ANNUAL REPORT 2018

CARIBBEAN DEVELOPMENT BANK

On the cover: Growing climate resilience and food security in Jamaica

A representative from Jamaica's Rural Agricultural Development Authority participates in a train-the-trainer workshop on aquaponics funded by the Caribbean Development Bank.

The workshop, part of a multi-year project in collaboration with INMED Partnerships for Children and the Inter-American Development Bank's Multilateral Investment Fund (IDB/MIF), seeks to support aquaponics agri-business enterprises on the island, by making aquaponics a commercially viable technology for small and medium-scale farmers.

Photo credit: INMED Partnerships for Children

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
June 5, 2019

Hon. Camille Robinson-Regis
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, 2018, 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

At the start of 2018, I was struck by the enormity of the challenges ahead for the Caribbean. But even as the impact of the 2017 natural disasters seemed overwhelming, I was reminded of the perennial resilience of Caribbean people and their ability to bounce back, even in the face of adversity.

In many respects, 2018 was a year of recovery for the Caribbean Region. Activity was dominated by the rebuilding of economic and social infrastructure, which commenced in earnest immediately following the devastating effects of an overactive 2017 hurricane season.

It was also a year when the Region saw some encouraging results of that resilience. Regional economic growth was almost 2%, up from 1.7% in 2017. Economic activity rose even against a backdrop of slowing activity and heightened uncertainty about the international environment. All except two Borrowing Member Countries (BMCs) reported economic growth in 2018. A relatively inactive hurricane season helped to bolster the growth outturn as well as the outlook for sustained improvements into 2019.

Some BMCs traced improvements in their fiscal balances to the spin-off effects of increased economic activity and more rigorous fiscal management, including fiscal consolidation, new revenue measures, enhanced tax compliance, and debt restructuring.

Meanwhile, the combined effects of higher growth rates and managed debt accumulation contributed to the debt-to-GDP ratio falling in 10 BMCs. However, this encouraging performance must not divert attention from the fact that the debt ratio remains considerably above the 60% international benchmark in almost half of the BMCs. Strict fiscal discipline and debt control must remain the hallmark of regional economic management in the foreseeable future.

Like its BMCs, the Caribbean Development Bank (CDB) also recorded some positive performances in 2018. We approved projects totalling $352 million (mn) and recorded a 20% increase in disbursements to $280 mn. This level of approvals and disbursements puts CDB at the forefront of the rebuilding process in all of the affected BMCs, giving priority attention to supporting activities which lead to increased climate and economic resilience. The growing frequency and intensity of hurricanes and other natural disasters are constant reminders that climate change is, indeed, one of our Region's biggest challenges and that concerted effort and urgent action are required at the national and regional levels to safeguard our development gains.

In addition to supporting the reconstruction and rehabilitation of infrastructure damaged during the 2017 Hurricane Season, CDB funded projects that include the construction of safer and climate resilient roads to improve connectivity and access to key services; the modernisation of airport infrastructure and services; the upgrading of and increased access to potable water supply; and the replacements of street lights with more energy-efficient light-emitting diode (LED) lamps. It is noteworthy that, for the first time, we incorporated psychosocial considerations into the design of rehabilitation and reconstruction projects, thereby broadening the spectrum of our coverage to include social resilience principles.

Our funding to Anguilla and Dominica for rehabilitation and reconstruction has already begun to deliver results. By year end, all customers (8,100) had been reconnected to the grid in Anguilla, while in Dominica, service had been restored to 28,000 customers (82%). Meanwhile, some 44,000 street lights in three BMCs had been replaced with energy-efficient LED lighting.

We are expecting similarly good results to materialise from the other projects in the near future. CDB was able to leverage our partnerships to mobilise additional resources from the United Kingdom Department for International Development; the Government of Canada, and the European Investment Bank to enhance post-disaster reconstruction response, and infrastructure improvements which will increase the resilience of the BMCs to the effects of climate change. An agreement signed with the Green Climate Fund (GCF) is also opening the door for more climate finance projects in the Region and catalysing efforts to mobilise much-needed low-cost funding to build climate resilience in our BMCs.

Even as we seek to strengthen our Region to withstand the impacts of climate change, CDB is conscious that this discourse must take place within the broader context of transforming Caribbean societies for long-term sustainable economic and social development and in keeping with their commitments to the Sustainable Development Agenda 2030. It is clear that the challenges our BMCs face are becoming increasingly complex. These challenges will remain unresolved unless we tackle them head on at the national and regional levels as well as internally in CDB.

Achieving energy security is an essential component of that transformation. Our most notable initiative in this area in 2018 was done in partnership with the Inter-American Development Bank (IDB). Using funds allocated from resources provided by the GCF and the Government of the Republic of Italy, CDB mobilised substantial resources from IDB for geothermal development in five Eastern Caribbean countries. The demand for these products is rising as BMCs seek to diversify the energy matrix in order to reduce their dependency on liquid fossil fuels and improve energy efficiency as well as address issues related to citizen insecurity.

In 2018, we also launched the Cultural and Creative Industries Innovation Fund (CIIF) with start-up capital of $2.6 mn. Designed as a multi-donor Fund, CIIF is intended to provide grants for innovative projects within the cultural and creative industries, thereby unlocking access to finance for the underserved micro, small and medium sized businesses.

A landmark achievement in the Bank's ongoing effort to safeguard its relevance was the opening of our new Haiti Office in August, 2018. The office, the first outside our Headquarters in Barbados, is also expected to enable CDB to get closer to its client and promote stronger donor coordination.

