	31,827
Metal Ores	547	-	-	547
Non-Metallic Minerals	-	2,759	6	2,765
Manufacturing and Industry	**185,140**	**77,130**	**57,884**	**320,154**
Industrial Development	178,828	59,702	13,383	251,913
Micro and Small Scale Enterprises	-	12,267	11,477	23,744
Agro-Industries	(175)	5,086	32,318	37,229
Textile, Wearing Apparel and Leather Goods	-	2	260	262
Forest Industries	3,502	-	-	3,502
Chemicals and Chemical Products	-	-	446	446
Non-Metallic Mineral Products	2,985	73	-	3,058
Tourism	**78,611**	**10,803**	**6,935**	**96,349**
Tourism	78,611	10,803	6,935	96,349
Transportation and Communication	**1,013,673**	**265,364**	**76,340**	**1,355,377**
Transport Policy and Administrative Management	39,302	19,130	-	58,432
Road Transport	557,227	169,471	31,162	757,860
Water Transport	142,948	50,982	15,041	208,971
Air Transport	265,946	25,744	30,137	321,827
Communication	8,250	37	-	8,287

APPENDIX II-G (CONTINUED)

Distribution of Loans Approved (Net)
by Sector and by Fund (1970 - 2022) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Power, Energy, Water and Sanitation	**518,756**	**167,607**	**25,444**	**711,807**
Power and Energy	259,515	15,206	-	274,721
Electric Power	66,755	32,304	1,577	100,636
Alternative Energy	8,250	-	-	8,250
Water and Sanitation	184,236	120,097	23,867	328,200
Social Infrastructure and Services	**512,290**	**307,426**	**107,290**	**927,006**
Education - General	193,481	87,864	16,400	297,745
Education - Basic	8,253	31,759	17,205	57,217
Education - Secondary/Vocational	36,332	41,919	5,769	84,020
Education - Post Secondary	154,731	97,576	2,170	254,477
Health	4,091	1,157	35,056	40,304
Housing	74,672	35,347	22,884	132,903
Other Social Infrastructure and Services	40,730	11,804	7,806	60,340
Environmental Sustainability and Disaster Risk Reduction	**250,394**	**272,582**	**11,501**	**534,477**
Environmental Sustainability	441	-	-	441
Sea Defence/Flood Prevention/Control	15,249	5,013	(54)	20,208
Disaster Prevention and Preparedness	21,149	40,587	1,495	63,231
Reconstruction Relief and Rehabilitation	213,555	226,982	10,060	450,597
Financial, Business and Other Services	**137,019**	**38,108**	**-**	**175,127**
Financial Policy and Administrative Management	32,083	4,577	-	36,660
Financial Intermediaries	104,936	33,531	-	138,467
Multi-Sector and Other	**898,561**	**255,354**	**43,200**	**1,197,115**
Government and Civil Society	230,901	5,690	4,400	240,991
Urban Development	29,912	750	-	30,662
Policy-Based Loans/Structural Adjustment Programme	668,600	247,160	38,800	954,560
Other	(30,852)	1,754	-	(29,098)

APPENDIX II-H

Contingent Loans Approved (Net)
by Country and by Fund (1970 - 2022) ($'000)

COUNTRY	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL	PERCENTAGE OF TOTAL
Anguilla	-	-	71	71	1.4%
Antigua and Barbuda	-	4	-	4	0.1%
Barbados	-	384	156	540	10.4%
Belize	-	829	152	981	18.9%
Dominica	-	-	809	809	15.5%
Grenada	-	241	-	241	4.6%
Jamaica	-	286	-	286	5.5%
Montserrat	-	87	-	87	1.7%
Saint Kitts and Nevis	-	178	56	234	4.5%
Saint Lucia	-	145	50	195	3.7%
Saint Vincent and the Grenadines	-	217	131	348	6.7%
Trinidad and Tobago	-	200	-	200	3.8%
Turks and Caicos Islands	-	1,054	-	1,054	20.3%
Virgin Islands	-	50	104	154	3.0%
Total	**-**	**3,675**	**1,529**	**5,204**	
Percentage of Total	0.0	70.6	29.4		100.0
LDCs	0	2,805	1,373	4,178	80.3%
MDCs	0	870	156	1,026	19.7%

