ANNUAL REPORT 2017

CARIBBEAN DEVELOPMENT BANK

On the cover: Building resilience in Guyana

In Guyana, a young man takes part in a training programme in beekeeping, funded by the Caribbean Development Bank. The country, known mostly for producing sugar and rice, is aiming to add honey to the list, and in the process, provide a sustainable pathway out of poverty for Guyanese. Guyana's apicultural industry produces, on average, 11,300 gallons of honey annually. The CDB-funded training is helping the Government achieve its goals of maximising agricultural and natural resources and seeking alternative exports that not only grow gross domestic product but also help it fulfil its Low Carbon Development Strategy.

(Photo: Phillip Williams)

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

MISSION STATEMENT

CDB intends to be the leading catalyst for development resources into the Region, working in an efficient, responsive and collaborative manner with our Borrowing Member Countries and other development partners, towards the systematic reduction of poverty in their countries through social and economic development.

Wildey, St. Michael
Barbados, West Indies
May 30, 2018

Dr. the Rt. Hon. Keith Mitchell
Chairman
Board of Governors
Caribbean Development Bank

Dear Chairman

I enclose the Annual Report of the Caribbean Development Bank for the year ended December 31, 2017, which the Board of Directors, acting pursuant to Paragraph 2 of Article 38 of the Agreement establishing the Caribbean Development Bank and in accordance with Section 18 of the By-Laws of the Bank, has requested me to submit to the Board of Governors.

Yours sincerely
Wm. Warren Smith, Ph.D., CD
President

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President's Statement

I visited some of the areas affected by the 2017 Atlantic Hurricane Season and viewed many images of widespread destruction of critical infrastructure and human suffering in the affected countries. These were stark reminders of the extreme vulnerability of Caribbean economies to natural disasters and other climatic conditions, and considerably set back the sustainable development that lay ahead for the impacted countries.

Happening on the eve of the 23rd meeting of the United Nations Framework Convention on Climate Change Conference of Parties (COP23), these disasters also focused international attention on the unique challenges that climate change poses for a Region ranked as the second highest in terms of climate vulnerability. Since 1980, Borrowing Member Countries (BMCs) of the Caribbean Development Bank (CDB) have experienced disaster events with economic impact greater than 50% of gross domestic product (GDP). The damage in 2017 alone exceeded 225% of GDP in Dominica and over 300% of GDP in the British Virgin Islands (BVI).

The prediction is that these meteorological systems will become more intense and destructive in the future, further pushing up the financial cost of responding to them. The economic damage to the capital stock in the Region is estimated, on average to be 5.7% of GDP annually. By 2030, global warming could lead to additional losses averaging 1% to 3% of GDP per annum for Caribbean states.

As the leading regional development institution, the Caribbean Development Bank (CDB) is committed to support actions that build resilience to external shocks and natural hazard events. We have, therefore, been making some major strategic shifts and altering the focus of our operations so that we can play our part in helping our BMCs to build back better and stronger.

As a small regional institution, CDB has been leveraging its partnerships to mobilise concessional and grant resources as well as technical and capacity-building support that can achieve lasting development results for the BMCs. Our resource mobilisation efforts in 2017 produced additional financing in the form of a Second Climate Action Line of Credit from the European Investment Bank (EIB); a grant from the European Union for geothermal energy development in up to five countries in the Eastern Caribbean; an infrastructure fund supported by the Government of Mexico; and the expansion of the United Kingdom Caribbean Infrastructure Partnership Fund (UKCIF) to include assistance for hurricane recovery.

We also incentivised BMCs to invest in climate-resilient infrastructure by offering grant and other attractively priced financial resources. All of the infrastructure financing approved in 2017, therefore, will be used to finance climate-resilient projects – road rehabilitation; water supply improvement; and the strengthening and modernisation of other economic and social infrastructure. In preparation for this shift, CDB has been mainstreaming disaster risk management in its operations since the Bank adopted the Disaster Management Strategy and Operational Guidelines in 2009; reorganised its operations; and put in place the appropriate supporting policy framework. After a period of testing, in 2017, CDB also initiated systematic screening for climate risks in all its investment projects and country strategy work.

A sizeable proportion of CDB's financing in 2017 was targeted specifically at disaster recovery. We approved $104 million (mn) in Rehabilitation and Reconstruction Loans, Immediate Response Loans, and Emergency Relief Grants, which will benefit an estimated 134,000 displaced and affected people in Anguilla, Antigua and Barbuda, and BVI. Notably, we included, for the first time, community resilience and psychosocial support services in our recovery programming. We also committed to make $700-800 mn available, over the next five years, to help affected BMCs recover from the devastating effects of the recent hurricanes.

Meanwhile, we advanced the Region's sustainable and clean energy agenda by approving funding for electricity grid modernisation and energy storage; a geothermal energy exploratory test-drilling project; and street lighting projects to replace existing high-pressure sodium bulbs with high-efficiency light-emitting diode (LED) lamps. These projects will contribute to reduced greenhouse gas emissions and cost savings to governments, consumers and the business community.

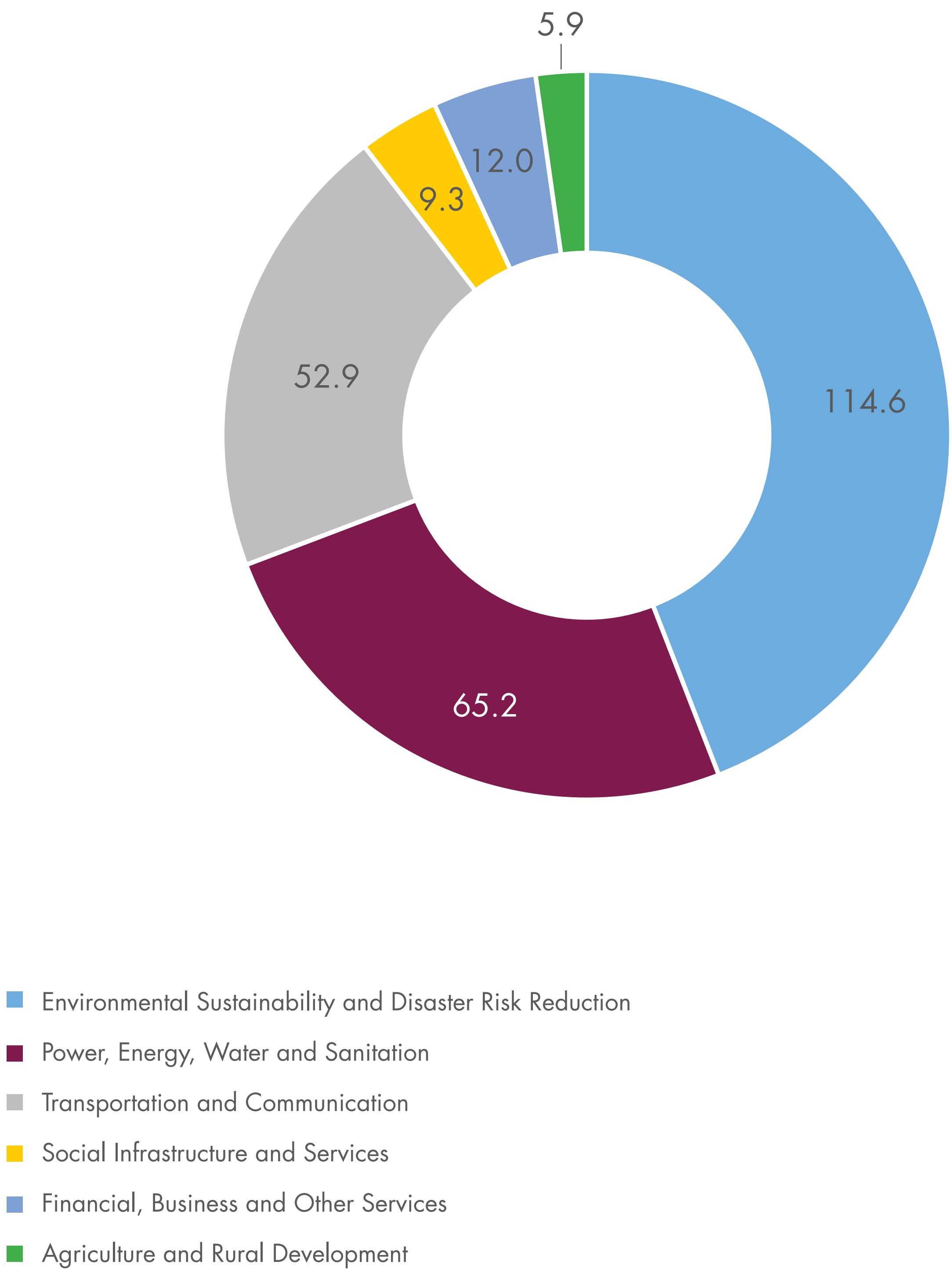
The 2017 edition of the Annual Report chronicles the key initiatives undertaken and the results delivered by CDB during the year. The Bank recorded strong growth, and exceeded targets in both total approvals and disbursements. We approved capital loans and technical assistance interventions totalling $364 mn, up 18% over 2016. Disbursements, meanwhile, climbed by 13% to $233 mn.

I was pleased with this performance. The Bank was able to respond quickly and meaningfully to the various setbacks and the challenges that BMCs faced during the year. With this level of support, CDB was able to maintain its position as a leading source of long-term development financing and capacity-building in the Caribbean. Our interventions are transforming lives Region wide by connecting communities; making roads safer; and increasing access to a more reliable supply of potable water.

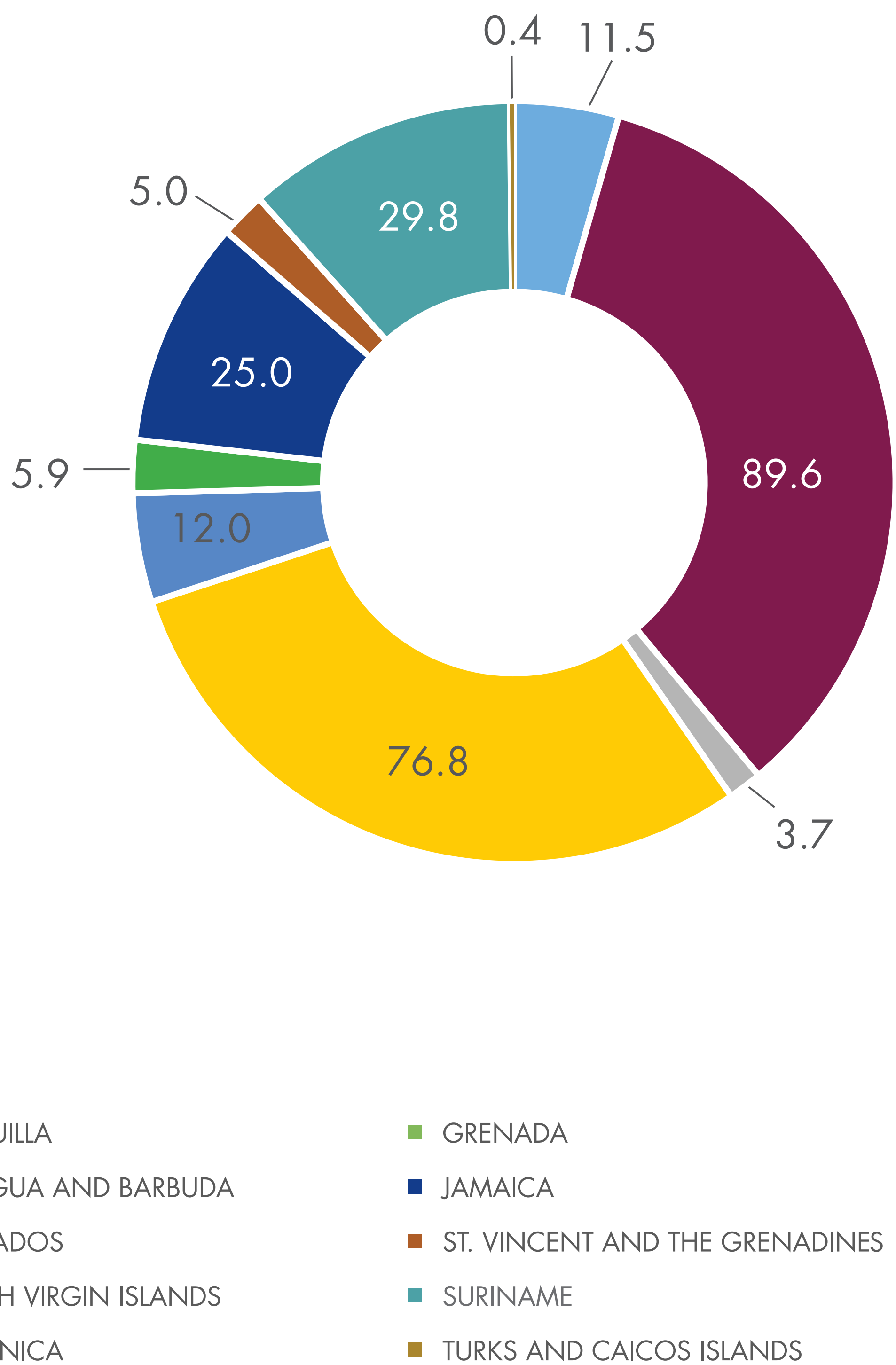
I wish to thank the Board of Governors, Board of Directors, Management and Staff for their strong support, and for pushing the Bank to achieve some critical performance targets.

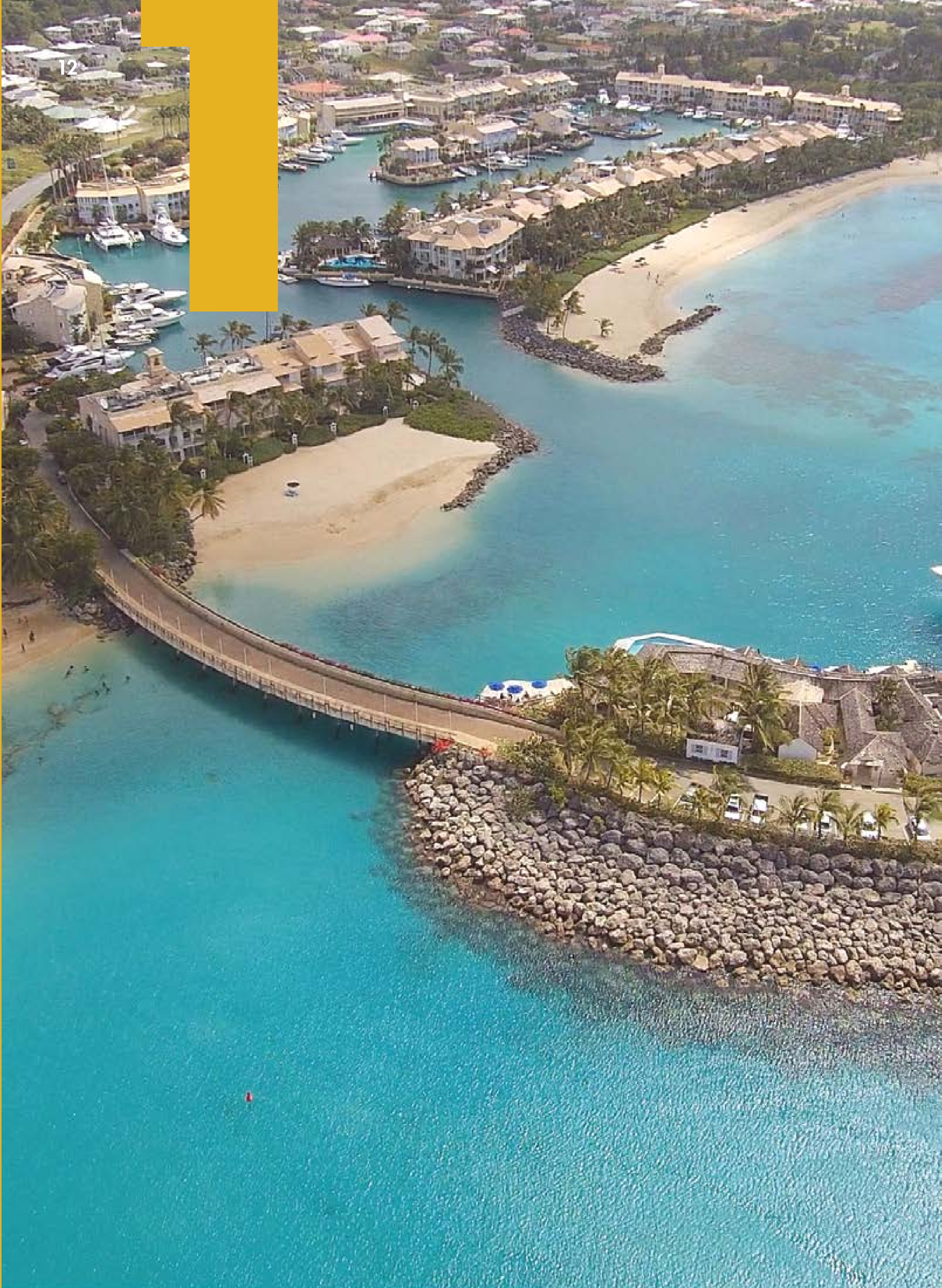
Wm. Warren Smith, Ph.D., CD
President

DISTRIBUTION OF LOANS BY SECTOR – 2017 ($ MN)



DISTRIBUTION OF LOANS BY COUNTRY – 2017 ($ MN)





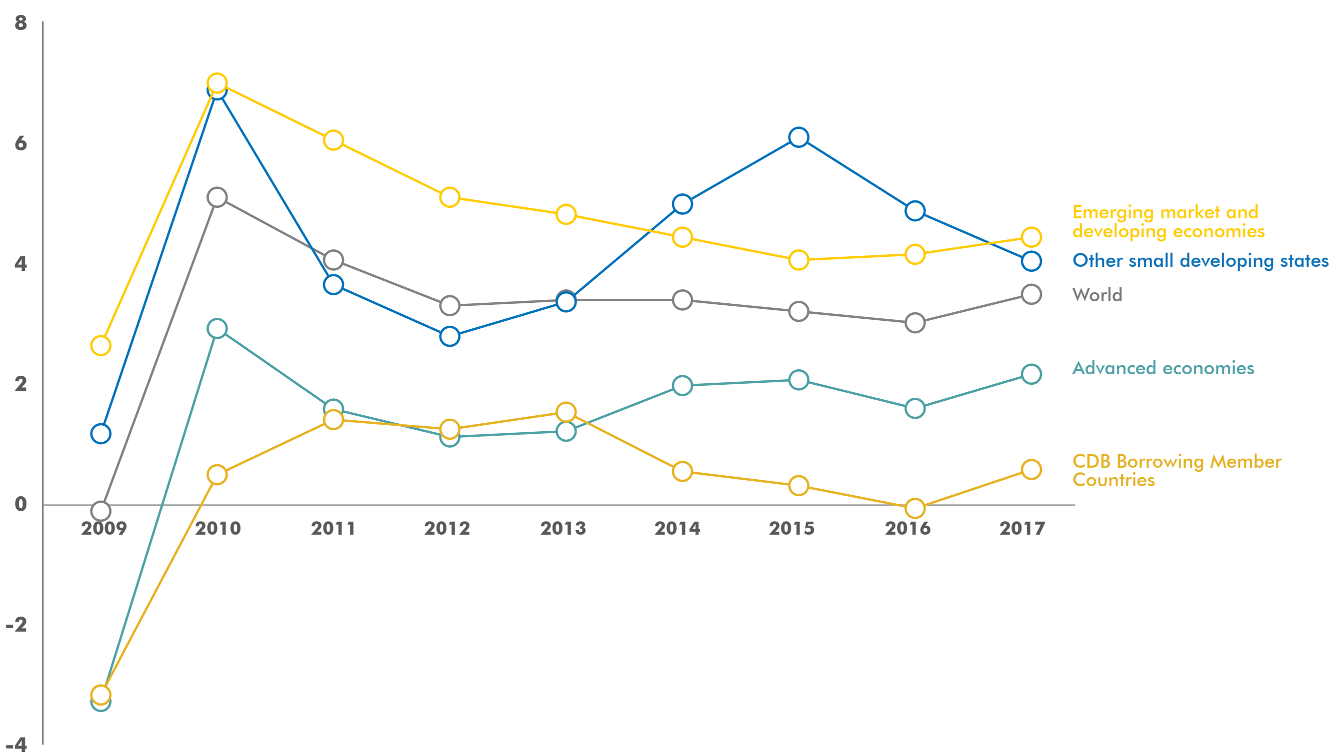
CARIBBEAN ECONOMIC REVIEW AND OUTLOOK

1 CARIBBEAN ECONOMIC REVIEW AND OUTLOOK

In 2017, vulnerability was a central theme of the economic performance of the BMCs of CDB. Severe weather events affected several countries, resulting in significant economic and social damage and losses. However, on average, there was an overall uptick in economic growth of 0.5% in BMCs, led by a rebound in oil prices, and supported by buoyant tourism and construction activities. Fiscal balances remained weak in most cases; and public sector debt continued to be worryingly high in many BMCs.

The Region is expected to grow by 1.8% in 2018 due to anticipated improvements in global economic growth; but risks are tilted to the downside. Mitigating these risks will require improved resilience on many levels. Macroeconomic stability, increased competitiveness, improved human development, and environmental preparedness are conditions that are necessary to improve resilience, and ensure sustainable and inclusive growth and development.

CHART 1: GROWTH (%) IN REAL OUTPUT, 2009-2017



Sources: CDB; International Monetary Fund (IMF) World Economic Outlook Database (October 2017)

BMC PERFORMANCE

Many BMCs were affected by extreme weather events in 2017, particularly Hurricanes Irma and Maria–two Category 5 storms, which caused considerable damage to economic and social infrastructure and loss of life. They affected 10 BMCs, most significantly Anguilla; Antigua and Barbuda; BVI; Dominica; and Turks and Caicos Islands (TCI). The costs of damage and losses are estimated at about 225% of GDP in Dominica and more than 300% in BVI. The damage in TCI was mainly on Grand Turk, where cruise-ship visits were disrupted; however, there was less of an effect on overnight tourism, which is mainly based on Providenciales. In all of the affected BMCs, the social impacts are yet to be fully assessed; but the consequences of displacement and unemployment, especially for more vulnerable households, are potentially severe and could limit future growth.

Four of the five major commodity exporters—Belize, Guyana, Haiti, Suriname, and Trinidad and Tobago—saw improved performance relative to 2016. However, growth remained negative in Suriname, and Trinidad and Tobago. In Suriname, crude oil production targets were not met, although output from the refinery increased following an upgrade in 2016. In Trinidad and Tobago, output from the dominant oil and gas sector is estimated to have increased marginally due to the completion of infrastructure maintenance work, and new oil and gas activities.

Belize's economy rebounded in 2017, led by increased buoyancy in the agriculture and fisheries, and tourism sectors. Growth in Guyana was underpinned by increased construction and manufacturing output, with a ramping up of the public sector investment programme. Haiti benefited from improved output of textiles and food. There were also increases in industrial production and construction, some related to rebuilding following Hurricane Matthew in 2016.

The tourism-dependent economies—The Bahamas; Barbados; Cayman Islands; Grenada; Saint Lucia; and St. Kitts and Nevis—are estimated to have grown, due primarily to positive developments in their tourism and construction industries. Despite a tapering in construction activity and stayover arrivals, economic growth in St. Kitts and Nevis was buoyed by cruise-ship arrivals, transportation and financial sector activity. In The Bahamas, growth is attributed to the delayed opening of Baha Mar.

Growth in Jamaica was led by strong performances in tourism, construction and manufacturing. In St. Vincent and the Grenadines, visitor numbers were down despite the opening of the new airport. This was partly because room stock declined with the closure of Buccament Bay Resort.

Regional consumer price inflation continued to edge up in 2017, due in part to an increase in aggregate demand. On balance, regional inflation (measured by the median rate) was 2.4% in 2017, up from 0.9% in 2016.

TABLE 1: GROWTH (%) IN REAL OUTPUT, 2013-2017*

BMC	2013	2014	2015	2016	2017*
ANG	0.4	5.5	3.6	2.5	-3.5
ANT	-0.1	5.1	4.1	5.3	2.7
BAH	**0.0**	**-0.5**	**-1.7**	**-0.3**	**1.0**
BAR	0.0	0.0	0.7	1.8	1.0
BVI	5.4	1.3	0.5	-2.2	-2.7
BZE	0.7	4.0	3.8	-0.5	0.5
CAY	1.3	2.7	2.8	3.5	2.7
DOM	-0.6	4.4	-2.5	2.6	-6.9
GRE	2.4	7.3	6.4	3.7	3.7
GUY	5.2	3.8	3.2	3.3	3.0
HAI	**4.2**	**2.8**	**1.2**	**1.4**	**1.2**
JAM	**0.5**	**0.7**	**1.0**	**1.4**	**0.9**
MON	5.1	2.0	0.4	2.0	2.4
SKN	6.2	6.0	4.0	2.2	2.8
SLU	3.4	-0.2	2.0	1.7	2.5
SVG	2.5	0.3	0.9	0.8	0.0
SUR	2.9	0.4	-2.7	-10.5	-1.2
TCI	1.3	4.6	6.0	4.4	3.4
TT	**2.7**	**-0.6**	**-0.6**	**-6.0**	**-1.0**
All	**1.6**	**0.6**	**0.3**	**-0.1**	**0.5**
All ex TT	*1.4*	*1.3*	*0.4*	*0.8*	*1.2*

Sources: National Statistics Offices, Central Banks and CDB estimates
*Data for 2017 are preliminary estimates

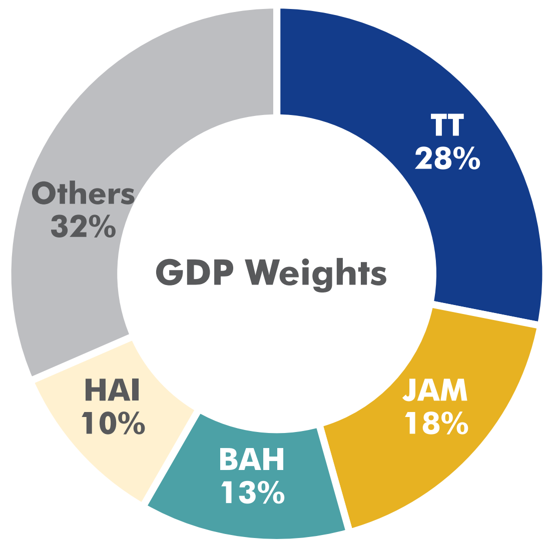


Chart highlighting GDP weights for the four largest BMC economies.

SOCIAL ISSUES

The majority of BMCs are ranked in the high human development category[1]. But issues of persistent poverty and indigence; inequality; vulnerability; and the inability of the poor to sustainably improve their well-being remain.

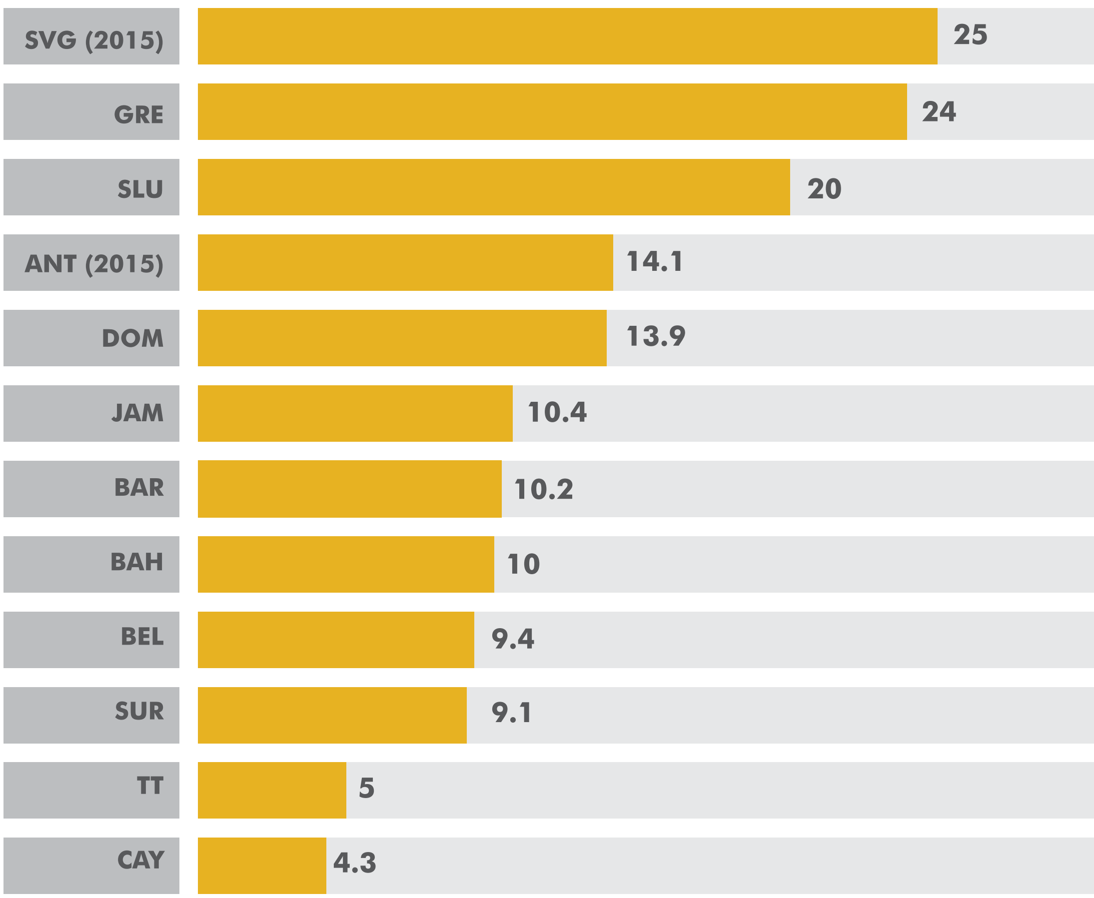
High levels of poverty and income inequality persist. By providing up-to-date and more reliable measures of poverty, the new CDB-financed Enhanced Country Poverty Assessments (ECPAs) will support improved targeting of underlying factors.

1 UNDP – Human Development Index 2016.

The countries that reported declines in their unemployment rates in 2017—The Bahamas, Belize, Grenada, Jamaica and Saint Lucia—also recorded positive economic growth. However, double-digit unemployment remains an area of concern for most of the Caribbean, and youth and women are disproportionately affected (Chart 2).

CHART 2: UNEMPLOYMENT RATES IN CDB'S BMCs (%)

2017 Estimate Unless Otherwise Noted



Sources: National Statistics Offices, IMF

FISCAL PERFORMANCE AND DEBT

Fiscal conditions in the Region weakened and public debt remained high in 2017. The median fiscal deficit of central governments increased from 0.7% of GDP in 2016 to 1.6% in 2017[2]. This reflected sluggish revenue performances related to declining commodity outputs, declining receipts from citizenship by investment programmes, and inadequate responses on the expenditure side. Barbados, Suriname, and Trinidad and Tobago received credit rating downgrades. The ratings agencies expressed concerns about fiscal deficit and debt levels, and underlying economic strength[3]. These three BMCs rationalised public expenditure and introduced revenue-enhancing measures. The restructuring of Belize's commercial debt in March resulted in an upgrade of its credit rating[4].

High levels of indebtedness remain a challenge, with increasing debt-service payments crowding out the expenditure needed to stimulate growth. The median public debt burden declined marginally from 68% of GDP in 2016 to 64.6% in 2017. Table 2 shows that debt-to-GDP ratios had fallen in 15 of the 19 BMCs as at the end of 2017. This was due to continued implementation of economic reform programmes in the case of Grenada and Jamaica; and improved revenue performance, lower interest costs associated with active debt and liability management, and a return to moderate economic growth in the tourism-driven economies. However, debt is still above the benchmark of 60% of GDP in 12 BMCs. In addition, it is expected that there will be sizeable fiscal and/or debt slippages during the period 2018 to 2019 as hurricane-related reconstruction picks up.

TABLE 2: DEBT-TO-GDP RATIO, AS AT END OF 2016 AND 2017 (%)

	2016	2017	Change
BAR	161.5	157.1	-4.4
JAM	119.4	111.9	-7.5
BZE	92.3	93.9	1.6
ANT	81.9	78.3	-3.6
SVG	82.1	76.8	-5.3
DOM	72.7	69.4	-3.3
BAH	68.0	72.7	4.7
SLU	69.5	68.5	-1.0
GRE	76.3	66.3	-10.0
SKN	64.8	64.6	-0.2
SUR	68.8	63.2	-5.6
TT	58.8	60.1	1.3
ANG	60.6	56.8	-3.8
GUY	45.7	45.2	-0.5
HAI	33.7	32.6	-1.1
BVI	18.8	18.7	-0.1
CAY	16.3	14.7	-1.6
TCI	7.6	7.4	-0.2
MON	5.1	6.1	1.0
Median	68.0	64.6	

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

2 Source: IMF WEO Database. Not including the five UK Overseas Territories.

3 Barbados was downgraded by Moody's in March (to Caa3 from Caa1) and by S&P in September (to CCC from CCC+). Suriname was downgraded by Fitch in February (to B- from B+), and by S&P in April (to B from B+); and later in the year, Moody's placed the country on review for downgrade. In April, Trinidad and Tobago was downgraded by Moody's (to Ba1 from Baa3).

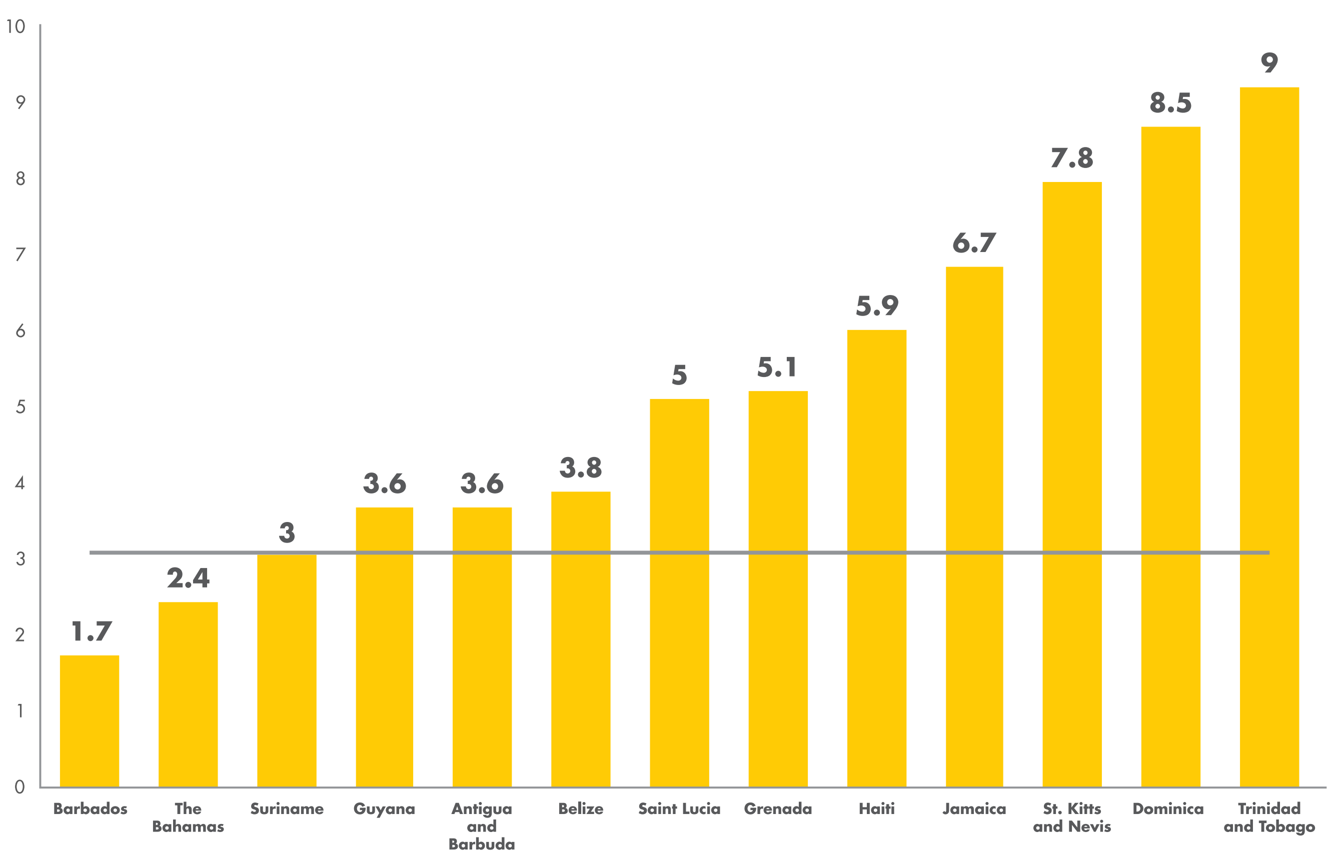
4 S&P upgraded the foreign currency rating back to B-, with a stable outlook. In April, Moody's upgraded from Caa2 to B3.

EXTERNAL PERFORMANCE

External positions improved in the commodity-producing BMCs but in other countries the situation worsened, and the level of foreign reserves came under further pressure. The current account deficit fell in Suriname, and Trinidad and Tobago due to increased oil and gas prices. Guyana and Suriname benefitted from an increase in the price of gold. However, in Guyana, the current account returned to deficit, as imports related to the extractive industries rose. The current account improved slightly in Belize, helped by higher exports of sugar, bananas and marine products. And imports declined as the effects of a restrictive budget set in.

The external reserves positions were below the benchmark of three months of imports in The Bahamas and Barbados Both countries experienced high external current account deficits, mainly due to higher fuel prices driving increases in the price of imports. The reserves position deteriorated slightly in Belize, as a result of the final compensation payment in United States dollars, for a previously nationalised utility company.

CHART 3: FOREIGN RESERVES (IN MONTHS OF IMPORTS)



Sources: Central Banks

MONETARY DEVELOPMENTS AND FINANCIAL STABILITY

Monetary conditions in the BMCs were consistent with the anaemic real GDP growth. Generally, monetary growth slowed in 2017, consistent with sluggish domestic credit growth in The Bahamas; Barbados; Eastern Caribbean Currency Union; Suriname; and Trinidad and Tobago. Jamaica, where an easing of credit conditions underpinned household and private sector credit growth, was an exception.