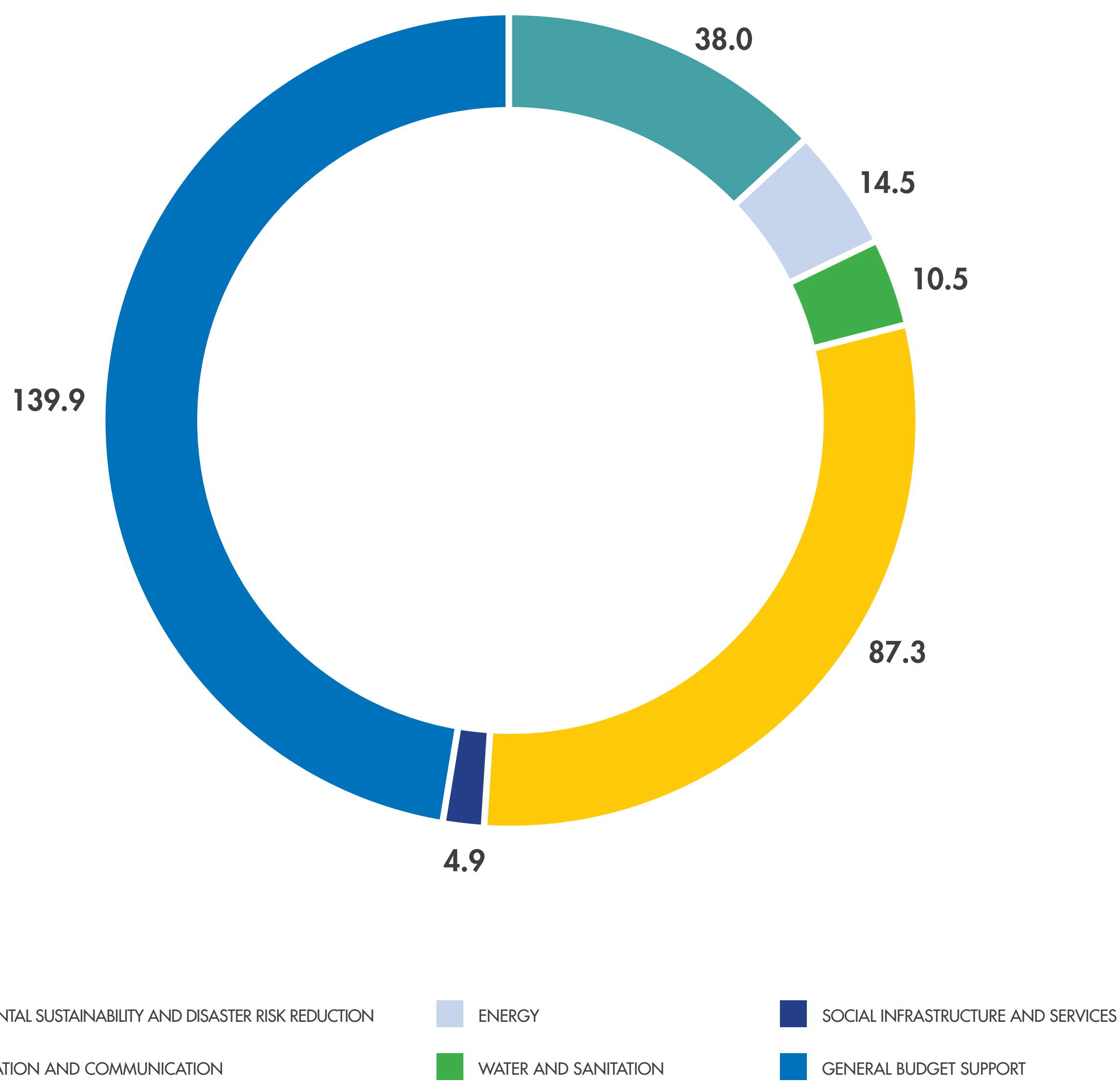
The target date for the fulfilment of the Region's commitments to the 2030 Agenda for Sustainable Development is just over a decade away. Time is not on our side. Nonetheless, CDB remains committed to steering its BMCs towards the attainment of the Sustainable Development Goals. The ability to mobilise appropriate financing from our development partners will be critical to success.

Meanwhile, we have been setting the stage for our own internal reforms in order to maintain the Bank's ongoing relevance to its BMCs as they make this journey. Information technology is driving the transformation needed to reshape internal processes so that we can deliver more efficient and higher quality service. I will continue to need the unwavering support and guidance of the staff, Board of Directors and development partners of CDB as we traverse the course.

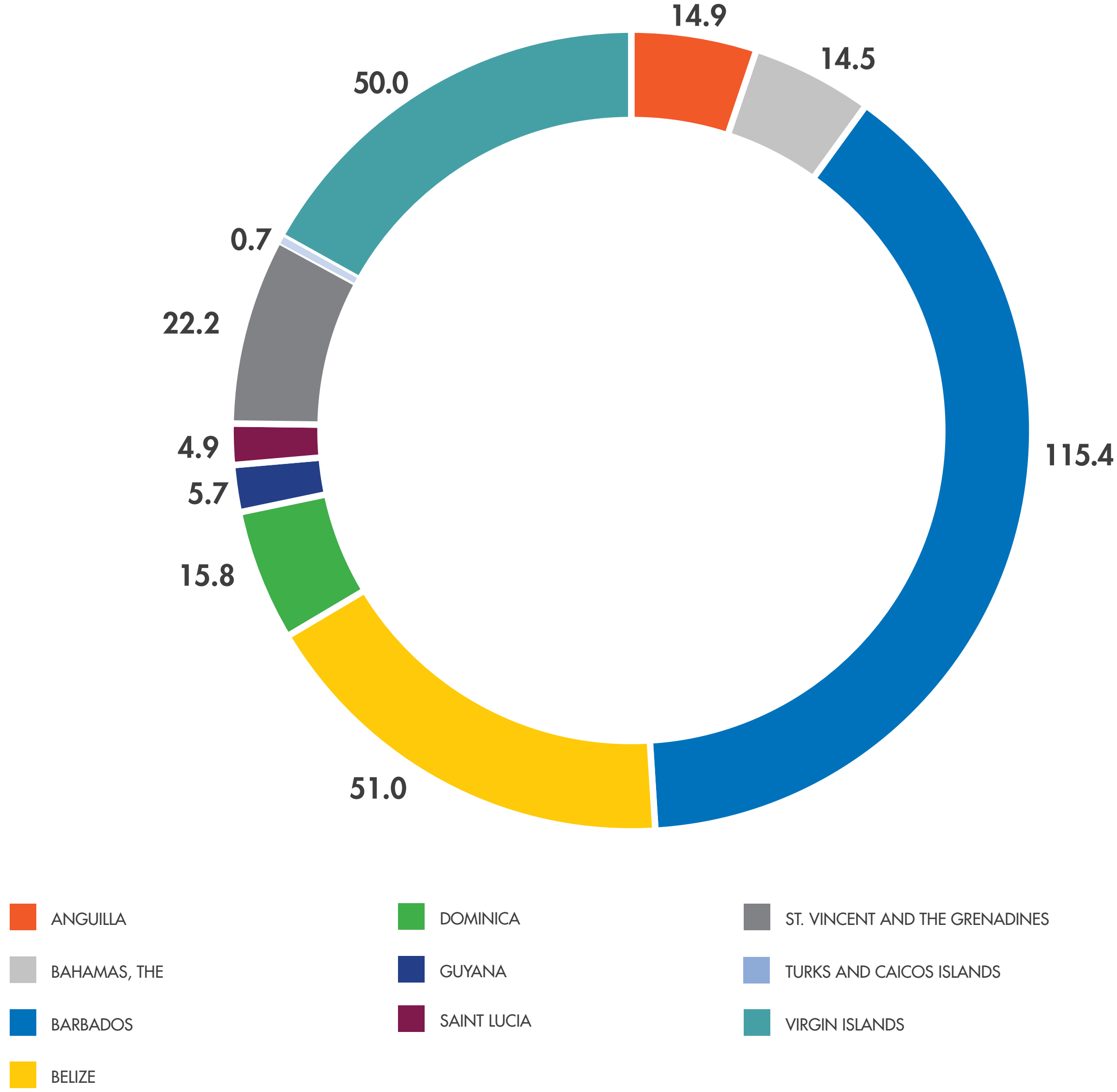
Wm. Warren Smith, Ph.D., CD

The potential of geothermal energy in Dominica. CDB's GeoSmart initiative represents all of the Bank's various resource mobilisation efforts to support geothermal energy development in the Caribbean.