APPENDIX II-I

Contingent Loans Approved (Net)
by Sector and by Fund (1970 - 2022) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Total All Sectors	**-**	**3,675**	**1,529**	**5,204**
Agriculture and Rural Development	**-**	**460**	**147**	**607**
Agriculture (excluding Crop Farming)	-	185	96	281
Crop Farming	-	-	51	51
Export Crops	-	75	-	75
Land Settlement and Rural Development	-	200	-	200
Mining and Quarrying	**-**	**391**	**131**	**522**
Fossil Fuels	-	391	131	522
Manufacturing and Industry	**-**	**52**	**-**	**52**
Industrial Development	-	52	-	52
Tourism	**-**	**93**	**-**	**93**
Tourism	-	93	-	93
Transportation and Communication	**-**	**2,096**	**243**	**2,339**
Transport Policy and Administrative Management	-	1,267	104	1,371
Road Transport	-	245	38	283
Air Transport	-	584	101	685
Power, Energy, Water and Sanitation	**-**	**583**	**852**	**1,435**
Power and Energy	-	222	824	1,046
Water and Sanitation	-	361	28	389
Multi-Sector and Other	**-**	**-**	**156**	**156**
Urban Development	-	-	156	156

APPENDIX II-J

Grants Approved (Net)
by Country and by Fund (1970 - 2022) ($'000)

COUNTRY	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL	PERCENTAGE OF TOTAL
Anguilla	-	1,849	965	2,814	0.2%
Antigua and Barbuda	-	2,619	32,600	35,419	2.8%
Bahamas	-	2,086	2,422	4,508	0.4%
Barbados	-	1,458	17,647	19,105	1.5%
Belize	-	36,886	66,153	103,039	8.1%
Cayman Islands	-	268	32	300	0.0%
Dominica	-	23,270	93,160	116,630	9.2%
Dominican Republic	-	-	778	778	0.1%
Grenada	-	24,302	15,189	39,491	3.1%
Guyana	-	53,046	76,640	129,686	10.2%
Haiti	-	162,009	968	162,977	12.8%
Jamaica	-	38,274	76,430	114,704	9.0%
Montserrat	-	9,126	22,178	31,304	2.5%
Saint Kitts and Nevis	-	10,649	24,832	35,481	2.8%
Saint Lucia	-	30,576	57,584	88,160	6.9%
Saint Vincent and the Grenadines	-	24,463	87,485	111,948	8.8%
Suriname	-	4,900	1,127	6,027	0.5%
Trinidad and Tobago	-	921	1,912	2,833	0.2%
Turks and Caicos Islands	-	3,843	1,285	5,128	0.4%
Virgin Islands	-	1,535	1,248	2,783	0.2%
Regional	-	99,533	56,458	155,991	12.3%
Regional: LDC Focus	-	6,931	5,924	12,855	1.0%
Regional: MDC Focus	-	976	-	976	0.1%
Regional: LDC/MDC Focus	-	58,951	27,774	86,725	6.8%
Total	**-**	**598,471**	**670,791**	**1,269,262**	
Percentage of Total	0.0	47.2	52.8		100.0
LDCs	0	343,082	393,698	737,180	58.0%
MDCs	0	96,905	192,083	288,988	22.8%
Regional	0	158,484	85,010	243,494	19.2%

APPENDIX II-K
Grants Approved (Net)
by Sector and by Fund (1970 - 2022) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Total All Sectors	**-**	**598,471**	**670,791**	**1,269,662**
Agriculture and Rural Development	**-**	**34,738**	**80,811**	**115,549**
Agriculture (excluding Crop Farming)	-	2,615	1,594	4,209
Crop Farming	-	320	88	408
Export Crops	-	-	58	58
Mixed Farming	-	179	207	386
Irrigation, Drainage and Land Reclamation	-	151	156	307
Fishing	-	41	178	219
Land Settlement and Rural Development	-	11,122	372	11,494
Feeder Roads and Bridges	-	20,310	78,158	98,468
Mining and Quarrying	**-**	**190**	**292**	**482**
Fossil Fuels	-	-	292	292
Metal Ores	-	190	-	190
Manufacturing and Industry	**-**	**20,349**	**6,983**	**27,332**
Industrial Development	-	2,160	4,007	6,167
Micro and Small Scale Enterprises	-	13,765	712	14,477
Agro-Industries	-	1,810	2,025	3,835
Textile, Wearing Apparel and Leather Goods	-	106	51	157
Forest Industries	-	348	-	348
Chemicals and Chemical Products	-	13	95	108
Construction	-	2,147	93	2,240
Tourism	**-**	**2,148**	**3,080**	**5,228**
Tourism	-	2,148	3,080	5,228
Transportation and Communication	**-**	**5,670**	**282,873**	**288,543**
Transport Policy and Administrative Management	-	951	5,190	6,141
Road Transport	-	2,171	216,909	219,080
Water Transport	-	562	56,773	57,335
Air Transport	-	1,337	3,748	5,085
Communication	-	514	106	620
Storage	-	135	147	282

APPENDIX II-K (CONTINUED)

Grants Approved (Net)
by Sector and by Fund (1970 - 2022) ($'000)