Generally, the regional banking system remained relatively stable. Bank capitalisation continued to be satisfactory, with capital adequacy ratios above prudential guidelines. However, some vulnerabilities persisted across BMCs, with high (albeit declining) levels of non-performing loans (NPLs) and increasing supervisory costs; both of which are drags on banks' profitability.

Expectations are that high levels of liquidity will be maintained over the medium term, given the uncertain economic environment. Furthermore, modest improvements in credit quality indicators are expected, as banks ratchet up efforts to address the NPLs on their balance sheets. The loss of correspondent banking relationships continued to pose a threat to the stability of some domestic banks, amidst tighter lending conditions and increased oversight for anti-money laundering and combating the financing of terrorism.

OUTLOOK

BMCs' economic prospects are correlated with developments in the global economy. The IMF forecast an increase in global growth to 3.9% in 2018 and 2019, from 3.7% in 2017, driven in part by the growth momentum in the United States[5]. However, the IMF highlights the medium-term downside risks, such as a correction in financial markets; inward-looking policies; geopolitical tensions; and political uncertainty in some countries.

BMCs' exposure to the global risks is high; and there are also risks associated with natural disasters and other weather-related events. The increasing frequency and intensity of these events highlight the need to improve resilience. Economies reliant on financial services will continue to face levels of scrutiny from the international community regarding the use of offshore financial centres for tax avoidance. Corporation tax reform in the United States could also result in profits being repatriated from offshore, with a possible effect on revenues in the Caribbean.

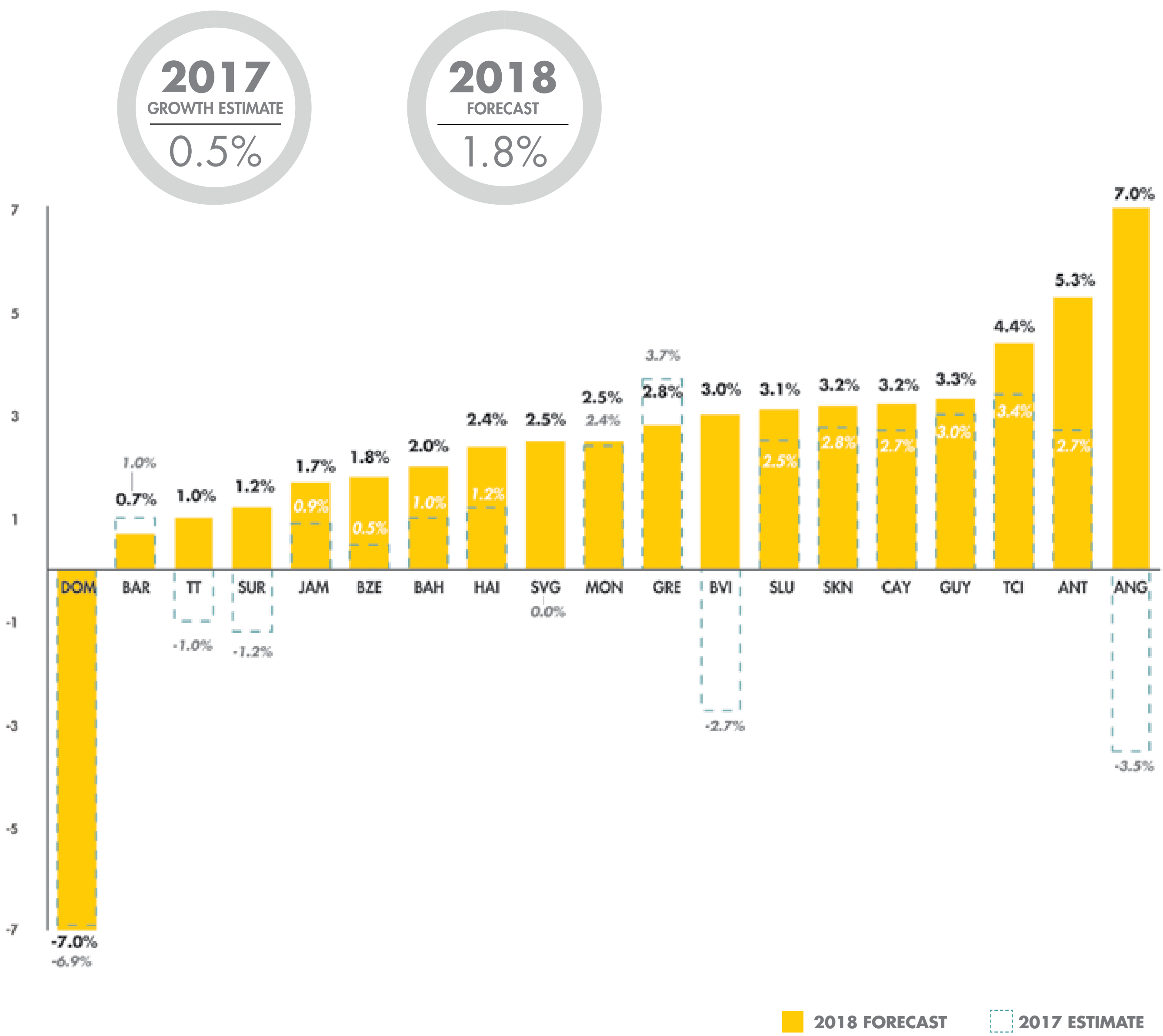
With these considerations in mind, CDB is projecting regional economic growth of 1.8% for 2018. Returns to positive growth are forecast for Suriname, and Trinidad and Tobago, driven by recovery in the energy sector, and in the case of Suriname, gold production. Higher gold production is also anticipated in Guyana. In addition, Guyana can expect an increase in construction and investment activity in advance of oil first coming on stream in 2020. In Belize, increased economic activity is projected as agriculture and fisheries continue to recover, and as tourism picks up. Construction will also increase, although public investment could be limited by budget-tightening to comply with the conditions of debt restructuring. Haiti is likely to continue to grow. However, plans to mobilise local resources through tax measures, which recently led to protest and labour unrest, will need to be managed carefully.

As far as the service-dependent economies are concerned, reconstruction activity should drive growth in some of the countries most affected by Hurricanes Irma and Maria (Anguilla, Antigua and Barbuda, BVI, and TCI) but further

5 IMF World Economic Outlook – April 2018.

contraction is expected in Dominica because of, *inter alia*, the slow pace of private sector recovery, human capacity constraints, and limited availability of materials. The Bahamian economy will benefit from Baha Mar operating at full capacity; and there will be further hotel investment in St. Kitts and Nevis, and Saint Lucia. An increase in growth is forecast for Jamaica, as agriculture recovers and mining picks up following the opening of a new operation. New inward investment is also planned for Barbados, but uncertainty over the future of macroeconomic policy during a general election year is likely to cause delay of some investment decisions.

CHART 4: GDP GROWTH 2017 AND 2018 (%)



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PROJECTS PERFORMANCE REVIEW

2 PROJECTS PERFORMANCE REVIEW

ENVIRONMENTAL SUSTAINABILITY

CDB continued fulfilling its commitment to make its portfolio sustainable and to fully align its work with its Environment and Social Review Procedures (ESRP) Performance Standards. In compliance with the ESRP, investment projects were screened and categorised for environmental and social risks, to enable effective management of identified risks. Of the 19 investment projects approved and entered into the Bank's investment portfolio, 11 were categorised "B", and two as Financial Intermediary. The others, which were emergency operations financed under the Bank's Disaster Management Strategy and Operational Guidelines, did not require ESRP categorisation. The Bank approved and advanced implementation of three technical assistance grants to establish environmental and social systems in two financial intermediary institutions, and for one economic and social planning institution.

BUILDING RESILIENCE TO CLIMATE CHANGE AND DISASTERS

The Bank strengthened systematic screening for climate risks in all its investment projects and country strategy work. Climate vulnerability and risk assessments were undertaken for projects identified as having moderate or significant climate risks, or which presented opportunity for addressing adaptation or mitigation considerations in their design.

Fourteen technical assistance grants totalling EUR7.6 mn were approved and financed from resources provided by the African Caribbean Pacific–European Union-Caribbean Development Bank Natural Disaster Risk Management

Farmers in Toledo District, Belize who are among the direct beneficiaries of a Community Disaster Risk Reduction Fund (CDRRF) project launched in 2017. It aims to build adaptive capacity and resilience to climate change in 11 villages.

Programme. These projects will contribute to improving institutional capacities for data analysis, modelling, early warning systems, national hazard risk profiling, and to strengthening community-level capacity for disaster risk reduction in BMCs and regional institutions. Beneficiary recipient organisations included the Caribbean Disaster Emergency Management Agency; Caribbean Institute for Meteorology and Hydrology; the Caribbean Tourism Organization (CTO); and the University of the West Indies Climate Studies Group, Mona (CSGM), Jamaica. Guyana, Haiti, Jamaica, and St. Vincent and the Grenadines were among the beneficiary countries.

The Bank provided Emergency Relief Grants totalling $800,000 to Anguilla, Antigua and Barbuda, The Bahamas and BVI following the passage of Hurricanes Irma and Maria. Four Immediate Response Loans totalling $2.8 mn were approved to assist with immediate hurricane recovery efforts in Antigua and Barbuda, and BVI. In addition, the Bank provided a grant of $3.5 mn to the Government of Haiti to cover its annual insurance premium to CCRIF SPC.

At the end of December 2017, an additional four community-based disaster risk management projects were approved under CDRRF. Eight projects are now under implementation in four BMCs—Belize, BVI, Jamaica, and St. Vincent and the Grenadines.

PARTNERSHIPS FOR CLIMATE ACTION AND RESILIENCE

CDB continued to collaborate with other development institutions working to improve environment and social safeguard issues, disaster risk reduction and climate resilience in its BMCs.

In May, the Bank signed a line of credit of $110 mn with EIB, to finance climate action investments. In the aftermath of the devastation caused by Hurricanes Irma and Maria, the two institutions signed an additional financing package of $24 mn to assist with reconstruction efforts in the affected BMCs.

Staff participated in and provided support on national and regional technical committees, relating to sustainability issues such as disaster risk management; climate change adaptation, mitigation and finance; environment and social frameworks; pollution control; gender analysis; and poverty assessments.

CDB, participated in and financed the Caribbean Pavilion at COP23 held in Bonn, Germany. At the Conference, the Bank joined the NDC Partnership to help BMCs accelerate achievement of their climate action goals. The Bank also signed on to the Principles for Mainstreaming Climate Action Initiative as a supporting institution at the end of 2017.

In September, CDB partnered with the Inter-American Development Bank (IDB) to host the Second Regional Policy Dialogue on Environmental Permitting and Compliance. The event facilitated the exchange of experiences, innovative practices, and lessons learned between high-level Caribbean government officials and experts.

CDB, in collaboration with the Caribbean Community Climate Change Centre and the Green Climate Fund (GCF), conducted a technical workshop aimed at strengthening the capacity of BMCs to develop concept notes and proposals for GCF-financed projects in the water and urban sectors. Twenty-six participants from nine BMCs also enhanced their understanding of the GCF process and investment framework.

In October, CDB co-hosted, with the Adaptation Fund Secretariat, a workshop in Barbados, designed to enhance the knowledge of senior technical stakeholders about the accreditation, project development, submission and review processes of the Fund. Representatives of 13 BMCs attended the workshop.

CDB financed a study undertaken by CSGM on the physical, social and economic implications for Caribbean small island developing states, if global warming rises

EIB Vice President, Pim Van Ballekom (left) and CDB President, Dr. Wm. Warren Smith (right) shake hands after signing the agreement for the Climate Action Framework Loan II in May 2017 in Providenciales, TCI.

to 1.5 degrees Celsius above pre-industrial levels. The technical paper will be the contribution of the Caribbean Community (CARICOM) to a 2018 Special Report, which the Inter-governmental Panel on Climate Change agreed to produce, at the invitation of the Conference of the Parties to the UNFCCC, during the 21st Session in Paris in 2015. A presentation on the initial findings of the study was delivered at a side event during COP23.

RENEWABLE ENERGY AND ENERGY EFFICIENCY

CDB continued to address the Region's renewable energy and energy efficiency challenges, and accelerate the implementation of projects and programmes to improve access to clean and affordable energy across the Caribbean.

CDB GeoSmart Initiative and resource mobilisation

Under the GeoSmart Initiative, CDB's Board of Directors approved the receipt of a EUR12 mn grant from the European Union Caribbean Investment Facility (EU-CIF) to support geothermal energy development in the Eastern Caribbean. These resources will finance investment at the exploratory drilling phase, and will be blended with contingently recoverable grants. They will ultimately be accounted for as government equity in the national geothermal development company. CDB will also use the EU-CIF grant to provide technical assistance to beneficiary governments, and to study the feasibility of interconnection for the export of electricity.

Geothermal development

CDB scaled up its support for geothermal energy development. The Bank approved grants provided through IDB and the Global Environment Facility Trust Fund to establish a geothermal energy Project Management Unit in Grenada, and for the conduct of an Environmental and Social Impact Assessment (ESIA) at sites identified for geothermal test drilling. In addition, the Bank supported the completion of an ESIA for test drilling on the island of St. Kitts, and capacity-building in geothermal energy development in St. Vincent and the Grenadines.

President CDB, Dr. Wm. Warren Smith (left) and Commissioner in charge of International Cooperation and Development, Neven Mimica (right) sign an agreement to formalise an EU grant contribution to the Geothermal Risk Mitigation Programme for the Eastern Caribbean in New York in November 2017.

Project identification and preparation

Through grants from the Sustainable Energy for the Eastern Caribbean (SEEC) programme and resources from the Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C), CDB and beneficiary countries scaled up project identification and preparation efforts. SEEC grants financed energy audits to prepare investment projects, which aim to improve energy efficiency in government buildings in Grenada, and St. Kitts and Nevis. Energy audits were also completed for government buildings in Anguilla.

The Bank also worked closely with the Division of Environment, to prepare a project for the installation of solar photovoltaic (PV) panels on select schools and clinics on the island of Antigua. Grant funding for this project was approved in December 2017.

Energy-efficient street lighting

The Bank continued to promote its streetlight retrofitting programme, encouraging BMCs to undertake network-wide replacement and sustainable disposal of inefficient high-pressure sodium lamps with LED lamps. Loans were approved for streetlight retrofitting in Jamaica and Suriname; and the implementation of similar projects in Antigua and Barbuda, St. Kitts and Nevis, and St. Vincent and the Grenadines advanced. When these projects are fully implemented, savings of at least 50% in streetlight energy consumption, system-wide, are expected.

Capacity-building

CDB addressed the shortage of technical capacity in specialised areas within the regional renewable energy and energy efficiency sector. The Bank supported six formal training interventions, including workshops to build the capacity of regional physical planners, and of utility leaders in grid modernisation and battery storage. The Bank also supported training in the measurement of greenhouse gas emissions. Staff in two development finance institutions participated in on-site training delivered by CDB Staff. The Bank continued to roll out capacity-building initiatives in regulation of the energy sector.

Mainstreaming renewable energy and energy efficiency across CDB's work

The Bank made further progress on mainstreaming renewable energy and energy efficiency across its work. Country strategies approved in 2017 included energy considerations. In addition, the Basic Needs Trust Fund (BNTF) continued to integrate renewable energy into its sub-projects, rolling out solar PV installations in the rural areas of Belize and Guyana.

SUPPORTING NEW TECHNOLOGIES, PARTNERSHIPS IN RENEWABLE ENERGY

Energy sector stakeholders participate in the Utility Leaders Workshop co-sponsored by CDB and the Government of Canada through C-SESC.

CDB participated in the 2017 Caribbean Renewable Energy Forum (CREF), the largest annual gathering of regional energy stakeholders from academia, governments, utilities, multilateral institutions and investment companies.

The Bank and the Government of Canada sponsored the Utility Leaders Workshop, where attendees exchanged knowledge about developments in the design and implementation of projects integrating battery storage technology. The event, designed to improve utility leaders' understanding of how and when to invest in energy storage, was supported by CDB through CSES-C.

During CREF, the Bank also urged sector stakeholders to accelerate the Region's transition to renewables by building diverse partnerships and networks, and improving their engagement with the wider public.

At CREF, CDB's energy specialists also held discussions with sector stakeholders; hosted delegates at the Bank's booth; and shared with participants the Bank's role in supporting sustainable energy projects in the Caribbean.

The Bank presented five information products on new technologies, its partnerships and sustainable energy programmes at the event, which brought together more than 500 participants.

Works advance to upgrade the Philip S. W. Goldson Highway under the Belize Fifth Road Project.

ECONOMIC INFRASTRUCTURE

Infrastructure projects under implementation during 2017 included the construction and upgrading of approximately 32 km of roads, benefitting over 130,000 men, women, boys and girls in Belize, BVI, Guyana, and St. Vincent and the Grenadines. In The Bahamas, the Bank supported the installation of water supply infrastructure that improved access to water for 1,150 households. Under the United Kingdom Caribbean Infrastructure Partnership Fund (UKCIF), implementation advanced for a project in Antigua and Barbuda, which will construct and upgrade approximately 8.7 km of roads, benefitting approximately 65,000 people.

CDB also hosted two regional workshops targeting professionals in the transport and urban sectors. These stakeholder engagements were critical components of the process for updating the Bank's sector policies. The Bank also advanced initiatives to mainstream climate-resilience planning in the road transport and water sectors in the Caribbean.

The Bank approved 10 capital and eight technical assistance interventions in the energy and transport sectors in Anguilla; Antigua and Barbuda; Belize; BVI; Dominica; Grenada; Guyana; Montserrat; Saint Lucia; and St. Vincent and the Grenadines. These included six technical assistance interventions and one capital project supported through UKCIF.

A capital project for road infrastructure rehabilitation was also approved for Antigua and Barbuda. The expected outcome of this project is increased efficiency, climate resilience and improved safety of road transport along selected primary highways in Antigua and Barbuda. Under UKCIF, a seaport redevelopment project was approved for Montserrat, and is expected to lead to improved efficiency, effectiveness and resilience of the port facilities, and to provide a safe harbour and accessibility to its users.

In addition, CDB approved feasibility and design studies for road infrastructure in Belize, Grenada, Guyana and Saint Lucia through UKCIF. Under the Fund, the Bank also approved feasibility and design studies for marine transport in Guyana, and St. Vincent and the Grenadines. Hurricane reconstruction and rehabilitation loans were approved for:

- the rebuilding of the electricity transmission and distribution network in Anguilla;
- the reconstruction of education facilities, public buildings, road and water infrastructure in BVI; and
- education, road and water infrastructure in Antigua and Barbuda.

TECHNICAL COOPERATION

In 2017, CDB scaled up its efforts to supply and improve regional public goods, taking into account regional targets and outcomes across its portfolio.

Regional cooperation and integration

The Bank completed the implementation of 28 projects under the CARICOM Single Market and Economy and the Economic Partnership Agreement (EPA) Standby Facilities. Total disbursements in 2017 were $1.4 mn. Across 11 BMCs, individuals and businesses in the creative arts, manufacturing and public sector, and small and medium-sized enterprises benefitted from the development of policy, drafting of legislation, outfitting of equipment for testing laboratories, training and workshops.

Regional public goods

CDB approved a grant of $48,720 to the Regional Security System (RSS), which coordinates collective response to security threats impacting the stability of the Region. The funds were used to finance an organisational and strategic review as well as to develop a risk management system, and a policy on corruption, fraud and bribery.

CDB also continued to play a leading role in building an efficient regional statistical system. Working with partners to advance the data revolution for sustainable development, the Bank supported 12 national statistical offices and the CARICOM Secretariat to improve the coordination of statistical activities and knowledge transfer throughout the Region. CDB funding also advanced the implementation of the Region's Action Plan for Statistics, and critical preparations for the impending rounds of National Population and Housing Censuses throughout the Region.

Supporting MSMEs' development, competitiveness and resilience

CDB continued to invest in the development of competitive, innovative and resilient micro, small and medium-sized enterprises (MSMEs) in its BMCs. During 2017, through its Caribbean Technological Consultancy Services (CTCS) Network, the Bank approved $806,000 to facilitate the implementation of 45 technical assistance development activities, of which 863 business persons were beneficiaries.

In keeping with its focus on building economic and social resilience to the impact of natural disasters, the Bank provided training to 234 artisans and community groups in Dominica to improve their knowledge and skills in enhanced construction methods and practices, and to reduce the vulnerability of structures to hurricanes and similar events. One hundred and seventy men and 64 women participated in the programme, which was part of CDB's immediate response to Dominica following the passage of Hurricane Maria.

CDB prioritised support to help MSMEs become more compliant with international standards—an important factor for boosting competitiveness. In Belize, the Bank funded the development of a quality management system for the Citrus Research and Education Institute laboratory that is compliant with ISO/International Electrotechnical Commission 17025. Implementation of this system paves the way for MSME citrus growers in Belize and across the Region to gain better access to affordable and accredited testing services. CDB also continued to collaborate with CTO to provide training for the Hospitality Assured Certification Programme for the Caribbean, to improve the competitiveness of tourism-related MSMEs.

The Bank promoted innovation in sustainable agriculture development, approving a grant to support capacity-building in aquaponics for farmers and trainers in Jamaica. When the project is completed, at least 20 extension officers, and 45 prospective and existing farmers will be trained in aquaponics farm management; and an online training programme to be rolled out in other BMCs will have been developed.

Public policy and project governance

The Bank advanced the implementation of its Public Policy Analysis and Management and Project Cycle Management Training Programme. One hundred and eighty-six civil servants in Barbados and Grenada completed all components in 2017. The Programme blended online and face-to-face courses in public policy analysis and management, results-based management, risk management, procurement management and train-the-trainers techniques. Overall, 98% of respondents to the post-training survey reported that they had improved their skills and knowledge. The Programme is scheduled for implementation in the remaining 17 BMCs and for the Bank's Staff in 2018 and 2019.

Through the CTCS Network, the Bank provided training to improve the competitiveness of MSMEs. In Guyana, training in beekeeping targeted vulnerable groups at risk for lower participation in available economic activities, including Amerindian communities, youth, women and people with disabilities.

TRAINING DOMINICANS TO BUILD BACK BETTER

In Dominica, a man attempts to rebuild a roof destroyed during Hurricane Maria.

On September 21, 2017, Hurricane Maria swept through Dominica with category five winds of nearly 160 mph damaging or destroying 90% of the island's structures. Following the devastation, stakeholders called for in-depth reviews of building practices, and the Government of Dominica, with plans of rebuilding stronger than before, commenced resilient construction.

Through funding from CDB, 234 Dominicans, 40% of them women, are now more equipped with the skills and knowledge needed to construct homes that can better withstand hurricanes. They have completed the Rapid Training of Artisans programme, a learning experience which taught them how to efficiently and economically repair and rebuild roofs and timber-framed walls in accordance with building codes.

Artisans in each of Dominica's 10 parishes participated in the programme, which follows a similar one implemented with notable results in Grenada immediately after Hurricane Ivan in 2004. Lessons learned will be applied to future interventions in CDB's other BMCs, which have been affected by, and are vulnerable to hurricanes.

The programme was implemented through the CTCS Network.

PRIVATE SECTOR DEVELOPMENT

During 2017, CDB focused its private sector interventions on expanding credit delivery to priority sectors; strengthening the capacity of institutions that deliver services to MSMEs; and supporting mechanisms that increase access to affordable long-term financing. The Bank also revised its Private Sector Policy and Strategy, which guides its contribution to the transformation of the sector in CDB's BMCs.

Through ongoing credit programmes, the Bank disbursed approximately $12 mn in financing to regional development finance institutions to provide credit for 117 business enterprises, 652 student loan recipients and 23 low-to-lower income households seeking assistance for home improvement and home acquisition. In addition, the Board of Directors approved financing of $12mn to Dominica Agricultural and Industrial Development Bank (DAIDB) to support housing and education. The funding will assist in providing student loans, and low and lower-middle income housing, which combined are expected to benefit 400 people. Under the project, technical staff from DAIDB will also receive training on how to assess and manage climate risk and gender equality in the project appraisal process.

CDB facilitated capacity-building initiatives to strengthen business support organisations (BSOs) and development institutions that provide services to the private sector, and enhance their service delivery and business models. In collaboration with the IDB and the Multilateral Investment Fund (MIF), CDB designed a project in direct response to the loss of correspondent banking relationships caused by de-risking. When this project is completed, national risk assessments and action plans will have been prepared, legal and regulatory reforms initiated, a communication strategy designed and implemented, and personnel from financial institutions trained in anti-money laundering and combatting the financing of terrorism.

The Bank approved an initial contribution of $2.6 mn for the establishment of the Cultural and Creative Industries Innovation Fund, which will support innovation and emerging business opportunities in the sector. The Fund will provide non-reimbursable grants to projects and/or activities at the national, sub-regional and regional levels, and targets outcomes including business-climate reform, improved data capture and market intelligence, and direct institutional strengthening of BSOs and MSMEs involved in the sector.

SOCIAL SECTOR

Building resilience through social interventions

Natural hazards have significant social impacts in CDB's BMCs. In direct response to this issue, the Bank provided funding for the provision of psychosocial services as part of its post-disaster reconstruction and rehabilitation interventions in Antigua and Barbuda, and BVI. These services directly targeted children, their families, educators and other service providers affected by the hurricanes.

Non-communicable diseases present a threat to human capital gains in the Bank's BMCs, and childhood obesity is among the root causes. In 2017, CDB cooperated with the Healthy Caribbean Coalition to support childhood obesity prevention through capacity building. The project is providing training for civil society organisations to develop and implement childhood obesity action plans in The Bahamas, Barbados, Belize and Jamaica.

Gender

CDB increased its focus on reducing gender-based violence (GBV), a persistent and pervasive issue, which threatens resilience and severely damages the human capital base of BMCs. The Bank, in collaboration with UN Women, provided support to enhance technical capacity at the regional level to collect systematic, harmonised and comparable data on GBV which could be used to inform evidence-based decision-making. The Bank also continued to support the

Legal Aid and Counselling Clinic in Grenada in providing psychosocial and psycho-educational interventions to victims and perpetrators of GBV. About 200 beneficiaries access these CDB-supported services annually.

CDB, for the first time, approved a project to combat Trafficking in Persons (TIPs) in Guyana. TIPs affects men, women and children; however, women and girls are the main victims. The project will enhance the institutional framework for the provision of services by the public and non-governmental organisations.

Education

CDB's interventions in education emphasised the promotion of sustainable sector outcomes. This was achieved primarily through a focus on quality and the enhancement of education systems. Three major activities included: the finalisation and approval of the Bank's Education and Training Policy and Strategy (ETPS); the launch of a Framework for the Advancement of Mathematics Education (FAME); and the provision of training designed to enhance the capacity of teachers and school administrators in instructional effectiveness and leadership.

The ETPS sought to align outcomes in the Bank's proposed interventions with national, regional and global developments, particularly the Sustainable Development Goals (SDGs). The Bank pursued its objective to meet and be responsive to the new and changing demands of BMCs, taking into account differences in language and education systems, and good practice in the sector.

The primary goal of FAME is to improve outcomes in Mathematics education through enhancement of the policy and enabling environment; curriculum development, implementation and monitoring; teacher development; assessment; teaching and learning and instructional resources; and the addressing of gender disparities that affect the teaching and learning of Mathematics. In advancing the Framework, key performance indicators have been identified; and it is expected that BMCs' Education Sector Plans will be revised to incorporate relevant aspects of FAME.

The Bank funded training to enhance teacher effectiveness and the instructional leadership capacity of administrators in a number of BMCs. Sixty secondary school administrators and secondary-level teacher trainers from the University of Belize received training in effective school leadership and management. Upon completion of this programme, six participants were selected for a study tour to Canada to further enhance their capacity as trainers of trainers and to continue the cycle of training and orientation for new participants on an annual basis. In Antigua and Barbuda, while 16 teachers are receiving degree-level training to enhance both their pedagogical and content capacity, a total of 488 teachers and school administrators benefitted from professional development to improve their instructional effectiveness and instructional leadership skills. Eleven of the teachers trained are now skilled in the development and implementation of programmes for children with special educational needs.

The Board of Directors approved a $16 mn project, which will assist the Government of Haiti with improvements in the education sector. The project aims to enhance the role of the state in basic education, by enabling it to be more active in the delivery of education services. In addition to providing more public places, the Government will implement a number of quality assurance mechanisms to strengthen basic education generally, and to hold private providers accountable for maintaining established standards. It is expected that 48 new classrooms will be provided and a further 84 will be rehabilitated. There will be approximately 69,000 beneficiaries, including teachers and school directors who receive training.

Students in Haiti, where, through a project approved by the Board of Directors in 2017, CDB is investing $16mn to enhance basic education for 69,000 beneficiaries.

The Bank approved a grant to strengthen the capacity of the Caribbean Examinations Council to implement and assess the Caribbean Advanced Proficiency Examination (CAPE) in Environmental Studies. It will also enhance the skills of 240 Environmental Science teachers to deliver the CAPE Environmental Science curriculum. This support is expected to improve the performance of 5,000 students by 2021 and increase public awareness of issues related to climate change, natural disasters and energy conservation.

Poverty Assessments

Implementation of the Enhanced Country Assessment Programme[6] continued during the year, with the completion of Country Needs Assessments (CNAs) in 12 BMCs. These CNAs were designed to identify the level of local institutional and technical capacity, and the quantum of financial resources required from CDB to assist in the successful implementation of the ECPA. In addition, CDB hosted the Regional Toolkit Workshop to raise awareness and build the skills of BMC stakeholders in implementing all aspects of the ECPA.

Agriculture

CDB's BMCs continued to confront the challenges of food and nutrition insecurity, and a ballooning food import bill. Also, increasingly intense natural hazards impacted the agriculture sector, in several BMCs, threatening production and productivity, and the livelihoods of a large percentage of the population whose primary source of income is agriculture. During the year, the Bank responded directly to these changes, laying the foundation for a more resilient regional agriculture sector.

In partnership with the Food and Agriculture Organization of the United Nations, the Bank worked on a study entitled, "The State of Agriculture in the Caribbean". It highlights key trends in agriculture and the related opportunities for investments to support economic and social growth, poverty reduction, and sustainability. The study also supports the revision of the Bank's Agricultural Policy and Strategy Paper, which will inform the CDB's future interventions in the sector. The findings of the study are scheduled for publication in May 2018.

In 2017, the Bank's Board of Directors approved the Essex Valley Agricultural Development Project – Jamaica, which is being funded through a grant of GBP35.5 mn from UKCIF. The integrated Project aims to enhance the production and productivity of farmers in Essex Valley through the development of:

- a 700-hectare irrigation system, powered by a 3.1 megawatt (MW) PV plant;
- enhanced production and marketing facilities; and
- agricultural support infrastructure and road improvements, post-harvest handling facilities and beneficiary training in good agricultural practices and climate-smart agriculture.

In addition, the Board approved interventions directly focused on addressing agricultural challenges resulting from climate change. These included a project to assist the Government of Guyana in identifying location-specific measures to adapt and mitigate the effects of climate change on the agriculture sector. CDB also approved a loan to the Government of Grenada to support climate-smart agriculture, which will promote farmer adoption of new technologies and practices to build climate resilience; and the expansion and rehabilitation of infrastructure, including farm-access roads, and irrigation and drainage systems.

CDB approved a project to strengthen food safety management systems in Grenada. The project, which has potential for replication across other BMCs, will support efforts to ensure that the agriculture sector in Grenada aligns with internationally recognised food safety management systems. The project will finance capacity building of key stakeholders and also includes a component for infrastructure and systems upgrades with a view to ensuring the effective production, processing, packaging, storage, marketing and export of fresh fruits and vegetables.

6 The Assessments will improve the availability of timely and reliable, country monetary and multi-dimensional poverty data in BMCs to support development initiatives at the national and regional levels as well as assess the various dimensions of well-being. In addition, the data will assist in monitoring the achievement of the SDGs.

A farmer in Jamaica, where the agricultural sector is vulnerable to the impacts of climate change.

BASIC NEEDS TRUST FUND

In March 2017, Contributors to the Ninth Cycle of the Special Development Fund Unified [SDF (U)] approved a contribution of $40 mn to the ninth phase of the Basic Needs Trust Fund (BNTF 9). Nine participating countries provided an additional $6 mn in resources to support poverty-reduction programmes through the Fund. Montserrat was subsequently included in BNTF 9 operations, with an allocation of $780,000. Participating countries began preparing policy framework documents to guide the use of BNTF resources. An institutional and organisational assessment was initiated in August 2017 to establish a governance mechanism for the delivery of BNTF programming in Suriname, the Fund's newest participating country.

During 2017, the Bank approved 18 sub-projects totalling $4.76 mn, spanning education and human resource development, water and sanitation, and basic community access.

Throughout the year, 163 sub-projects were completed across ten participating countries. Hurricane Maria slowed the implementation of sub-projects in Dominica, where BNTF offices and some records and equipment were destroyed, and staff displaced. Since the passage of the hurricane, CDB has been discussing with the Government of Dominica options and opportunities for accelerating the implementation of BNTF interventions.

BNTF results in 2017

282 classrooms were built or upgraded, providing new and improved learning environment for 51,100 students.
351 teachers received training in early childhood development.
Approximately 22,000 people graduated from training activities covering career development, life enhancement skills, and community capacity-building skills.
Capacity-building interventions for government institutions and non-government organisations in the areas of gender integration in projects, project planning and monitoring.
Approximately 9,300 households gained better access to quality water supply and sanitation services through the installation of 52.2 km of water supply pipelines and the construction of 12,644 m^3 of water storage capacity. Vulnerable persons in schools and poor communities received complementary basic health and hygiene education, and water, sanitation and hygiene (WASH) training.
Approximately 16,600 people in vulnerable communities gained access to basic services through the construction of 22.9 km of secondary roads and farm access roads with associated drainage structures.
Sub-project beneficiaries and project monitoring committees received training in the maintenance of basic community access and drainage infrastructure.
Nearly 8,100 people participated in community-based citizen security activities under the Youth at Risk – Violence Prevention against Children in Jamaica Project.
Approximately 11,300 people benefitted from six newly constructed or upgraded basic community infrastructure in Saint Lucia.
In the hinterlands of Belize and Guyana, 0.043 MW of renewable energy capacity was installed mainly on new or upgraded indigenous schools and water systems.

IN JAMAICA, A SCHOOL UPGRADE LEADS TO IMPROVED STUDENT PERFORMANCE

Christiana Moravian Primary and Infant School in Jamaica, where BNTF supported rehabilitation and expansion.

At the Christiana Moravian Primary and Infant School, there were once as many as 46 students to one teacher in some classes. The issues with overcrowding have now been alleviated, with the rollout of new programmes, the construction of 10 new classrooms, and the renovation of two buildings and student bathrooms. These improvements are stimulating pride in, and enhancing the lives of 1,200 Jamaican students.

BNTF and the Jamaica Social Investment Fund collaborated on a rehabilitation and expansion project, which included training for special education needs coordinators; instruction in WASH; and the Literacy and Numeracy Project (LNP).

Through LNP, academic staff participated in extensive training, and the school received teaching and learning aids to support the math and language curricula. As a result, students' performance in national examinations improved, the school surpassed the national average for literacy, and there has been a marked improvement in numeracy.

With the knowledge gained through WASH training, the school also created an action plan to address sanitation and hygiene issues.

Improvements in the Special Education Unit were particularly notable, with significant increases in the number of students reaching mastery levels in literacy and numeracy.

PROCUREMENT

In 2017, CDB built on previous procurement capacity-building efforts, conducted more than 12 training sessions for key executing agencies, and held five events for private sector stakeholders. This face-to-face training was blended with the Bank's online procurement training, participants in which more than doubled during the course of the year, totalling almost 1,000. The Regional Procurement Centre, established at the University of Technology, Jamaica under a CDB- and World Bank-funded project to strengthen public procurement capacity in the Caribbean, began its pilot training programme.

During the year, work commenced on reviewing CDB's existing project procurement guidelines with a view to revising them to reflect the Bank's current needs as well as global good practice in 2018. In addition, the Bank updated all of its standard bidding documents to improve the effectiveness of its procurement.

CDB also supported BMCs' public procurement reform efforts, in accordance with its strategic objective of promoting good governance. The Bank worked with BMCs in the Organisation of Eastern Caribbean States (OECS) and other development partners, to craft a holistic procurement reform intervention for the sub-region. The Board of Directors approved the project in late 2017. CDB also invested in the participation of public procurement officials from its BMCs in the Inter-American Government Procurement Network, to further exchanges on best practice and the building of strong professional networks.

The Bank made progress in improving its disbursement process, including the drafting of new guidelines for project stakeholders, and a more comprehensive suite of disbursement modalities. Work to integrate an e-claims solution within Project Resource Interface for Systematic Management (PRISM) also reached an advanced stage; and when completed, will provide improved efficiency within the Bank and executing agencies.

PPP REGIONAL SUPPORT FACILITY

In 2017, the Regional Support Facility delivered on its mandate to promote public-private partnerships (PPP) policies and projects. In addition to supporting policy development and capacity building, CDB expanded its engagement with BMCs, focusing on providing technical assistance and long-term financing for PPPs.

Policies

The PPP Helpdesk, launched by the Bank to help governments better manage PPP programmes and projects–especially in the early stages of development–assisted the Governments of Belize and Guyana in the development and adoption of PPP policies. The process involved multi-stakeholder consultations, spanning the public and private sectors. The Helpdesk also supported the Tobago House of Assembly, in the creation of a sub-national PPP Policy.

Project Development

Through support from CDB, in Jamaica, the pre-feasibility study for the North Coast Water Supply Scheme was completed. In addition, the Bank assisted the Urban Development Corporation with screening three downtown Kingston redevelopment projects for PPP potential. In Tobago, the Helpdesk screened five PPP projects, and secured funding for additional support through IDB.