GROSS LOAN APPROVALS BY SECTOR - 2018 ($ MN)



GROSS LOAN APPROVALS BY COUNTRY - 2018 ($ MN)



CARIBBEAN ECONOMIC REVIEW AND OUTLOOK

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OVERVIEW

In 2018, economic performance in the Caribbean was set against a background of slowing global activity. The international environment was characterised by escalating trade tensions, volatile commodity markets, and policy uncertainty with respect to both BREXIT and U.S. trade. Worldwide gross domestic product (GDP) growth slipped slightly to 3.7%, from 3.8% in 2017.

In spite of these developments, most of CDB's BMCs reported economic expansion. Regional GDP increased by 1.9%, compared with 0.5% in 2017. Fiscal performance varied, and public debt as a percentage of GDP fell in over half of the BMCs.

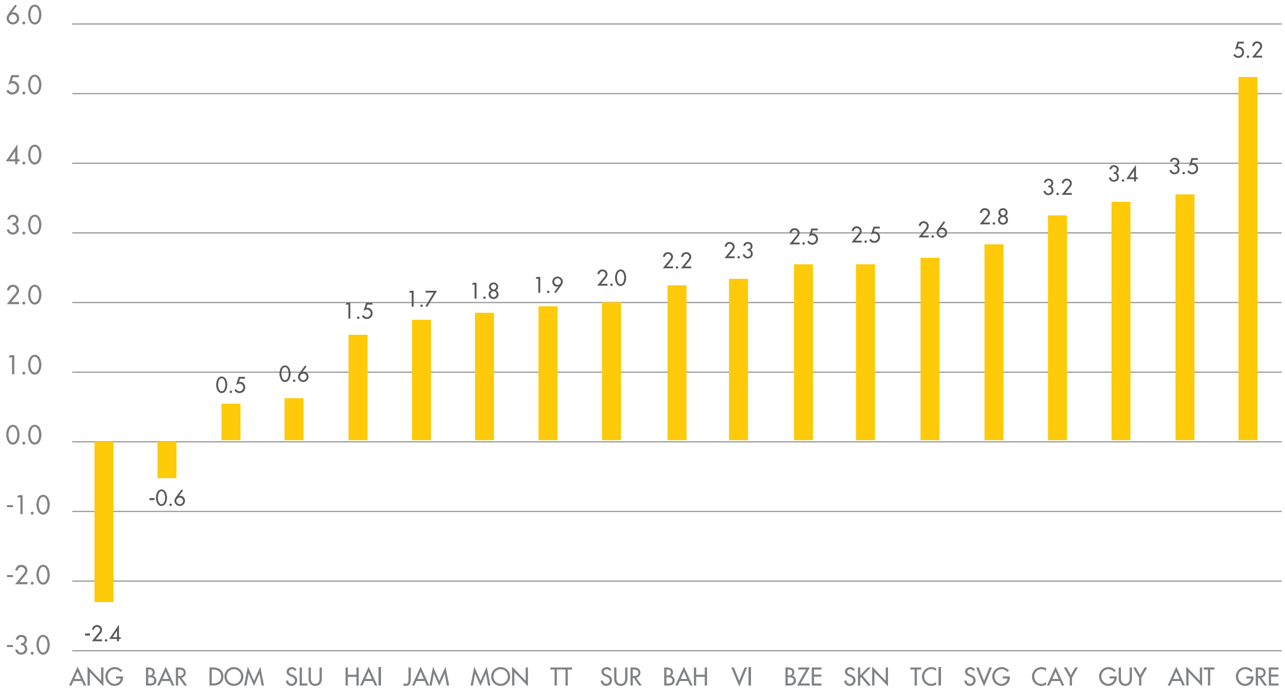
The Region is expected to grow by 2.1% in 2019 as traditional industries expand; but in many BMCs the balance of risks is tilted to the downside. Mitigating these risks will continue to require improved resilience on many levels in order to ensure sustainable and inclusive development.

BMC PERFORMANCE

In 2018, many BMCs continued the process of rebuilding infrastructure, following the extreme weather events of 2017. Hurricanes Irma and Maria had affected 10 BMCs to differing extents. Significant hotel damage in Anguilla and the Virgin Islands meant fall-offs in tourist arrivals of almost 40% and 50%, respectively. As a result, the Anguillian economy contracted, while expansion in the Virgin Islands was mainly on account of buoyant business and financial services activity. The other eight BMCs affected by these hurricanes also recorded higher levels of GDP, as reconstruction activity complemented improved tourism performance.

Cityscape in the Carenage, St. Georges, Grenada.

CHART 1: REAL GDP GROWTH (%) 2018



Sources: Central Banks, Ministries of Finance, Statistical Offices, IMF, CDB

The fastest growing economy in 2018 was Grenada, which also achieved a five-year average annual GDP increase of at least 5% (see Chart 1), due to sustained strong performance in construction, tourism, private education and agriculture. In tourism, overnight visitor arrivals were up by more than 10% compared to 2017. This was also the case in Belize (14.6%) and Cayman Islands (10.7%). Tourism performance also improved in The Bahamas (where the delayed Baha Mar resort was at full capacity for the first full calendar year); Jamaica; St. Kitts and Nevis; Saint Lucia; St. Vincent and the Grenadines; and Turks and Caicos Islands (TCI). These BMCs also recorded increased construction activity, mostly in the form of investment in public infrastructure, but also new tourist developments.

Anguilla and Barbados were the only two countries to experience a fall in real GDP in 2018. Anguilla's performance was linked directly to the adverse effects of the 2017 hurricane.