SECTOR	ORDINARY CAPITAL RESOURCES	SPECIAL DEVELOPMENT FUND	OTHER SPECIAL FUNDS	TOTAL
Power, Energy, Water and Sanitation	**-**	**10,327**	**102,765**	**113,092**
Power and Energy	-	4,159	45,968	50,127
Electric Power	-	185	283	468
Alternative Energy	-	-	18,791	18,791
Water and Sanitation	-	5,983	37,723	43,706
Social Infrastructure and Services	**-**	**398,358**	**109,911**	**508,269**
Education - General	-	53,318	16,062	69,380
Education - Basic	-	28,923	1,123	30,046
Education - Secondary/Vocational	-	6,156	282	6,438
Education - Post Secondary	-	10,052	400	10,452
Health	-	1,577	276	1,853
Housing	-	1,793	165	1,958
Other Social Infrastructure and Services	-	296,539	91,603	388,142
Environmental Sustainability and Disaster Risk Reduction	**-**	**53,337**	**29,289**	**83,026**
Environmental Sustainability	-	5,889	6,235	12,124
Sea Defence/Flood Prevention/Control	-	20	855	875
Disaster Prevention and Preparedness	-	42,779	15,766	58,945
Reconstruction Relief and Rehabilitation	-	4,649	6,433	11,082
Financial, Business and Other Services	**-**	**8,792**	**15,021**	**23,813**
Financial Policy and Administrative Management	-	6,534	2,245	8,779
Financial Intermediaries	-	2,258	12,776	15,034
Multi-Sector and Other	**-**	**64,562**	**39,766**	**104,328**
Government and Civil Society	-	17,517	11,141	28,658
Urban Development	-	9,673	-	9,673
Policy-Based Loans/Structural Adjustment Programme	-	10,136	-	10,136
Regional/Multulateral Trade Agreements	-	3,967	11,969	15,936
Other	-	23,269	16,656	39,925

APPENDIX II-L

Grants Approved (Net)
by Country and by Year (1970 - 2022) ($'000)

COUNTRY	1970 - 2016	2017	2018	2019	2020	2021	2022	TOTAL
Anguilla	2,414	277	23	11	-	89	-	2,814
Antigua and Barbuda	26,355	1,271	2,926	3,855	763	-	249	35,419
Bahamas	2,562	281	(3)	200	1,468	-	-	4,508
Barbados	18,613	12	408	200	150	(278)	-	19,105
Belize	37,609	6,052	31,863	192	20,145	7,705	(527)	103,039
Cayman Islands	359	(47)	(12)	-	-	-	-	300
Dominica	35,535	2,898	7,669	2,413	4,199	31,886	32,030	116,630
Dominican Republic	778	-	-	-	-	-	-	778
Grenada	28,365	5,053	21	710	1,954	3,010	378	39,491
Guyana	44,235	9,081	(34)	2,642	65,825	7,937	-	129,686
Haiti	110,083	24,575	2,961	3,000	11,811	7,507	3,040	162,977
Jamaica	24,188	54,440	21,697	1,727	4,624	8,028	-	114,704
Montserrat	10,587	20,092	(8)	-	-	607	26	31,304
Saint Kitts and Nevis	16,928	1,048	150	-	355	-	17,000	35,481
Saint Lucia	32,054	4,263	-	968	38,599	12,276	-	88,160
Saint Vincent and the Grenadines	41,797	8,418	5,657	40,001	4,917	11,158	-	111,948
Suriname	942	1,721	310	46	318	2,690	-	6,027
Trinidad and Tobago	2,524	9	200	50	-	-	50	2,833
Turks and Caicos Islands	5,028	(1)	(18)	119	-	-	-	5,128
Virgin Islands	1,114	1,219	200	-	250	-	-	2,783
Regional	67,186	28,296	11,218	4,928	13,685	13,400	17,278	155,991
Regional: LDC Focus	12,855	-	-	-	-	-	-	12,855
Regional: MDC Focus	976	-	-	-	-	-	-	976
Regional: LDC/ MDC Focus	86,725	-	-	-	-	-	-	86,725
Total	**609,812**	**168,958**	**85,228**	**61,062**	**169,063**	**106,015**	**69,524**	**1,269,262**
LDCs	361,849	76,839	51,742	51,315	83,311	76,928	52,196	754,180
MDCs	93,274	63,823	22,268	4,819	72,067	15,687	50	271,988
Regional	154,689	28,296	11,218	4,928	13,685	13,400	17,278	243,494

Note: Cancellations prior to 2009 are deducted in the year in which approvals were made.

CARIBBEAN DEVELOPMENT BANK

ANNUAL REPORT 2022