Capacity Building

The Regional Support Facility continued to support capacity building in BMCs, conducting PPP workshops for government employees in Guyana, and Trinidad and Tobago. In May, the Bank launched the Caribbean PPP Toolkit in collaboration with the World Bank, Public-Private Infrastructure Advisory Facility, IDB and MIF. The online tool offers guidance and practical assistance in preparing and managing PPP projects. In addition, the Facility published a case study on Jamaica's Highway 2000 project, the largest PPP in the Region to date. This case study was the focus of one of the Bank's presentations at a workshop titled, "Better Managing the Fiscal Impact of Public-Private

Partnerships". During the event, the Bank also shared with participants the Region's experience implementing PPPs. The workshop took place in St. Kitts and Nevis under the auspices of the Caribbean Regional Technical Assistance Centre of the IMF.

Brian Samuel, Head, Regional Public-Private Partnerships, CDB; Daniel Best, Director of Projects, CDB; Rui Montero, Senior PPP Specialist, World Bank; and Jerry Butler, Executive Director for Caribbean Countries, IDB attend the launch of the PPP Toolkit in Providenciales, TCI in May 2017.

3

DEVELOPMENT EFFECTIVENESS

3 DEVELOPMENT EFFECTIVENESS

In 2017, CDB continued working to maximise the impact of development resources to improve lives, reduce poverty and help its BMCs achieve their development goals. Using its results management framework (RMF), the Bank tracked the implementation of its Strategic Plan 2015-2019.

Progress towards achieving the SDGs and regional development outcomes

In 2017, BMCs continued to grapple with difficult challenges such as low economic growth, unsustainable debt, high energy costs, limited fiscal space for public spending, and climate change. The devastating impacts of Hurricanes Irma and Maria in September 2017 have derailed social and economic development programmes in the affected BMCs and eroded the gains made from previous interventions. As a result, funds that would have been directed to social and economic development programmes will now be diverted to reconstruction and rehabilitation efforts. The need for considerable assistance from development partners will be high on the regional agenda.

CDB's contribution to the SDGs, country and regional development outcomes

CDB made notable contributions to development results in BMCs in areas outlined in its Strategic Plan 2015-2019 – economic and social infrastructure; education and training; agriculture and rural development; private sector development and environment; and disaster risk reduction and climate change, with gender equality and energy security as cross-cutting themes.

Dominica after Hurricane Maria.

IMPROVING ACCESS TO BASIC SOCIAL INFRASTRUCTURE AND SERVICES

- Improved access to water and sanitation services to **14,515 urban and rural households or 43,542 people**
- Installation or upgrading of **12,794 m^3 and 158 km of potable water capacity** in urban and rural areas
- Training for **1,010 teachers, educational and administrative staff** to improve service delivery at the basic education level
- Improved learning environments, including **247 new and upgraded classrooms** for **23,600 students** including **11,163 girls**
- Construction or upgrade of **59 km of primary, secondary and other roads** benefitting **108,000 people**

ENHANCING PRODUCTIVITY AND COMPETITIVENESS OF MSMEs

- Lines of credit to financial intermediaries for on-lending to **115 individuals** and MSMEs at a value of **$5.2 mn.** Through these financial intermediaries, **23 people** gained access to mortgages for home purchase
- Enhanced the managerial and operational capacities of MSMEs through training workshops and in-plant assistance. These interventions benefitted **863 business people**, including **332 females**

ADDRESSING CLIMATE CHANGE AND BUILDING RESILIENT INFRASTRUCTURE

- Approval of approximately **$116 mn** in loans and grants geared towards immediate response, rehabilitation, and reconstruction following the 2017 Atlantic Hurricane Season
- Partnership with CCRIF SPC, which recorded payouts to governments of **$61.5 mn**, including **$30.8 mn** after Hurricane Irma and **$23.6 mn** after Hurricane Maria, providing much-needed liquidity for immediate repairs and recovery

Managing operations effectively

CDB made progress in improving the quality and overall performance of its operations. The Bank continued its efforts to accelerate project start-up and implementation, and disbursements. In addition, it advanced the rollout of PRISM, a new system designed to improve CDB's ability to measure, monitor and report on results throughout the project/loan life cycle and improve the timeliness of decision-making. The Bank also met its gender mainstreaming targets for core sectors and worked with BMCs to build capacity in gender development at the sector and country levels.

Maintaining and improving organisational efficiency

CDB embarked on a number of reforms to strengthen human resources management; streamline work processes; improve employee relations and communication; and boost morale, wellness and job satisfaction. The Bank launched a new human resource information system (HRIS), and completed an employee engagement pulse survey. Financial efficiency and value for money were key guiding principles as the Bank continued its efforts to allocate and utilise resources.

Managing for results

The Bank expanded efforts to implement the Managing for Results Action Plan, which was developed in 2016 to improve the way CDB does business and foster a results-management culture throughout the organisation. The areas of focus and action include leadership and culture for results; results-focused human resource management; portfolio management; performance management; performance evaluation; and the sharing of lessons learned.

In 2017, CDB supported the construction or upgrade of 59 km of primary, secondary and other roads benefitting 108,000 people.

4

INTERNAL FOCUS

4 INTERNAL FOCUS

INTERNAL AUDIT

The Internal Audit Division (IAD) is an independent and objective assurance and advisory function, designed to enhance and protect organisational value to CDB by improving its operations. IAD's work is carried out in accordance with the Institute of Internal Auditors (IIA) International Professional Practices Framework (Standards). The Division reports administratively to the President of CDB and functionally to the Bank's Oversight and Assurance Committee (OAC).

During 2017, IAD completed a number of internal reforms, which included amendments to work processes and modifications to its Charter, to account for changes to the IIA's Standards, and the implementation of a more efficient and collaborative audit management system (AMS).

The assurance and consultancy engagements performed by IAD in 2017 considered the process reforms and information technology systems being implemented by CDB. The Division provided two consultancy engagements related to the implementation of the Bank's HRIS and PRISM. Both of these systems were activated in 2017. In addition, IAD participated in business development activities where the adequacy of associated internal controls processes needed to be assessed.

IAD continued following up on Management Action Plans, stemming from the external auditors' management letters and IAD's assurance work. With the implementation of the AMS in mid-2017, new procedures and reports were utilised in the follow-up process. The process enhancements fostered increased management ownership and commitment to timely reporting, and supported the mitigation of identified risks.

INDEPENDENT EVALUATION

In line with good practice for independent evaluation offices within multilateral development banks (MDBs), an external review of CDB's evaluation function was finalised in 2017. Delivered by a panel of international evaluation experts, the review made a number of recommendations intended to strengthen evaluation practice at the Bank, including improving the engagement of stakeholders in evaluation processes; managing and disseminating lessons and knowledge; and creating a longer-term plan for thematic and country strategy evaluation. These recommendations were accepted by the Bank and are reflected in an action plan approved by OAC.

The Office of Independent Evaluation (OIE) completed an evaluation of the Bank's policy-based operations for the period 2006 to 2016. It included case studies of policy-based lending in Barbados, Grenada, Jamaica, and St. Vincent and the Grenadines. Overall, there was evidence of continuing demand for this lending instrument; achievement of most of the agreed prior actions; and some progress on expected outcomes. Similar to experiences at other MDBs, it was difficult to observe whether longer-term reform outcomes had been fully achieved, or whether attribution to CDB lending was possible. However, a number of lessons for more effective planning and management of policy-based lending were drawn, including the need for:

- thorough engagement with a cross-section of BMC stakeholders in determining the expected reform agenda and prior actions;
- clearer formulation of expected results and indicators;
- better implementation monitoring; and
- anticipating and meeting technical assistance requirements.

This theory-based evaluation was positively peer-reviewed by the World Bank's Independent Evaluation Group.

Ensuring the sustainability of project benefits, after external financing has ended, remains a challenge for development agencies. In direct response to this issue, OIE undertook a study of evaluation evidence and good practices in this area, looking at both CDB's experience and that of other MDBs. The resulting report, "Managing for Sustainability", outlines approaches and conditions most likely to result in positive, ongoing, socially inclusive outcomes. Its extensive compilation of project and sector experience at CDB will be summarised into a user-friendly format in 2018.

Among its outreach activities, OIE sponsored the engagement of Caribbean Evaluators International, the regional association of professional evaluators, with the International Development Evaluation Society. This resulted in a signed memorandum of understanding between the two organisations, representing a further step towards professional capacity development in the Region.

INTEGRITY, COMPLIANCE, ACCOUNTABILITY

The Office of Integrity, Compliance and Accountability (ICA) is a convergence of five legacy internal governance functions, covering:

1. institutional integrity (fraud and corruption);
2. ethics;
3. whistleblowing;
4. money laundering, terrorist financing and financial sanctions; and
5. accountability for environmental and social harm allegedly caused by projects financed by the Bank.

Promoting resilience through enhanced internal governance

ICA complemented CDB's resilience-building efforts by ensuring the Bank had the right governance framework to support its fiduciary duty to deliver development assistance with integrity and accountability.

The Office received and reviewed complaints, and conducted preventive and investigative activities to resolve matters related to integrity, ethics and compliance in the Bank's systems and operations.

Promoting resilience through collaboration

ICA co-hosted the MDB Private Sector Integrity Meeting in Barbados. The event enhanced the benchmarking of integrity policies and practices; facilitated networking among the institutions; and created opportunities to extend the global reach of the banks' anti-corruption work.

ICA operationalised its compliance function in mid-2017 and supported CDB's work in finding solutions to the de-risking of correspondent banking relationships, which are fundamental to the efficient operation and resilience of the global and regional financial ecosystem:

Focus on prevention

ICA focused on prevention throughout 2017, particularly, integrity due diligence. Activities included issuance of advisories, and training for Management, Staff and OAC. Training included a cybersecurity exercise between the Bank and the United States Federal Bureau of Investigation, and the observance of Anti-Corruption Week 2017, during which ICA conducted mandatory and voluntary training for all CDB Staff.

HUMAN RESOURCES AND ADMINISTRATIVE EFFECTIVENESS

In 2017, CDB continued to follow its strategic roadmap developed for the period 2015 to 2019, maintaining a focus on:

- strategic workforce planning and talent acquisition;
- effective talent management; and
- enhanced efficiency and effectiveness in human resources (HR) business processes and service delivery.

Strategic workforce planning and talent acquisition

The Bank's second strategic workforce plan was developed, building on the foundation of the previous plan, which covered the period 2017 to 2019. The new plan addresses the Bank's workforce needs until 2020. Using a predictive model for staffing and CDB's project pipeline as the main demand drivers, the projected growth in staffing will complement increases in the loan portfolio, and supporting work such as technical assistance and business development. The workforce plan was designed to address the Bank's resourcing requirements, talent management needs, and current workforce challenges.

Effective talent management

CDB pursued its "build-from-within" talent management strategy and implemented the 70:20:10 Model for Learning and Development to maximise the effectiveness of its learning and development programmes. Staff were given several opportunities to improve their leadership and technical skills throughout the year. Training investments included risk management; infrastructure financing; project management; leadership development; eco-efficiency; financial analysis; entrepreneurship; and innovation.

Maintaining a high level of employee engagement was established as a critical success factor in the Bank's achievement of its strategic objectives and corporate priorities. The 2017 Employee Engagement Survey results indicated an increased level of overall Staff engagement to 81%, compared with 70.5% in 2015. The percentage of disengaged employees decreased from 14% in 2015 to 6% in 2017.

A formal rewards and recognition programme was implemented in September. The programme established four categories of awards to recognise and reward Staff for exceptional performance, innovation, and exemplifying the Bank's Core Values. The On-the-Spot category of awards is administered using an e-platform, which makes it possible for recognition given to an employee to be immediately viewed and acknowledged by their colleagues.

Enhanced efficiency and effectiveness in HR business processes and service delivery

The Bank implemented an HRIS, to consolidate all of the Bank's HR activities and processes into a single platform. This new system improves the efficiency of CDB's HR operations and provides managers with real-time analytics to facilitate decision-making and a better understanding of the Bank's people resources.

CDB'S CORE VALUES

Be Accountable

Be Transparent

Be Respectful

Be Passionate

Practise Excellence

Be Dedicated to Diversity and Inclusion

Have Integrity

5

RISK REVIEW

5 RISK REVIEW

In 2017, the Bank maintained its Enterprise Risk Management (ERM) approach with coverage including financial, strategic, operational and developmental risks. The operational risk pillar takes into account environmental, climate and disaster risk management, given its increasing visibility and potential impact on the sovereign risk profiles of BMCs.

The ERM framework continues to be supported with key risk governance tools and resources such as risk appetite statements (RAS); risk taxonomy; risk control self-assessments; risk registers; internal risk ratings; risk-based limits; market surveillance; portfolio controls and an oversight Enterprise Risk Committee (ERC). The RAS, in particular, sets out high-level quantitative and qualitative boundaries or thresholds within which the Bank's strategic initiatives are executed.

At yearend, CDB was in full compliance with all of its risk appetite thresholds, as shown in Table 4.

TABLE 4: OCR RISK APPETITE THRESHOLDS AT DECEMBER 31, 2017

CDB NEW OCR RISK MEASURES & POLICY RATIOS - SCORECARD						
				AS AT DEC 31, 2017 ($ MN)		
Risk Type	**RISK MEASURE/ POLICY RATIO**	**MEASURE**	**BASE AMOUNT**	**THRESHOLD LIMIT**	**ACTUAL**	**RAG STATUS**
Capital	CAPITAL ADEQUACY	Minimum - 150% of Economic Capital		$376.5	$823.9	219.0%
Credit		GREATER OF:				
	SINGLE SOVEREIGN EXPOSURE	40% of Outstanding Loans	$1,055.9	$422.35	$194.9	18.5%
		50% of Total Available Capital	$820.7	$410.4	$194.9	23.7%
		GREATER OF:				
	EXPOSURE TO 3 LARGEST BORROWERS	60% Of Outstanding Loans	$1,055.9	$633.5	$425.6	40.3%
		90% of Total Available Capital	$820.7	$738.6	$425.6	51.9%

	RISK MEASURE/ POLICY RATIO	MEASURE	BASE AMOUNT	THRESHOLD LIMIT	ACTUAL	RAG STATUS
	NON-SOVEREIGN EXPOSURE LIMIT					
	Single Exposure	2.5% of Total Outstanding Loans	$1,055.9	$26.4	$15.0	1.4%
		3.6% of Total Available Capital	$820.7	$29.5	$15.0	1.8%
	Non-Sovereign Exposure Cap	30% of Total Outstanding Loans	$1,055.9	$316.7	$35.1	3.3%
		43% of Total Available Capital	$820.7	$352.9	$35.1	4.3%
	Policy Based Loans (PBL) & Guarantees	33% of Total Outstanding Loans & Guarantees	$1,706.2	$563.03	$512.7	30.0%
	Limit on Operations (Article14.1)	Equal to or less than Limit		$2,284.2	$1,067.9	46.8%
	Borrowing Limit - Proforma	Equal to or Less than 100% Capital Limit (as defined)		$1,398.8	$691.5	49.4%
	Borrowing Limit - Capitalisation	Equal to or Less than 65% of Capitalisation		$1,564.9	$691.5	44.2%
Liquidity		GREATER OF:-				
	LIQUIDITY RISK	40% of Undisbursed & Loans not yet effective	$552.0	$220.8	$430.7	78.0%
		3 Years of Net Funding Requirements	$197.3	$197.3	$430.7	218.3%
Market	INVESTMENT RISK					
	Investment Risk - Single Entity Limit	10% of Total Investment Portfolio	$416.2	$41.6	$29.2	7.0%
	Investment Risk - Single Entity Limit - US Treasury or Gov't Agency	35% of Total Investment Portfolio	$416.2	$145.7	$112.4	27.0%
	Commercial Entity Exposure Limit	50% of Total Investment Portfolio	$416.2	$208.1	$64.8	15.6%
Operational	Operational Risk	Equal to or Less than USD 1mn per annum		1	0	0%
		Zero Tolerance for Fraud		0	0	0%

ORGANISATION

The Office of Risk Management (ORM) is an independent but integral part of the Bank's activities, free from influence and operating to a three-lines-of-defence governance structure:

- **Line 1 - Front Line Functions:** This represents areas where activities directly take place either in the front, middle or back office.
- **Line 2 - ORM:** ORM provides leadership, guidance, monitoring, and independent oversight of the activities conducted by Line 1.
- **Line 3 - Internal Audit:** IAD is responsible for, and provides assurance on internal compliance with controls.

OPERATIONAL RISK

System

CDB successfully replaced its manual operational risk process with a system called aCCelerate. aCCelerate automated the Bank's end-to-end operational risk management process, including but not limited to, its annual risk and control assessments; risk register; and escalation and management processes. The system also serves as an automated internal surveillance and early warning system for identifying impending threats to the Bank, and will support the timely implementation of mitigating controls and actions.

During the year, ORM delivered training to all Staff, including management and risk liaisons, on the use of the system.

Process

The Bank completed its second annual Risk Control Self Assessment (RCSA) exercise across all areas, using aCCelerate. The RCSA process enabled ORM to gain insight into the Bank's universe of actual and potential operational risks.

Business continuity

CDB has in place a firm-wide business continuity framework that provides for an assured contingency response in the event of an emergency. Regular assessment of the framework continued in 2017.

The Bank currently has a warm backup and IT recovery site located away from its campus and a secondary site in another country. The risks of catastrophic loss are also mitigated with the use of comprehensive insurance programmes.

ENVIRONMENTAL RISK AND CLIMATE CHANGE

Matters related to environmental risk and climate change are addressed systematically at various levels of the institution through enterprise risk reporting. They are also addressed by the ERC whose membership includes a representative from the Bank's Environmental Sustainability Unit (ESU). ESU is responsible for managing environmental and climate risk.

CREDIT RISK

The sovereign credit risk profiles of some of CDB's BMCs were adversely affected by extreme weather events in 2017. However, the threat has been mitigated through support from the Bank's shareholders, development partners and in some instances, through insurance coverage provided by CCRIF SPC.

During the year, exposures to Jamaica and Barbados, two of the Bank's largest borrowers fell to 17% and 11% respectively (previously 18% and 14%) relative to the entire portfolio. This decline was achieved through limit controls and cancellation of aged, undisbursed balances.

Over the past five years, the Bank has been strategically diversifying its portfolio by targeting highly rated BMCs for new business growth, while also reducing exposure to challenged credits via the targeted review and cancelling of aged, undisbursed balances. These efforts have resulted in measurable improvements in the distribution of the portfolio, as shown in Chart 5.

With these efforts, the Bank's top six sovereign exposures declined systematically as depicted in Chart 6.

CHART 5: CDB'S GEOGRAPHIC EXPOSURE DIVERSIFICATION TRENDS AT DECEMBER 31, 2017

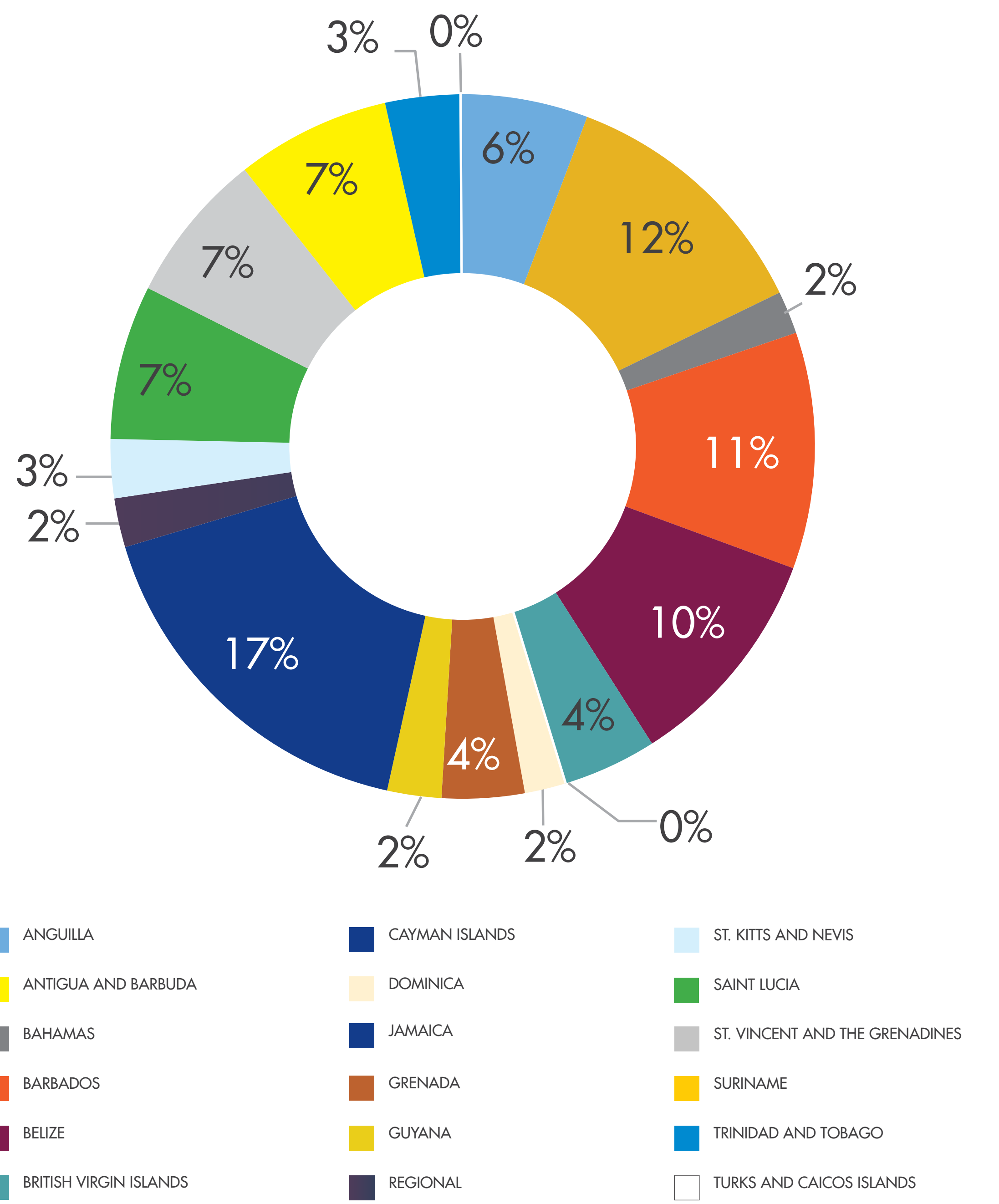
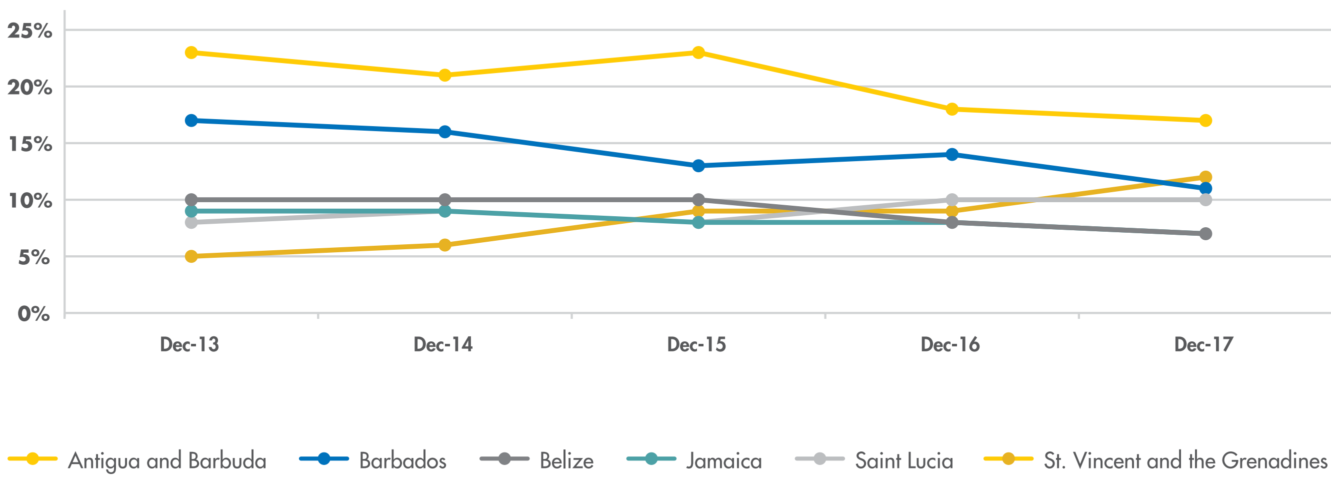


CHART 6: TOP 6 HIGH RISK EXPOSURE TRENDS

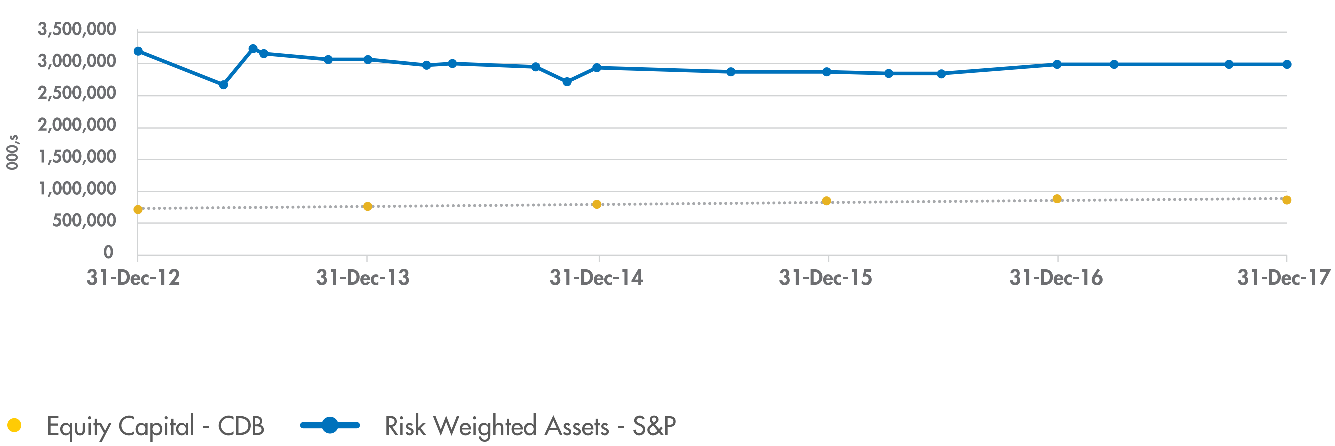


CAPITAL RISK

The measures adopted by the Bank to improve its capital adequacy included encouraging new lending to highly rated BMCs; supporting lower-rated entities with interventions sourced from its soft funding window; enforcing hard credit limit controls; minimising concentration; strengthening operational risk controls; managing undisbursed balances; and maintaining a robust internal capital generation strategy.

These efforts led to a reduction in the Bank's risk-weighted assets, while increasing its capital levels, as reflected in Chart 7.

CHART 7: S&P RISK WEIGHTED ASSETS VS. CDB EQUITY CAPITAL TRENDS



MANUAL INTERNAL CAPITAL ADEQUACY CALCULATIONS

The ORM computes the Bank's capital adequacy manually, utilising the Basel II framework.

Under Pillar I, ORM uses a Basic Indicator Approach for Operational Risk, and a modified Standardised Approach for Credit Risk.

Under Pillar II, the Bank ensures that all other residual risks over and above Pillar I are computed, which includes, but is not limited to, additional liquidity requirements, interest rates, and business and concentration risks. This is then complemented with top-down and bottom-up scenario assessments to determine the extent of additive capital that may be needed as a cushion against unexpected risk losses. Under Pillar III, CDB has been meeting its enhanced disclosure reporting obligations by improving the dissemination of risk information.

The Bank is monitoring Basel III developments closely to determine if amendments to its *modus operandi* will be necessary. Compliance, which is voluntary, ensures that the Bank's procedures are in alignment with best practice.

MARKET RISK

CDB's overall objective is to manage its market risks in order to minimise market losses and optimise return.

INTEREST RATE RISK

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 managed with the use of interest rate swaps, which convert fixed rate liabilities into floating rate liabilities. There is, however, residual exposure resulting from interest rate movements, which is effectively monitored and managed operationally with governance oversight provided by ERC. Any residual interest rate exposure risk arising out of these during the year were well within the Bank's risk appetite.

FOREIGN EXCHANGE RISK

CDB's exposure to currency exchange movements is minimised by the extent of its activities, which limit its assets and liabilities to a single currency, U.S. Dollars. Mismatches are managed effectively via the use of derivative hedging instruments, where necessary. All loans by the Bank are made either from currencies available from members' subscriptions, or from currencies borrowed. The principal amounts are repayable to the Bank in the currencies lent. Any residual currency exposure risk arising out of these during the year were well within the Bank's risk appetite.

LIQUIDITY RISK

CDB's objective is to ensure that all foreseeable funding commitments can be met when due, and that access to the wholesale market is maintained.

To that end, the Bank seeks to maintain a portfolio of highly liquid assets augmented with a diversified funding base, to enable it to respond promptly to unforeseen liquidity gaps. During the year, the Bank also received approval from its Board of Directors to increase its secured borrowing limit to boost its funding options.

The risks relating to rollover have been eliminated, with no immediate maturities anticipated.

CDB loans are usually fully disbursed over several years and the Bank, as a result, continues to have undisbursed balances on approved loans. The liquidity risk remains with CDB, as it is required to provide funds to the borrowers, as and when requested, provided the conditions precedent for disbursement are satisfied. This risk is managed by conformity to the Bank's policy of maintaining a net three years' funding requirement, or 40% of undisbursed commitments, whichever is greater. Presently, CDB's liquid assets exceed the 150% prudential minimum guideline, which is in keeping with management's decision to maintain high liquidity levels.

NEW DEVELOPMENTS

During the year, the Bank rolled out its regional risk framework supported by a dedicated portal to ensure the effective exchange of key information on sovereign risks and robust mitigation strategies between its BMCs. Through a pilot programme in one of the BMCs, risk liaisons were appointed and training delivered. The objective is to create a comprehensive regional and intra-regional model that would help BMCs better manage country risks.

In collaboration with CCRIF SPC, the Bank launched an initiative to integrate disaster and climate risks in the Bank's ERM approach.

The Bank engaged two companies to validate its internal risk model and risk-based pricing models and co-build a risk-weighted assets engine to enable its planning and simulation of capital adequacy to effectively support its strategic planning initiatives.

CDB's Headquarters at Wildey, St. Michael, Barbados.

6

MANAGEMENT'S DISCUSSION AND ANALYSIS, AND FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

I. OVERVIEW

CDB ("The Bank") is a multilateral financial institution dedicated to the development of the economies of the BMCs, with a focus on the Least Developed Countries, primarily through project loans and technical assistance to the governments, public agencies and other entities in those countries. The Bank's main goals are to promote sustainable economic development and to reduce poverty. The Bank was established in 1969 and is owned by its member countries. These include 19 borrowing member countries and 9 non-borrowing members.

The operations of the Bank are divided into two categories, ordinary operations and special operations. Ordinary operations are financed from CDB's Ordinary Capital Resources (OCR) which comprises share capital, borrowings raised in the capital markets, lines of credit from commercial and other multilateral institutions and internally generated equity. Special operations are financed from the Special Funds Resources (SFR), comprising the Special Development Fund (SDF) and Other Special Funds (OSF).

The Bank is rated by three major international rating agencies. In May 2017, Fitch Ratings assigned a Long-Term Issuer Default Rating (IDR) of AA+ with a Stable Outlook. In May 2017, Standard and Poor's (S&P) raised its Long-Term Issuer Credit Rating to AA+ from AA with a Stable Outlook while Moody's Investor Services reaffirmed CDB's Long Term Issuer Rating as Aa1 with a Stable Outlook.

II. ORDINARY CAPITAL RESOURCES

The following discussion should be read in conjunction with the audited financial statements of the OCR and accompanying notes set out in Section 7 of this report.

FINANCIAL STATEMENT REPORTING

The financial statements of the OCR are prepared in accordance with International Financial Reporting Standards (IFRS) on a historical cost basis, except as modified by the revaluation of investment securities held at fair value through profit or loss and derivative financial instruments which are reflected at fair value.

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

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

MANAGEMENT REPORTING

The accounting treatment under IFRS requires that derivatives are recorded at their fair value, while loans and borrowings are recorded on the amortised cost basis. This creates income volatility which is not representative of the underlying strategy or economics of the transactions, as it is the Bank's policy to hold these instruments to maturity. In accordance with policy therefore, the Bank excludes the impact of the fair value adjustments and related foreign exchange translation adjustments associated with these derivatives from the determination of its Operating income. This Operating income is, in turn, used in the determination of CDB's financial performance, liquidity, capital adequacy and other ratios and analyses.

RESULTS OF OPERATIONS OF THE OCR

Total comprehensive income: The OCR operations of the Bank for the year ended December 31, 2017 recorded total comprehensive income of $0.9mn, an increase of $16.6mn from the loss of $15.7mn in the prior year. This change was mainly due to increases in net income, lower negative derivative adjustments and other comprehensive income of $6.3mn, $3.2mn and $7.1mn respectively.

Operating income: Operating income is defined as total comprehensive income adjusted for the effects of derivative adjustments, the foreign exchange translation on the related Japanese yen and Swiss Franc borrowings and the actuarial re-measurements. It is this metric which is used to analyse the performance of the Bank and is allocated to reserves by the Board of Governors in accordance with the Bank's Charter. The operating income increased by $0.3mn over the 12 month period.

Income from loans: Loan income for the year increased by $6.0mn from $32.1mn in 2016 to $38.1mn in 2017. This was due to a higher average interest rate of 0.58% over the previous year which was primarily driven by the Bank's higher cost of borrowings.

Income from cash and investments: For the year ended December 31, 2017, income from cash and investments in 2017 was $5.8mn compared to $3.7mn in 2016. This was due to increases in yields from 0.24% in 2016 to 1.22% reflecting the rising international interest rate environment.

Interest expense: Interest expense for the year ended December 31, 2017 was $18.8mn, an increase of $5.0mn compared to $13.8mn in 2016. This was primarily due to rising interest rates and the full year impact of the Swiss Franc borrowing in July 2016 and the related cross currency interest rate swap.

Operating expenses: In 2017, operating expenses increased by $2.3mn to $18.3mn compared with $16.0mn in 2016 resulting from increases in administrative expenses of $4.4.mn, exchange rate translations of $0.3mn , and favourable impacts of reductions in realised and unrealised fair value losses of ($2.4)mn (see table below).

OPERATING EXPENSES ($ mn)		
	2017	**2016**
Administrative expenses	**$17.8**	$13.4
Realised/unrealised (gains)/losses	**0.4**	2.8
Exchange rate adjustments	**0.1**	(0.2)
Total operating expenses	**$18.3**	**$16.0**

RATE/VOLUME ANLAYSIS ($ mn)

	Increase/(Decrease) Due to		
	Rate	Volume	Total
Interest-earning assets			
Cash & Investments	1.40	0.77	2.17
Loans	5.46	0.17	5.63
Total earning assets	6.86	0.94	7.80
Interest-bearing liabilities	(2.92)	(2.15)	(5.07)
Net change in interest income	3.94	(1.21)	2.73

Rate/Volume analysis: The rate/volume analysis shows the effect on the net earning assets of the Bank due to changes in the Bank's lending rate, the yield on investments and the cost of borrowings.

FINANCIAL POSITION OF THE OCR

Total assets: At December 31, 2017, total assets were $1,641.0mn, representing an increase of $41.8mn (2.6%) from $1,599.2mn in 2016. This was due primarily to the growth in the loan portfolio during the year.

Loans: In 2017 the loan portfolio grew by $43.2mn from $1,016.9mn in 2016 to $1,060.1mn in 2017 an improvement of 4.3%. This growth is expected to continue slowly but consistently over the short term. There were two non-performing non-sovereign loans in the portfolio with a total amount outstanding of $5.1mn which has been fully provided for.

Borrowings and other liabilities: Total liabilities increased by $38.6mn (5.5%) from $702.7mn at December 31, 2016 to $741.3mn. This increase was mainly due to drawdowns from two institutional lines of credit.

Shareholders' equity: At December 31, 2017, CDB's equity totaled $899.8mn compared with $896.5mn as at December 31, 2016. The increase was due to new net paid-in capital of $2.3mn and total comprehensive income of $0.9mn. Total equity currently represents 54.8% of the Bank's liabilities and capital at the end of the reporting period.

SELECTED FINANCIAL DATA

(EXPRESSED IN MILLIONS OF UNITED STATES DOLLARS)

	Years Ended December 31				
	2017	2016	2015	2014	2013
Balance Sheet Data					
Cash and investments	439.5	434.5	279.2	267.0	357.2
Loans outstanding[(1)]	1,060.1	1,016.9	992.5	982.7	967.9
Loans undisbursed	552.0	528.8	473.2	392.9	333.8
Total assets	1,641.0	1,599.2	1,407.1	1,378.5	1,452.3
Borrowings	691.5	654.5	502.8	530.3	675.4
Callable capital	1,375.1	1,375.1	1,375.1	1,324.9	1,274.9
Paid-in capital	388.5	388.5	388.5	374.4	360.3
Retained earnings & Reserves	515.9	514.9	530.6	522.1	487.2
Income Statement Data					
Loan income	38.1	32.1	37.7	40.5	39.1
Investment income	5.8	3.7	2.6	4.8	(1.8)
Borrowing costs	18.8	13.8	8.7	10.8	15 .6
Foreign exchange translation	0.1	(0.2)	0.9	0.3	0.6
Derivative adjustment	(11.1)	(14.3)	(1.2)	26.9	(8.7)
Operating income	7.8	7.5	17.3	21.7	11.6
Comprehensive income / (loss)	0.9	(15.7)	8.5	34.9	11.8
Ratios:					
Return on:					
Average assets	0.50%	0.71%	1.36%	1.46%	1.17%
Average investments	1.22%	0.24%	0.89%	1.53%	(0.43%)
Average loans outstanding	3.92%	3.32%	3.99%	4.33%	4.19%
Cost of borrowings	2.81%	2.34%	1.73%	1.83%	2.04%
Available capital[(2)]/economic capital	219.0%	209.8%	216.5%	204.1%	191.5%

(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.