Despite modest gains in its tourism sector, Barbados also reported a decline in output. This contraction was attributed to a fall in construction output, and to the implementation of fiscal austerity measures related to the Barbados Economic Recovery and Transformation (BERT) Plan, the Government's fiscal consolidation programme.

Among the commodity exporting countries, rising oil prices drove growth in Suriname and in Trinidad and

Prime Minister of Barbados, Hon. Mia Amor Mottley (left) and CDB President Dr. Wm. Warren Smith (right) sign off on the USD75 million policy based loan from the Bank to the Government of Barbados.

Tobago. In Suriname there was also increased investment in the oil sector, predominantly in pre-exploration activity. In Trinidad and Tobago, manufacturing of petroleum and chemical products rose. Buoyant gold prices also benefitted Suriname, although there was little change in production.

Economic expansion in Guyana was linked mainly to construction activity, in advance of the start of commercial oil production in 2020. However, gold extraction fell, due to declining declarations by small and medium-scale miners who faced higher fuel and operational costs. Agricultural output also dropped, reflecting a significant fall in sugar production as restructuring of the industry continued.

Agricultural production expanded in Belize, Haiti and Jamaica.

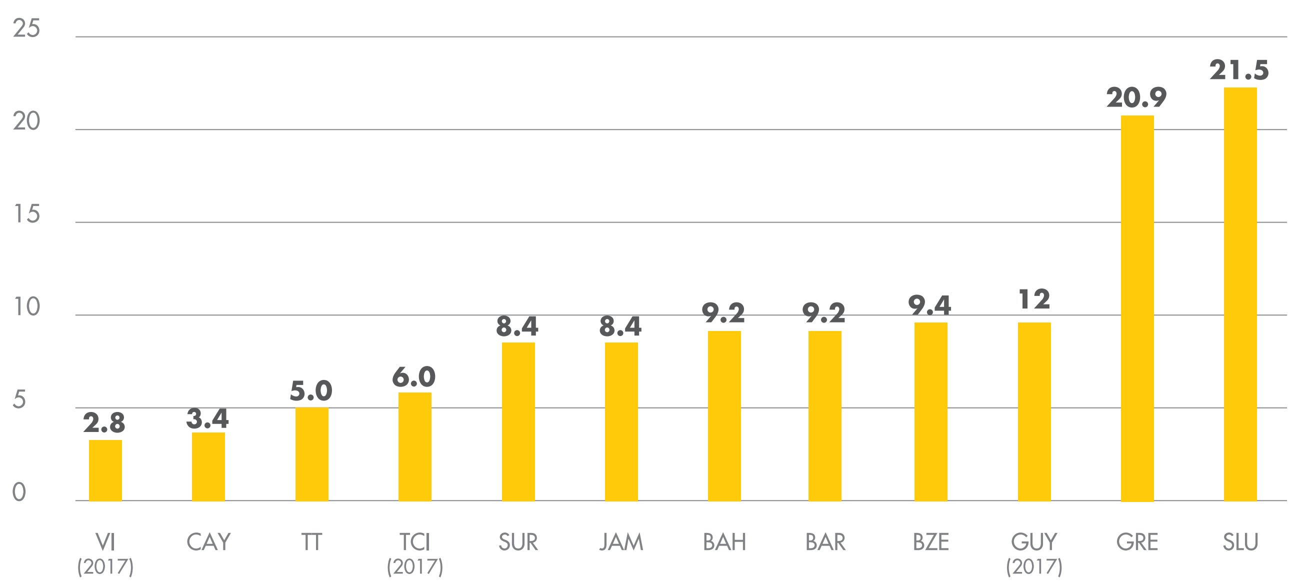
In Belize, fisheries production was lower than the previous year, due to ongoing problems in the disease-affected shrimp industry. Manufacturing contracted in Belize with notable falls in production of juices and soft drinks.

A more stable industrial climate helped manufacturing to grow by 1.2% in Haiti.

EMPLOYMENT

Rates of unemployment fell in some BMCs, but rose in others (see Chart 2). In Jamaica, unemployment fell to a record low in July 2018, facilitated by increased macroeconomic stability and improvements in the doing business environment. Across the Region, unemployment rates were generally higher for women than for men; and the rate of youth unemployment remained worryingly high, with about one in five young people seeking but unable to find employment.

CHART 2: UNEMPLOYMENT (%)



Sources: National Statistics Offices

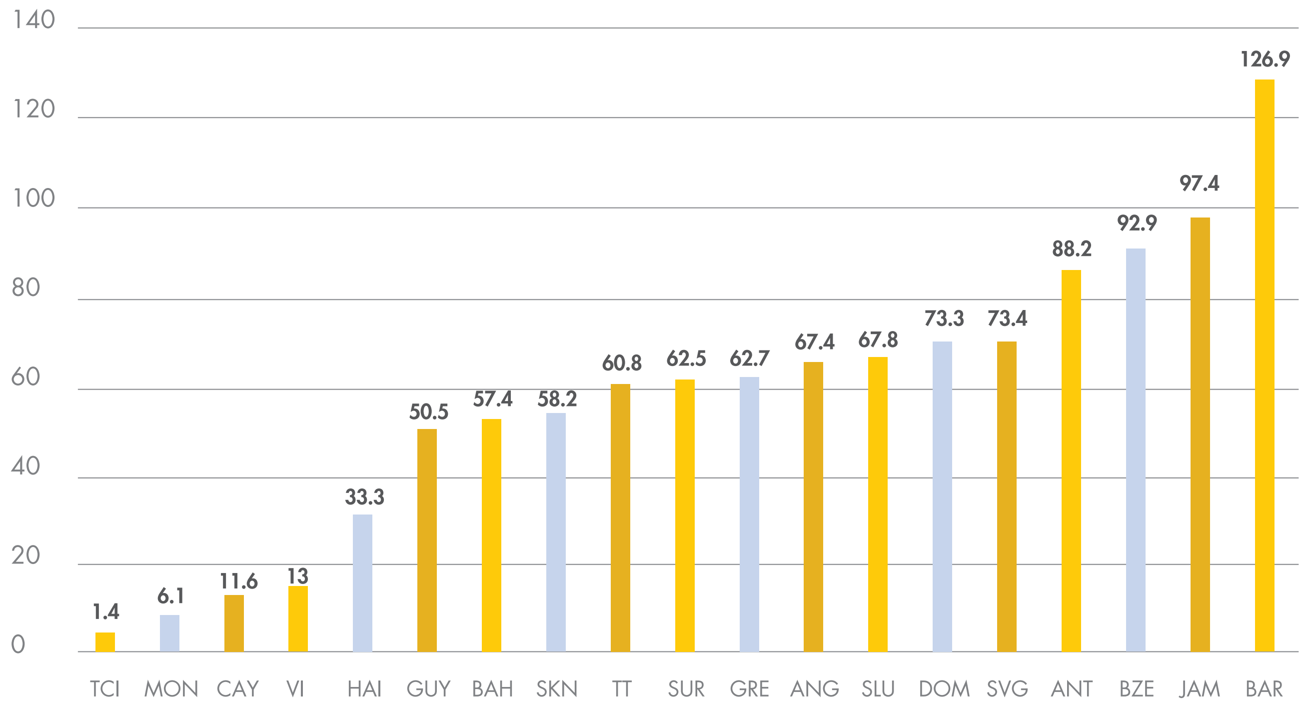
FISCAL PERFORMANCE AND DEBT

Fiscal performance varied across the Region. Debt as a percentage of GDP decreased in 13 BMCs, but the ratio exceeded the international benchmark of 60% in 11 countries (see Chart 3).

Public finances in some BMCs continued to be affected by the fallout from the 2017 hurricanes. Tax revenues fell in Anguilla, while expenditure, much of it related to recovery, rose. In Antigua and Barbuda, rising public expenditure was accompanied by lower non-tax revenues, especially from the Citizenship by Investment (CBI) programme. Indeed, it was only in St. Kitts and Nevis that CBI revenues rose, following the launch of a new fund in late 2017.

In Grenada, the fiscal position continued to improve, reflecting strengthened expenditure management and tax compliance. Sustained economic growth contributed to better fiscal performance in Suriname and in Trinidad and Tobago. A tax amnesty in Guyana raised additional revenues amounting to 1% of GDP.

CHART 3: DEBT-TO-GDP RATIO AS AT END OF 2018 % OF GDP



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

As part of the first stage of Barbados' economic recovery programme, debt restructuring and fiscal restraint contributed to a higher primary surplus. Debt interest payments were lower, and there were reductions in transfers and subsidies, particularly to state-owned enterprises. Corporate tax receipts were up; and new taxes were introduced.

Belize also recorded a primary surplus, attributable to revenue enhancement measures taken to meet the targets agreed with creditors as part of its 2017 debt restructuring programme. Most of these measures were amendments to excise duties and to general sales tax to reduce avoidance and improve compliance.

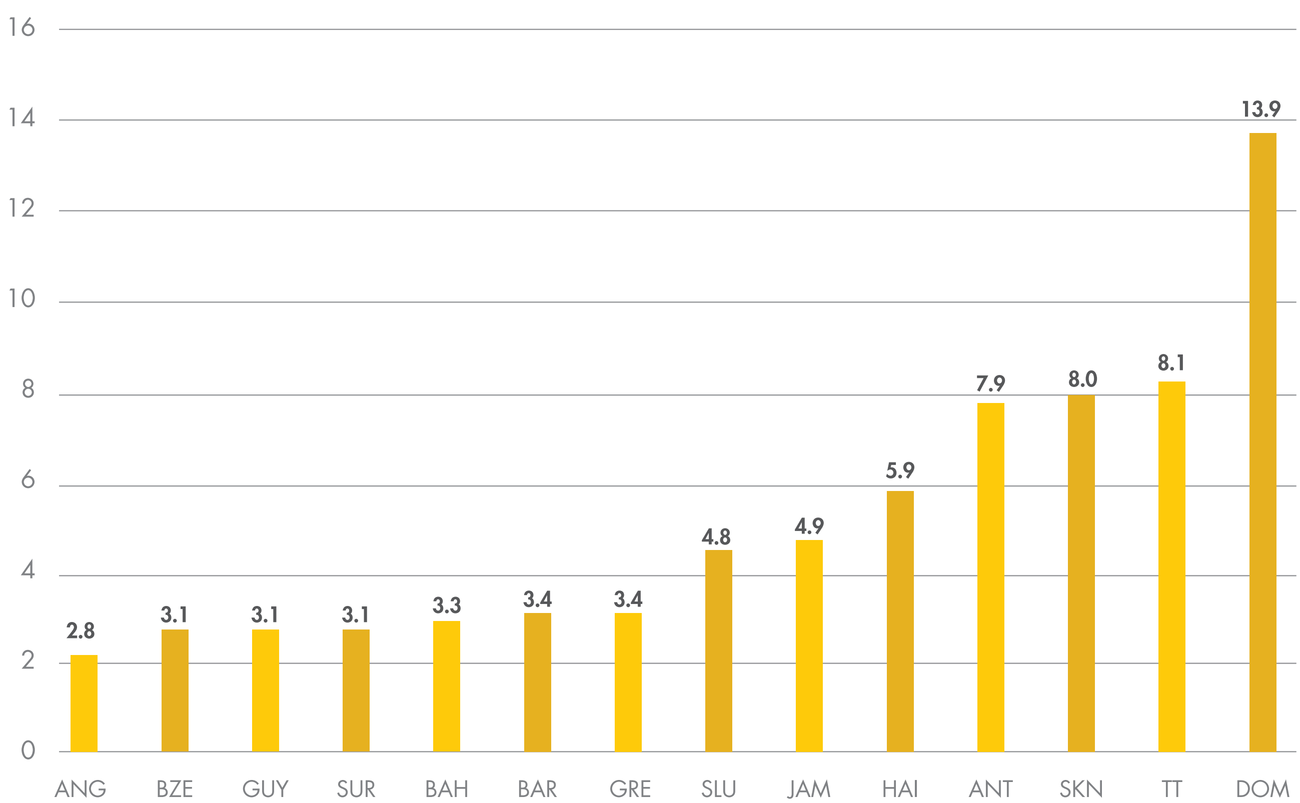
CDB provided a loan of $11.8 mn to support road safety in Belize, which has the highest road fatality rate among CDB BMCs. The project included improving post-crash care by providing new ambulances and First Responder training.

EXTERNAL PERFORMANCE

External positions improved in most BMCs, as did the level of foreign reserves. The current account situation strengthened in Suriname and in Trinidad and Tobago due to higher oil and gas prices. Suriname's external position also benefitted from rising gold prices. These developments helped the external reserves position to rise above the international benchmark of three months of imports. External loan disbursements improved the reserves position in Barbados.

There were current account deficits in Belize, Guyana and Jamaica, on account of increasing imports, particularly fuel. The deficits were partly funded by foreign direct investment. Notwithstanding, there was a drawdown on foreign reserves in these three BMCs. While still comfortably above the three months benchmark in Jamaica, foreign reserves were closer to this threshold than in the other two BMCs (see Chart 4).