III. SPECIAL DEVELOPMENT FUND

The Special Development Fund, ("SDF" or 'the Fund'), was established in 1970 and is the Bank's largest pool of concessionary funding, offering loans on "softer" terms and conditions than those that are applied in the Bank's Ordinary operations, i.e., longer maturities and grace periods and lower interest rates.

SDF represents a significantly important enabler in the Bank's mission to reduce poverty and contribute to sustained welfare enhancement in eligible BMCs. Indeed, successive replenishments of the SDF since its inception have allowed CDB to make a meaningful contribution to the transformation of the lives of ordinary men, women, boys and girls particularly those in rural settings where they are more o likely to be at risk.

The SDF originally offered an assortment of terms and conditions which were fixed by the Fund's various contributors. These differing terms and conditions created a number of complexities and inefficiencies in the Fund's operation, which prompted the decision to set up a fund with a uniform set of rules. Hence, in 1983, SDF(U) was formed.

All members of the Bank are required to contribute to SDF(U), and contributions are also sought from non-members. Contributions are interest-free and provided on a multi-year basis, for an indefinite term. SDF(U) also has consistent terms, objectives and procurement conditions and thus overcomes the problems associated with individual donors and funding arrangements. There is a supplementary governance structure through an Annual Meeting of Contributors which provides the focus for the SDF(U)'s operations and they are provided with an annual report on the performance of the fund. Non-members are also invited to participate as observers in meetings of the Bank's Board of Directors (BOD) and Board of Governors (BOG).

Contributors to the SDF(U), which is usually replenished in four-year cycles, enter into negotiations with the Bank with the objective of agreeing on the priority areas and programmes which should be addressed and on the amount of SDF(U) resources which will be necessary to realise the agreed objectives. The recently approved ninth cycle of the SDF (U), covering the period 2017 – 2020, will be underpinned by the Bank's efforts to support the BMCs in achieving their development goals consistent with the Sustainable Development Goals (SDGs).

As part of the furtherance of the objectives of the SDF and the Bank, approval was obtained from the Contributors to reduce the applicable interest rates on all loans to 1% effective from the commencement of the new cycle on January 1, 2017.

SUMMARY OF RESULTS

The following discussion should be read in conjunction with the audited financial statements of the SDF and notes set out in Section 7 of this report.

RESULT OF OPERATIONS OF THE SDF

For the year ended December 31, 2017 there was comprehensive loss of $5.1mn, compared with a loss of $1.2mn in 2016. Gross income for the year was $17.6mn, an increase of $2.1mn from $15.5mn in 2016 due to higher investment yields during the year. Total expenses increased from $16.7mn in 2016 to $22.7mn in 2017 mainly arising from a larger share of the administrative expenses and the negative change from a foreign exchange gain of $0.3mn in 2016 to a loss of $1.4mn in 2017.

Income from loans: At December 31, 2017, loan income declined marginally to $12.6mn from $12.7mn at the end of 2016 arising from a slightly lower weighted average portfolio.

Income from cash and investments: Income from cash and investments of $5.0mn increased from the $2.8mn which was achieved in 2016. The escalation in 2017 was due to increases in the yields, from 0.79% in 2016 to 1.43% in 2017, and growth of 9% in the average portfolio balances. Unrealised losses were also lower by $0.8mn in 2017.

Administrative expenses: At December 31, 2017, administrative expenses were $21.4mn, an increase of $4.5mn from $16.9mn in 2016. 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.

Exchange: Foreign exchange translation losses were $1.4mn for the year, compared with a gain of $0.3mn in 2016. This is as a result of the volatility in the various currencies against the US dollar.

FINANCIAL POSITION OF THE SDF

Total assets: At December 31, 2017, total assets were $1,008.1mn, representing growth of $3.0mn (0.3%) from $1,005.1mn at the end of 2016. The main components of the change are discussed below.

Investments: At December, 31 2017, SDF cash and investments amounted to $371.9mn, compared with $374.8mn at the end of 2016. This change was marginal but mainly due to the increased disbursements in the technical assistance area of the Bank's operations.

Loan portfolio: Total outstanding loans were $556.4mn at the end of the period under review, being $1.3mn (0.2%) lower than the $557.7mn outstanding at the end of 2016.

Receivable from contributors: There was an increase of $7.5mn (11.2%) in non-negotiable demand notes in 2017 as a result of the finalisation of negotiations for SDF9 in December 2016.

Liabilities: In 2017, subscriptions in advance increased by $9.6mn from the receipt of demand notes arising from the conclusion of the SDF9 negotiations.

Contributed resources: Contributions to the SDF net of allocations to technical assistance and grant resources decreased by $6.1mn (0.8%) to $744.6mn in 2017 from $750.7mn in 2016. This was the due to the first year allocation of the resources to technical assistance from the amount set aside in SDF9.

IV. OTHER SPECIAL FUNDS

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

The financial statements are prepared in accordance with accounting policies set out in the notes to the financial statements.

SUMMARY OF RESULTS

The following discussion should be read in conjunction with the audited financial statements of the OSF and notes set out in Section 7 of this report.

RESULTS OF OPERATIONS OF THE OSF

At December 31, 2017, the fund's incurred a comprehensive loss of $0.4mn a decrease of $5.0mn from the net income of $4.6mn in 2016. This change was due to large changes in the income from investments and cash balances and foreign exchange translation movement during the year.

Income from loans: For the year income from loans was $2.2mn, a marginal decrease from $2.3mn in 2016. This decline was caused by a smaller average balance in the loan portfolio compared to the previous year.

Income from cash and investments: At December 31, 2017, income from cash and investments declined to $0.3mn from $3.5mn in 2016. This change in investment income was due to the normalisation of income after a one-off realised gain in 2016 of $2.5mn from managed funds in addition to an unrealised impairment loss of $0.6mn.

Administrative expenses: At December 31, 2017, administrative expenses decreased to $1.2mn from $1.4mn at the end of 2016. 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.

Exchange: Foreign exchange translation losses were $0.8mn for the period, a negative change of $1.9mn from a gain of $1.1mn in 2016. Foreign exchange translation movement is a result of the volatility in various currencies in relation to the US dollar.

FINANCIAL POSITION OF THE OSF

Total assets: At December 31, 2017, total assets were $370.8mn, representing an increase of $81.2mn from $289.6mn at the end of 2016. The main components of the change are discussed below.

Investments: At December 31, 2017, cash and investments amounted to $77.1mn, compared with $89.3mn at the end of 2016. These balances include equity investments amounting to $9.2mn (2016: $7.6mn).

Loan portfolio: Total outstanding loans were $97.5mn, a decrease of $6.1mn (5.9%) from $103.6mn in 2016 due to repayments during the year 2017.

Receivable from members: This increase represents the receipt of an additional promissory note of GBP69.9mn received in respect of the UK Caribbean Infrastructure Partnership Fund (UK CIF).

Liabilities and funds: Liabilities and funds totalled $370.8mn at December 31, 2017, compared to $289.6mn in 2016. This increase was represented by increases of $82.8mn in technical assistance and grant resources and $0.8mn liabilities. There was a decrease of $0.4mn in accumulated net income due to the net loss for the year. There was also an increase of $0.7mn in accounts payable and a decrease of $1.9mn in contributed resources.

V. OPERATIONS

In 2017, CDB approved, excluding UKCIF, $259.9mn in loans (2016 - $277.3mn) and $104.0mn in grants, (2016 - $45.8mn) totaling $363.9mn (2016 - $323.1mn). UK CIF approvals for the year amounted to £56.4mn.

During the year, there were loan disbursements of $173.3mn (2016 - $154.8mn) and grant disbursements of $57.5mn (2016 - $42.8mn) excluding UK CIF. UK CIF disbursements amounted to £2.9mn (2016: Nil).

	Gross Approvals ($mn)		Disbursement ($mn)	
	2017	**2016**	**2017**	**2016**
OCR Loans	$227.3	$205.5	$143.2	$126.3
SDF Loans	32.6	71.8	30.0	28.2
OSF Loans	-	-	0.1	0.3
Total Loans	**259.9**	**277.3**	**173.3**	**154.8**
SDF Grants	48.7	23.3	28.9	13.0
OSF Grants	55.3	22.5	28.6	29.8
Total Grants	**104.0**	**45.8**	**57.5**	**42.8**
TOTAL	**$363.9**	**$323.1**	**$230.8**	**$197.6**
UKCIF		**£(mn)**		
	56.4	**16.6**	**2.9**	-

Loans: Lending to the public sector accounted for twenty (20) of the twenty-one (21) loans approved in 2017. Of the loans approved during the year, ten (10) were entirely funded from the OCR, while eleven (11) were a blend of OCR and SFR funding.

The three (3) largest borrowers were Antigua & Barbuda, British Virgin Islands (BVI) and Suriname with 34.5%, 29.6% and 11.5% of the portfolio respectively.

Grants and Equity: Grant and equity approvals, excluding UKCIF, amounted to $104.0mn. The three (3) major beneficiaries were Regional ($35.9mn), Haiti ($25.0mn) and Jamaica ($9.1mn).

Resource Transfers: In 2017, there was a positive ne 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 $41.5mn, a significant increase of $28.5mn when compared to the transfer of $13.0mn in 2016.

Financing: During 2017, additional sources of funding became available for CDB through:

(a) A Climate Action Line of Credit (CALC) for an initial amount of EUR100mn and an additional EUR20mn from the European Investment Bank;

(b) A credit facility of USD30mn with the Agence Francaise de Developpement (AfD) with an additional USD3mn in grants;

(c) A Memorandum of Understanding (MOU) with the Government of Mexico's Development Bank to act as Trustee for an Infrastructure Fund of up to USD70mn; and

(d) An additional £28mn to the UK CIF augmenting the £300mn originally approved in 2016.

Repayments: During the year, CDB was repaid 97.8% (2016 – 97.7%) of the total amounts which were charged to its borrowers. A breakdown by fund group is shown on the following page:

	December 31, 2017 Amounts in $mn			December 31, 2016 Amounts in $mn		
	Principal Interest & Charges			Principal Interest & Charges		
	Billed	Received	%	Billed	Received	%
OCR	$142.8	$140.0	98.0	$138.5	$134.2	96.8
SDF	57.9	44.0	75.9	42.4	42.4	100
OSF	9.1	9.1	100	8.9	8.9	100
Total	**$209.8**	**$193.1**	**92.0**	**$189.8**	**$185.5**	**97.7**

ADMINISTRATIVE EXPENSES

A comparative analysis of major administrative expenditure items is shown below. At December 31, 2017, total administrative expenses amounted to $40.3mn, increasing by $8.7mn (28%) from $31.6mn in 2016. This change was driven by two factors – an unrealised pension charge of $7.7mn resulting from a change of assumption for establishing the applicable discount rate for the valuation of the post-employment obligations. This change impacted the financial years prior to 2015 up to 2017. There was also an increase of 7.9% in the Bank's contribution to the New Pension Plan from January 1, 2017 based on the recommendation of the actuaries in the triennial valuation report.

ANALYSIS OF EXPENSES FOR 2017 AND 2016 $mn

	2017	2016	Variance	%
Staff costs	$30.1	$21.2	$8.9	42
Professional fees and Consultants	1.8	2.0	(0.2)	(10)
Travel	1.8	1.9	(0.1)	(5)
Maintenance and Utilities	0.6	0.7	(0.1)	(14)
IT Services	1.4	1.3	0.1	7
Other	3.1	3.2	(0.1)	(3)
Depreciation	1.5	1.3	0.2	15
Total	**$40.3**	**$31.6**	**$8.7**	**28**

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

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 of 31 December 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	***How our audit addressed the key audit matter***
Provision for loan impairment	
Related disclosures in the financial statements are included in Note 5 *Financial Assets*, *Provision for loan impairment*, and Note 10 (c), *Loans Outstanding* (Pages 118 – 119; 127). As a Multilateral Development Bank (MDB), the Bank's largest exposure is country credit risk, which is the risk that a borrowing member country is unable or unwilling to service its obligations to the Bank. As at 31 December 2017, no specific or collective provision was established on the Bank's sovereign portfolio. The balance on the provision for loan impairment account solely related to the specific and collective assessment of the non-sovereign portfolio.	We assessed and tested the design and operating effectiveness of controls over: - Management's process for making lending decisions inclusive of the approval, disbursement and monitoring of the loan portfolio. - Data used to determine the provisions for loan impairment, including transactional data captured at loan origination, internal credit quality assessments, storage of data and computations. We assessed the adequacy of provision for loan impairment by testing the key assumptions used in the Bank's specific and collective provision calculations. The results of our independent review of the historical payment pattern and arrears status of the Bank's sovereign debtors was consistent with the Bank's data inputs and its "preferred creditor treatment". In addition, we assessed the adequacy of the disclosures in the financial statements. We involved IT specialists in areas that required specific expertise (i.e. data reliability).

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	***How our audit addressed the key audit matter***
Fair value of financial instruments	
Related disclosures in the Financial Statements are included in Note 3, *Risk Management* and Note 5 *Financial Assets, Fair value measurement* (Pages 112 – 114; 117). Valuation models are in use which require the input of market-observable data. The use of different valuation techniques and assumptions however could produce significantly different estimates of fair value. The associated risk management disclosure is complex and dependent upon high quality data.	We included derivative valuation specialists on our team who independently recomputed the fair value of all derivatives held by the Bank and the related sensitivity disclosures in accordance with IFRS 7, using their own internal model. We reviewed the market prices applied to the Bank's debt securities by comparing the prices used to an independent external source. We also assessed the adequacy of the disclosures in the financial statements, including the disclosure of valuation sensitivity and fair value hierarchy in Note 3. We involved IT specialists in areas that required specific expertise (i.e. data reliability, input of market prices).

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

Other information included in the Bank's 2017 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Bank's 2017 Annual Report, other than the financial statements and our auditor's report thereon. The Bank's 2017 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Oversight and Assurance Committee.

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 IFRSs, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

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

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

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

We also provide the Oversight and Assurance Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

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

From the matters communicated to the Oversight and Assurance Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the Bank's members, 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 Bank's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body, for our audit work, for this report, or for the opinion we have formed.

The engagement partner in charge of the audit resulting in this independent auditor's report is John-Paul Kowlessar.

Ernst & Young Ltd

BARBADOS
22 March 2018

CARIBBEAN DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	Notes	2017	2016
Assets			
Cash and cash equivalents	6	$85,961	$94,207
Debt securities at fair value through profit or loss	7	353,491	340,318
Receivables and prepaid assets	8	14,248	6,342
Cash collateral on derivatives	9	6,675	11,655
Loans outstanding	10	1,060,082	1,016,926
Receivable from members			
Non-negotiable demand notes	11	46,088	45,682
Maintenance of value on currency holdings	12	4,250	5,769
Subscriptions in arrears	13	2,310	6,866
		52,648	58,317
Derivative financial instruments	14	55,584	58,663
Non-current assets held for sale	15	-	572
Property and equipment	16	12,325	12,177
Total Assets		$1,641,014	$1,599,177

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

CARIBBEAN DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION…continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	Notes	2017	2016
Liabilities and Equity			
Liabilities			
Accounts payable and accrued liabilities	18	**$4,810**	$3,021
Deferred income	19	**875**	875
Post-employment obligations	20	**25,772**	22,210
Borrowings	21	**691,549**	654,530
Derivative financial instruments	14	**18,258**	22,039
Total Liabilities		**$741,264**	$702,675
Equity			
Subscriptions matured (net)	22(b)	**$383,889**	$381,580
Retained earnings and reserves	22(e)	**515,861**	514,922
Total Equity		**$899,750**	$896,502
Total Liabilities and Equity		**$1,641,014**	$1,599,177

Approved by the Board of Directors on and signed on their behalf by:

Wm. Warren Smith
President

Carlyle Assue
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, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	Notes	Capital Stock	Retained Earnings	Post Employment Obligations Reserve	Other Reserves	Total
Balance as of December 31, 2015		$343,324	$530,642	$(13,274)	$13,260	$873,952
New capital subscriptions	22(b)	38,414	-	-	-	38,414
Prepayment discount	22(b)	(158)	-	-	-	(158)
Net loss for the year		-	(12,767)	-	-	(12,767)
Other comprehensive loss	20	-	-	(2,939)	-	(2,939)
Balance as of December 31, 2016		$381,580	$517,875	$(16,213)	$13,260	$896,502
New capital subscriptions	22(b)	2,309	-	-	-	2,309
Prepayment discount	22(b)	-	-	-	-	-
Net loss for the year		-	(3,234)	-	-	(3,234)
Other comprehensive gain	20	-	-	4,173	-	4,173
Balance as of December 31, 2017		**$383,889**	**$514,641**	**$(12,040)**	**$13,260**	**$899,750**

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, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	Notes	2017	2016
Interest and similar income	23(a)	**$43,857**	$35,782
Interest expense and similar charges	23(b)	**(18,849)**	(13,777)
Net interest income		**25,008**	22,005
Other income		**1,093**	1,521
		26,101	23,526
Operating expenses	24	**(18,275)**	(16,015)
Operating income		**7,826**	7,511
Allocation from net income	25	**-**	(6,000)
Net income before derivative and foreign denominated borrowing adjustments		**7,826**	1,511
Derivative fair value adjustment	26	**1,670**	(18,659)
Foreign exchange (loss)/gain in translation	21(b)	**(12,730)**	4,381
Net loss for the year		**(3,234)**	(12,767)
Other comprehensive gain/(loss) that will not be reclassified to the income statement			
Re-measurements – Actuarial gains/ (losses)	20	**4,173**	(2,939)
Total comprehensive income/ (loss) for the year		**$939**	$(15,706)

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, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	Notes	2017		2016
Operating activities:				
Net loss for the year			**$(3,234)**	$(12,767)
Adjustments:				
Unrealised losses on debt securities		854		3,222
Depreciation	16	1,532		1,250
Gain on sale of non-current asset held for sale		(235)		-
Gain on sale of property and equipment		(12)		(18)
Initial capitalisation of borrowing costs		-		(901)
Derivative fair value adjustment		(1,670)		18,659
Interest income		(43,857)		(35,782)
Interest expense		18,849		13,777
Foreign exchange loss/(gain) in translation	21(b)	12,730		(4,381)
Decrease/ (increase) in maintenance of value on currency holdings		1,519		(1,162)
Total cash flows used in operating activities before changes in operating assets and liabilities			**(13,524)**	(18,103)
Changes in operating assets and liabilities:				
(Increase)/ decrease in receivables and prepaid assets		(7,906)		5,054
Decrease/ (increase) in cash collateral on derivatives		4,980		(11,655)
Increase/ (decrease) in accounts payable and accrued liabilities		1,789		(4,482)
Increase in post-employment obligations		7,735		1,616
Net increase in debt securities at fair value through profit and loss		(13,717)		(129,118)
Cash used in operating activities			**(20,643)**	(156,688)
Disbursements on loans	10(b)		**(143,196)**	(126,345)
Principal repayments on loans	10(b)		**102,023**	101,161
Interest received			**41,564**	35,912
Net cash used in operating activities			**(20,252)**	(145,960)
Investing activities:				
Purchase of property and equipment	16	(1,680)		(2,232)
Proceeds from sale of non-current asset held for sale and property and equipment		819		18
Net cash used in investing activities			**(861)**	(2,214)
Financing activities:				
New borrowings		29,058		219,962
Repayments on borrowings	21(b)	(4,432)		(64,433)
Interest paid on borrowings		(18,218)		(11,278)
New capital subscriptions	22(b)	2,309		38,414
Prepayment discounts	22(b)	-		(158)
Decrease in subscriptions in advance		-		(4,326)
Decrease/ (increase) in receivables from members		4,150		(1,212)
Net cash provided by financing activities			**12,867**	176,969
Net (decrease)/increase in cash and cash equivalents			**(8,246)**	28,795
Cash and cash equivalents at beginning of year			**94,207**	65,412
Cash and cash equivalents at end of year	6		**$85,961**	$94,207

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

CARIBBEAN DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

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 ("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 of 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 (2016: 23 regional states and territories and 5 non-regional states). A detailed listing of the membership is provided at Note 22(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.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

NOTE 1 – NATURE OF OPERATIONS …continued

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.

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 (GENERAL)

Accounting policies which are specific in nature are included as part of the disclosures that are relevant to the particular item in these Notes to the financial statements. All policies have been consistently applied to the years presented, except where otherwise stated. Prior year comparatives have been adjusted or amended to conform with the presentation in the current year where applicable. The accounting policies that are of a general nature applied in the preparation of these financial statements 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.

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NOTE 2– ACCOUNTING POLICIES (GENERAL)…continued

Basis of preparation

Statement of compliance
These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost basis, except as modified by the revaluation of debt securities at fair value through profit or loss and derivative financial instruments (cross currency interest rate swaps and interest rate swaps) which are reflected at fair value. The financial statements are presented in United States dollars (USD) and all values are rounded to the nearest thousand, except where otherwise indicated.

Content of financial statements
The financial statements comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year ended December 31, 2017 (the reporting date).

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 – 21 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 without being contingent on a future event, 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.

Critical judgments and estimates
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. All estimates and assumptions required in conformity with IFRS are applied in accordance with the applicable standard. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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.

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NOTE 2 – ACCOUNTING POLICIES (GENERAL)…continued

Basis of preparation…continued

Critical judgments and estimates…continued

Management's judgment for certain items that are especially critical for the Bank's results and financial situation due to their materiality is included in the relevant note disclosures in these financial statements, except as stated below:

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. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern and therefore the financial statements continue to be prepared on this basis.

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

The Bank applied for the first time certain standards and amendments, which are effective for the reporting period. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each new standard and amendment is described below:

- *IAS 7, Disclosure initiative - Amendments to IAS 7* (Effective January 1, 2017)

  The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Bank has provided the information for both the current and the comparative period in Note 21.

Standards in issue not yet effective and which are applicable to the Bank

The following is a list of standards and interpretations issued that are applicable but 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.

- *IFRS 9, Financial Instruments* (Effective January 1, 2018)

  In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

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NOTE 2 – ACCOUNTING POLICIES (GENERAL)…continued

Standards in issue not yet effective and which are applicable to the Bank…continued

The Bank plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017 to the date of issuance of these financial statements the Bank is engaged in a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank in 2018 when the Bank will adopt IFRS 9. Overall, the Bank expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The dollar value of the impact however has not been finalised. In addition, the Bank will implement changes in classification of certain financial instruments. The Bank does not currently apply hedge accounting.

- *IFRS 15, Revenue from contracts with customers* (Effective January 1, 2018)

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases).

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard will also specify a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers.

The Bank has not early adopted IFRS 15 and is currently evaluating its impact.

- *IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration* (Effective January 1, 2018)

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation; or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Bank does not currently have non-monetary assets or liabilities relating to advance consideration but will evaluate its impact on present operations.

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NOTE 3 – RISK MANAGEMENT

The Bank's principal financial liabilities, other than derivatives, comprise borrowings and trade and other payables, 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, receivables, cash and short-term deposits and debt securities at fair value through profit and loss 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 reducing exposure to achieve 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 the Bank's 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 Loans Committee (LC) 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. ICA was established to operationalise 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;
(iv) The Advisory Management Team (AMT) which is the highest decision making body of the Bank.

The Bank is exposed to market risk, credit risk, liquidity risk and operational risk which is overseen by its senior management through its established committees. Market risk includes currency, interest rate and price risk. The most important types of risk faced by CDB are associated with its BMCs in relation to country credit risk and concentration risk.

The Bank manages limits 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 are measured and reported on a monthly and quarterly basis.

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NOTE 3 – RISK MANAGEMENT…continued

Credit risk

A major risk to CDB as a multilateral development bank is its exposure to country credit risk. This risk relates to potential losses in the event that a BMC is unable or unwilling to service its obligations to the Bank. CDB manages its country credit 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, 2017 is reported in Note 4 and Note 10.

The Bank manages its credit risk in 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	AA-	Aa3

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).

Credit risk measurement

The Bank assesses borrowers based upon their external credit ratings. For borrowers without an external rating, judgment and bench-marking 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.

Internal rating scale and mapping of external ratings are as follows:

CDB's Rating	Description of the grade	External rating: Standard & Poor's equivalent
1	Basic monitoring	AAA, AA+, AA, AA- A+, A-
2	Standard monitoring	BBB+, BBB, BBB-, BB+, BB, BB-, B+, B, B-
3	Special monitoring	CCC to C
4	Sub-standard	D

The ratings of the major rating agency shown in the table above are mapped to the rating classes based on the long-term average default rates for each external grade. External ratings where available, are used to benchmark the internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

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NOTE 3 – RISK MANAGEMENT…continued

Credit risk…continued

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.

	2017	2016
Single largest borrower's exposure to total outstanding loans	**18.5%**	20.8%
Three largest borrowers' exposure to total outstanding loans	**40.3%**	40.9%

Cash and cash equivalents and Debt securities through profit and loss
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)	2017	2016
Single entity	10%	**7.0%**	7.2%
US Treasury or US Government Agency	35%	**27.0%**	35.0%
Commercial entity	50%	**15.6%**	18.4%

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 with respect to bonds issued by the Government of St. Kitts and Nevis (GOSKN).

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 net amount owing makes payment to the second 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.

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NOTE 3 – RISK MANAGEMENT…continued

Credit risk…continued

Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposure relating to assets included on the statement of financial position is as follows:

As at December 31	2017	2016
Cash and cash equivalents	**$85,961**	$94,207
Debt securities at fair value through profit or loss	**353,491**	340,318
Sovereign loans outstanding	**1,028,633**	992,587
Non-sovereign loans outstanding	**31,449**	24,339
Derivative financial instruments	**55,584**	58,663
Non-negotiable demand notes	**46,088**	45,682
Maintenance of value on currency holdings	**4,250**	5,769
Subscriptions in arrears	**2,310**	6,866
Receivables	**13,887**	6,084
	$1,621,653	$1,574,515
Commitments		
Undisbursed sovereign loan balances	**$444,754**	$372,707
Undisbursed non-sovereign loan balances	**19,227**	9,227
Commitments	**15,000**	15,000
Guarantees	**12,000**	12,000
	$490,981	$408,934
	$2,112,634	$1,983,449

The above table represents a worst case scenario of credit risk exposure as at December 31, 2017 and 2016, 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.

For assets included on the statement of financial position, the exposures set out above are based on gross carrying amounts as reported in the statement of financial position. As shown, the total maximum exposure from loans and commitments to the sovereign was 69.7% (2016: 68.9%), and to the non-sovereign was 2.4% (2016: 1.7%).

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NOTE 3 – RISK MANAGEMENT…continued

Credit risk…continued

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 highest possible return on its investments. CDB's Investment Policy restricts its investments to government and government-related debt instruments 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, 2017 and 2016.

2017					
	Ratings				
	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Total
Obligations guaranteed by Governments[1]	**$88,797**	**$109,401**	**$10,072**	**$-**	**$208,270**
Time Deposits	**-**	**767**	**-**	**-**	**767**
Sovereign Bonds	**25,653**	**4,943**	**-**	**-**	**30,596**
Supranational Bonds[2]	**107,916**	**5,942**	**-**	**-**	**113,858**
	$222,366	**$121,053**	**$10,072**	**$-**	**$353,491**

2016					
	Ratings				
	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Total
Obligations guaranteed by Governments[1]	$63,129	$154,067	$5,072	$-	$222,268
Time Deposits	-	24,975	8,782	1,330	35,087
Sovereign Bonds	2,004	-	-	-	2,004
Supranational Bonds	78,012	2,947	-	-	80,959
	$143,145	$181,989	$13,854	$1,330	$340,318

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.

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NOTE 3 – RISK MANAGEMENT…continued

Credit risk…continued

Credit quality…continued

Debt securities, treasury bills and other eligible bills…continued
In accordance with the Bank's internal rating scale 100% (2016: 99.6%) of debt securities, treasury bills and other eligible bills are classified as 'Basic monitoring'.

Loans and advances
Loans are summarised as follows:

	December 31, 2017		December 31, 2016	
	Sovereign	Non-sovereign	Sovereign	Non-sovereign
Neither past due nor impaired	$1,024,610	36,839	$992,587	$25,588
Past due but not impaired	-	-	-	-
Impaired	-	4,942	-	5,060
Gross	1,024,610	41,781	992,587	30,648
Less: allowance for impairment	-	(6,309)	-	(6,309)
Net	$1,024,610	$35,472	$992,587	$24,339

As of December 31, 2017, loans that were neither past due nor impaired represented 99.5% (2016: 99.5%) of gross loans outstanding.

Loans and advances neither past due nor impaired
The credit quality of the loan portfolio that was neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Bank.

	2017		
	Sovereign	Non-sovereign	Total Loans
Standard monitoring	$498,418	$882	$499,300
Special monitoring	526,192	35,957	562,149
	$1,024,610	$36,839	$1,061,449

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NOTE 3 – RISK MANAGEMENT…continued

Credit risk…continued

Credit quality…continued

Loans and advances…continued

Loans and advances neither past due nor impaired…continued

	2016		
	Sovereign	Non-sovereign	Total Loans
Basic monitoring	$39,347	$1,380	$40,727
Standard monitoring	481,802	-	481,802
Special monitoring	471,438	24,208	495,646
	$992,587	$25,588	$1,018,175

As at December 31, 2017, there were no financial assets past due but not impaired (2016 – Nil).

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

Other financial assets neither past due nor impaired

	2017			
	Basic Monitoring	Standard Monitoring	Special Monitoring	Total
Cash and cash equivalents	$76,644	$1,256	$8,061	$85,961
Receivables	-	-	13,887	13,887
Derivative financial instruments	55,584	-	-	55,584
Non-negotiable demand notes	7,707	32,746	5,635	46,088
Maintenance of value on currency holdings	1,250	2,963	37	4,250
Subscriptions in arrears	-	2,310	-	2,310
	$141,185	$39,275	$27,620	$208,080

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NOTE 3 – RISK MANAGEMENT…continued

Credit risk…continued

Credit quality…continued

Loans and advances…continued

Loans and advances neither past due nor impaired…continued

	2016			
	Basic Monitoring	Standard Monitoring	Special Monitoring	Total
Cash and cash equivalents	$89,199	$1,068	$3,940	$94,207
Receivables	-	6,084	-	6,084
Derivative financial instruments	58,663	-	-	58,663
Non-negotiable demand notes	18,343	19,591	7,748	45,682
Maintenance of value on currency holdings	1,935	3,775	59	5,769
Subscriptions in arrears	-	5,129	1,737	6,866
	$168,140	$35,647	$13,484	$217,271

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NOTE 3 – RISK MANAGEMENT…continued

Credit risk…continued

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 carrying amounts, as categorised by BMC and non-regional members, USA, and other countries. 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.

	2017				
	Borrowing Member Countries	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$24,274	$36,881	$30,954	$(6,148)	$85,961
Debt securities at fair value through profit or loss	767	72,937	148,529	131,258	353,491
Sovereign loans outstanding	1,028,633	-	-	-	1,028,633
Non-sovereign loans outstanding	31,449	-	-	-	31,449
Derivative financial instruments	-	29,453	26,131	-	55,584
Maintenance of value on currency holdings	1,195	3,055	-	-	4,250
Non-negotiable demand notes	37,729	8,359	-	-	46,088
Subscriptions in arrears	2,310	-	-	-	2,310
Receivables	13,887	-	-	-	13,887
	$1,140,244	$150,685	$205,614	$125,110	$1,621,653

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NOTE 3 – RISK MANAGEMENT…continued

Credit risk…continued

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

Geographical sectors…continued

	2016				
	Borrowing Member Countries	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$7,054	$23,068	$57,802	$6,283	$94,207
Debt securities at fair value through profit or loss	1,330	84,536	151,190	103,262	340,318
Sovereign loans outstanding	992,587	-	-	-	992,587
Non-sovereign loans outstanding	24,339	-	-	-	24,339
Derivative financial instruments	-	30,689	27,974	-	58,663
Maintenance of value on currency holdings	1,587	4,182	-	-	5,769
Non-negotiable demand notes	37,403	8,279	-	-	45,682
Subscriptions in arrears	2,728	4,138	-	-	6,866
Receivables	6,084	-	-	-	6,084
	$1,073,112	$154,892	$236,966	$109,545	$1,574,515

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 profit or loss, borrowings and derivative financial instruments.

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.

All of the Bank's loans are denominated in United States dollars.

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NOTE 3 – RISK MANAGEMENT…continued

Market risk…continued

Concentrations of foreign currency risk

	2017				
As at December 31	**US$**	**Yen**	**CHF**	**Other**	**Total**
Assets					
Cash and cash equivalents	$67,446	$-	$-	$18,515	$85,961
Debt securities at fair value through profit and loss	347,629	-	-	5,862	353,491
Loans outstanding	1,060,082	-	-	-	1,060,082
Derivative financial instruments	8,978	46,606	-	-	55,584
Receivable from members	32,198	-	-	20,450	52,648
Receivables	13,602	-	-	285	13,887
Total financial assets	$1,529,935	46,606	$-	$45,112	$1,621,653
Liabilities					
Accounts payable	$1,885	$-	$-	$(6)	$1,879
Borrowings	370,214	172,678	148,657	-	691,549
Derivative financial instruments	-	-	18,258	-	18,258
Total financial liabilities	$372,099	$172,678	$166,915	$(6)	$711,686
Net on-balance sheet financial position	$1,157,836	$(126,072)	$(166,915)	$45,118	$909,967
Credit commitments	$490,981	$-	$-	$-	$490,981

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NOTE 3 – RISK MANAGEMENT…continued

Market risk…continued

Concentrations of foreign currency risk *…continued*

	2016				
As at December 31	**US$**	**Yen**	**CHF**	**Other**	**Total**
Assets					
Cash and cash equivalents	$87,717	$-	$-	$6,490	$94,207
Debt securities at fair value through profit and loss	323,652	-	-	16,666	340,318
Loans outstanding	1,016,926	-	-	-	1,016,926
Derivative financial instruments	9,674	48,989	-	-	58,663
Receivable from members	36,753	-	-	21,564	58,317
Receivables	4,606	-	-	1,478	6,084
Total financial assets	$1,479,328	$48,989	$-	$46,198	$1,574,515
Liabilities					
Accounts payable	$240	$-	$-	$(12)	$228
Borrowings	344,985	167,193	142,352	-	654,530
Derivative financial instruments	-	-	22,039	-	22,039
Total financial liabilities	$345,225	$167,193	$164,391	$(12)	$676,797
Net on-balance sheet financial position	$1,134,103	$(118,204)	$(164,391)	$46,210	$897,718
Credit commitments	$408,934	$-	$-	$-	$408,934

Foreign currency sensitivity

In calculating these sensitivities management made the assumptions 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 two Yen denominated and one Swiss Franc (CHF) borrowings were converted into US dollars in order to hedge against ongoing operational currency risks.

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NOTE 3 – RISK MANAGEMENT…continued

Market risk…continued

Foreign currency sensitivity…continued

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

YEN

	Effect on profit or loss (Income)/Expense	
Exchange rate movements	**2017**	**2016**
Increase of 5%	**$(8,028)**	$(7,720)
Decrease of 5%	**$8,873**	$8,533
Increase of 10%	**$(15,326)**	$(14,739)
Decrease of 10%	**$18,731**	$18,014

CHF

	Effect on profit or loss (Income)/Expense	
Exchange rate movements	**2017**	**2016**
Increase of 5%	**$(7,079)**	$(6,779)
Decrease of 5%	**$7,824**	$7,492
Increase of 10%	**$(13,514)**	$(12,941)
Decrease of 10%	**$16,517**	$15,817

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rate 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.

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.

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NOTE 3 – RISK MANAGEMENT…continued

Market risk…continued

Exposure to interest rate risk

	2017					
As 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	$85,961	-	-	-	-	$85,961
Debt securities at fair value through profit and loss	21,502	27,867	296,680	7,442	-	353,491
Loans outstanding	1,060,082	-	-	-	-	1,060,082
Derivative financial instruments	46,606	8,978	-	-	-	55,584
Receivable from members	-	-	-	-	52,648	52,648
Receivables	-	-	-	-	13,887	13,887
Total Assets	$1,214,151	$36,845	$296,680	$7,442	$66,535	$1,621,653
Liabilities						
Accounts payable	$-	$-	$-	$-	$1,879	$1,879
Borrowings	5,475	4,598	177,149	504,327	-	691,549
Derivative financial instruments	18,258	-	-	-	-	18,258
Total Liabilities	$23,733	$4,598	$177,149	$504,327	$1,879	$711,686
Total interest sensitivity Gap	$1,190,418	$32,247	$119,531	$(496,885)		

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NOTE 3 – RISK MANAGEMENT…continued

Market risk…continued

Exposure to interest rate risk…continued

	2016					
As 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	$94,207	$-	$-	$-	$-	$94,207
Debt securities at fair value through profit and loss	41,952	58,279	201,466	38,621	-	340,318
Loans outstanding	1,016,926	-	-	-	-	1,016,926
Derivative financial instruments	48,989	9,674	-	-	-	58,663
Receivable from members	-	-	-	-	58,317	58,317
Receivables	-	-	-	-	6,084	6,084
Total Assets	$1,202,074	$67,953	$201,466	$38,621	$64,401	$1,574,515
Liabilities						
Accounts payable	$-	$-	$-	$-	$228	$228
Borrowings	4,577	4,598	28,002	617,353	-	654,530
Derivative financial instruments	-	22,039	-	-	-	22,039
Total Liabilities	$4,577	$26,637	$28,002	$617,353	$228	$676,797
Total interest sensitivity Gap	$1,197,497	$41,316	$173,464	$(578,732)		

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NOTE 3 – RISK MANAGEMENT…continued

Market risk…continued

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 $3,713 (2016: $3,669). Had interest rates been 50 bps lower, net income would have declined by the same amount.

All other variables held constant if interest rates had been 50 bps higher, the impact upon the derivatives would have caused a decrease of $25,244 (2016: $20,166) in the net income for the year and an increase of $15,479 (2016: $23,870) if 50 bps lower.

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.

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 $197 million; (2016: $210 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 $552 million (2016: $529 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 are easily traded; and
- Secondary sources of liquidity including a line of credit with a commercial bank.

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NOTE 3 – RISK MANAGEMENT…continued

Liquidity risk …continued

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.