CHART 4: FOREIGN RESERVES (IN MONTHS OF IMPORTS)



Sources: Central Banks

FINANCIAL SECTOR

Generally, monetary growth increased in 2018, reflecting the more buoyant real economy. Credit to the household and commercial sectors expanded in Barbados, Guyana, Jamaica, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago, but contracted in The Bahamas, Grenada and Saint Lucia. The regional banking system remained relatively stable. Bank capitalisation continued to be satisfactory, with capital adequacy ratios above prudential guidelines. However, some vulnerabilities persisted, with non-performing loans rising in a number of BMCs.

Although not as acute as in recent years, the loss of correspondent banking relationships continued to pose a threat to the stability of some domestic banks. For example, in Belize most of the banks rely on the same overseas correspondent bank, increasing the risk of over-dependence on a single entity. In other BMCs, the costs of services have risen and/or the range of services offered have been curtailed. Banks and regulators continue to strengthen oversight of anti-money laundering and the financing of terrorism.

OUTLOOK

Despite forecast of deceleration in global economic activity, the 2019 economic outlook for CDB's BMCs is positive. World GDP growth is projected to slip to 3.5% in 2019, from 3.7% in 2018. However, even this projection may be vulnerable to increasing trade tensions, a no-deal BREXIT, and economic slowdown in China.

The Region's exposure to these risks is high as is its vulnerability to weather-related events. In addition, some institutional weaknesses need to be addressed to improve delivery of critical economic and social projects. Nevertheless, GDP is projected to rise by 2.1%, as construction, tourism, and the extractive industries, such as gold and oil, expand.

Barbados is the only BMC in which economic activity is not expected to increase in 2019 (see Chart 5). Ongoing fiscal retrenchment is expected to cancel out strong tourism performance. There is upside risk, the realisation of which will depend on the timing of planned private sector projects and increased demand for financial services resulting from strengthening investor confidence.

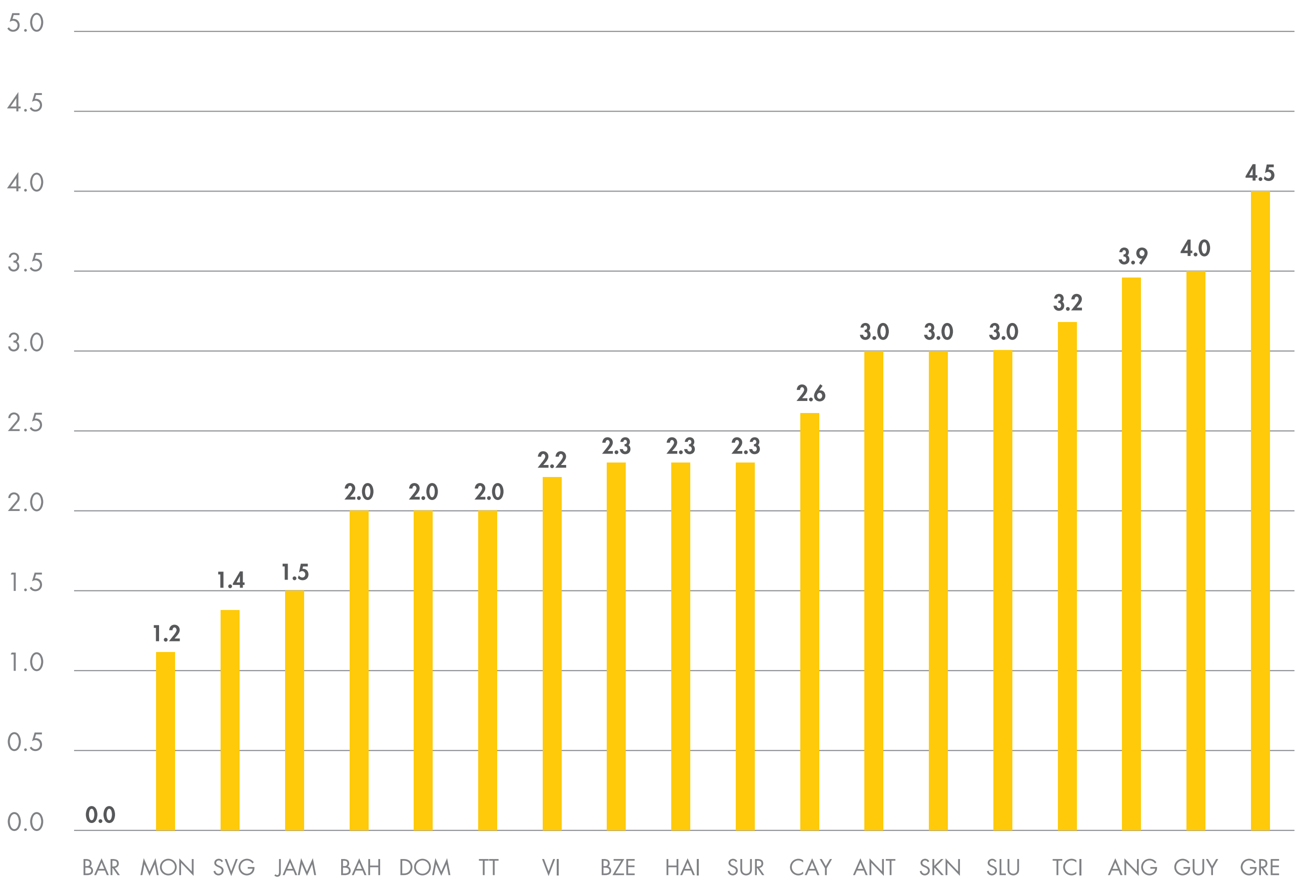
Grenada is projected to grow the fastest, with increases in all of its main sectors, especially construction and tourism. These two sectors will also continue to be significant contributors to performance elsewhere. Hotel capacity in Anguilla and the Virgin Islands should be closer to the levels before the 2017 hurricanes. Improved project implementation will help the reconstruction effort in Dominica. In these and other BMCs, ongoing public and private reconstruction will be complemented by new developments, including a medical facility in St. Kitts and Nevis, and expansion of the Cayman Enterprise City in the Cayman Islands.

In Jamaica, productivity-enhancing reforms and public investments undertaken as part of the Government's reform programme are expected to contribute to rising domestic demand. At the same time, improvements in agricultural productivity will boost incomes. In Haiti, additional investment and a more competitive exchange rate will raise the level of activity in the textile industry. Private consumption should be buoyed by a consistent and high level of workers' remittances from abroad.

Expansion in construction is projected for Guyana, as the country continues to prepare for 2020. Commercial oil production will potentially lead to double-digit rates of growth in the medium term, and to significant hikes in government revenue. It could also have negative effects, such as marginalising other productive industries. Careful stewardship of the oil revenues will be necessary to ensure that Guyana's development priorities can be addressed. Guyana's Natural Resources Fund is designed to ensure that such stewardship takes place.

The elevated activity in Guyana will push up demand for diesel from nearby Suriname, where prospects for further investment in that country's own oil industry are favourable. However, oil production will temporarily be negatively impacted by maintenance operations. In Trinidad and Tobago, natural gas production will increase as the new Angelin project comes on stream.

CHART 5: REAL GDP GROWTH 2019 FORECASTS (%)



Sources: CDB estimates.

PROJECTS PERFORMANCE REVIEW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PROJECTS PERFORMANCE REVIEW

PARTNERSHIPS AND FINANCING FOR CLIMATE ACTION AND RESILIENCE

The Caribbean Community Climate Change Centre (CCCCC) received a grant of $1.5 mn to conduct Light Detection and Ranging Surveys (LiDAR) in the most vulnerable areas of the Bank's 19 BMCs. The use of LiDAR remote sensing mapping technology will let BMCs access high resolution topographic and bathymetric maps for a two-kilometre width (on-shore and offshore) along the length of coastlines addressed in the project. The availability of these maps will help strengthen their capacity to combat CC through conducting more robust climate vulnerability assessments that can inform the design of roads, bridges, culverts, ports and other assets. LiDAR-generated data will also serve as model inputs for designing sea defence and port development projects. Maya Airways, a local airline in Belize is also partnering with the Centre. This is the first time that a private sector entity is participating in this kind of inter-government initiative.

Continuing its support to BMCs wishing to access climate finance, CDB signed the Accreditation Master Agreement with the Green Climate Fund (GCF) in November 2018, during the second GCF Caribbean Structured Dialogue held in Grenada in late 2018. The meeting also included technical workshops which helped to progress work on the preparation of project proposals targeted for submission to the fund in 2019.

The Bank received a grant of about EUR 0.2 mn from Deutsche Gesellschaft für Internationale Zusammenarbeit to support the OECS Commission in its efforts to assist Member States in meeting their Nationally Determined Contributions under the Paris Agreement. The grant will fund the development of concept notes for priority investment projects for four pilot countries. These projects may be eligible for financing from CDB and international climate funds such as the GCF and the Adaptation Fund. In collaboration with the World Bank, CDB hosted a Procurement and Contract Management Workshop during the year. This is part of a wider TA effort to support the Caribbean Disaster Emergency Management Agency and BMCs in addressing issues of best practices in emergency procurement to strengthen the regional response mechanism for disaster management.

Students from the St. Vincent Girls High School participated in the Volcano Awareness Week activities held by the 'Volcano-Ready Communities in St. Vincent and the Grenadines' project. The project is funded by CDB's Community Disaster Risk Reduction Fund (CDRRF), and targets towns and villages near to the La Soufrière volcano. CDRRF is a multi-donor trust fund supported by the Government of Canada and the European Union.

Students and teachers from the Cyril Adams Methodist Nursery School taking part in the activities for Volcano Awareness Week, part of a CDB-funded project to raise awareness and build the adaptive capacity of communities.

BUILDING RESILIENCE TO CLIMATE CHANGE AND DISASTERS

CDB continues to systematically screen all of its investment projects and country strategy work for natural hazards and climate risks, and to identify opportunities for integrating mitigation and adaptation actions into project designs. Under the African Caribbean Pacific-European Union-CDB Natural Disaster Risk Management in the CARIFORUM Countries Programme, 20 technical assistance (TA) projects valued at EUR10 mn are under implementation. There has been substantial progress towards achieving the goals of the programme which aims to strengthen the technical capacities of key regional and national public sector institutions and develop policies and plans which address mitigation, preparedness and coordinated responses to the potential impacts of natural hazards and the effects of CC. Disbursements for the period were valued at EUR2.7 mn.

The Bank continued its support for the Government of Haiti's disaster risk management programme with the provision of a grant of $3.5 mn to meet the cost of its annual insurance premium to Caribbean Catastrophic Risk Insurance Facility. A $0.2 mn Emergency Relief Grant was provided to the Government of Trinidad and Tobago following severe flooding during October. CDB also facilitated the provision of technical cooperation grants from the IDB valued at $0.2 mn each to the Governments of Dominica and Antigua and Barbuda to support ongoing humanitarian initiatives to deal with the damage caused by Hurricanes Irma and Maria in 2017.

Under the Community Disaster Risk Reduction Fund, a Rapid Community Climate Vulnerability Assessment tool was developed and field-tested on 14 sub-projects financed by the programme across seven countries. The Enhanced Country Poverty Assessment (CPA) tool was also finalised after the delivery of a regional train-the-trainers workshop and a policy-makers workshop in collaboration with the Organisation of Eastern Caribbean States' (OECS) Commission. The Enhanced CPA tool will improve the incorporation of gender-sensitive, disaster risk management and CC impacts in CPA component instruments and guidelines utilised by the BMC

ENVIRONMENTAL SUSTAINABILITY

In 2018, CDB continued aligning its work with its Environmental and Social Review Procedures (ESRP). The ESRP ensures that due diligence is undertaken with respect to potential environment and social risks in its operations and that sustainability considerations are effectively addressed and managed. In compliance with the ESRP, nine capital investment projects were screened, categorised, and analysed for environmental and social risks and benefits. All nine projects were categorised "B"(Footnote [1]).

As part of ongoing efforts to aid CDB staff in mainstreaming environmental sustainability, an e-learning platform was designed and a pilot module, "Introduction to Climate Change and Environmental Sustainability", rolled out to Operations Area staff.

An updated Climate Resilience Strategy 2019-2024 was approved by the Board of Directors in December 2018. It builds on achievements of the previous strategy, emphasising the areas of focus over the period as:

- mobilising increased levels of concessionary resources accessible to all BMCs;
- improving climate resilience in vulnerable sectors;
- strengthening an enabling environment to support resilient climate actions; and
- improving internal capacity for effective and efficient delivery of climate change (actions to further strengthen CDB's capacity to monitor and track climate finance flows in its operations, based on the methodology in use by other multilateral development banks). The objective is to demonstrate accountability and transparency in CDB's work in the climate finance space, and to increase visibility of these actions.

Footnote: 1 Category 'B' Projects: Projects with the potential for limited adverse environmental or social impacts that are readily identified, and for which mitigation and management measures are known and available.

FEATURE

A NEW ERA IN CDB'S DEVELOPMENT WORK

CDB staff engaging in a basketball game with boys in Delmas 32 in Haiti, where an amphitheatre was built with CDB funding.