	2017				
At December 31	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	$86,082	$-	$-	$-	$86,082
Debt securities at fair value through profit and loss	22,963	31,224	309,227	8,141	371,555
Loans outstanding	50,133	104,026	506,746	636,837	1,297,742
Receivable from members	6,560	46,088	-	-	52,648
Receivables	11,776	587	1,027	497	13,887
Total Assets	$177,514	$181,925	$817,000	$645,475	$1,821,914
Liabilities					
Accounts payable	1,599	58	201	21	1,879
Borrowings	7,488	18,013	218,114	603,367	846,982
Total Liabilities	$9,087	$18,071	$218,315	$603,388	$848,861

	2016				
At December 31	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	$94,207	$-	$-	$-	$94,207
Debt securities at fair value through profit and loss	41,550	60,715	208,472	40,181	350,918
Loans outstanding	42,884	101,792	471,885	599,008	1,215,569
Receivable from members	12,635	45,682	-	-	58,317
Receivables	4,838	306	834	106	6,084
Total Assets	$196,114	$208,495	$681,191	$639,295	$1,725,095
Liabilities					
Accounts payable	$7	$129	$73	$19	$228
Borrowings	6,779	23,606	122,131	590,019	742,535
Total Liabilities	$6,786	$23,735	$122,204	$590,038	$742,763

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NOTE 3 – RISK MANAGEMENT…continued

Liquidity risk …continued

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.

	2017				
At December 31	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivative asset:					
Derivative financial instruments	**$2,607**	**$2,018**	**$35,050**	**$26,366**	**$66,041**
Derivative liability:					
Derivative financial instruments	**$2,455**	**$2,239**	**$23,031**	**$(9,381)**	**$18,344**

	2016				
At December 31	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivative asset:					
Derivative financial instruments	$2,683	$3,858	$13,845	$48,567	$68,953
Derivative liability:					
Derivative financial instruments	$2,054	$1,830	$22,000	$(3,584)	$22,300

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NOTE 3 – RISK MANAGEMENT…continued

Liquidity risk …continued

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.

Other commitments comprise a proposed allocation, subject to the approval of the Board of Governors of the Bank, from the net income of the OCR to the operations of the Special Development Fund [SDF (U)] in respect of the four (4) year cycle (Cycle 9) covering the period 2017 to 2020.

	2017		
At December 31	**0-12 months**	**1-5 years**	**Total**
Loan commitments	**$150,000**	**$313,981**	**$463,981**
Other commitments	**5,000**	**10,000**	**15,000**
Guarantees	**12,000**	**-**	**12,000**
	$167,000	**$323,981**	**$490,981**

	2016		
At December 31	**0-12 months**	**1-5 years**	**Total**
Loan commitments	$145,000	$236,934	$381,934
Other commitments	-	15,000	15,000
Guarantees	12,000	-	12,000
	$157,000	$251,934	$408,934

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NOTE 3 – RISK MANAGEMENT…continued

Fair value of financial assets and liabilities

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.

Financial assets and liabilities measured at fair value

	2017			
December 31	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets at fair value through profit or loss				
Derivative financial instruments	$-	$55,584	$-	$55,584
Financial assets designated at fair value through profit or loss				
Debt securities	-	353,491	-	353,491
	$-	$409,075		$409,075
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	$-	$18,258	$-	$18,258
	$-	$18,258	$-	$18,258

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

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NOTE 3 – RISK MANAGEMENT…continued

Fair value of financial assets and liabilities…continued

Fair value hierarchy…continued

Financial assets and liabilities measured at fair value…continued

	2016			
December 31	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets at fair value through profit or loss				
Derivative financial instruments	$-	$58,663	$-	$58,663
Financial assets designated at fair value through profit or loss				
Debt securities	-	340,318	-	340,318
	$-	$398,981	$-	$398,981
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	$-	$22,039	$-	$22,039
	$-	$22,039	$-	$22,039

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NOTE 3 – RISK MANAGEMENT…continued

Fair value of financial assets and liabilities…continued

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 are as follows:

	Carrying value		Fair value	
Exchange rate movements	**2017**	**2016**	**2017**	**2016**
Financial assets – loans and receivables				
Loans outstanding	**$1,060,082**	$1,016,926	**$935,188**	$801,295
Financial liabilities – amortised cost				
Borrowings	**$691,549**	$654,530	**$828,040**	$771,302

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's 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. Those BMCs without ratings from international agencies are assigned a default rating of "CCC".

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's capital adequacy framework which is consistent with the guidelines developed by the Basel Committee takes into account the Bank's total equity, which is defined as paid-up capital, retained earnings and reserves, less receivables from members, the effects of derivative adjustments and the General Banking Reserve. The goals of the Bank's capital adequacy are to:

(i) Ensure a reliable framework and methodology to determine the appropriate levels of economic capital that the Bank should carry; and
(ii) Determine from time to time the appropriate changes in the level of economic capital that the Bank must have, based on changes in the risk profile of its credit exposures.

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NOTE 3 – RISK MANAGEMENT…continued

Capital Management…continued

The Bank's enhanced capital adequacy framework is supported by an income targeting policy that would enable the Bank not only to safeguard, but also to strengthen its level of capitalisation and to meet its commitments. The policy requires the Bank to maintain available capital (as defined in the Bank's Board approved policy) at a minimum level of 150% of baseline economic capital (comprising a methodology for calculating capital requirements based on the types and levels of risks, such as borrower defaults, operational losses, or market changes).

As at December 31, 2017 the Bank's available capital was 219.0% (2016: 209.8%) of its economic capital.

No changes were made to the objectives, policies or processes for managing capital during the year ended December 31, 2017.

NOTE 4 – SEGMENT ANALYSIS & REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. Under Article 33.4 of the Bank's Charter, the President is the Chief Executive Officer (CEO) and is required to conduct, under the direction of the Board of Directors (BOD) the current business of the Bank.

In accordance with IFRS 8 the Bank has one reportable segment, its OCR, since its operations are managed as a single business unit and it does not have multiple components for which discrete financial information is produced and reviewed by the chief operating decision maker for performance assessment and resource allocation.

The following table presents CDB's outstanding loan balances inclusive of accrued interest and net of impairment provisions as of December 31, 2017 and 2016, and associated interest income by countries which generated in excess of 10% of the loan interest income for the years ended December 31, 2017 and 2016:

	Interest income		Loans outstanding	
Country	**2017**	**2016**	**2017**	**2016**
Jamaica	**$7,100**	$6,464	**$196,874**	$212,454
Barbados	**4,670**	4,271	**113,989**	112,514
Others	**26,306**	21,392	**749,219**	691,958
	$38,076	$32,127	**$1,060,082**	$1,016,926

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NOTE 5 – FINANCIAL ASSETS

In accordance with IAS 39, the Bank categorises its assets as follows: financial assets at fair value through profit or loss, or loans and receivables. Financial assets are recognised on the statement of financial position when the Bank assumes related contractual rights. Management determines the classification of its financial instruments at initial recognition.

Regular way purchases and sales of financial assets are recognised on the settlement date which is the date the Bank becomes a party to the contractual provisions of the instrument.

Initial recognition and measurement of financial assets
All financial assets are recognised initially at fair value plus, in the case of loans and receivables, directly attributable transaction costs which are related to the acquisition of the financial asset.

Subsequent measurement

Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are categorised as held for trading and are classified as a financial asset if positive and a financial liability if negative. They are not designated as hedging instruments. Additional information on 'Derivatives' is included in Note 14.

Financial assets designated at fair value through profit or loss upon initial recognition are managed, evaluated and reported to management on a fair value basis. Once the asset has been so classified, it cannot be changed. Financial instruments in this category are included in the statement of financial position as 'Debt securities at fair value through profit or loss' representing all of the Bank's investments. For more information on 'Debt securities at fair value through profit or loss' refer to Note 7.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as 'Derivative fair value adjustments' 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 23 (b) and are included in 'Interest expense and similar charges' in the statement of comprehensive income.

Loans 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 is included in 'Interest and similar income' in the statement of comprehensive income. The losses arising from impairment of loans and in other receivables are recognised in the statement of comprehensive income in 'Operating expenses'.

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NOTE 5 – FINANCIAL ASSETS…continued

***Subsequent measurement**…continued*

Loans and receivables…continued
This category applies to 'Loans outstanding' and 'Receivables from members' and generally applies to receivables. More detailed information in relation to these balances are disclosed in Notes 8 to 13.

Fair Value Measurement
The Bank measures financial instruments such as those designated at fair value through profit and loss and derivatives at fair value at each reporting date. 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 – Risk Management – "Fair value of financial assets and liabilities".

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.

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.

Renegotiated loans
It is not the Bank's policy 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. Management continuously reviews renegotiated loans (if any), to ensure that all criteria are met and that future payments are likely to occur.

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NOTE 5 – FINANCIAL ASSETS…continued

Provision for loan impairment

Management assesses at each reporting date (at a minimum), whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has/have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. A provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due according to the original contractual terms of loans (the "incurred loss" basis).

Objective evidence that a financial asset or groups of financial assets is/are impaired includes observable data that comes to the attention of the Bank about the following loss events including:

(i) Significant financial difficulty of the issuer or obligor;
(ii) A breach of contract, such as a default or delinquency in interest or principal payments;
(iii) The Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the Bank would not otherwise consider;
(iv) It becoming probable that the borrower will enter bankruptcy or other financial re-organisation;
(v) The disappearance of an active financial market for that financial asset because of financial difficulties; or
(vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including:

    (a) adverse changes in the payment status of borrowers; or
    (b) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Management first assesses whether impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The methodology used for assessing collective impairment also takes into account the Bank's preferred creditor treatment afforded by its borrowing members. The provision is calculated on a methodology which combines the external credit ratings of the borrowers, the probability of default related to those ratings, the loss given default based on CDB's historical loss experience and the exposure at default. The methodology is applied to both sovereign and non-sovereign loans.

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NOTE 5 – FINANCIAL ASSETS…continued

***Provision for loan impairment**…continued*

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.

When a loan is deemed uncollectible, it is written off against the related impairment provision. If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the provision amount and the amount of the reversal is recognised in the statement of comprehensive income.

Because of the nature of its borrowers and guarantors, 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.

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.

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.

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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. Cash and cash equivalents include cash, time deposits, treasury bills and other eligible bills, amounts due from other banks and short-term government securities.

Cash and cash equivalents comprise the following balances:

	2017	2016
Due from banks	**$21,863**	$60,239
Time deposits	**64,098**	33,968
	$85,961	$94,207

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 PROFIT OR LOSS

The accounting policy is as defined in Note 5.

(a) A summary of the Bank's debt securities at fair value through profit or loss is as follows:

	2017				
	USD	EUR	CAD	Other	Total
December 31					
Obligations guaranteed by					
Governments[1]	**$234,871**	**$-**	**$3,994**	**$-**	**$238,865**
Multilateral organisations	**112,758**	**-**	**1,101**	**-**	**113,859**
Time deposits	**-**	**-**	**-**	**767**	**767**
	$347,629	**$-**	**$5,095**	**$767**	**$353,491**

	2016				
	USD	EUR	CAD	Other	Total
December 31					
Obligations guaranteed by					
Governments[1]	$218,095	$1,056	$5,121	$-	$224,272
Multilateral organisations	76,746	3,177	1,036	-	80,959
Time deposits	28,811	-	-	6,276	35,087
	$323,652	$4,233	$6,157	$6,276	$340,318

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

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NOTE 7 – DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS…continued

(b) A maturity analysis of debt securities at fair value through profit and loss is as follows:

	2017	2016
Current	**$49,369**	$100,231
Non-current	**304,122**	240,087
	$353,491	$340,318

NOTE 8 – RECEIVABLES AND PREPAID ASSETS

The accounting policy for receivables is as defined at Note 5.

Prepaid assets are not financial assets and are recorded as assets on the statement of financial position when cash is paid and expensed to profit and loss 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:

	2017	2016
Inter-fund receivable – Note 27	**$9,115**	$4,472
Staff loans and other receivables	**657**	508
Value added tax receivable	**1,112**	817
Institutional receivables	**3,003**	287
Prepaid assets	**361**	258
	$14,248	$6,342

During the year, no provision for impairment (2016: nil) was recorded as none of the above receivables was deemed to be impaired.

NOTE 9 – CASH COLLATERAL ON DERIVATIVES

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.

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NOTE 9 – CASH COLLATERAL ON DERIVATIVES…continued

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, 2017, the Bank held a collateral receivable of $6,675 (2016:$11,655) from Credit Suisse International in respect of this cross currency interest rate swap. Interest on this account is calculated at the daily US Federal Funds rate and the amounts accrued for the year was $52 (2016: $5).

These arrangements form part of the Credit Support Annex ("CSA") to the ISDA Agreement and is an integral part of the valuation of the fair value of the underlying derivatives as disclosed Note 3 – Risk Management and Note 14 – Derivative financial instruments.

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, it's BMCs and are disbursed and repaid in US Dollars. The amount repayable in each of these currencies are equal to the amount disbursed in the original currency. 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 semi-annually. The interest rate prevailing as at December 31, 2017 was 3.80% (2016: 2.97%).

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.

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. During 2017 the Bank obtained cash collateral against one non-sovereign loan which is refundable to the borrower upon maturity of the loan. In addition to security pledged by the borrower, the security against the non-sovereign

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NOTE 10 – LOANS OUTSTANDING …continued

Collateral …continued

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 security pool is the future expected cash flows of the sub-loans discounted by a current market interest rate reflective of the risk of the borrowers. Marketable assets secure direct loans to the non-sovereign, while the fair value is the observable market price of the asset.

The fair value of the collateral held (off-balance sheet) for the impaired non-sovereign loans was estimated at approximately $1,000 (2016: $1,000). This is comprised of the fair value of sub-loans and the Bank's portion of the estimated realisable value of a property.

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NOTE 10 – LOANS OUTSTANDING ...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.

	2017			
Borrowers	**Loans not yet effective**	**Undisbursed**	**Outstanding**	**% of Loans outstanding**
Anguilla	$11,543	$3,005	$72,666	6.9
Antigua and Barbuda	-	75,754	117,617	11.1
Bahamas	7,633	24,000	13,323	1.3
Barbados	3,720	49,936	113,077	10.7
Belize	-	65,048	100,977	9.6
British Virgin Islands	9,299	51,921	29,631	2.8
Dominica	-	10,925	18,943	1.8
Grenada	-	18,184	39,764	3.8
Guyana	-	3,335	30,363	2.8
Jamaica	-	7,128	194,942	18.5
St. Kitts and Nevis	-	7,399	31,138	2.9
St. Lucia	26,013	38,326	61,340	5.8
St. Vincent and the Grenadines	-	12,646	83,414	7.9
Suriname	29,818	70,758	55,969	5.3
Trinidad and Tobago	-	-	41,033	3.9
Turks and Caicos Islands	-	441	3,540	0.3
Regional	-	5,948	7,033	0.7
Non-sovereign	-	19,227	41,115	3.9
Sub-total	88,026	463,981	1,055,885	100
Provision for impairment			(6,309)	
Accrued interest and other charges			10,506	
	88,026	463,981	$1,060,082	

	2017
Current	$109,762
Non-current	950,320
	$1,060,082

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NOTE 10 – LOANS OUTSTANDING…continued

(a) Credit exposures…continued

	2016			
Borrowers	**Loans not yet effective**	**Undisbursed**	**Outstanding**	**% of Loans outstanding**
Anguilla	$-	$3,033	$78,236	7.7
Antigua and Barbuda	5,981	32,556	88,274	8.7
Bahamas	7,633	29,606	8,305	0.8
Barbados	14,627	104,543	111,717	11.0
Belize	21,500	63,991	88,831	8.8
British Virgin Islands	-	9,177	14,977	1.5
Cayman Islands	-	-	1,781	0.2
Dominica	-	5,749	16,776	1.6
Grenada	-	20,318	41,445	4.1
Guyana	-	6,236	30,354	3.0
Jamaica	-	18,323	210,823	20.8
St. Kitts and Nevis	5,792	1,735	35,078	3.5
St. Lucia	33,176	34,185	66,613	6.5
St. Vincent and the Grenadines	-	8,529	92,215	9.1
Suriname	58,157	18,196	50,374	5.0
Trinidad and Tobago	-	10,000	37,252	3.7
Turks and Caicos Islands	-	-	4,656	0.4
Regional	-	6,530	7,139	0.7
Non-sovereign	-	9,227	29,866	2.9
Sub-total	146,866	381,934	1,014,712	100.0
Provision for impairment			(6,309)	
Accrued interest and other charges			8,523	
	$146,866	$381,934	$1,016,926	

	2016
Current	$106,596
Non-current	910,330
	$1,016,926

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NOTE 10 – LOANS OUTSTANDING…continued

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

	2017						
Currencies receivable	**Loans outstanding 2016**	**Net interest**	**Disburse-ments**	**Sub-Total**	**Repayments**	**Provision for impairment**	**Loans outstanding 2017**
United States dollars	$1,014,712	$-	$143,196	$1,157,908	$(102,023)	-	$1,055,885
Sub-total	1,014,712	-	143,196	1,157,908	(102,023)	-	1,055,885
Provision for impairment	(6,309)	-	-	(6,309)	-	-	(6,309)
Accrued interest	8,523	1,983		10,506	-	-	10,506
Total – December 31	$1,016,926	$1,983	$143,196	$1,162,105	$(102,023)	$-	$1,060,082

	2016						
Currencies receivable	**Loans outstanding 2015**	**Net interest**	**Disburse-ments**	**Sub-Total**	**Repayments**	**Provision for impairment**	**Loans outstanding 2016**
United States dollars	$989,528	$-	$126,345	$1,115,873	$(101,161)	$-	$1,014,712
Sub-total	989,528	-	126,345	1,115,873	(101,161)	-	1,014,712
Provision for impairment	(6,309)	-	-	(6,309)	-	-	(6,309)
Accrued interest	9,311	(788)	-	8,523	-	-	8,523
Total – December 31	$992,530	$(788)	$126,345	$1,118,087	$(101,161)	$-	$1,016,926

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NOTE 10 – LOANS OUTSTANDING…continued

(c) As at December 31, 2017, two loans relating to one borrower in the non-sovereign loan portfolio were assessed as impaired (2016: two). A specific provision for impairment has been made representing the full amounts outstanding. Based on the collective assessment and methodology as applied to the sovereign and non-sovereign loan portfolio, no additional collective provision for impairment was required (December 2016: $ Nil).

Reconciliation of the allowance account for impairment on loans is as follows:

	2017	2016
Balance at January 1 and December 31	**$6,309**	$6,309
Individual impairment	**$5,459**	$5,459
Collective impairment	**850**	850
Balance at December 31	**$6,309**	$6,309

(d) The Bank also maintains a General banking reserve of $7,006 (2016: $7,006) classified in equity – Refer to Note 22(f).

NOTE 11 – NON-NEGOTIABLE DEMAND NOTES

Non-negotiable demand notes are financial assets as defined in Note 5.

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 thus classified as current assets and their fair value is therefore estimated to be their carrying value.

As at December 31, 2017 the non-negotiable demand notes amounted to $46,088 (2016: $45,682).

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NOTE 12 – MAINTENANCE OF VALUE (MOV) ON CURRENCY HOLDINGS

MOV receivables are financial assets as defined in Note 5.

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 is 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.

As at December 31, 2017, the amount due by certain members was $4,250 (2016: $5,769) and at the reporting date, no amounts were due by the Bank (2016: Nil).

NOTE 13 – SUBSCRIPTIONS IN ARREARS

Subscriptions in arrears are financial assets as defined in Note 5.

Member countries are required to meet their obligations for paid-in shares over a period determined in advance and in the case of the last approved General Capital Increase in 2010 comprises six instalments. The amount of $2,310 (2016: $6,866) represents amounts that are due and not yet paid by certain members.

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NOTE 14 – DERIVATIVE FINANCIAL INSTRUMENTS

The accounting policy is as defined at Note 5.

The Bank is party to five swaps with four counterparties. Two swaps were used to transform underlying fixed rate borrowings in Japanese Yen to floating rate obligations in USD. One of these swaps has subsequently been modified to reinstate fixed rate exposure, at a rate lower than that of the original underlying note. The two fixed rate Japanese Yen notes which mature in 2022 and 2030 carry interest rates of 2.75% and 4.35%, respectively. The principal amounts due on maturity are 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.

Counterparties to derivative contracts are selected in accordance with the Bank's approved policy. In accordance with this policy, engaging in speculative activities are 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:

		2017	2016
	Notional Amount	Fair values	
Derivative financial asset			
Cross currency interest rate swaps	$163,220	**$46,623**	$48,685
Interest rate swaps	$300,000	**8,876**	$9,184
Bilateral non-performance risk adjustment		**85**	794
		$55,584	$58,663
Derivative financial liability			
Cross currency interest rate swap	$151,341	**$18,790**	$23,429
Bilateral non-performance risk adjustment		**(532)**	(1,390)
		$18,258	$22,039

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NOTE 15 – NON-CURRENT ASSETS HELD FOR SALE

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, management has committed to the sale, and the sale is expected to have been completed within one year from the date of classification.

Property and equipment once classified as held for sale are not depreciated.

Non-current assets of $572 shown as held for sale in 2016 was disposed of in 2017 based on open market solicitations. These assets comprised a building and associated land. A gain of $235 was realised on disposal of the asset which is included in "Other Income" in the statement of comprehensive income.

NOTE 16 – PROPERTY AND EQUIPMENT

Property and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the assets.

Land totaling 2.2 hectares and the associated buildings were conveyed to the Bank by the Government of Barbados in 1983. These assets are not accounted for by the Bank and therefore do not form part of the Bank's financial records. Management does not consider the historical cost to be material.

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.

Land is not depreciated as it is deemed to have an indefinite life.

Depreciation of other assets 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.

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NOTE 16 – PROPERTY AND EQUIPMENT…continued

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.

Under the Headquarters' Agreement with the host country, Bank owned buildings in the host country are intended to be used for the purposes of the Bank.

The carrying values of property and equipment were as follows:

	2017					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
Opening net book value	$3,224	$5,312	$2,283	$1,255	$103	$12,177
Additions	1,411	-	116	133	20	1,680
Transfers from projects in progress	(279)	104	138	37	-	-
Disposals - cost	-	-	(287)	(152)	-	(439)
Disposals - accumulated depreciation	-	-	287	152	-	439
Depreciation expense	-	(299)	(797)	(398)	(38)	(1,532)
Closing net book value	$4,356	$5,117	$1,740	$1,027	$85	$12,325
At December 31						
Cost	$4,356	$12,155	$11,544	$6,556	$247	$34,858
Accumulated depreciation	-	(7,038)	(9,804)	(5,529)	(162)	(22,533)
Closing net book value	$4,356	$5,117	$1,740	$1,027	$85	$12,325

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NOTE 16 – PROPERTY AND EQUIPMENT…continued

	2016					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
Opening net book value	$3,716	$5,613	$793	$1,499	$146	$11,767
Additions	1,943	-	202	87	-	2,232
Transfers from projects in progress	(2,435)	605	1,864	(34)	-	-
Net book value of assets transferred to held for sale	-	(572)	-	-	-	(572)
Disposals - cost	-	-	-	-	(89)	(89)
Disposals - accumulated depreciation	-	-	-	-	89	89
Depreciation expense	-	(334)	(576)	(297)	(43)	(1,250)
Closing net book value	$3,224	$5,312	$2,283	$1,255	$103	$12,177
At December 31						
Cost	$3,224	$12,051	$11,577	$6,538	$75	$33,465
Accumulated depreciation	-	(6,739)	(9,294)	(5,283)	28	(21,288)
Closing net book value	$3,224	$5,312	$2,283	$1,255	$103	$12,177

NOTE 17 – 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. Management determines the classification of its financial instruments at initial recognition.

The Bank's financial liabilities include accounts payable and borrowings. Further information is included at Notes 18 and 21 respectively. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. After initial recognition, the fair value option is not applied and interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit and 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.

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NOTE 17 – FINANCIAL LIABILITIES…continued

Fair value measurement
Fair value disclosures for financial liabilities are contained in Note 3 – Risk Management - "Fair value of financial assets and liabilities". 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 or cancelled or expires. 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 18 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounting policy for accounts payable is as defined at Note 17.

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:

	2017	2016
Accounts payable	**$1,879**	$228
Accrued liabilities	**2,931**	2,793
	$4,810	$3,021

NOTE 19 – DEFERRED INCOME

Deferred income comprises freehold land donated to the Bank as a Government grant and is stated at historical value of $875 (2016: $875). The grant was recorded using the income approach and will be recognised in profit and loss in line with the useful life of the assets scheduled for construction on the property.

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NOTE 20 – 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 gain or loss on settlement and net interest expense or income on the net defined liability are recognised immediately in profit and 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 retained earnings 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, 2017. 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.

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NOTE 20 – POST-EMPLOYMENT OBLIGATIONS…continued

Description of the plans…continued
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, 2017 as certified by the Actuary and applied by the Bank is 30.7% (2016: 22.8%) of the aggregate amount of the annual salaries of eligible employees. All contributions (initially determined in Barbados dollars) are immediately 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.

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% and 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.

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NOTE 20 – POST-EMPLOYMENT OBLIGATIONS…continued

Key assumptions and quantitative sensitivity analyses …continued
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 55.4% (2016: 41.8%) 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 term high quality dated securities, leaving the Bank exposed to the inflation and interest rate risks in the pension option.

	2017	2016
Net post-employment obligations		
Defined benefit pension liability	$17,649	$14,317
Hybrid pension liability	6,055	5,885
Post-retirement medical obligation	2,068	2,008
	$25,772	$22,210
Net pension costs recognised in profit or loss		
Defined benefit pension liability	$10,355	$4,367
Hybrid pension liability	1,971	401
Post-retirement medical obligation	231	334
	$12,557	$5,102
Net re-measurements recognised in other comprehensive income		
Defined benefit obligation	$(3,027)	$3,131
Hybrid pension liability	(1,056)	824
Post-retirement medical obligation	(90)	(1,016)
	$(4,173)	$2,939

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NOTE 20 – POST-EMPLOYMENT OBLIGATIONS...continued

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	
	2017	2016	2017	2016
Present value of funded obligations	**$75,588**	$63,743	**$24,452**	$25,207
Fair value of plan assets	**(57,939)**	(49,426)	**(18,397)**	(19,322)
Net defined benefit liability	**$17,649**	$14,317	**$6,055**	$5,885

The amounts recognised in profit or loss are as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2017	2016	2017	2016
Current service costs	**$9,725**	$3,858	**$1,715**	$155
Net interest on net defined benefit liability	**630**	350	**256**	218
Past service cost	**-**	159	**-**	28
Net pension cost	**$10,355**	$4,367	**$1,971**	$401

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

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2017	2016	2017	2016
Experience (gains)/losses	**$(3,027)**	$3,131	**$(1,056)**	$824
Total amount recognised in other comprehensive income	**$(3,027)**	$3,131	**$(1,056)**	$824

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NOTE 20 – 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	
	2017	2016	2017	2016
Opening defined benefit liability	**$14,317**	$9,510	**$5,885**	$5,373
Net pension cost	**10,355**	4,367	**1,971**	401
Re-measurements recognised in other comprehensive income	**(3,027)**	3,131	**(1,056)**	824
Bank contribution paid	**(3,996)**	(2,691)	**(745)**	(713)
Balance as at December 31	**$17,649**	$14,317	**$6,055**	$5,885

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

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2017	2016	2017	2016
Balance at January 1	**$63,743**	$55,710	**$25,207**	$25,278
Current service costs	**9,725**	3,858	**1,715**	155
Interest costs	**2,529**	2,474	**965**	1,085
Members' contributions	**931**	811	**419**	367
Past service cost	**-**	159	**-**	28
Re-measurements				
Experience adjustments	**(2,021)**	(75)	**(978)**	(68)
Actuarial losses/(gains) from changes in demographic assumptions	**415**	-	**(1,587)**	-
Actuarial losses from changes in financial assumptions	**2,730**	2,267	**700**	746
Benefits paid	**(2,464)**	(1,461)	**(1,989)**	(2,384)
Balance as at December 31	**$75,588**	$63,743	**$24,452**	$25,207

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NOTE 20 – 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	
	2017	2016	2017	2016
Balance at January 1	**$49,426**	$46,200	**$19,322**	$19,905
Interest income	**1,899**	2,124	**709**	867
Return on plan assets, excluding interest	**4,151**	(939)	**(809)**	(146)
Bank contributions	**3,996**	2,691	**745**	713
Members' contributions	**931**	811	**419**	367
Benefits paid	**(2,464)**	(1,461)	**(1,989)**	(2,384)
Balance as at December 31	**$57,939**	$49,426	**$18,397**	$19,322

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

	2017	2016
Quoted in active markets		
Equity securities	**$32,100**	$20,637
	$32,100	$20,637
Unquoted investments		
Cash and cash equivalents	**3,331**	11,590
Debt securities	**22,763**	17,802
	$26,094	$29,392
Net accruals	**(255)**	(603)
Total	**$57,939**	$49,426

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

	2017	2016
Unquoted investments		
Government and Government guaranteed bonds	**$13,672**	$14,470
Supranational bonds	**5,106**	4,411
Cash, cash equivalents and net accruals	**(381)**	441
Total	**$18,397**	$19,322

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NOTE 20 – POST-EMPLOYMENT OBLIGATIONS…continued

The principal actuarial assumptions used for accounting purposes for both the defined benefit pension plan and the hybrid pension scheme are:

	Pensions	
	2017	**2016**
Discount rate	**3.50%**	4.25%
Future salary increases	**4.00%**	4.00%
Future pension increases – Defined benefit pension plan	**2.00%**	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 members opting for pension was assumed to be 100% (2016: 100%). The proportion of other members opting for pension was assumed to be 75% (2016: 100%).

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:

	2017	**2016**
Male	**21.0 years**	21.0 years
Female	**25.1 years**	25.1 years

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

	2017	**2016**
Male	**21.4 years**	21.4 years
Female	**25.4 years**	25.4 years

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NOTE 20 – 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, 2017 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	$(10,670)	$13,561	$3,598	$(3,171)	$7,812	$(6,649)

	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	$964	$(947)	$1,088	$(1,092)

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.

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

	2017	2016
Within the next 12 months (annual reporting period)	**$4,189**	$2,931
Between 1 year and 2 years	**$4,239**	$3,048

The defined benefit obligation is allocated among the plan members as follows:

Active members...................63% (2016: 60%)
Pensioners..........................37% (2016: 40%)

The weighted average duration of the defined benefit obligation was 15.8 years (2016: 15.6 years).

94% (2016: 94%) of the benefits for active members were vested, 22% (2016: 22%) of the defined benefit obligation for active members was conditional on future salary increases.

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NOTE 20 – 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, 2017 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 defined benefit obligation	$(2,293)	$2,956	$332	$(212)

	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	$292	$(295)	$302	$(306)

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.

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

	2017	**2016**
Within the next 12 months	**$700**	$674
Between 1 year and 2 years	**$476**	$679

The defined benefit obligation is allocated among the plan members as follows:

Active members…………………. 57% (2016: 65%)
Pensioners………………………..43% (2016: 35%)

The weighted average duration of the defined benefit obligation was 11 years (2016:12 years).
100% (2016: 100%) of the benefits for active members were vested, 7% (2016: 7%) of the defined benefit obligation for active members is conditional on future salary increases.

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NOTE 20 – POST-EMPLOYMENT OBLIGATIONS…continued

Post-retirement medical plan

Changes to the medical obligation are determined as follows:

		Pension charge to profit & loss			Remeasurement (gains)/losses in OCI				
	1-Jan-17	Current Service Cost	Net interest cost	Sub-total included in profit or loss (Note 24)	Experience adjustments	(Gain)/ loss from change in financial assumptions	Sub-total included in OCI	Premiums paid by the bank	31-Dec-17
Medical obligation	$2,008	78	153	231	(90)	-	(90)	(81)	$2,068

		Pension charge to profit & loss			Remeasurement (gains)/losses in OCI				
	1-Jan-16	Current Service Cost	Net interest cost	Sub-total included in profit or loss (Note 24)	Experience adjustments	(Gain)/ loss from change in financial assumptions	Sub-total included in OCI	Premiums paid by the bank	31-Dec-16
Medical obligation	$2,772	122	212	334	(263)	(753)	(1,016)	(82)	$2,008

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NOTE 20 – 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	
	2017	2016
Discount rate	7.75%	7.75%
Medical cost increase	5.00%	5.00%

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 $70 (2016: $69).

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at December 31, 2017 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	$(238)	$291	$296	$(246)

The expected contributions to be made to the post-retirement medical obligation within the next twelve months is $88 (2016: $86).

Liability profile

The post-retirement medical obligation is allocated among the plan members as follows:

Active members.................... 48% (2016: 49%)
Pensioners........................... 52% (2016: 51%)

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NOTE 20 – POST-EMPLOYMENT OBLIGATIONS…continued

Post-Retirement Medical Plan…continued

Liability profile…continued

The weighted average duration of the post-retirement medical obligation was 13.7 years (2016: 15 years). 54% (2016: 51%) of the benefits of active members were vested.

NOTE 21 – BORROWINGS

The accounting policy for borrowings is as defined at Note 17.

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). As of December 31, 2017, total borrowings amounted to $691,549 (2016: $654,530).

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, 2017, the ratio of total outstanding borrowings and undrawn commitments of $938,040 (2016: $821,691) to the borrowing limit of $1,398,831 (2016: $1,405,510) was 67.1% (2016: 58.5%).

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NOTE 21 – BORROWINGS…continued

(a) A summary of the borrowings was as follows:

	2017						
	Original amounts[1/]	Translation adjustments & other	Repayments to date	Currency swap[2/]	Undrawn	Outstanding	Due dates
Short term Borrowing							
Line of credit	$40,000	$-	$-	$-	$(40,000)	$-	2017
	40,000	-	-	-	(40,000)	-	
CDB Market Borrowings							
4.35% Notes – Yen	60,000	(2,479)	-	-	-	57,521	2030
2.75% Notes – Yen	100,000	11,062	-	-	-	111,062	2022
4.375% Bonds – US$	300,000	-	-	-	-	300,000	2027
0.297% Bonds – CHF	151,341	(2,684)	-	-	-	148,657	2028
Unamortised transaction costs	(2,467)	226	-	-	-	(2,241)	
Unamortised currency swap	5,063	-	-	(968)	-	4,095	
	613,937	6,125	-	(968)	-	619,094	
European Investment Bank							
Global Loan 111 – US$	34,857	-	(14,939)	-	-	19,918	2023
Climate Action Credit I– US$	65,320	-	-	-	(35,279)	30,041	2032
Climate Action Credit II– US$	118,133	-	-	-	(118,133)	-	
	218,310	-	(14,939)	-	(153,412)	49,959	
Inter-American Development Bank							
Loan 926/OC-RG-US$	19,347	-	(15,452)	-	-	3,895	2021
Loan 2798/BL-RG	14,000	-	-	-	(5,079)	8,921	2043
Loan 3561/OC – RG	20,000	-	-	-	(20,000)	-	2037
	53,347	-	(15,452)	-	(25,079)	12,816	
Agence Francaise de Developpement	33,000	-	-	-	(28,000)	5,000	2028
Sub-total	958,594	6,125	(30,391)	(968)	(246,491)	686,869	
Accrued interest	4,680	-	-	-	-	4,680	
Total – December 31	$963,274	$6,125	$(30,391)	$(968)	$(246,491)	$691,549	

1/ Net of cancellations and borrowings fully paid.
2/ Unwinding of terminated fair value hedge.

CARIBBEAN DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

NOTE 21 – BORROWINGS…continued

(a) A summary of the borrowings was as follows:

	2016						
	Original amounts[1/]	Translation adjustments & other	Repayments to date	Currency swap[2/]	Undrawn	Outstanding	Due dates
Short term Borrowing							
Line of credit	$50,000	$-	$-	$-	$(50,000)	$-	2017
	$50,000	$-	$-	$-	$(50,000)	$-	
CDB Market Borrowings							
4.35% Notes – Yen	60,000	(4,681)	-	-	-	55,319	2030
2.75% Notes – Yen	100,000	6,810	-	-	-	106,810	2022
4.375% Bonds – US$	300,000	-	-	-	-	300,000	2027
0.297% Bonds - CHF	151,341	(8,989)	-	-	-	142,352	2028
Unamortised transaction costs	(2,511)	44	-	-	-	(2,467)	
Unamortised currency swap	-	-	-	5,063	-	5,063	
	608,830	(6,816)	-	5,063	-	607,077	
European Investment Bank							
Global Loan 111 – US$	34,857	-	(11,619)	-	-	23,238	2023
Climate Action Credit – US$	65,320	-	-	-	(58,162)	7,158	2031
	100,177	-	(11,619)	-	(58,162)	30,396	
Inter-American Development Bank							
Loan 926/OC-RG-US$	19,347	-	(14,340)	-	-	5,007	2021
Loan 2798/BL-RG	14,000	-	-	-	(5,999)	8,001	2043
Loan 3561/OC - RG	20,000	-	-	-	(20,000)	-	2037
	53,347	-	(14,340)	-	(25,999)	13,008	
Agence Francaise de Developpement	33,000	-	-	-	(33,000)	-	2028
Sub-total	845,354	$(6,816)	$(25,959)	5,063	$(167,161)	$650,481	
Accrued interest	4,049	-	-	-	-	4,049	
Total – December 31	$849,403	$(6,816)	$(25,959)	$5,063	$(167,161)	$654,530	

1/ Net of cancellations and borrowings fully paid.
2/ Unwinding of terminated fair value hedge.

CARIBBEAN DEVELOPMENT BANK

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NOTE 21 – BORROWINGS…continued

(b) Currencies repayable on outstanding borrowings were as follows:

2017							
Currencies Repayable	**Outstanding at December 2016**	**Translation adjustment**	**Net interest expense/ paid**	**Drawdowns**	**Currency swap amortisation[1/]**	**Repayments**	**Outstanding at December 2017**
United States Dollars	**$343,403**	**$-**	**-**	**$28,804**	**$-**	**$(4,432)**	**$367,775**
Swiss Francs	**142,352**	**6,305**	**-**	**-**	**-**	**-**	**148,657**
Japanese Yen	**167,193**	**6,453**	**-**	**-**	**(968)**	**-**	**172,678**
Sub-total	**652,948**	**12,758**	**-**	**28,804**	**(968)**	**(4,432)**	**689,110**
Amortised borrowing costs	**(2,467)**	**(28)**	**-**	**254**	**-**	**-**	**(2,241)**
Accrued interest	**4,049**	**-**	**631**	**-**	**-**	**-**	**4,680**
Total – December 31	**$654,530**	**$12,730**	**$631**	**$29,058**	**$(968)**	**$(4,432)**	**$691,549**

2016							
Currencies Repayable	**Outstanding at December 2015**	**Translation adjustment**	**Net interest expense/ paid**	**Drawdowns**	**Currency swap amortisation**	**Repayments**	**Outstanding at December 2016**
United States Dollars	$339,364	$-	$-	$68,472	$-	$(64,433)	$343,403
Swiss Francs	-	(8,989)	-	151,341	-	-	$142,352
Japanese Yen	163,597	4,564	-	-	(968)	-	167,193
Sub-total	502,961	(4,425)	-	219,813	(968)	(64,433)	652,948
Amortised borrowing costs	(1,759)	44	-	(901)	149	-	(2,467)
Accrued interest	1,550	-	2,499	-	-	-	4,049
Total – December 31	$502,752	$(4,381)	$2,499	$218,912	$(819)	$(64,433)	$654,530

A maturity analysis of borrowings as at December 31 is as follows:

	2017	2016
Current	**$9,112**	$7,453
Non-current	**682,437**	647,077
	$691,549	$654,530

1/Unwinding of terminated fair value hedge.

CARIBBEAN DEVELOPMENT BANK

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NOTE 21 – BORROWINGS…continued

On May 9, 2017 Standard & Poor's raised its long-term issuer credit rating to 'AA+' from 'AA' and reaffirmed its 'A-1+' short-term credit rating, both with a Stable outlook.

On April 28, 2017 Moody's Investors Service reaffirmed the Bank's long term issuer rating at 'Aa1' and maintained the Stable outlook.

On May 16, 2017 Fitch Ratings Limited assigned to the Bank a Long Term Issuer Default rating of 'AA+' with a Stable Outlook and a short-term Issuer Default rating of 'F1'.

NOTE 22 – 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 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. 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.

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NOTES TO THE FINANCIAL STATEMENTS

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NOTE 22 – EQUITY…continued

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) 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:

	2017	2016
Authorised capital: 312,971 shares (2016: 312,971) shares		
Subscribed capital: 279,399 shares (2016: 279,399) shares	**$1,763,656**	$1,763,656
Less callable capital: 218,050 shares (2016: 218,050) shares	**(1,375,135)**	(1,375,135)
Paid-up capital: 61,349 shares (2016: 61,349) shares	**$388,521**	$388,521
Less: Subscriptions not yet matured	**(4,632)**	(6,941)
	$383,889	$381,580

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ORDINARY CAPITAL RESOURCES

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NOTE 22 – EQUITY…continued

(b) The movement in the Bank's paid-up capital during the year was as follows:

	2017	2016
	No. of shares	No. of shares
Balance at January 1 and December 31	61,349	61,349

The movement in subscriptions matured during the year was as follows:

	2017	2016
Balance at January 1	$381,580	$343,324
Regional States and Territories		
Subscriptions maturing during the year	2,309	25,307
Non-Regional States and Territories		
Subscriptions maturing during the year	-	13,107
	2,309	38,414
Sub-total	383,889	381,738
Less: Prepayment discounts (Note 22 d)	-	(158)
Balance at December 31	$383,889	$381,580

The determination of the par value of the Bank's shares is disclosed hereto.

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NOTES TO THE FINANCIAL STATEMENTS

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NOTE 22 – EQUITY…continued

(c) The subscriptions by member countries and their voting power at December 31 were as follows:

2017									
							Voting Power		
Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscrip-tions Matured	No. of votes	% of total votes	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	$13,028
Trinidad and Tobago	48,354	17.31	291,659	227,614	64,045	64,045	48,504	17.14	10,714
Bahamas	14,258	5.10	86,001	67,115	18,886	18,885	14,408	5.09	1,612
Guyana	10,417	3.72	62,833	49,038	13,795	13,795	10,567	3.73	3,140
Colombia	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	627
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	3,203
Barbados	9,074	3.24	54,732	42,717	12,015	12,015	9,224	3.26	1,070
Suriname	4,166	1.49	25,128	19,627	5,501	5,061	4,316	1.55	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	2,431	1,989	0.70	213
St. Lucia	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	360
St. Vincent and the Grenadines	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	97
Antigua and Barbuda	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	296
St. Kitts and Nevis	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	255
Anguilla /1	455	0.16	2,744	2,141	603	603			15
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	0.82	-
Brazil	3,118	1.12	18,807	14,687	4,120	2,471	3,268	1.15	-
	180,627	64.64	1,089,494	850,273	239,221	237,130	183,477	64.84	37,729

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.

CARIBBEAN DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

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NOTE 22 – EQUITY…continued

2017							Voting Power		
Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscrip-tions Matured	No. of votes	% of total votes	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	2,150
Italy	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	660
Germany	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	5,549
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	8,359
Sub-total	279,399	100.0	1,685,261	1,315,217	370,044	367,953	282,999	100.0	46,088
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	1,431	-	-	-
Venezuela	-	-	1,810	905	905	905	-	-	-
Haiti	-	-	2,639	2,060	579	579	-	-	-
Suriname	-	-	12,564	9,814	2,750	1,870	-	-	-
Brazil	-	-	9,403	7,343	2,060	741	-	-	-
Sub-total	-	-	78,395	59,918	18,477	16,277	-	-	-
Prepayment discount	-	-	-	-	-	(341)	-	-	-
Total - December 31	279,399	100.0	$1,763,656	$1,375,135	$388,521	$383,889	282,999	100.0	$46,088

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NOTE 22 – EQUITY…continued

2016

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	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	$12,800
Trinidad and Tobago	48,354	17.31	291,659	227,614	64,045	64,045	48,504	17.14	10,636
Bahamas	14,258	5.10	86,001	67,115	18,886	18,885	14,408	5.09	1,612
Guyana	10,417	3.72	62,833	49,038	13,795	13,795	10,567	3.73	3,120
Colombia	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	627
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	3,203
Barbados	9,074	3.24	54,732	42,717	12,015	12,015	9,224	3.26	1,070
Suriname	4,166	1.49	25,128	19,627	5,501	3,740	4,316	1.55	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	2,431	1,989	0.70	213
St. Lucia	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	360
St. Vincent and the Grenadines	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	97
Antigua and Barbuda	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	296
St. Kitts and Nevis	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	255
Anguilla /1	455	0.16	2,744	2,141	603	603			15
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	0.82	-
Brazil	3,118	1.12	18,807	14,687	4,120	1,483	3,268	1.15	-
	180,627	64.64	1,089,494	850,273	239,221	234,821	183,477	64.84	37,403

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NOTE 22 – EQUITY…continued

2016							Voting Power		
Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	No. of votes	% of total votes	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	2,150
Italy	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	580
Germany	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	5,549
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	8,279
Sub-total	279,399	100.0	1,685,261	1,315,217	370,044	365,644	282,999	100.0	45,682
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	1,431	-	-	-
Venezuela	-	-	1,810	905	905	905	-	-	-
Haiti	-	-	2,639	2,060	579	579	-	-	-
Suriname	-	-	12,564	9,814	2,750	1,870	-	-	-
Brazil	-	-	9,403	7,343	2,060	741	-	-	-
Sub-total	-	-	78,395	59,918	18,477	16,277	-	-	-
Prepayment discount	-	-	-	-	-	(341)	-	-	-
Total - December 31	279,399	100.0	$1,763,656	$1,375,135	$388,521	$381,580	282,999	100.0	$45,682

CARIBBEAN DEVELOPMENT BANK

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NOTE 22 – 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 pre-payment 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 $341 (2016: $341).

(e) Retained earnings and reserves

Retained earnings and reserves is comprised of:

	2017	2016
Retained earnings	$514,641	$517,875
Post-employment obligation reserve	(12,040)	(16,213)
Other reserves	13,260	13,260
	$515,861	$514,922

(f) Other reserves

Special reserve

In accordance with Article 18 of the Charter, commissions and guarantee fees received on loans made out of 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 (2016: $6,254).

General banking reserve

The General banking reserve has been deemed a reserve for asset impairments. During the year no reserves (2016: Nil) were transferred to retained earnings. As at December 31, 2017, the amount of the general banking reserve was $7,006 (2016: $7,006).

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NOTE 22 – EQUITY…continued

(f) Other reserves…continued

Post-employment obligations reserve

Post-employment obligations reserve comprise 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).

	2017	2016
Cumulative experience losses	**$(12,040)**	$(16,213)
	$(12,040)	$(16,213)

NOTE 23 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES

Interest income and expense

For instruments carried at amortised cost, interest income and expense are recognised in the statement of comprehensive income using the EIR method. Interest income and expense are recognised on a level yield basis for items classified as fair value through profit or loss.

Other fees and charges

Fees and other income are recognised on an accrual basis when the service has been provided.

(a) Interest and similar income

Interest income earned from loans outstanding and debt securities at fair value through profit or loss was as follows:

	2017	2016
Interest income	**$34,411**	$28,777
Other fees and charges	**3,665**	3,350
Income from loans and receivables	**$38,076**	$32,127
Bonds	**$4,931**	$3,109
US Treasuries	**46**	6
Time deposits	**706**	535
Cash	**89**	-
Cash collateral balance	**52**	5
Management fees	**(43)**	-
Interest and similar income	**$43,857**	$35,782

CARIBBEAN DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

NOTE 23 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES…continued

(b) Interest (income)/expense and similar charges

Interest expense and other charges from borrowings and interest income and expense from derivative financial instrument swaps were as follows:

	2017	2016
Financial liabilities carried at amortised cost (borrowings)		
Gross interest expense	**$20,621**	$20,235
Other finance charges	**548**	527
Borrowings	**21,169**	20,762
Financial assets at fair value through profit and loss (derivatives)		
Interest income from derivative financial instruments	**(18,944)**	$(18,753)
Interest expense from derivative financial instruments	**16,624**	11,768
Net interest income from derivatives	**(2,320)**	(6,985)
Interest expense and similar charges	**$18,849**	$13,777

NOTE 24 – 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 realised and unrealised fair value losses/gains on debt securities at fair value through profit and loss and foreign exchange losses/gains as a result of daily transactions.

CARIBBEAN DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

NOTE 24 – OPERATING EXPENSE…continued

Operating expenses are broken down as follows:

	2017	2016
Realised and unrealised fair value losses	**$368**	$2,757
Foreign exchange translation	**111**	(183)
Administrative expenses:		
Employee related	**13,185**	$9,304
Restructuring costs	**160**	(241)
Professional fees and consultancies	**775**	795
Travel	**782**	831
Depreciation	**676**	535
Other expenses	**385**	371
Utilities and maintenance	**352**	390
Training and seminars	**172**	207
Supplies and printing	**78**	79
Board of Governors and Directors	**282**	257
Computer services	**555**	504
Communications	**279**	265
Bank charges	**80**	113
Insurance	**35**	31
	$18,275	$16,015

Employee costs charged to the OCR were as follows:

	2017	2016
Salaries and allowances	**$6,940**	$6,363
Restructuring costs	**160**	(241)
Pension costs – hybrid scheme[1/]	**870**	163
Pension costs – defined benefit plan[1/]	**4,474**	1,962
Medical costs	**264**	292
Other benefits	**637**	524
	$13,345	$9,063

1/ This represents the allocation of the net pension costs to the OCR. The full pension expense for the hybrid scheme amounted to $1,971 (2016: $401), for the defined benefit new pension plan it amounted to $10,355 (2016: $4,367) and for the medical plan it was $231 (2016: $334).

CARIBBEAN DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

NOTE 25 – 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. As part of the Agreement governing the new Special Development Fund Cycle (SDF 9) which forms part of the Bank's SFR, an allocation of $15 million has been committed but not yet settled from the net income of the OCR to SDF 9 to be met over the 4 year cycle.

NOTE 26 – DERIVATIVE FAIR VALUE ADJUSTMENT

The derivative fair value adjustment of $(11,060) (2016: $(14,278)) included in the statement of comprehensive income is derived as a result of the revaluation of the derivative financial instruments (cross currency and interest rate swaps) of $1,670 (2016: $(18,659)) and the foreign exchange effect thereon of $(12,730) (2016: $4,381).

NOTE 27 – RELATED PARTY TRANSACTIONS

(a) The movement in the net inter-fund receivable or payable during the year was as follows:

	2017	2016
Balance at January 1	**$4,472**	$8,759
Advances	**18,356**	25,136
Allocation of administrative expenses	**22,537**	18,064
Repayments	**(36,250)**	(47,487)
Inter-fund receivable December 31	**$9,115**	$4,472

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.

CARIBBEAN DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

NOTE 27 – RELATED PARTY TRANSACTIONS…continued

The composition of the balances as at December 31, 2017 and 2016 was as follows:

Included in "Receivables and prepaid assets":

	2017	2016
Due from SDF	$7,541	$3,840
Due from OSF	$1,574	$792
Due from/ (to) Pension schemes	$61	$(101)
Due to Others	$(61)	$(59)
	$9,115	$4,472

(b) Key management compensation for the year ended December 31 was as follows:

	2017	2016
Salaries and allowances	$1,913	$1,934
Post-employment benefits	949	993
	$2,862	$2,927

(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, $436 (2016: $479) was received from the OSF in interest on behalf of the borrowers. The fund balance is included in Receivable and prepaid assets in the statement of financial position.

NOTE 28 – 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 (Refer to Note 10 – Loans outstanding) and OCR commitments to the operations of the SDF(U) (Refer to Note 3: Risk Management – Commitments, Guarantees and Contingent liabilities).

CARIBBEAN DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

NOTE 28 – COMMITMENTS AND GUARANTEES…continued

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 29 – SUBSEQUENT EVENTS

On March 19th, 2018 Fitch Ratings affirmed the Bank's Long Term Issuer Default Rating (IDR) at 'AA+' with a Stable Outlook and Short-Term IDR at 'F1+'.

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

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 of 31 December 2017, and the statement of comprehensive income and accumulated net income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of 31 December 2017 and its financial performance and its cash flows for the year then ended 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 of 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 and as a result, may not be suitable for any other purpose. Our opinion is not modified in respect of this matter.

Other information included in the Bank's 2017 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Bank's 2017 Annual Report, other than the financial statements and our auditor's report thereon. The Bank's 2017 Annual Report is expected to be made available to us after the date of this auditor's report.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

Other information included in the Bank's 2017 Annual Report (continued)

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Oversight and Assurance Committee.

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 select accounting policies 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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

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

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

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

Other Matters

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 auditor's 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 members as a body, for our audit work, for this report, or for the opinion we have formed.

Ernst + Young Ltd
BARBADOS
22 March 2018

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2017			2016		
	Unified	Other	Total	Unified	Other	Total
Assets						
Cash and cash equivalents – Note 3	$9,006	$1,864	$10,870	$38,840	$3,371	$42,211
Debt securities at fair value through profit or loss (Schedule 1)	320,440	40,536	360,976	280,937	51,711	332,648
Loans outstanding (Schedule 2)	543,030	13,361	556,391	543,145	14,560	557,705
Receivables						
Accounts receivable	846	-	846	-	-	-
	873,322	55,761	929,083	862,922	69,642	932,564
Receivable from contributors						
Non-negotiable demand notes (Schedule 3)	74,601	-	74,601	67,100	-	67,100
Contribution in arrears	4,404	-	4,404	5,485	-	5,485
	79,005	-	79,005	72,585	-	72,585
Total assets	$952,327	$55,761	$1,008,088	$935,507	$69,642	$1,005,149
Liabilities and Funds						
Liabilities						
Accounts payable – Note 9	$41,534	$1,464	$42,998	$38,162	$1,118	$39,280
Subscriptions in advance	9,636	-	9,636	-	-	-
	51,170	1,464	52,634	38,162	1,118	39,280

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 OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2017			2016		
	Unified	Other	Total	Unified	Other	Total
Funds – Note 5						
Contributed resources (Schedule 3)						
Contributions	$1,306,327	$30,995	$1,337,322	$1,167,876	$40,695	$1,208,571
Less amounts not yet made available	(105,084)	-	(105,084)	-	-	-
Amounts made available	1,201,243	30,995	1,232,238	1,167,876	40,695	1,208,571
Allocation to technical assistance and grant resources	(485,350)	(2,285)	(487,635)	(455,600)	(2,285)	(457,885)
	715,893	28,710	744,603	712,276	38,410	750,686
Accumulated net income (Schedule 4)	46,859	24,662	71,521	51,477	29,189	80,666
Technical assistance and grant resources – Note 7	138,405	925	139,330	133,592	925	134,517
	901,157	54,297	955,454	$897,345	$68,524	$965,869
Total liabilities and funds	$952,327	$55,761	$1,008,088	$935,507	$69,642	$1,005,149

The accompanying schedules and 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, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2017			2016		
	Unified	Other	Total	Unified	Other	Total
Interest and similar income						
Loans	$12,302	$321	$12,623	$12,361	$349	$12,710
Investments and cash balances	4,387	585	4,972	2,281	496	2,777
	16,689	906	17,595	14,642	845	15,487
Expenses						
Administrative expenses	20,142	1,246	21,388	15,895	1,025	16,920
Foreign exchange translation	1,165	187	1,352	(217)	(52)	(269)
	21,307	1,433	22,740	15,678	973	16,651
Total comprehensive loss for the year	$(4,618)	$(527)	$(5,145)	$(1,036)	$(128)	$(1,164)
Accumulated net income						
Accumulated net income – beginning of year	$51,477	$29,189	$80,666	$52,513	$30,351	$82,864
Appropriations for technical assistance	-	(4,000)	(4,000)	-	(1,034)	(1,034)
Total comprehensive loss for the year	(4,618)	(527)	(5,145)	(1,036)	(128)	(1,164)
Accumulated net income – end of year	$46,859	$24,662	$71,521	$51,477	$29,189	$80,666

The accompanying schedules and 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, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2017		2016
Operating activities			
Total comprehensive loss for the year		**$(4,618)**	$(1,036)
Adjustments for non-cash items			
Unrealised loss on debt securities at fair value through profit or loss	735		1,594
Interest income	(17,327)		(16,193)
Unrealised net foreign exchange gain	1,953		(1,209)
Total cash flows used in operating activities before changes in operating assets and liabilities		**(19,257)**	(16,844)
Changes in operating assets and liabilities			
(Increase)/decrease in accounts receivable	(846)		1
Increase/(decrease) in accounts payable	3,372		(22,213)
Cash used in operating activities		**(16,731)**	(39,056)
Disbursements on loans		**(30,045)**	(28,187)
Principal repayments to the Bank on loans		**30,136**	28,547
Interest received		**16,956**	15,837
Net increase in debt securities at fair value through profit or loss		**(39,843)**	(19,789)
Technical assistance disbursements		**(14,937)**	(12,962)
Net cash used in operating activities		**(54,464)**	(55,610)
Financing activities			
Increase in contributions to be on-lent to BMCs	1,664		24,037
(Increase)/ decrease in receivables from contributors	(6,420)		12,715
Increase/ (decrease) in subscriptions in advance	9,636		(2,350)
Technical assistance allocation	19,750		28,500
Net cash provided by financing activities		**24,630**	62,902
Net (decrease)/increase in cash and cash equivalents		**(29,834)**	7,292
Cash and cash equivalents - beginning of year		**38,840**	31,548
Cash and cash equivalents - end of year		**$9,006**	$38,840

The accompanying schedules and 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, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2017		2016
Operating activities			
Total comprehensive loss for the year		**$(527)**	$(128)
Adjustments for non-cash items			
Unrealised loss on debt securities at fair value through profit or loss	174		86
Interest income	(1,067)		(924)
Unrealised net foreign exchange loss/(gain)	300		(210)
Total cash flows used in operating activities before changes in operating assets and liabilities		**(1,120)**	(1,176)
Changes in operating assets and liabilities			
Increase/(decrease) in accounts payable		**346**	(380)
Cash used in operating activities		**(774)**	(1,556)
Principal repayments to the Bank on loans		**1,192**	1,191
Interest received		**1,108**	903
Net increase/(decrease) in debt securities at fair value through profit or loss		**10,967**	(8,262)
Net cash provided by/(used in) operating activities		**12,493**	(7,724)
Financing activities:			
Appropriations of contributions	(10,000)		
Appropriations of accumulated net income	(4,000)		(1,034)
Net cash used in financing activities		**(14,000)**	(1,034)
Net decrease in cash and cash equivalents		**(1,507)**	(8,758)
Cash and cash equivalents – beginning of year		**3,371**	12,129
Cash and cash equivalents - end of year		**$1,864**	$3,371

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

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF INVESTMENTS

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 1

Debt securities at fair value through profit or loss – Note 4	2017 Market value			2016 Market value		
	Unified	Other	Total	Unified	Other	Total
Government and Agency Obligations	**$199,060**	**$21,897**	**$220,957**	$171,974	$31,749	$203,723
Supranationals	**114,197**	**18,508**	**132,705**	85,520	14,589	100,109
Time Deposits	**-**	**-**	**-**	22,341	5,206	27,547
Corporate Bonds	**5,693**	**-**	**5,693**	-	-	-
Sub-total	**318,950**	**40,405**	**359,355**	279,835	51,544	331,379
Accrued interest	**1,490**	**131**	**1,621**	1,102	167	1,269
Total – December 31	**$320,440**	**$40,536**	**$360,976**	$280,937	$51,711	$332,648

Residual term to contractual maturity

	2017	2016
One month to three months	**$29,771**	$37,775
Over three months to one year	**46,764**	21,748
From one year to five years	**260,127**	228,959
From five years to ten years	**24,314**	44,166
Total – December 31	**$360,976**	$332,648

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)

SUMMARY STATEMENT OF LOANS

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2017				
Member countries in which loans have been made	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Anguilla	$425	$-	$1,967	0.4
Antigua and Barbuda	750	4,913	1,478	0.3
Bahamas	750	-	474	0.1
Barbados	-	-	156	0.0
Belize	596	32,414	46,380	8.6
British Virgin Islands	2,250	5,277	1,037	0.2
Dominica	-	47,627	52,253	9.7
Grenada	5,000	22,292	76,868	14.2
Guyana	11,700	22,506	117,648	21.8
Jamaica	-	5,403	111,797	20.7
Montserrat	-	374	3,889	0.7
St. Kitts and Nevis	-	7,999	39,111	7.2
St. Lucia	8,000	30,784	49,142	9.1
St. Vincent and the Grenadines	-	35,056	30,476	5.6
Suriname	-	10,285	427	0.1
Trinidad and Tobago	1,000	-	-	0.0
Turks and Caicos Islands	-	-	1,165	0.2
Regional	-	3,498	5,727	1.1
Sub-total	30,471	228,428	539,995	100.0
Accrued interest	-	-	3,035	
Total – December 31	$30,471	$228,428	$543,030	

1/ There are no overdue installments of principal (2016 - nil).

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)

SUMMARY STATEMENT OF LOANS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2016				
Member countries in which loans have been made	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Anguilla	$425	$-	$2,211	0.4
Antigua and Barbuda	-	-	1,743	0.3
Bahamas	750	-	557	0.1
Barbados	-	-	219	0.0
Belize	9,346	26,995	44,881	8.3
British Virgin Islands	-	277	1,143	0.2
Dominica	3,012	44,600	54,045	10.0
Grenada	500	23,248	79,606	14.8
Guyana	11,700	38,177	113,466	21.0
Jamaica	-	9,620	115,364	21.4
Montserrat	-	1,257	3,191	0.6
St. Kitts and Nevis	-	8,048	42,272	7.8
St. Lucia	14,925	29,329	46,959	8.7
St. Vincent and the Grenadines	-	38,852	28,968	5.4
Suriname	7,342	3,364	6	0.0
Trinidad and Tobago	1,000	-	-	0.0
Turks and Caicos Islands	-	-	2,427	0.4
Regional	-	6,375	3,028	0.6
Sub-total	49,000	230,142	540,086	100.0
Accrued interest	-	-	3,059	
Total – December 31	$49,000	$230,142	$543,145	

1/ There are no overdue installments of principal (2015 - nil).

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)

SUMMARY STATEMENT OF LOANS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2017

Member countries in which loans have been made	Loans approved but not yet effective	Outstanding[1/]	% of Total Loans Outstanding
Antigua and Barbuda	11,800	325	2.4
Belize	-	5,284	39.8
Dominica	-	1,547	11.7
Grenada	-	132	1.0
Jamaica	-	948	7.1
St. Kitts and Nevis	-	3,845	28.9
St. Lucia	-	314	2.4
St. Vincent and the Grenadines	-	889	6.7
Sub-total	11,800	13,284	100.0
Accrued interest	-	77	
Total	11,800	$13,361	

1/ There were no overdue installments of principal (2016 - nil). There were also no amounts undisbursed at December 31, 2017.

2016

Member countries in which loans have been made	Loans approved but not yet effective	Outstanding[1/]	% of Total Loans Outstanding
Antigua and Barbuda	-	$353	2.4
Belize	-	5,758	39.8
Dominica	-	1,654	11.4
Grenada	-	141	1.0
Jamaica	-	1,098	7.6
St. Kitts and Nevis	-	4,154	28.7
St. Lucia	-	357	2.5
St. Vincent and the Grenadines	-	961	6.6
Sub-total	-	$14,476	100.0
Accrued interest	-	84	
Total	-	$14,560	

1/ There were no overdue installments of principal (2015 - nil). There were also no amounts undisbursed at December 31, 2016.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

	2017			
Analysis by Contributor	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Special Development Fund (Unified)				
Members/Contributors	$30,471	$228,428	$539,995	100.0
Accrued interest	-	-	3,035	
Total - Special Development Fund (Unified)	30,471	228,428	543,030	
Special Development Fund (Other)				
Members				
Colombia	-	-	60	0.4
Germany	-	-	102	0.8
Mexico	-	-	1,468	11.1
Venezuela	-	-	11,627	87.7
	-	-	13,257	100.0
Other contributors				
Sweden	-	-	27	100.0
United States of America	11,800	-	-	
Sub-total – SDF (Other)	11,800	-	13,284	100.0
Accrued interest	-	-	77	
Total – Special Development Fund (Other)	11,800	-	13,361	
Total Special Development Fund	$42,271	$228,428	$556,391	

1/There were no overdue installments of principal (2015- nil).

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2016				
Analysis by Contributor	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Special Development Fund (Unified)				
Members/Contributors	$49,000	$230,142	$540,086	100.0
Accrued interest	-	-	3,059	
Total - Special Development Fund (Unified)	49,000	230,142	543,145	
Special Development Fund (Other)				
Members				
Colombia	-	-	79	0.5
Germany	-	-	108	0.7
Mexico	-	-	1,599	11.0
Venezuela	-	-	12,662	87.6
	-	-	14,448	
Other contributors				
Sweden	-	-	28	0.2
	-	-	28	100.0
Sub-total – SDF (Other)	-	-	14,476	
Accrued interest	-	-	84	
Total – Special Development Fund (Other)	$-	$-	$14,560	
Total Special Development Fund	$49,000	$230,142	$557,705	

1/ There were no overdue installments of principal (2015- nil).

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2017						
Currencies Receivable	Loans outstanding 2016	Net interest earned	Disburse-ments	Subtotal	Repay-ments	Loans outstanding 2017
(a) Special Development Fund (Unified)						
United States dollars	$540,086	$-	$30,045	$570,131	$(30,136)	$539,995
Accrued interest	3,059	(24)	-	3,035	-	3,035
Total – December 31	$543,145	$(24)	$30,045	$573,166	$(30,136)	$543,030
(b) Special Development Fund (Other)						
United States dollars	$14,476	$-	$-	$14,476	$(1,192)	$13,284
Accrued interest[1]	84	(7)	-	77	-	77
Total – December 31	$14,560	$(7)	$-	$14,553	$(1,192)	$13,361

Maturity structure of loans outstanding	
January 1, 2018 to December 31, 2018	$33,818
January 1, 2019 to December 31, 2019	30,956
January 1, 2020 to December 31, 2020	31,829
January 1, 2021 to December 31, 2021	33,049
January 1, 2022 to December 31, 2022	32,713
January 1, 2023 to December 31, 2027	157,339
January 1, 2028 to December 31, 2032	128,951
January 1, 2033 to December 31, 2037	73,043
January 1, 2038 to December 31, 2042	32,099
January 1, 2043 to December 31, 2046	2,594
Total – December 31	$556,391

1/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2016						
Currencies Receivable	Loans outstanding 2015	Net interest earned	Disburse-ments	Subtotal	Repay-ments	Loans outstanding 2016
(a) Special Development Fund (Unified)						
United States dollars	$540,446	$-	$28,187	$568,633	$(28,547)	$540,086
Accrued interest	2,981	78	-	3,059	-	3,059
Total – December 31	$543,427	$78	$28,187	$571,692	$(28,547)	$543,145
(b) Special Development Fund (Other)						
United States dollars	$15,667	$-	$-	$15,667	$(1,191)	$14,476
Accrued interest[1]	89	(5)	-	84	-	84
Total – December 31	$15,756	$(5)	$-	$15,751	$(1,191)	$14,560

Maturity structure of loans outstanding	
January 1, 2017 to December 31, 2017	$33,378
January 1, 2018 to December 31, 2018	30,356
January 1, 2019 to December 31, 2019	30,389
January 1, 2020 to December 31, 2020	32,086
January 1, 2021 to December 31, 2025	155,145
January 1, 2026 to December 31, 2030	137,711
January 1, 2031 to December 31, 2035	87,738
January 1, 2036 to December 31, 2040	44,238
January 1, 2041 to December 31, 2045	6,464
January 1, 2046 to December 31, 2046	200
Total – December 31	**$557,705**

1/Relates to amounts disbursed and outstanding

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

2017					
Contributors	Total approved 1/	Approved but not yet effective 2/	Total contribution agreed	Amounts made available 3/	Receivable from members non-negotiable demand notes
Special Development Fund (Unified)					
Members					
Trinidad and Tobago	$57,014	$-	$57,014	$45,935	$7,784
Bahamas	31,855	6,170	25,685	25,685	12,595
Barbados	31,851	6,170	25,681	25,681	2,832
Brazil	5,000	-	5,000	5,000	-
Jamaica	54,834	-	54,834	45,833	15,719
Guyana	31,856	-	31,856	27,229	6,825
Antigua and Barbuda	3,553	664	2,889	2,889	777
Belize	8,088	1,513	6,575	6,575	1,903
Dominica	7,828	1,513	6,315	6,315	3,282
St. Kitts and Nevis	8,088	2,954	5,134	5,134	2,494
St. Lucia	8,088	-	8,088	6,953	2,865
St. Vincent and the Grenadines	8,101	1,513	6,588	6,588	2,835
Grenada	5,490	-	5,490	4,355	3,269
Montserrat	3,341	664	2,677	2,677	-
British Virgin Islands	3,341	664	2,677	2,677	-
Turks and Caicos Islands	3,341	664	2,677	2,667	-
Cayman Islands	3,241	1,901	1,340	1,340	-
Anguilla	3,341	1,296	2,045	2,045	571
Colombia	34,157	-	34,157	31,533	-
Venezuela	29,006	7,024	21,982	21,982	-
Canada	374,703	-	374,704	335,896	-
United Kingdom	279,453	-	279,453	266,027	6,082
Germany	110,309	-	110,309	100,108	3,688
Italy	68,528	-	68,528	66,359	-
China	54,573	-	54,573	49,874	-
Haiti	3,497	1,936	1,560	1,560	-
Suriname	8,330	-	8,330	2,160	1,080
Mexico	24,024	7,024	17,000	17,000	-
	1,264,831	41,670	1,223,161	1,118,077	74,601
Other contributors					
France	58,254	-	58,254	58,254	-
Chile	10	-	10	10	-
Netherlands	24,902	-	24,902	24,902	-
	1,347,997	41,670	1,306,327	1,201,243	74,601
Technical assistance allocation	(485,350)	-	(485,350)	(485,350)	-
	$862,647	$41,670	$820,977	$715,893	$74,601

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 OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

2017					
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	$862,647	$41,670	$820,977	$715,893	$74,601
Special Development Fund – Other					
Members					
Colombia	5,000	-	5,000	5,000	-
Mexico	3,067	-	3,067	3,067	-
Venezuela	17,473	-	17,473	17,473	-
	25,540	-	25,540	25,540	-
Other contributors					
Sweden	3,170	-	3,170	3,170	-
Sub-total – SDF - Other	28,710	-	28,710	28,710	-
Total SDF	$891,357	$41,670	$849,687	$744,603	$74,601
Summary					
Members	$829,923	$41,670	$788,253	$658,267	$74,601
Other contributors	61,434	-	61,434	86,336	-
Total SDF	$891,357	$41,670	$849,687	$744,603	$74,601

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 OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

2016					
Contributors	Total approved 1/	Approved but not yet effective 2/	Total contribution agreed	Amounts made available 3/	Receivable from members non-negotiable demand notes
Special Development Fund (Unified)					
Members					
Trinidad and Tobago	$45,935	$-	$45,935	$45,935	$7,783
Bahamas	25,685	-	25,685	25,685	12,595
Barbados	25,681	-	25,681	25,681	2,832
Brazil	5,000	-	5,000	5,000	-
Jamaica	43,755	-	43,755	43,755	15,551
Guyana	25,686	-	25,686	25,686	2,124
Antigua and Barbuda	2,889	-	2,889	2,889	777
Belize	6,575	-	6,575	6,575	2,252
Dominica	6,315	-	6,315	6,315	3,281
St. Kitts and Nevis	6,575	1,441	5,134	5,134	2,494
St. Lucia	6,575	-	6,575	6,575	2,487
St. Vincent and the Grenadines	6,588	-	6,588	6,588	1,754
Grenada	3,977	-	3,977	3,977	2,891
Montserrat	2,677	-	2,677	2,677	-
British Virgin Islands	2,677	-	2,677	2,677	-
Turks and Caicos Islands	2,677	632	2,045	2,045	-
Cayman Islands	2,577	1,237	1,340	1,340	-
Anguilla	2,677	632	2,045	2,045	571
Colombia	30,657	-	30,657	30,657	-
Venezuela	25,506	3,524	21,982	21,982	-
Canada	321,844	-	321,844	321,844	-
United Kingdom	259,682	-	259,682	259,682	8,628
Germany	96,420	-	96,420	96,420	-
Italy	64,528	-	64,528	64,528	-
China	48,298	-	48,298	48,298	-
Haiti	2,505	945	1,560	1,560	-
Suriname	2,160	-	2,160	2,160	1,080
Mexico	20,524	3,524	17,000	17,000	-
	$1,096,645	$11,935	$1,084,710	$1,084,710	$67,100
Other contributors					
France	$58,254	$-	$58,254	$58,254	$-
Chile	10	-	10	10	-
Netherlands	24,902	-	24,902	24,902	-
	$1,179,811	$11,935	$1,167,876	$1,167,876	$67,100
Technical assistance allocation	(455,600)	-	(455,600)	(455,600)	-
	$724,211	$11,935	$712,276	$712,276	$67,100

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

2016					
Contributors	Total approved 1/	Approved but not yet effective 2/	Total contribution agreed	Amounts made available3/	Receivable from members non-negotiable demand notes
Sub-total brought forward – SDF –Unified	$724,211	$11,935	$712,276	$712,276	$67,100
Special Development Fund – Other					
Members					
Colombia	5,000	-	5,000	5,000	-
Mexico 3/	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	-
Sub-total – SDF - Other	38,410	-	38,410	38,410	-
Total SDF	$762,621	$11,935	$750,686	$750,686	$67,100
Summary					
Members	$701,487	$11,935	$689,552	$689,552	$67,100
Other contributors	61,134	-	61,134	61,134	-
Total SDF	$762,621	$11,935	$750,686	$750,686	$67,100

1/Net of repayments
2/Contributions not yet firmly pledged by Governments
3/ Net of appropriation for Technical Assistance of $2,266,000

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

2017						
Currencies	Amounts made available 2016	Translation adjustment	Drawdowns/ appropriations from capital[1/]	Sub-total	Repay-ments	Amounts made available 2017
(a) Special Development Fund (Unified)						
China Renminbi	$-	$-	$1,576	$1,576	$-	$1,576
Euros	7,510	1,200	4,319	13,029	-	13,029
Pounds sterling	8,626	753	(3,297)	6,082	-	6,082
United States dollar	696,140	-	(934)	695,206	-	695,206
	$712,276	$1,953	$1,664	$715,893	$-	$715,893
(b) Special Development Fund (Unified)						
Swedish kroners	$2,870	$300	$-	$3,170	$-	$3,170
United States dollars	35,540	-	(10,000)	$25,540	$-	$25,540
	$38,410	$300	$(10,000)	$28,710	$-	$28,710

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 OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

2016						
Currencies	Amounts made available 2015	Translation adjustment	Drawdowns/ appropriations from capital1/	Sub-total	Repay-ments	Amounts made available 2016
(a) Special Development Fund (Unified)						
Euros	$6,150	$(357)	$1,717	$7,510	$-	$7,510
Pounds sterling	14,819	(852)	(5,341)	8,626	-	8,626
United States dollar	668,479	-	27,661	696,140	-	696,140
	$689,448	$(1,209)	$24,037	$712,276	$-	$712,276
(b) Special Development Fund (Unified)						
Swedish kroners	$3,080	$(210)	$-	$2,870	$-	$2,870
United States dollars	35,540	-	-	35,540	-	35,540
	$38,620	$(210)	$-	$38,410	$-	$38,410

1/ Net of conversions 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 INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 4

2017				
Contributors	Brought forward 2016	Net income 2017	Appropriations	Carried forward 2017
Special Development Fund (Unified)	$51,477	$(4,618)	$-	$46,859
Special Development Fund (Other)				
Members				
Colombia	1,883	(92)	-	1,791
Germany	(1,347)	(152)	-	(1,499)
Mexico	7,203	70	(4,000)	3,273
Venezuela	7,804	(112)	-	7,692
	15,543	(286)	(4,000)	11,257
Other contributors				
Sweden	2,187	(349)	-	1,838
United States of America	11,459	108	-	11,567
	13,646	(241)	$-	13,405
Sub-total – SDF - Other	29,189	(527)	(4,000)	24,662
Total Special Development Fund	$80,666	$(5,145)	$(4,000)	$71,521
Summary				
Members	67,020	(4,904)	(4,000)	58,116
Other contributors	13,646	(241)	-	13,405
Total Special Development Fund	$80,666	$(5,145)	$(4,000)	$71,521

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF ACCUMULATED INCOME...continued

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 4

2016				
Contributors	**Brought forward 2015**	**Net income 2016**	**Appropriations**	**Carried forward 2016**
Special Development Fund (Unified)	$52,513	$(1,036)	$-	$51,477
Special Development Fund (Other)				
Members				
Colombia	$1,989	$(106)	$-	$1,883
Germany	(1,216)	(131)	-	(1,347)
Mexico	7,137	66	-	7,203
Venezuela	8,894	(56)	(1,034)	7,804
	$16,804	$(227)	$(1,034)	$15,543
Other contributors				
Sweden	$2,248	$(61)	$-	$2,187
United States of America	11,299	160	-	11,459
	$13,547	$99	$-	$13,646
Sub-total – SDF - Other	$30,351	$(128)	$(1,034)	$29,189
Total Special Development Fund	$82,864	$(1,164)	$(1,034)	$80,666
Summary				
Members	$69,317	$(1,263)	$(1,034)	$67,020
Other contributors	13,547	99	-	13,646
Total Special Development Fund	$82,864	$(1,164)	$(1,034)	$80,666

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(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.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

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.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

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 taken 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.

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.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	SDF Unified		SDF Other	
	2017	**2016**	**2017**	**2016**
Due to Banks	**$(4,154)**	-	**$(3,096)**	-
Due from banks	**-**	$28,621	**-**	$1,465
Time deposits	**13,160**	10,219	**4,960**	1,906
	$9,006	$38,840	**$1,864**	$3,371

The amount shown as Due to Banks comprises the net balance of items in transit and was cleared subsequent to the year end.

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 1.43% (2016: 0.79%). Net realised gains on investments traded during 2017 for the Unified and Other funds amounted to $109 (2016: $50) and net unrealised losses were $909 (2016: $1,680).

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").

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

5. FUNDS…continued

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

	2017	2016
Contributions (as per Schedule 3)	**$715,893**	$712,276

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

	2017	2016
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.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

5. FUNDS…continued

(ii) Special Development Fund – Other …continued

	2017	2016
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**	2,266
	3,067	13,067
Technical assistance resources	**$16,285**	$2,285

The contributions are interest-free and were not subject to call before 2009.

	2017	2016
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 calls 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.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

5. FUNDS…continued

(ii) Special Development Fund – Other …continued

	2017	2016
Sweden (as per Schedule 3)	**$3,170**	$2,870

The contribution is interest-free with no definite date for repayment.

	2017	2016
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

The contributions were subject to interest at the rate of 2% per annum on the amounts outstanding for the first ten years after first disbursement and thereafter at the rate of 3% per annum. Both contributions were repaid.

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.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(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, 2017 and 2016 were as follows:

Balance at December 31, 2015	$118,979
Allocations for the year	28,500
Expenditure for the year	(12,962)
Balance at December 31, 2016	**$134,517**
Allocations for the year	**33,750**
Expenditure for the year	**(28,937)**
Balance at December 31, 2017	**$139,330**

8. LOANS OUTSTANDING – UNIFIED AND OTHER

The average interest rate earned on loans outstanding was 2.33% (2016: 2.32%). There were no impaired loans at or during the financial years ended December 31, 2017 and 2016.

9. ACCOUNTS PAYABLE – UNIFIED AND OTHER

	2017	2016
Accounts payable – general	**$35,500**	$35,501
Interfund payables	**7,498**	3,779
	$42,998	$39,280

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Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the **Other Special Funds** ("the Funds") of the **Caribbean Development Bank** ("the Bank"), which comprise the statement of financial position as of 31 December 2017, and the statement of comprehensive income and accumulated net income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as of 31 December 2017 and its financial performance and its cash flows for the year then ended 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Funds in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 of 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 and as a result, may not be suitable for any other purpose. Our opinion is not modified in respect of this matter.

Other information included in the Bank's 2017 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Bank's 2017 Annual Report, other than the financial statements and our auditor's report thereon. The Bank's 2017 Annual Report is expected to be made available to us after the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

Other information included in the Bank's 2017 Annual Report (continued)

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Oversight and Assurance Committee.

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 select accounting policies 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.

In preparing the financial statements, management is responsible for assessing the Funds' 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 Funds or to cease operations, or has no realistic alternative but to do so.

The Oversight and Assurance Committee is responsible for overseeing the Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Building a better working world

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

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

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

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

Other Matters

This report is made solely to the Funds' 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 Funds' contributors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Funds and the Funds' members as a body, for our audit work, for this report, or for the opinion we have formed.

Ernst + Young Ltd
BARBADOS
22 March 2018

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2017	2016
Assets		
Cash and cash equivalents – Note 3	**$31,305**	$35,921
Investments (Schedule 1)	**45,841**	53,389
Loans outstanding (Schedule 2)	**97,528**	103,619
Receivable from members		
Non-negotiable demand notes – Note 8	**160,394**	60,752
Accounts receivable – Note 9	**35,749**	35,921
Total assets	**$370,817**	$289,602
Liabilities and Funds		
Liabilities		
Accounts payable – Note 10	**$1,618**	$853
Accrued charges on contributions repayable	**236**	248
	1,854	1,101
Funds		
Contributed resources (Schedule 3)	**$60,466**	$62,373
Accumulated net income (Schedule 4)	**63,297**	63,732
	123,763	126,105
Technical assistance and other grant resources (Schedule 5)	**245,200**	162,396
Total liabilities and funds	**$370,817**	$289,602

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, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2017	2016
Interest and similar income		
Loans	$2,164	$2,314
Investments and cash balances	277	3,485
	2,441	5,799
Expenses		
Administrative expenses	1,178	1,419
Charges on contributions repayable	850	956
Foreign exchange translation	848	(1,146)
Total expenses	2,876	1,229
Total comprehensive (loss)/income for the year	$(435)	$4,570
Accumulated net income		
Accumulated net income– beginning of year	$63,732	$59,162
Total comprehensive (loss)/income for the year	(435)	4,570
Accumulated net income– end of year	$63,297	$63,732

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, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2017		2016	
Operating activities				
Total comprehensive (loss)/income for the year		**$(435)**		$4,570
Adjustments for non-cash items				
Net unrealised loss/(gain) on investments	375		(124)	
Interest income	(2,816)		(3,111)	
Interest expense	852		956	
Unrealised net foreign exchange losses/(gains)	281		(4)	
Total cash flow (used in)/provided by operating activities before changes in operating assets and liabilities		**(1,743)**		2,287
Changes in operating assets and liabilities				
Decrease in accounts receivable	172		20,456	
Increase in non-negotiable demand notes	(99,642)		(60,752)	
Increase/(decrease) in accounts payable	765		(4,054)	
Cash used in operating activities		**(100,448)**		(42,063)
Disbursements on loans		**(56)**		(277)
Principal repayments to the Bank on loans		**6,885**		6,611
Technical assistance disbursements		**(32,371)**		(29,805)
Interest received		**2,857**		3,126
Net decrease in investments		**7,169**		16,303
Net cash used in operating activities		**(115,964)**		(46,105)
Financing activities				
Interest paid	(864)		(927)	
Contributions:				
Increase in contributions to fund loans	395		563	
Reimbursement of repayable contributions	(3,359)		(4,403)	
Technical assistance contributions	115,176		57,983	
Net cash provided by financing activities		**111,348**		53,216
Net (decrease)/increase in cash and cash equivalents		**(4,616)**		7,111
Cash and cash equivalents at beginning of year		**35,921**		28,810
Cash and cash equivalents at end of year		**$31,305**		$35,921

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 OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 1

Investments	2017	2016
Debt securities at fair value through profit or loss – Note 4		
Government and Agency obligations	$23,272	$27,082
Supranationals	10,283	10,310
Other securities		
Time Deposits	-	5,521
Mutual Funds	2,908	2,716
Managed Funds	-	5
Equity Investments	9,256	7,629
Sub-total	45,719	53,263
Accrued interest	122	126
	$45,841	$53,389

Residual Term to Contractual Maturity

	2017	2016
1 – 3 months	$16,539	$15,966
3 months - 1 year	6,953	5,353
1 year - 5 years	22,349	27,161
5 years – 10 years	-	4,909
	$45,841	$53,389

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2017				
Member countries in which loans have been made	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Anguilla	$-	$-	$-	0.0
Antigua and Barbuda	-	-	3,169	3.3
Barbados	-	-	5,010	5.2
Belize	-	-	-	0.0
British Virgin Islands	-	-	-	0.0
Cayman Islands	-	-	-	0.0
Dominica	-	1,350	15,595	16.1
Grenada	-	-	20,032	20.6
Guyana	-	-	2,719	2.8
Jamaica	-	-	24,948	25.7
Montserrat	-	-	-	0.0
St. Kitts and Nevis	-	-	2,103	2.2
St. Lucia	-	1,297	15,700	16.2
St. Vincent and the Grenadines	-	1	7,182	7.4
Trinidad and Tobago	-	-	537	0.5
Regional	-	-	-	0.0
Sub-total	-	2,648	96,995	100.0
Accrued interest	-		533	
	$-	$2,648	$97,528	

1/There were no overdue installments of principal at December, 2017 (2016 -nil).

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2016				
Member countries in which loans have been made	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Anguilla	$-	$-	$-	0.0
Antigua and Barbuda	-	-	3,516	3.4
Barbados	-	-	5,504	5.3
Belize	-	-	-	0.0
British Virgin Islands	-	-	-	0.0
Cayman Islands	-	-	-	0.0
Dominica	-	1,406	16,458	16.0
Grenada	-	4	21,077	20.5
Guyana	-	-	2,946	2.9
Jamaica	-	-	26,495	25.7
Montserrat	-	-	-	0.0
St. Kitts and Nevis	-	-	2,214	2.2
St. Lucia	-	1,871	16,702	16.2
St. Vincent and the Grenadines	-	-	7,573	7.3
Trinidad and Tobago	-	-	563	0.5
Regional	-		-	0.0
Sub-total	-	3,281	103,048	100.0
Accrued interest	-	-	571	
	-	**$3,281**	**$103,619**	

1/There were no overdue installments of principal at December, 2016 (2015 -nil).

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2017				
Analysis by Contributor	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Members				
Trinidad and Tobago	$-	$-	$3	0.0
Other contributors				
Caribbean Development Bank	-	-	47,080	48.5
Nigeria	-	-	2,755	2.9
Inter-American Development Bank	-	2,648	33,851	34.9
European Union	-	-	1,251	1.3
International Development Association	-	-	12,055	12.4
Sub-total	-	2,648	96,995	100.0
Accrued interest	-	-	533	
	$-	$2,648	$97,528	

1/There were no overdue installments of principal at December 31, 2017 (2016 – nil).

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2016				
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Members				
Trinidad and Tobago	$-	$-	$3	0.0
Other contributors				
Caribbean Development Bank	-	574	50,278	48.8
Nigeria	-	-	3,003	2.9
Inter-American Development Bank	-	2,707	36,001	34.9
European Union	-	-	1,313	1.3
International Development Association	-	-	12,450	12.1
Sub-total	-	3,281	103,048	100.0
Accrued interest	-	-	571	
	$-	**$3,281**	**$103,619**	

1/There were no overdue installments of principal at December 31, 2016 (2015 – nil).

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2017							
Currencies receivable	Loans outstanding 2016	Translation adjustment	Net interest earned	Disbursements	Sub-total	Repayments	Loans outstanding 2017
Euros	$1,313	$181	$-	$-	$1,494	$(243)	$1,251
Special Drawing Rights	9,893	595	-	-	10,488	(793)	9,695
United States dollars	91,842	-	-	56	91,898	(5,849)	86,049
Sub-total	103,048	776	-	56	103,880	(6,885)	96,995
Accrued interest[1]	571	-	(38)	-	533	-	533
	$103,619	$776	$(38)	$56	$104,413	$(6,885)	$97,528

1/ Relates to amounts disbursed and outstanding.

Maturity structure of loans outstanding	
January 1, 2018 to December 31, 2018	$7,420
January 1, 2019 to December 31, 2019	6,890
January 1, 2020 to December 31, 2020	6,892
January 1, 2021 to December 31, 2021	6,895
January 1, 2022 to December 31, 2022	6,897
January 1, 2023 to December 31, 2027	30,741
January 1, 2028 to December 31, 2032	20,067
January 1, 2033 to December 31, 2037	7,179
January 1, 2038 to December 31, 2042	788
January 1, 2043 to December 31, 2046	408
January 1, 2047 to December 31, 2052	3,351
	$97,528

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2016							
Currencies receivable	Loans out-standing 2016	Translation adjustment	Net interest earned	Disburse-ments	Sub-total	Repayments	Loans out-standing 2017
Euros	$1,573	$(41)	$-	$-	$1,532	$(219)	$1,313
Special Drawing Rights	11,013	(342)	-	-	10,671	(778)	9,893
United States dollars	97,179	-	-	277	97,456	(5,614)	91,842
Sub-total	109,765	(383)	-	277	109,659	(6,611)	103,048
Accrued interest[1]	591	-	(20)	-	571	-	571
	$110,356	**$(383)**	**$(20)**	**$277**	**$110,230**	**$(6,611)**	**$103,619**

1/Relates to amounts disbursed and outstanding.

Maturity structure of loans outstanding	
January 1, 2017 to December 31, 2017	$7,381
January 1, 2018 to December 31, 2018	6,812
January 1, 2019 to December 31, 2019	6,815
January 1, 2020 to December 31, 2020	6,817
January 1, 2021 to December 31, 2021	6,819
January 1, 2022 to December 31, 2026	32,117
January 1, 2027 to December 31, 2031	21,613
January 1, 2032 to December 31, 2036	10,439
January 1, 2037 to December 31, 2041	971
January 1, 2042 to December 31, 2046	539
January 1, 2047 to December 31, 2052	3,296
	$103,619

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

	2017	
	Contributions	
Contributors	Total [1/]	Amounts made available
Members		
Canada	$6,594	$6,594
Other contributors		
Inter-American Development Bank	148	148
Contributed resources	6,742	6,742
Other contributors		
Inter-American Development Bank [1/]	37,231	37,231
United States Agency for International Development	984	984
European Union	1,785	1,785
International Development Association	13,724	13,724
Repayable contributions	53,724	53,724
	$60,466	$60,466

1/ Net of cancellations and repayments

Maturity structure of repayable contributions outstanding

January 1, 2018 to December 31, 2018	$3,137
January 1, 2019 to December 31, 2019	3,047
January 1, 2020 to December 31, 2020	2,891
January 1, 2021 to December 31, 2021	2,729
January 1, 2022 to December 31, 2022	2,460
January 1, 2023 to December 31, 2027	11,909
January 1, 2028 to December 31, 2032	10,364
January 1, 2033 to December 31, 2037	7,416
January 1, 2038 to December 31, 2042	4,945
January 1, 2043 to December 31, 2053	4,826
	$53,724

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

	2016	
	Contributors	
Contributors	**Total**	**Amounts made available**
Members		
Canada	$6,486	$6,486
Other contributors		
Inter-American Development Bank	148	148
Contributed resources	6,634	6,634
Other contributors		
Inter-American Development Bank 1/	38,241	38,241
United States Agency for International Development	1,633	1,633
European Union	1,889	1,889
International Development Association	13,976	13,976
Repayable contributions	55,739	55,739
	$62,373	**$62,373**

Maturity structure of repayable contributions outstanding

January 1, 2017 to December 31, 2017	$3,201
January 1, 2018 to December 31, 2018	3,121
January 1, 2019 to December 31, 2019	2,960
January 1, 2020 to December 31, 2020	2,803
January 1, 2021 to December 31, 2021	2,640
January 1, 2022 to December 31, 2026	11,776
January 1, 2027 to December 31, 2031	10,691
January 1, 2032 to December 31, 2036	8,090
January 1, 2037 to December 31, 2041	5,039
January 1, 2042 to December 31, 2046	1,989
January 1, 2047 to December 31, 2053	3,429
	$55,739

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS...continued

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

2017

Currencies repayable	Contri-butions made available 2016	Translation adjustment	Drawdowns/ appropriations from capital	Sub-total	Repayments	Contributions made available 2017
Canadian dollars	$1,486	$108	$-	$1,594	$-	$1,594
Euros	1,890	261	-	2,151	(366)	1,785
Special Drawing Rights	11,448	688	-	12,136	(745)	11,391
United States dollars	47,549	-	395	47,944	(2,248)	45,696
	$62,373	$1,057	$395	$63,825	$(3,359)	$60,466

2016

Currencies repayable	Contri-butions made available 2015	Translation adjustment	Drawdowns/ appropriations from capital	Subtotal	Repayments	Contributions made available 2016
Canadian dollars	$1,442	$44	$-	$1,486	$-	$1,486
Euros	3,368	(33)	-	3,335	(1,445)	1,890
Special Drawing Rights	12,574	(398)	-	12,176	(728)	11,448
United States dollars	49,216	-	563	49,779	(2,230)	47,549
	$66,600	$(387)	$563	$66,776	$(4,403)	$62,373

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF ACCUMULATED NET INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 4

2017

Contributors	Brought forward 2016	Net Income/(Loss) 2017	Carried forward 2017
General Funds	$54,262	$383	$54,645
European Investment Bank	(795)	45	(750)
European Union	2,463	89	2,552
Inter-American Development Bank	(1,010)	(453)	(1,463)
International Development Association	376	(86)	290
Nigeria	5,914	(81)	5,833
United States of America	1,842	2	1,844
United Kingdom	628	(373)	255
Venezuela	11	6	17
European Commission	38	38	76
BMZ/ The Federal Government of Germany	3	(5)	(2)
	$63,732	$(435)	$63,297

2016

Contributors	Brought forward 2015	Net Income/(Loss) 2016	Carried forward 2016
General Funds	$49,806	$4,456	$54,262
European Investment Bank	(766)	(29)	(795)
European Union	2,480	(17)	2,463
Inter-American Development Bank	(497)	(513)	(1,010)
International Development Association	346	30	376
Nigeria	5,976	(62)	5,914
United States of America	1,817	25	1,842
United Kingdom	-	628	628
Venezuela	-	11	11
European Commission	-	38	38
BMZ/ The Federal Government of Germany	-	3	3
	$59,162	$4,570	$63,732

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES

AS OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 5

	2017			
	Contributors			
Contributors	Total 1/	Amounts made available	Amounts utilised	Net Amounts available
Members				
Canada	$55,489	$55,489	$44,726	$10,763
United Kingdom	182,766	182,766	23,612	159,154
Italy	522	522	252	270
	238,777	238,777	68,590	170,187
Other contributors				
Caribbean Development Bank	243,041	243,041	179,938	63,103
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	3,895	3,895	3,354	541
China	677	677	270	407
Venezuela	586	586	-	586
Nigeria	193	193	147	46
European Commission	21,533	21,533	13,305	8,228
Deutsche Gesellshaft für Internationale BMZ/The Federal Government of Germany	261	261	220	41
European Investment Bank Climate Action Support	2,184	2,184	152	2,032
Improve Public Investment Management through Procurement	320	320	291	29
Sub-total	274,097	274,097	199,084	75,013
Total – December 31	$512,874	$512,874	$267,674	$245,200
Summary				
Basic Needs Trust Fund	$169,750	$169,750	$143,422	$26,328
Other resources	343,124	343,124	124,252	218,872
	$512,874	$512,874	$267,674	$245,200

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 OF DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 5

	2016			
	Contributors			
Contributors	**Total 1/**	**Amounts made available**	**Amounts utilised**	**Net Amounts available**
Members				
Canada	$55,022	$55,022	$42,823	$12,199
United Kingdom	82,743	82,743	19,399	63,344
Italy	522	522	252	270
	$138,287	$138,287	$62,474	$75,813
Other contributors				
Caribbean Development Bank	$233,032	$233,032	$160,702	$72,330
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	3,549	3,549	3,354	195
China	677	677	198	479
Venezuela	586	586	-	586
Nigeria	193	193	147	46
European Commission	17,320	17,320	6,708	10,612
Deutsche Gesellshaft für Internationale BMZ/The Federal Government of Germany	261	261	220	41
European Investment Bank Climate Action Support	2,184	2,184	91	2,093
Improve Public Investment Management through Procurement	201	201	-	201
Sub-total	$259,410	$259,410	$172,827	$86,583
Total – December 31	**$397,697**	**$397,697**	**$235,301**	**$162,396**
Summary				
Basic Needs Trust Fund	$159,750	$159,750	$126,622	$33,128
Other resources	237,947	237,947	108,679	129,268
	$397,697	**$397,697**	**$235,301**	**$162,396**

1/ Net of cancellation and resources fully utilized and expended in non-reimbursable operations.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

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.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Investments…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 income from 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 written off and are subsequently recorded as 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 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.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Loans …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 taken into 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 OCR, the OSF and the SDF in accordance with a method of allocation which is approved by the Board of Directors.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2017	2016
Due from banks	**$20,569**	$18,492
Time deposits	**4,426**	11,171
Money Market Instruments	**6,310**	6,258
	$31,305	$35,921

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 annualized rate of return on the average investments held during the year, including realised and unrealised gains and losses was 1.23% (2016: 4.95%). Net realised gains on investments traded during 2017 amounted to nil (2016: $2,564) and net unrealised losses of $375 (2016: Gains $124).

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 have been presented separately from the SDF. The OSF are established in accordance with agreements between the Bank and the contributors and are 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 contributors.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

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:

	2017	2016
Canada		
Agricultural[1] (Schedule 3)	**$6,594**	$6,486
Technical assistance resources (Schedule 5)	**55,489**	55,022
Italy		
Technical assistance resources (Schedule 5)	**$522**	$522
China		
Technical assistance resources (Schedule 5)	**$677**	$677
Venezuela		
Technical assistance resources (Schedule 5)	**$586**	$586
Nigeria		
Technical assistance resources (Schedule 5)	**$193**	$193
United Kingdom		
Technical assistance resources (Schedule 5)	**$182,766**	$82,743
Inter-American Development Bank		
975/SF-RG	**$14,211**	$14,211
Less repayments	**(6,460)**	(6,041)
	$7,751	$8,170
Second Global Loan	**$-**	$4,487
Less repayments	**-**	(4,487)
	$-	$-
1108/SF-RG Global Credit	**$20,000**	$20,000
Less repayments	**(3,605)**	(2,950)
	$16,395	$17,050

1/ The contributions are interest-free with no date for repayment.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

5. FUNDS…continued

Inter-American Development Bank…continued

	2017	2016
1637/SF-RG Credit	**$9,923**	$9,923
Less repayments	**(662)**	(331)
	9,261	9,592
2798/BL Regional Global Loan - OECS	**3,824**	3,429
	13,085	13,021
Repayable contributions (Schedule 3)	**$37,231**	$38,241
Technical assistance resources (Schedule 5)	**$3,895**	$3,549

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.

The second global loan was fully repaid in 2015.

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.

The loans are subject to a credit fee of 0.5% per annum on any undrawn balance.

European Investment Bank

The Global loan II – B was repaid in full in a single installment on September 30, 2016 (2015:$1,054).

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

5. **FUNDS**…continued

	2017		2016		Due Dates
United States of America					
Contributions					
Agricultural	$7,052		$7,052		1988-2018
Less repayments	(6,877)	**175**	(6,536)	516	
Employment Investment Promotion	6,732		6,732		1990-2020
Less repayments	(5,923)	**809**	(5,615)	1,117	
Housing	8,400		8,400		1983-2012
Less repayments	(8,400)	**-**	(8,400)	-	
Repayable contributions (Schedule 3)		**984**		1,633	
Technical Assistance resources (Schedule 5)		**$1,407**		$1,407	

All contributions are subject to interest at the rate of 2% per annum on the amount outstanding for the first ten years after first disbursement and thereafter, at the rate of 3% per annum.

	2017		2016	
European Union				
First Contribution	$6,165		$6,165	
Less repayments	(5,102)	**1,063**	(5,004)	1,161
Second Contribution	2,613		2,613	
Less repayments	(1,891)	**722**	(1,885)	728
Repayable contributions (Schedule 3)		**$1,785**		$1,889

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.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

5. FUNDS...continued

International Development Association

	2017		2016		Due Dates
Credit No. 960/CRG	$6,480		$6,480		1990-2029
Less repayments	(4,148)	**2,332**	(3,953)	2,527	
Credit No. 1364/CRG	7,707		7,270		1993-2033
	(4,123)	**3,584**			
Less repayments			(3,671)	3,599	
Credit No. 1785/CRG	6,583		6,210		
	(2,732)	**3,851**			1997-2030
Less repayments			(2,391)	3,819	
Credit No. 2135/CRG	7,913		7,465		
	(3,956)	**3,957**			2000-2030
Less repayments			(3,434)	4,031	
Repayable contributions (Schedule 3)		**$13,724**		$13,976	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding.

	2017	2016
Caribbean Development Bank		
Technical assistance resources (Schedule 5)	**$243,041**	$233,032
BMZ/ The Federal Government of Germany		
Technical assistance resources (Schedule 5)	**$261**	$261
European Investment Bank Climate Action Support		
Technical assistance resources (Schedule 5)	**$2,184**	$2,184
European Commission		
Technical assistance resources (Schedule 5)	**$21,533**	$17,320

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

5. **FUNDS**…continued

	2017	2016
Improve Public Investment Management through Procurement		
Technical assistance resources (Schedule 5)	$320	$201

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.

2017	Approved amount	Amounts made available	Amounts utilised	Net Amounts available
European Union				
Sustainable Energy for the Eastern Caribbean (SEEC)	€4,450	$1,391	$199	$1,192
Geothermal Risk Mitigation for the Eastern Caribbean (EU-CIF)	€12,350	$3,708	$420	$3,288
United Kingdom				
Increasing Renewable Energy and Energy Efficiency in the Eastern Caribbean	£2,500	$-	$-	$-
Sustainable Energy for the Eastern Caribbean (SEEC)	£4,200	$-	$-	$-
Inter-American Development Bank [Acting as Administrator for the Global Environment Facility (GEF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	$3,014	$346	$-	$-
Inter-American Development Bank [Acting as Implementing entity for the Clean Technology Fund (CTF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	$19,050	$-	$-	$-
Canada				
Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C)	CAD5,000	$1,028	$424	$604

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

5. FUNDS…continued

2016	Approved amount	Amounts made available	Amounts utilised	Net Amounts available
European Union				
Sustainable Energy for the Eastern Caribbean (SEEC)	€4,450	$1,222	$23	1,199
United Kingdom				
Increasing Renewable Energy and Energy Efficiency in the Eastern Caribbean	£2,500	$142	$17	$125
Sustainable Energy for the Eastern Caribbean (SEEC)	£4,200	$-	$-	$-
Inter-American Development Bank [Acting as Administrator for the Global Environment Facility (GEF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	$3,014	$-	$-	$-
Inter-American Development Bank [Acting as Implementing entity for the Clean Technology Fund (CTF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEEC)	$19,050	$-	$-	$-
Canada				
Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C)	CAD5,000	$631	$248	$383

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.

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

7. LOANS

The average interest rate earned on loans outstanding was 2.18% (2016: 2.19%). There were no impaired loans at December 31, 2017 and 2016.

8. NON NEGOTIABLE DEMAND NOTES

The non-negotiable demand notes represent the equivalent sum of GBP118.7 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 a four (4) year period 2016 - 2020, 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 agreement of the parties the duration of the programme was extended to March 31, 2024.

9. ACCOUNTS RECEIVABLE

	2017	2016
Institutional receivables	**$35,500**	$35,515
Accounts receivable	**249**	406
	$35,749	$35,921

10. ACCOUNTS PAYABLE

	2017	2016
Accounts payable – general	**$-**	$-
Interfund payable	**1,618**	853
	$1,618	$853


NAVAL
ENERGYEVENTS

APPENDICES

APPENDICES

BOARD OF GOVERNORS AND ALTERNATES

CHAIR AND VICE-CHAIR OF THE BOARD OF GOVERNORS		
Grenada	**Dr. the Rt. Hon. Keith Mitchell**	**Chairman**
Germany	**Mr. Hans-Joachim Fuchtel**	**Vice-Chairman**
Mexico	**Mr. José Antonio González Anaya**	**Vice-Chairman**

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Anguilla, British Virgin Islands, Cayman Islands Montserrat, Turks and Caicos Islands	Hon. Roy McTaggart, JP Minister for Finance and Economic Development Ministry of Finance and Economic Development Government Administration Building Grand Cayman CAYMAN ISLANDS	Hon. D. Orlando Smith, OBE Premier and Minister of Finance Premier's Office 33 Admin Drive Third Floor, Central Administration Complex, East Wing Road Town Tortola BRITISH VIRGIN ISLANDS
Antigua and Barbuda	Hon. Gaston A. Browne Prime Minister and Minister of Finance, the Economy and Public Administration Office of the Prime Minister Government Office Complex Parliament Drive, St. John's	Mr. Whitfield Harris, Jr. Financial Secretary Ministry of Finance, the Economy and Public Administration Government Office Complex Parliament Drive, St. John's
The Bahamas	Hon. Peter Turnquest Minister of Finance Ministry of Finance P.O. Box N-3017 Nassau	
Barbados	Hon. Christopher P. Sinckler, MP Minister of Finance and Economic Affairs Ministry of Finance and Economic Affairs Government Headquarters Bay Street, St. Michael	Dr. Louis Woodroffe Director of Finance and Economic Affairs (Ag) Ministry of Finance and Economic Affairs Government Headquarters Bay Street, St. Michael

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Belize	Hon. Dean Barrow Prime Minister and Minister of Finance Office of the Prime Minister New Administration Building Belmopan	Mr. Joseph Waight Financial Secretary Ministry of Finance New Administration Building Belmopan
Brazil	Minister Dyogo Henrique de Oliveira Interim Minister of Planning, Development and Management Ministry of Planning, Development and Management Esplanada dos Ministerios Bloco K - 5° Andar, Brasília-DF-CEP:70.040-906	Mr. Jorge Saba Arbache Filho Secretary of International Affairs Ministry of Planning, Development and Management Esplanada dos Ministerios Bloco K - 5° Andar, sala 544 – Gabinete Brasília-DF-CEP:70.040-906
Canada	Honourable Chrystia Freeland Minister of Foreign Affairs Office of the Minister of Foreign Affairs Lester B. Pearson Building 125 Sussex Drive Ottawa, Ontario	Mr. Robert Stewart Assistant Deputy Minister Int. Trade and Finance Canada 140 O'Connor Street Ottawa, Ontario
Colombia	Hon. Mauricio Cardenas Santa Maria Minister of Finance and Public Credit Ministry of Finance Carrera 7a, Numero 6-64 Bogota	Mr. José Dario Uribe Governor, Banco de la Republica Carrera 7a, Numero 14-18 Oficina Principal Bogota
Dominica	Hon. Roosevelt Skerrit Prime Minister and Minister for Finance, Foreign Affairs and Information Technology Office of the Prime Minister Financial Centre Kennedy Avenue Roseau	Sen. the Hon. Miriam Blanchard Minister of State in the Office of the Prime Minister Financial Centre Kennedy Avenue Roseau
Germany	Mr. Hans-Joachim Fuchtel Parliamentary State Secretary Federal Ministry for Economic Cooperation and Development Europhaus, Stresemanstr. 94 10963 Berlin	Ms. Marianne Kothe Deputy Director General Int. Financial and Monetary Policy Federal Ministry of Finance WilhelmstraBe 97 10117 Berlin

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Grenada	Dr. the Rt. Hon. Keith Mitchell Prime Minister Office of the Prime Minister Financial Complex The Carenage St. George's	
Guyana	Hon. Winston DaCosta Jordan Minister of Finance Ministry of Finance 49 Main & Urquhart Street Georgetown	Dr. Hector C. Butts Finance Secretary Ministry of Finance 49 Main & Urquhart Street Georgetown
Haiti	Hon. Jude Alix Patrick Salomon Ministry of Economy and Finance #5 Avenue Charles Summer Port-au-Prince	Mr. Jean Baden Dubois Governor of the Bank of the Republic of Haiti Angle rues Pavée et du Quai, Rue de Quai Port-au-Prince
Italy	Hon. Pier Carlo Padoan Minister of Economy and Finance Ministry of Economy and Finance Via XX Settembre 97 Roma 00187	Ms. Gelsomina Vigliotti Head of International Financial Relations Treasury Department Ministry of Economy and Finance Via Settembre, 97-00187 Roma
Jamaica	Hon. Audley Shaw, CD, MP Minister of Finance Ministry of Finance and Planning 30 National Heroes Circle P.O. Box 512 Kingston 4	Ms. Darlene Morrison Financial Secretary (Acting) Ministry of Finance and the Public Service 30 National Heroes Circle P.O. Box 512 Kingston 4
Mexico	Mr. José Antonio González Anaya Secretary of Finance and Public Credit Secretaria de Hacienda y Credito Publico Insurgentes Sur 1971 Torre III, piso 3, Col. Guadalupe Inn Del. Álvaro Obregón C.P. 01020 México, D.F.	*Temporary Alternate Governor* Mr. Carlos Marquez Padilla Casar Head of the Financial Affairs Unit Secretaria de Hacienda y Credito Publico Insurgentes Sur 1971 Torre III, piso 3, Col. Guadalupe Inn Del. Álvaro Obregón C.P. 01020 México, D.F

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
People's Republic of China	Dr. Zhou Xiaochuan Governor People's Bank of China 32 Cheng Fang Street West District, Beijing 100800	Mr. Yi Gang Deputy Governor People's Bank of China 32 Cheng Fang Street West District, Beijing 100800
St. Kitts and Nevis	Dr. the Hon. Timothy Harris Prime Minister and Minister of Finance Office of the Prime Minister Government Headquarters P.O. Box 186 Basseterre	Mrs. Hilary Hazel Financial Secretary Ministry of Finance Golden Rock Basseterre
Saint Lucia	Hon. Guy Joseph Minister of Economic Development, Housing, Urban Renewal, Transport and Civil Aviation Ministry of Economic Development, Housing, Urban Renewal, Transport and Civil Aviation 3rd Floor Greaham Louisy Administrative Building Waterfront Castries	Dr. Reginald Darius Permanent Secretary Ministry of Finance, Economic Affairs and Social Security 3rd Floor Financial Centre Bridge Street, Castries
St. Vincent and the Grenadines	Hon. Camillo Gonsalves Minister of Economic Planning, Sustainable Development, Industry, Internal Trade, Information and Labour Ministry of Economic Planning and Sustainable Development 1st Floor Administrative Building Bay Street, Kingstown	
Suriname	Hon. Gillmore Hoefdraad Minister of Finance Ministry of Finance Waterkant 16-20 Tamarindelaan #3 Paramaribo	

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Trinidad and Tobago	Hon. Camille Robinson-Regis Minister of Planning and Development Office of the Minister Ministry of Planning and Development Level 14 Eric Williams Financial Complex Port of Spain	Hon. Colm Imbert Minister of Finance Ministry of Finance Eric Williams Financial Complex Port of Spain
United Kingdom	Rt. Hon. Priti Patel, MP Secretary of State for International Development Department for International Development 22 Whitehall London SW1A 2EG	Rt. Hon. Lord Bates Minister of State for International Development Department for International Development 22 Whitehall London SW1A 2EG
Venezuela	Mr. Simon Zerpa Delgado President Venezuelan Economic and Social Development Bank (BANDES) Avenida Universidad Traposos a Colon, Torre Bandes	Mr. Raul Li Causi Director for Latin America and the Caribbean Ministry of Popular Power for Foreign Affairs Traposos a Colón Torre Bandes Caracas 1010

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Germany

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People's Republic of China

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PRINCIPAL OFFICERS OF THE BANK AS AT DECEMBER 31, 2017

Office of the President	
President	William Warren Smith, Ph.D., CD*
Chief Risk Officer	Mr. Malcolm Buamah**
Deputy Director, Internal Audit Division	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	Ms. Sueann Tannis

Corporate Services	
Vice-President (Corporate Services) and Bank Secretary	Mrs. Yvette Lemonias Seale**
Director, Finance and Information Technology Solutions	Mr. Carlyle Assue**
Deputy Director, Finance	Mr. Earl Estrado
Director, Human Resources and Administration	Mr. Phillip Brown**
Deputy Director, Human Resources Policy & Compliance and Staff Relations	Mrs. Fay Alleyne Kirnon
General Counsel	Mrs. Diana Wilson Patrick**
Deputy General Counsel	Mrs. S. Nicole Jordan

Operations	
Vice-President (Operations)	Ms. Monica La Bennett**
Director, Economics	Dr. Justine Ram**
Deputy Director, Economics	Mr. Ian Durant
Director, Projects	Mr. Daniel Best**
Division Chief, Social Sector	Ms. Deidre Clarendon
Head of Procurement, Procurement Policy	Mr. Douglas Fraser
Division Chief, Economic Infrastructure	Mr. L. O'Reilly Lewis
Division Chief, Technical Cooperation	Ms. Darran Newman (Ag.)
Head, Infrastructure Partnerships	Mr. Andrew Dupigny
Deputy Director, Corporate Strategy	Mr. Carl Howell
Head, Regional Public-Private Partnerships	Mr. Steven Samuel
Head, Renewable Energy / Energy Efficiency Unit	Mrs. Tessa Williams Robertson

*Chairman, Advisory Management Team
**Member, Advisory Management Team

APPENDIX I-A

DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY FUND - 2017 ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Fund	Total	Percentage of Total
Antigua and Barbuda	72,147	17,656	1,078	90,881	23.8%
Anguilla	11,543	168	109	11,820	3.1%
Barbados	(47,378)	(86)	100	(47,364)	-12.4%
Bahamas	-	171	110	281	0.1%
Belize	-	4,502	1,560	6,062	1.6%
Dominica	10,000	4,381	-	14,381	3.8%
Grenada	(381)	8,978	1,793	10,390	2.7%
Guyana	-	6,975	2,029	9,004	2.4%
Haiti	-	24,093	968	25,061	6.6%
Jamaica	25,000	7,794	45,346	78,140	20.5%
St. Kitts and Nevis	-	(30)	1,080	1,050	0.3%
Cayman Islands	-	(47)	-	(47)	0.0%
St. Lucia	-	2,972	1,300	4,272	1.1%
Montserrat	-	760	19,347	20,107	5.3%
Suriname	29,818	1,721	-	31,539	8.3%
Turks and Caicos Islands	441	42	-	483	0.1%
Trinidad and Tobago	-	(21)	30	9	0.0%
St. Vincent and the Grenadines	5,036	2,905	4,957	12,898	3.4%
British Virgin Islands	69,590	7,519	650	77,759	20.4%
Regional	-	28,503	6,463	34,966	9.2%
Total	**175,816**	**118,956**	**86,920**	**381,692**	

Percentage of Total	**46.1**	**31.2**	**22.8**		**100.0**

LDCs	198,194	75,620	32,842	306,656	80.3%
MDCs	(22,378)	14,833	47,615	40,070	10.5%
Regional	0	28,503	6,463	34,966	9.2%

APPENDIX I-B

DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND - 2017 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund		Total
Total All Sectors	**175,816**	**118,956**	**86,920**	**381,692**
Agriculture and Rural Development	**-**	**6,758**	**43,614**	**50,372**
Agriculture (excluding Crop Farming)	-	(2)	-	(2)
Crop Farming	-	(1)	-	(1)
Irrigation, Drainage and Land Reclamation	-	(4)	-	(4)
Feeder Roads and Bridges	-	6,765	43,614	50,379
Manufacturing and Industry	**-**	**(476)**	**-**	**(476)**
Industrial Development	-	(24)	-	(24)
Micro and Small Scale Enterprises	-	(446)	-	(446)
Agro-Industries	-	(3)	-	(3)
Textile, Wearing Apparel and Leather Goods	-	(3)	-	(3)
Tourism	**-**	**(40)**	**-**	**(40)**
Tourism	-	(40)	-	(40)
Transportation and Communication	**52,859**	**230**	**27,059**	**80,148**
Transport Policy and Administrative Management	-	(7)	-	(7)
Road Transport	45,859	-	4,517	50,376
Water Transport	-	-	22,542	22,542
Air Transport	7,000	237	-	7,237
Power, Energy, Water and Sanitation	**65,244**	**(48)**	**3,991**	**69,187**
Power and Energy	65,244	(48)	3,991	69,187
Social Infrastructure and Services	**(10,780)**	**69,558**	**2,781**	**61,559**
Education - General	9,273	1,046	-	10,319
Education - Basic	-	16,000	-	16,000
Education - Secondary/Vocational	-	(65)	-	(65)
Education - Post Secondary	(355)	(72)	(4)	(431)
Housing	(19,698)	-	-	(19,698)
Other Social Infrastructure and Services	-	52,649	2,785	55,434
Environmental Sustainability and Disaster Risk Reduction	**89,893**	**40,662**	**9,275**	**139,830**
Environmental Sustainability	441	607	164	1,212
Sea Defence/Flood Prevention/Control	-	-	605	605
Disaster Prevention and Preparedness	-	14,450	8,506	22,956
Reconstruction Relief and Rehabilitation	89,452	25,605	-	115,057
Financial, Business and Other Services	**10,000**	**1,400**	**200**	**11,600**
Financial Policy and Administrative Management	-	(635)	110	(525)
Financial Intermediaries	10,000	2,035	90	12,125
Multi-Sector and Other	**(31,400)**	**912**	**-**	**(30,488)**
Government and Civil Society	-	669	-	669
Regional/Multulateral Trade Agreements	-	385	-	385
Other	(31,400)	(142)	-	(31,542)

APPENDIX I-C

DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY SECTOR - 2017 ($'000)

Country	Agriculture and Rural Development	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
Antigua and Barbuda	-	(20)	-	48,299	1,078	13	41,511	-	-	**90,881**
Anguilla	-	(11)	-	-	6,339	184	5,313	-	(5)	**11,820**
Barbados	(1)	(60)	(3)	3,713	100	(19,703)	-	-	(31,410)	**(47,364)**
Bahamas	-	(20)	-	-	-	-	200	110	(9)	**281**
Belize	-	(9)	(8)	911	-	4,523	649	-	(4)	**6,062**
Dominica	-	(16)	-	-	(48)	2,965	-	11,480	-	**14,381**
Grenada	6,100	(23)	0	1,226	571	2,543	(27)	-	-	**10,390**
Guyana	-	(33)	-	1,080	-	7,107	364	(77)	563	**9,004**
Haiti	-	(54)	-	-	-	24,147	968	-	-	**25,061**
Jamaica	43,614	(41)	0	-	25,126	7,838	1,606	-	(3)	**78,140**
St. Kitts and Nevis	0	(20)	0	-	475	(7)	605	-	(3)	**1,050**
Cayman Islands	-	(34)	-	-	-	-	-	-	(13)	**(47)**
St. Lucia	-	(16)	-	1,300	-	2,974	20	-	(6)	**4,272**
Montserrat	0	(15)	0	19,347	-	776	-	-	(1)	**20,107**
Suriname	215	(5)	-	-	29,818	1,098	-	-	413	**31,539**
Turks and Caicos Islands	-	(12)	-	-	-	54	441	-	-	**483**
Trinidad and Tobago	(4)	(14)	-	-	30	(3)	-	-	-	**9**
St. Vincent and the Grenadines	0	(24)	0	4,035	5,229	2,942	728	0	(12)	**12,898**
British Virgin Islands	-	(31)	0	-	-	9,299	68,491	-	-	**77,759**
Regional	448	(18)	(29)	237	469	14,809	18,961	87	2	**34,966**
Total	**50,372**	**(476)**	**(40)**	**80,148**	**69,187**	**61,559**	**139,830**	**11,600**	**(30,488)**	**381,692**

APPENDIX I-D

DISTRIBUTION OF LOANS APPROVED (NET) BY COUNTRY AND BY FUND - 2017 ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	72,147	17,463	-	89,610	43.2%
Anguilla	11,543	-	-	11,543	5.6%
Barbados	(47,378)	-	-	(47,378)	(22.8%)
Dominica	10,000	1,445	-	11,445	5.5%
Grenada	(381)	5,722	(4)	5,337	2.6%
Guyana	-	(77)	-	(77)	0.0%
Jamaica	25,000	-	-	25,000	12.0%
Suriname	29,818	-	-	29,818	14.4%
Turks and Caicos Islands	441	-	-	441	0.2%
St. Vincent and the Grenadines	5,036	(1)	-	5,035	2.4%
British Virgin Islands	69,590	7,250	-	76,840	37.0%
Total	**175,816**	**31,802**	**(4)**	**207,614**	

Percentage of Total	**84.7**	**15.3**	**0.0**		**100.0**

LDCs	198,194	31,879	(4)	230,069	110.8%
MDCs	-22,378	-77	0	-22,455	(10.8%)

APPENDIX I-E

DISTRIBUTION OF LOANS APPROVED (NET) BY SECTOR AND BY FUND - 2017 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**175,816**	**31,802**	**(4)**	**207,614**
Agriculture and Rural Development	**-**	**5,850**	**-**	**5,850**
Feeder Roads and Bridges	-	5,850	-	5,850
Transportation and Communication	**52,859**	**-**	**-**	**52,859**
Road Transport	45,859	-	-	45,859
Air Transport	7,000	-	-	7,000
Power, Energy, Water and Sanitation	**65,244**	**-**	**-**	**65,244**
Power and Energy	65,244	-	-	65,244
Social Infrastructure and Services	**(10,780)**	**(101)**	**(4)**	**(10,885)**
Education - General	9,273	(30)	-	9,243
Education - Post Secondary	(355)	(71)	(4)	(430)
Housing	(19,698)	-	-	(19,698)
Environmental Sustainability and Disaster Risk Reduction	**89,893**	**24,685**	**-**	**114,578**
Environmental Sustainability	441	-	-	441
Reconstruction Relief and Rehabilitation	89,452	24,685	-	114,137
Financial, Business and Other Services	**10,000**	**1,368**	**-**	**11,368**
Financial Policy and Administrative Management	-	(632)	-	(632)
Financial Intermediaries	10,000	2,000	-	12,000
Multi-Sector and Other	**(31,400)**	**-**	**-**	**(31,400)**
Other	(31,400)	-	-	(31,400)

APPENDIX I-F

LOAN APPROVALS - 2017 ($'000)

Country	No. of Loan Projects	CDB	Public	Private
Antigua and Barbuda	7	89,610	89,610	-
Anguilla	2	11,543	11,543	-
Barbados	1	3,720	3,720	-
Dominica	1	12,000	12,000	-
Grenada	2	5,850	5,850	-
Jamaica	1	25,000	-	25,000
Suriname	2	29,818	29,818	-
Turks and Caicos Islands	1	441	441	-
St. Vincent and the Grenadines	2	5,036	5,036	-
British Virgin Islands	6	76,840	76,840	-
Total	**25**	**259,858**	**234,858**	**25,000**

LDCs	23	231,138	231,138	-
MDCs	2	28,720	3,720	25,000

APPENDIX I-G

GROSS LOANS APPROVALS BY PROJECT AND LOAN EQUIVALENT - 2017 ($'000)

			OCR		SDF		Other Special Funds		
	Project Name	Country	Amount	Loan Equivalent	Amount	Loan Equivalent	Amount	Loan Equivalent	Total
1	EMERGENCY SUPPORT LOAN - LIAT (1974) LIMITED	Antigua and Barbuda	2,440	1.00	-	-	-	-	2,440
2	HURRICANE RECONSTRUCTION SUPPORT	Antigua and Barbuda	-	-	11,800	1.00	-	-	11,800
3	NDM - IMMEDIATE RESPONSE LOAN - HURRICANE IRMA	Antigua and Barbuda	-	-	750	1.00	-	-	750
4	NDM - REHABILITATION AND RECONSTRUCTION (HURRICANE IRMA)	Antigua and Barbuda	-	-	4,913	1.00	-	-	4,913
5	NDM - REHABILITATION AND RECONSTRUCTION LOAN (HURRICAN IRMA)	Antigua and Barbuda	11,242	1.00	-	-	-	-	11,242
6	NDM - REHABILITATION AND RECONSTRUCTION LOAN (HURRICANE IRMA)	Antigua and Barbuda	12,606	1.00	-	-	-	-	12,606
7	SECOND ROAD INFRASTRUCTURE REHABILITATION PROJECT	Antigua and Barbuda	45,859	1.00	-	-	-	-	45,859
8	REHABILITATION AND RECONSTRUCTION LOAN - HURRICANE IRMA	Anguilla	5,313	1.00	-	-	-	-	5,313
9	SEVENTH POWER PROJECT	Anguilla	6,230	1.00	-	-	-	-	6,230
10	EMERGENCY SUPPORT LOAN - LIAT (1974) LIMITED	Barbados	3,720	1.00	-	-	-	-	3,720
11	NINTH CONSOLIDATED LINE OF CREDIT	Dominica	10,000	0.83	2,000	0.17	-	-	12,000
12	CLIMATE SMART AGRICULTURE AND RURAL ENTERPRISE PROGRAMME	Grenada	-	-	5,000	1.00	-	-	5,000
13	STRENGTHENING FOOD SAFETY MANAGEMENT SYSTEMS	Grenada	-	-	850	1.00	-	-	850
14	STREET LIGHT RETROFITTING PROJECT	Jamaica	25,000	1.00	-	-	-	-	25,000
15	STREET LIGHTING RETROFIT AND ADVANCED METERING INFRASTRUCTURE	Suriname	29,818	1.00	-	-	-	-	29,818
16	CLIMATE RESILIENT COASTAL PROTECTION AND MANAGEMENT	Turks and Caicos Islands	441	1.00	-	-	-	-	441
17	EMERGENCY SUPPORT LOAN - LIAT (1974) LIMITED	St. Vincent and the Grenadines	840	1.00	-	-	-	-	840
18	ENERGY EFFICIENCY MEASURES AND SOLAR PHOTOVOLTAIC PLANT	St. Vincent and the Grenadines	4,196	1.00	-	-	-	-	4,196
19	EDUCATION SECTOR SUPPORT PROJECT	British Virgin Islands	9,299	1.00	-	-	-	-	9,299
20	NDM - IMMEDIATE RESPONSE (HURRICANE IRMA)	British Virgin Islands	-	-	750	1.00	-	-	750
21	NDM - IMMEDIATE RESPONSE (HURRICANE MARIA)	British Virgin Islands	-	-	750	1.00	-	-	750
22	NDM - IMMEDIATE RESPONSE (TORRENTIAL RAINFALL EVENT)	British Virgin Islands	-	-	750	1.00	-	-	750
23	REHABILITATION AND RECONSTRUCTION LOAN - HURRICANE IRMA	British Virgin Islands	-	-	5,000	1.00	-	-	5,000
24	REHABILITATION AND RECONSTRUCTION LOAN - HURRICANE IRMA	British Virgin Islands	60,291	1.00	-	-	-	-	60,291
Total			**227295**		**32,563**		**-**		**259,858**

LDCs	198,575	0.86	32,563	0.14	-	-	231,138
MDCs	28,720	1.00	-	-	-	-	28,720

LDCs	0.87	1.00	-	0.89
MDCs	0.13	-	-	0.11

Total		**0.87**		**0.13**

APPENDIX II-A

SUMMARY OF TOTAL FINANCING APPROVED (NET) (1970 - 2017) LOANS, CONTINGENT LOANS, EQUITIES AND GRANTS ($'000)

Financing Type	1970-2016	2017	Total
Loans	4,484,684	207,614	4,692,298
Contingent Loans	5,204	-	5,204
Equity	43,193	-	43,193
Grants	554,847	92,139	646,986
Other	56,940	81,939	138,879
Total	**5,144,868**	**381,692**	**5,526,560**

APPENDIX II-B

SUMMARY OF TOTAL FINANCING APPROVED (NET) BY SECTOR (1970 - 2017) LOANS, CONTINGENT LOANS, EQUITIES AND GRANTS ($'000)

Sector	1970-2016	2017	Total
Agriculture and Rural Development	381,047	50,372	431,419
Environmental Sustainability and Disaster Risk Reduction	427,656	139,830	567,486
Financial, Business and Other Services	150,043	11,600	161,643
Manufacturing and Industry	351,544	(476)	351,068
Mining and Quarrying	36,143	-	36,143
Multi-Sector and Other	886,353	(30,488)	855,865
Power, Energy, Water and Sanitation	623,656	69,187	692,843
Social Infrastructure and Services	1,200,080	61,559	1,261,639
Tourism	102,656	(40)	102,616
Transportation and Communication	985,690	80,148	1,065,838
Total	**5,144,868**	**381,692**	**5,526,560**

APPENDIX II-C

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2017) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**3,046,937**	**1,848,817**	**630,806**	**5,526,560**
Agriculture and Rural Development	**189,132**	**154,504**	**87,783**	**431,419**
Agriculture (excluding Crop Farming)	127,840	37,722	20,778	186,340
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	10,999	6,954	565	18,518
Fishing	-	2,478	872	3,350
Land Settlement and Rural Development	3,947	36,889	684	41,520
Feeder Roads and Bridges	3,191	40,578	54,163	97,932
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	**192,033**	**93,770**	**65,265**	**351,068**
Industrial Development	185,721	61,914	27,614	275,249
Micro and Small Scale Enterprises	-	22,421	1,992	24,413
Agro-Industries	(175)	6,674	34,714	41,213
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	-	2,030	93	2,123
Tourism	**78,611**	**12,918**	**11,087**	**102,616**
Tourism	78,611	12,918	11,087	102,616
Transportation and Communication	**722,355**	**220,419**	**123,064**	**1,065,838**
Transport Policy and Administrative Management	9,889	5,311	3,497	18,697
Road Transport	431,125	145,761	53,754	630,640
Water Transport	41,534	41,544	38,121	121,199
Air Transport	231,557	27,150	27,586	286,293
Communication	8,250	518	106	8,874
Storage	-	135	-	135
Power, Energy, Water and Sanitation	**493,665**	**144,658**	**54,520**	**692,843**
Power and Energy	246,125	17,641	23,486	287,252
Electric Power	66,755	32,810	1,860	101,425
Alternative Energy	8,250	-	1,791	10,041
Water and Sanitation	172,535	94,207	27,383	294,125
Social Infrastructure and Services	**477,801**	**624,053**	**159,785**	**1,261,639**
Education - General	146,790	112,883	25,740	285,413
Education - Basic	8,253	60,725	13,173	82,151
Education - Secondary/Vocational	36,332	48,102	6,051	90,485
Education - Post Secondary	170,895	108,828	2,570	282,293
Health	4,091	2,467	2,151	8,709
Housing	74,658	36,840	23,049	134,547
Other Social Infrastructure and Services	36,782	254,208	87,051	378,041
Environmental Sustainability and Disaster Risk Reduction	**215,503**	**326,287**	**25,696**	**567,486**
Environmental Sustainability	441	3,844	872	5,157
Sea Defence/Flood Prevention/Control	6,855	(47)	801	7,609
Disaster Prevention and Preparedness	9,515	67,856	13,888	91,259
Reconstruction Relief and Rehabilitation	198,692	254,634	10,135	463,461
Financial, Business and Other Services	**115,269**	**43,892**	**2,482**	**161,643**
Financial Policy and Administrative Management	32,083	9,902	1,706	43,691
Financial Intermediaries	83,186	33,990	776	117,952
Multi-Sector and Other	**531,159**	**224,441**	**100,265**	**855,865**
Government and Civil Society	101,557	21,024	14,641	137,222
Urban Development	29,912	10,262	156	40,330
Policy-Based Loans/Structural Adjustment Programme	430,000	166,896	38,800	635,696
Regional/Multulateral Trade Agreements	-	2,659	11,946	14,605
Other	(30,310)	23,600	34,722	28,012

APPENDIX II-D

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY SECTOR (1970 - 2017) ($'000)

Country	Agriculture and Rural Development	Mining and Quarrying		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
Antigua and Barbuda	6,638	0	4,055	1,922	116,161	8,328	40,829	41,702	(615)	83,831	302,851
Anguilla	2,871	-	6,578	1,193	20,712	20,964	9,205	9,425	22,404	54,995	148,347
Barbados	18,920	100	31,906	40,061	127,070	44,895	110,337	7,647	7,193	44,509	432,638
Bahamas	10,086	-	11,468	2,187	24,891	43,818	5,797	4,821	274	302	103,644
Belize	29,221	-	15,207	1,251	112,770	68,700	143,535	19,181	38,442	47,418	475,725
Dominica	21,952	-	17,876	7,506	36,279	31,216	60,961	84,477	12,926	16,560	289,753
Dominican Republic	519	-	-	-	-	-	-	-	-	259	778
Grenada	25,327	451	19,626	4,553	69,871	20,529	70,821	44,182	11,034	50,751	317,145
Guyana	64,710	-	18,517	128	101,651	12,453	65,991	25,935	(2)	55,794	345,177
Haiti	18,000	-	933	-	-	211	87,767	8,977	-	19,086	134,974
Jamaica	124,403	932	105,923	15,646	105,466	41,770	125,863	115,234	56,718	167,690	859,645
St. Kitts and Nevis	6,164	123	10,854	1,746	46,817	30,614	75,374	13,310	520	40,203	225,725
Cayman Islands	1,308	388	1,671	6,429	23,047	9,775	5,563	-	44	(13)	48,212
St. Lucia	22,558	62	25,226	14,197	77,433	86,439	154,991	44,631	5,625	48,277	479,439
Montserrat	1,408	87	1,949	168	25,371	3,495	10,847	-	378	(4)	43,699
Suriname	215	-	25	-	-	160,590	23,141	-	-	50,926	234,897
Turks and Caicos Islands	1,510	18	1,015	1,302	3,140	240	21,903	1,060	(326)	5,088	34,950
Trinidad and Tobago	42,214	30,875	32,650	4	38,262	43,249	(16,528)	4	8	33,387	204,125
St. Vincent and the Grenadines	16,899	2,939	13,174	541	79,431	53,785	80,122	39,517	453	65,480	352,341
British Virgin Islands	3,503	-	5,378	403	36,018	4,812	20,976	84,163	1	-	155,254
Regional	1,704	0	4,079	1,285	2,526	4,976	67,772	21,267	3,456	26,024	133,089
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	**431,419**	**36,143**	**351,068**	**102,616**	**1,065,838**	**692,843**	**1,261,639**	**567,486**	**161,643**	**855,865**	**5,526,560**

APPENDIX II-E

APPROVALS OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS (NET) BY COUNTRY AND BY YEAR (1970 - 2017) ($'000)

Country	1970 - 2011	2012	2013	2014	2015	2016	2017	Total
Antigua and Barbuda	102,494	(1,552)	35,607	(42)	50,610	24,853	90,881	302,851
Anguilla	108,515	269	3,340	-	2,357	22,046	11,820	148,347
Barbados	386,749	17,703	39,922	6,085	31,003	(1,460)	(47,364)	432,638
Bahamas	64,123	236	1,022	20,948	28,951	(11,917)	281	103,644
Belize	316,777	21,004	11,455	48,040	36,759	35,628	6,062	475,725
Dominica	217,806	16,338	1,822	2,242	33,685	3,479	14,381	289,753
Dominican Republic	-	527	-	-	234	17	-	778
Grenada	233,770	3,145	(93)	21,168	35,930	12,835	10,390	317,145
Guyana	256,057	40,523	25,216	1,756	225	12,396	9,004	345,177
Haiti	59,375	6,362	13,706	2,743	15,303	12,424	25,061	134,974
Jamaica	707,408	27,806	(145)	48,181	(2,760)	1,015	78,140	859,645
St. Kitts and Nevis	217,280	1,013	42	(8,338)	8,407	6,271	1,050	225,725
Cayman Islands	48,140	72	35	-	-	12	(47)	48,212
St. Lucia	375,085	12,462	312	21,365	15,831	50,112	4,272	479,439
Montserrat	21,253	1,751	51	485	41	11	20,107	43,699
Suriname	-	11	-	21,970	592	180,785	31,539	234,897
Turks and Caicos Islands	30,979	(1,880)	85	70	5,200	13	483	34,950
Trinidad and Tobago	163,380	43	50	40,000	233	410	9	204,125
St. Vincent and the Grenadines	269,653	23,128	417	10,979	512	34,754	12,898	352,341
British Virgin Islands	77,361	48	50	-	23	13	77,759	155,254
Regional	26,998	7,661	27,768	11,363	11,932	12,401	34,966	133,089
Regional: LDC Focus	33,813	-	-	-	-	-	-	33,813
Regional: MDC Focus	18,960	-	-	-	-	-	-	18,960
Regional: LDC/ MDC Focus	151,379	-	-	-	-	-	-	151,379
Total	**3,887,355**	**176,670**	**160,662**	**249,015**	**275,068**	**396,098**	**381,692**	**5,526,560**

LDCs	2,112,125	82,171	66,829	120,682	205,250	383,236	306,656	3,276,949
MDCs	1,596,853	86,311	66,065	116,970	57,652	444	40,070	1,964,365
Regional	178,377	8,188	27,768	11,363	12,166	12,418	34,966	285,246

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 - 2017) ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	234,157	31,718	9,346	275,221	5.9%
Anguilla	133,486	11,599	500	145,585	3.1%
Barbados	376,336	6,909	29,779	413,024	8.8%
Bahamas	93,775	3,786	3,240	100,801	2.1%
Belize	271,808	146,544	11,265	429,617	9.2%
Dominica	62,299	151,868	36,322	250,489	5.3%
Grenada	99,874	151,178	32,483	283,535	6.0%
Guyana	71,335	198,362	22,164	291,861	6.2%
Jamaica	518,897	187,478	74,831	781,206	16.6%
St. Kitts and Nevis	102,148	96,151	9,025	207,324	4.4%
Cayman Islands	39,884	4,703	3,313	47,900	1.0%
St. Lucia	253,983	150,131	38,804	442,918	9.4%
Montserrat	485	11,178	1,372	13,035	0.3%
Suriname	214,702	17,555	-	232,257	4.9%
Turks and Caicos Islands	16,726	12,100	-	28,826	0.6%
Trinidad and Tobago	193,808	5,018	2,566	201,392	4.3%
St. Vincent and the Grenadines	164,256	113,923	23,522	301,701	6.4%
British Virgin Islands	129,132	22,041	1,894	153,067	3.3%
Regional	12,668	6,375	-	19,043	0.4%
Regional: LDC Focus	10,000	5,232	2,626	17,858	0.4%
Regional: MDC Focus	7,266	5,544	2,174	14,984	0.3%
Regional: LDC/MDC Focus	39,912	742	-	40,654	0.9%
Total	**3,046,937**	**1,340,135**	**305,226**	**4,692,298**	

Percentage of Total	64.9	28.6	6.5		100.0

LDCs	1,732,940	925,921	170,472	2,829,333	60.3%
MDCs	1,261,417	407,097	134,754	1,803,268	38.4%
Regional	52,580	7,117	0	59,697	1.3%

APPENDIX II-G

DISTRIBUTION OF LOANS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2017) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**3,046,937**	**1,340,135**	**305,226**	**4,692,298**
Agriculture and Rural Development	**189,132**	**128,792**	**36,835**	**354,759**
Agriculture (excluding Crop Farming)	127,840	35,704	18,865	182,409
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	10,999	6,803	409	18,211
Fishing	-	2,437	694	3,131
Land Settlement and Rural Development	3,947	25,567	312	29,826
Feeder Roads and Bridges	3,191	28,972	7,680	39,843
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	**192,033**	**73,426**	**47,544**	**313,003**
Industrial Development	185,721	59,702	13,383	258,806
Micro and Small Scale Enterprises	-	8,563	1,137	9,700
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	**722,355**	**213,022**	**70,340**	**1,005,717**
Transport Policy and Administrative Management	9,889	3,101	-	12,990
Road Transport	431,125	143,648	31,162	605,935
Water Transport	41,534	40,982	15,041	97,557
Air Transport	231,557	25,254	24,137	280,948
Communication	8,250	37	-	8,287
Power, Energy, Water and Sanitation	**493,665**	**136,369**	**25,437**	**655,471**
Power and Energy	246,125	15,206	-	261,331
Electric Power	66,755	32,625	1,577	100,957
Alternative Energy	8,250	-	-	8,250
Water and Sanitation	172,535	88,538	23,860	284,933
Social Infrastructure and Services	**477,801**	**280,423**	**62,998**	**821,222**
Education - General	146,790	61,490	16,400	224,680
Education - Basic	8,253	31,767	12,050	52,070
Education - Secondary/Vocational	36,332	41,919	5,769	84,020
Education - Post Secondary	170,895	98,776	2,170	271,841
Health	4,091	1,157	1,875	7,123
Housing	74,658	35,347	22,884	132,889
Other Social Infrastructure and Services	36,782	9,967	1,850	48,599
Environmental Sustainability and Disaster Risk Reduction	**215,503**	**294,994**	**11,501**	**521,998**
Environmental Sustainability	441	-	-	441
Sea Defence/Flood Prevention/Control	6,855	(67)	(54)	6,734
Disaster Prevention and Preparedness	9,515	44,098	1,495	55,108
Reconstruction Relief and Rehabilitation	198,692	250,963	10,060	459,715
Financial, Business and Other Services	**115,269**	**36,306**	**-**	**151,575**
Financial Policy and Administrative Management	32,083	4,577	-	36,660
Financial Intermediaries	83,186	31,729	-	114,915
Multi-Sector and Other	**531,159**	**162,706**	**43,200**	**737,065**
Government and Civil Society	101,557	3,226	4,400	109,183
Urban Development	29,912	750	-	30,662
Policy-Based Loans/Structural Adjustment Programme	430,000	156,760	38,800	625,560
Other	(30,310)	1,970	-	(28,340)

APPENDIX II-H

CONTINGENT LOANS APPROVED (NET) BY COUNTRY AND BY FUND (1970 - 2017) ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	-	4	-	4	0.1%
Anguilla	-	-	71	71	1.4%
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%
St. Kitts and Nevis	-	178	56	234	4.5%
St. Lucia	-	145	50	195	3.7%
Montserrat	-	87	-	87	1.7%
Turks and Caicos Islands	-	1,054	-	1,054	20.3%
Trinidad and Tobago	-	200	-	200	3.8%
St. Vincent and the Grenadines	-	217	131	348	6.7%
British 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 - 2017) ($'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**

APPENDIX II-J

GRANTS APPROVED (NET)
BY COUNTRY AND BY FUND (1970 - 2017) ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	-	2,520	25,106	27,626	3.5%
Anguilla	-	1,726	965	2,691	0.3%
Barbados	-	1,302	17,325	18,627	2.4%
Bahamas	-	1,889	954	2,843	0.4%
Belize	-	31,378	12,307	43,685	5.6%
Dominica	-	20,456	17,999	38,455	4.9%
Dominican Republic	-	-	778	778	0.1%
Grenada	-	20,736	12,633	33,369	4.2%
Guyana	-	44,388	8,928	53,316	6.8%
Haiti	-	134,006	968	134,974	17.2%
Jamaica	-	28,903	48,625	77,528	9.9%
St. Kitts and Nevis	-	10,651	7,327	17,978	2.3%
Cayman Islands	-	280	32	312	0.0%
St. Lucia	-	25,910	10,416	36,326	4.6%
Montserrat	-	8,399	22,178	30,577	3.9%
Suriname	-	1,854	786	2,640	0.3%
Turks and Caicos Islands	-	3,954	1,116	5,070	0.6%
Trinidad and Tobago	-	671	1,862	2,533	0.3%
St. Vincent and the Grenadines	-	20,502	29,400	49,902	6.3%
British Virgin Islands	-	1,035	998	2,033	0.3%
Regional	-	77,381	26,665	104,046	13.2%
Regional: LDC Focus	-	6,931	5,924	12,855	1.6%
Regional: MDC Focus	-	976	-	976	0.1%
Regional: LDC/MDC Focus	-	58,951	27,774	86,725	11.0%
Total	**-**	**504,799**	**281,066**	**785,865**	

Percentage of Total	**0.0**	**64.2**	**35.8**		**100.0**

LDCs	0	290,194	148,123	438,317	55.8%
MDCs	0	78,273	77,726	155,999	19.9%
Regional	0	136,332	55,217	191,549	24.4%

APPENDIX II-K

GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2017) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**-**	**504,799**	**281,066**	**785,865**
Agriculture and Rural Development	**-**	**25,252**	**49,136**	**74,388**
Agriculture (excluding Crop Farming)	-	1,833	1,594	3,427
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	-	11,606	46,483	58,089
Mining and Quarrying	**-**	**190**	**292**	**482**
Fossil Fuels	-	-	292	292
Metal Ores	-	190	-	190
Manufacturing and Industry	**-**	**20,103**	**6,983**	**27,086**
Industrial Development	-	2,160	4,007	6,167
Micro and Small Scale Enterprises	-	13,858	712	14,570
Agro-Industries	-	1,588	2,025	3,613
Textile, Wearing Apparel and Leather Goods	-	106	51	157
Forest Industries	-	348	-	348
Chemicals and Chemical Products	-	13	95	108
Construction	-	2,030	93	2,123
Tourism	**-**	**2,003**	**3,080**	**5,083**
Tourism	-	2,003	3,080	5,083
Transportation and Communication	**-**	**5,301**	**52,481**	**57,782**
Transport Policy and Administrative Management	-	943	3,393	4,336
Road Transport	-	1,868	22,554	24,422
Water Transport	-	562	23,080	23,642
Air Transport	-	1,312	3,348	4,660
Communication	-	481	106	587
Storage	-	135	-	135
Power, Energy, Water and Sanitation	**-**	**7,706**	**28,231**	**35,937**
Power and Energy	-	2,213	22,662	24,875
Electric Power	-	185	283	468
Alternative Energy	-	-	1,791	1,791
Water and Sanitation	-	5,308	3,495	8,803
Social Infrastructure and Services	**-**	**343,630**	**96,787**	**440,417**
Education - General	-	51,393	9,340	60,733
Education - Basic	-	28,958	1,123	30,081
Education - Secondary/Vocational	-	6,183	282	6,465
Education - Post Secondary	-	10,052	400	10,452
Health	-	1,310	276	1,586
Housing	-	1,493	165	1,658
Other Social Infrastructure and Services	-	244,241	85,201	329,442
Environmental Sustainability and Disaster Risk Reduction	**-**	**31,293**	**14,195**	**45,488**
Environmental Sustainability	-	3,844	872	4,716
Sea Defence/Flood Prevention/Control	-	20	855	875
Disaster Prevention and Preparedness	-	23,758	12,393	36,151
Reconstruction Relief and Rehabilitation	-	3,671	75	3,746
Financial, Business and Other Services	**-**	**7,586**	**2,382**	**9,968**
Financial Policy and Administrative Management	-	5,325	1,606	6,931
Financial Intermediaries	-	2,261	776	3,037
Multi-Sector and Other	**-**	**61,735**	**27,499**	**89,234**
Government and Civil Society	-	17,798	10,241	28,039
Urban Development	-	9,512	-	9,512
Policy-Based Loans/Structural Adjustment Programme	-	10,136	-	10,136
Regional/Multulateral Trade Agreements	-	2,659	11,946	14,605
Other	-	21,630	5,312	26,942

APPENDIX II-L

GRANTS APPROVED (NET) BY COUNTRY AND BY YEAR (1970 - 2017) ($'000)

Country	1970 - 2011	2012	2013	2014	2015	2016	2017	Total
Antigua and Barbuda	6,554	37	324	(42)	610	18,872	1,271	27,626
Anguilla	1,958	269	125	-	16	46	277	2,691
Barbados	2,071	15,618	63	-	594	267	14	18,627
Bahamas	878	236	272	28	712	436	281	2,843
Belize	22,798	6,313	224	3,442	1,759	3,087	6,062	43,685
Dominica	26,862	4,980	92	1,011	1,322	1,252	2,936	38,455
Dominican Republic	-	527	-	-	234	17	-	778
Grenada	20,999	3,409	(93)	468	930	2,603	5,053	33,369
Guyana	33,936	6,870	216	1,719	637	857	9,081	53,316
Haiti	59,375	6,362	13,706	2,743	15,303	12,424	25,061	134,974
Jamaica	11,555	8,340	181	1,913	1,384	1,015	53,140	77,528
St. Kitts and Nevis	13,631	1,913	42	456	407	479	1,050	17,978
Cayman Islands	240	72	35	-	-	12	(47)	312
St. Lucia	20,736	5,736	312	2,226	1,033	2,011	4,272	36,326
Montserrat	8,131	1,751	51	485	41	11	20,107	30,577
Suriname	-	11	-	30	592	286	1,721	2,640
Turks and Caicos Islands	3,703	957	85	70	200	13	42	5,070
Trinidad and Tobago	1,788	43	50	-	233	410	9	2,533
St. Vincent and the Grenadines	18,873	4,558	22	1,601	748	16,237	7,863	49,902
British Virgin Islands	980	48	50	-	23	13	919	2,033
Regional	18,748	7,669	6,967	11,363	11,932	12,401	34,966	104,046
Regional: LDC Focus	12,855	-	-	-	-	-	-	12,855
Regional: MDC Focus	976	-	-	-	-	-	-	976
Regional: LDC/ MDC Focus	86,725	-	-	-	-	-	-	86,725
Total	**374,372**	**75,719**	**22,724**	**27,513**	**38,710**	**72,749**	**174,078**	**785,865**

LDCs	217,519	36,416	14,975	12,490	22,984	57,346	76,587	438,317
MDCs	51,380	31,107	782	3,660	3,560	2,985	62,525	155,999
Regional	105,473	8,196	6,967	11,363	12,166	12,418	34,966	191,549

Note: Cancellations prior to 2009 are deducted in the year in which approvals were made.

ABBREVIATIONS AND ACRONYMS

BMC	-	Borrowing Member Country
BNTF	-	Basic Needs Trust Fund
BVI	-	British Virgin Islands
CNAs	-	Country Needs Assessments
CARICOM	-	Caribbean Community
CDB	-	Caribbean Development Bank
COP23	-	23rd Meeting of the United Nations Framework Convention on Climate Change Conference of Parties
CPA	-	Country Poverty Assessment
CREF	-	Caribbean Renewable Energy Forum
C-SESC	-	Caribbean Support to the Energy Sector in the Caribbean Fund
CSGM	-	University of the West Indies Climate Studies Group, Mona
CTO	-	Caribbean Tourism Organization
ECPAs	-	Enhanced Country Poverty Assessments
EIB	-	European Investment Bank
ERC	-	Enterprise Risk Committee
ERM	-	enterprise risk management
ESIA	-	Environmental and Social Impact Assessment
ESRP	-	Environmental and Social Review Procedures
ETPS	-	Education and Training Policy and Strategy
EU-CIF	-	European Union Caribbean Investment Facility
FAME	-	Framework for the Advancement of Mathematics Education
GBV	-	gender-based violence
GCF	-	Green Climate Fund
GDP	-	gross domestic product
HR	-	human resources
HRIS	-	human resources information system
ICA	-	Office of Integrity, Compliance and Accountability
IDB	-	Inter-American Development Bank
IDR	-	Issuer Default Rating
IFRS	-	International Financial Reporting Standards
IIA	-	Institute of Internal Auditors
IMF	-	International Monetary Fund
LED	-	light-emitting diode
LNP	-	Literacy and Numeracy Project
MDB	-	multilateral development bank
MIF	-	Multilateral Investment Fund
mn	-	million

MSME	-	micro, small and medium-sized enterprise
MW	-	megawatt
NPL	-	non-performing loan
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
PRISM	-	Project Resource Interface for Systematic Management
PV	-	photovoltaic
RAS	-	risk appetite statements
RCSA	-	Risk Control Self Assessment
RMF	-	Results Management Framework
RSS	-	Regional Security System
S&P	-	Standard and Poor's
SDF	-	Special Development Fund
SDGs	-	Sustainable Development Goals
SEEC	-	Sustainable Energy for the Eastern Caribbean
TCI	-	Turks and Caicos Islands
TIPs	-	Trafficking in Persons
WASH	-	water, sanitation and hygiene

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