On September 21, 2018, the Bank officially opened its Country Office in Haiti, the first outside of its headquarters in Barbados.

The inauguration of the Haiti Country Office (HCO) was another milestone reached during more than a decade of steadily increasing engagement since Haiti became a borrowing member of CDB on January 19, 2007.

CDB's permanent field presence will enhance the Bank's role as a proactive development partner. In-country presence will provide more implementation support and project follow-up, strengthen monitoring and evaluation, facilitate policy dialogue, build partnerships and increase the effectiveness of donor co-ordination.

Two months after the Office's opening, CDB, in partnership with the World Bank and the Government of Haiti, launched a major educational project, the Quality Enhancement in Education Project. The wide-ranging education initiative will benefit over 68,000 students and provide funding and technical support for a range of education needs such as teacher training in both public and non-public primary schools; enhancing school infrastructure; improving learning assessments and curriculum reform, among other key areas. CDB is putting USD16 million into the comprehensive USD18 million project.

This project is the Bank's most recent investment in the people of Haiti; however since 2007 CDB has committed approximately $134 million in grants to Haiti from the Bank's Special Development Fund (Unified).

Smiles in Solidarité: A vendor in Village Solidarité where a market was built with support from CDB.

CDB's new Country Office will become the focal point for the implementation of CDB's country strategy for Haiti for the period 2017 to 2021.The country strategy proposes that the Bank commit $100 million for the period to help Haiti meet its development priorities. This total includes $45 million in grant resources. The Strategy, designed in close consultation with the Government of Haiti, targets support in the areas of agriculture and community development, sustainable energy development, and education and training.

CDB's ongoing work in Haiti includes projects in education, climate resilience, community-based agriculture, and rural development. In addition, CDB has paid the country's catastrophic insurance premiums to CCRIF SPC since May 2013.

CDB, in partnership with the ACP-EU-CDB Natural Disaster Risk Management in CARIFORUM Countries, provided $5.5 mn for a project to improve climate iresilience and disaster risk management on Ile-à-Vache, an island off the south of Haiti.

RENEWABLE ENERGY AND ENERGY EFFICIENCY

CDB's work in promoting renewable energy/energy efficiency (RE/EE) options across its BMCs was maintained in 2018 through its lending operations and TA. This is a key strategy for increasing energy security; reducing carbon intensity and improving access to clean, affordable energy in the Region.

CDB's GeoSmart Initiative and resource mobilisation

Under its GeoSmart Initiative, CDB mobilised $85.6 mn to support geothermal energy (GE) development. The funding came through the IDB from the GCF ($80 mn) and the Government of the Republic of Italy ($5.6 mn) and will be used for test drilling and for stream field, power plant and transmission lines construction. These resources are in addition to funding already being provided under the CDB/IDB Sustainable Energy Facility (SEF) for the Eastern Caribbean. Once available, these resources will be added to the existing resources of SEF and bring the amount mobilised under the GeoSmart Initiative for GE development to approximately $147 mn.

Geothermal development

CDB sustained its support for GE development in the OECS countries. In Grenada and St. Kitts and Nevis support was provided for institutional strengthening. Additional grant and contingent grant resources were approved for a drilling project in St. Vincent and the Grenadines where CDB is the lead financier. Meanwhile, CDB provided funding for, *inter alia*, the restoration/upgrade of lines in the Roseau Valley area, which will also facilitate the transfer of power from the proposed geothermal plant to be constructed to the main load centre. With resources from the European Union Caribbean Investment Facility (EU-CIF) and in collaboration with the OECS Commission, the International Geothermal Association, and the International Renewable Energy Agency, CDB also funded a regional capacity building workshop to train BMCs' stakeholders in the United Nations' Framework Classification Methodology for Resources and Reserves.

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 kept up its support of project preparation efforts in beneficiary countries. SEEC resources were also used to finance a feasibility study of the demand for EE measures in residential buildings in Barbados.

Energy-efficient street lighting

The Bank continued to encourage BMCs to replace and sustainably dispose of inefficient high-pressure sodium lamps with LED lamps throughout their networks. A loan was approved for a street lighting retrofit project in the Commonwealth of the Bahamas, while implementation advanced in Antigua and Barbuda, Jamaica, St. Kitts and Nevis, and Suriname.

Capacity-building

With resources from CSES-C, CDB assisted with addressing the shortage of technical capacity in specialised areas within the regional RE/EE sub-sector. The Bank provided TA to advance performance-based regulation in the regulatory body in Jamaica. CDB also facilitated an Association of Energy Engineers Certified Energy Managers' (CEM) training programme in collaboration with the Barbados Renewable Energy Association, the United States Agency for International Development/Caribbean Clean Energy Programme, and the University of Technology, Jamaica. Thirteen of the 25 participants (20% being women) achieved the CEM designation.

Barbadians in the 2018 cohort of Certified Energy Managers (CEM) and Energy Managers in Training (EMIT) programme. The training programme was facilitated by CDB staff and made possible by the Bank through the Canadian Support to the Energy Sector in the Caribbean Fund and the USAID Caribbean Clean Energy Program, in partnership with Barbados Renewable Energy Association (BREA).

In the wake of the destruction caused by the 2017 hurricanes, CDB stressed the need for BMCs to pursue strategies that build resilience of RE systems and electricity infrastructure in general. To this end, the Bank started developing guidelines for resilient photovoltaic (PV) systems for CDB-funded projects and for assisting Caribbean PV industry developers and practitioners. The initial outputs were shared with key stakeholders in a resilience building workshop held as part of the Caribbean Renewable Energy Forum (CREF) 2018.

To this end, the Bank started developing guidelines for resilient photovoltaic (PV) systems for CDB-funded projects and for assisting Caribbean PV industry developers and practitioners.

This year, in keeping with CREF's focus on the theme of resiliency in the energy sector, and with support from Government of Canada, CDB sponsored and participated in a capacity building and strategy session on *Island Resiliency Challenge*, providing the initial output for a CDB-financed study to develop guidelines for Solar PV resiliency.

Through its participation in a partners' workshop and the CREF exposition, as well as the sharing of seven information products, CDB increased engagement with the wider public, and strengthened its partnerships around sustainable energy.

Belmopan, Belize.

The CDB-funded road safety project in Belize improved over 80 km of road infrastructure between Belize City and Belmopan.

Mainstreaming renewable energy and energy efficiency

The Bank's approach of giving due consideration for possible integration of RE/EE options in all investment projects which were funded was continued through 2018. This also applied to Basic Needs Trust Fund (BNTF) interventions. This practice has enhanced the profile of CDB in RE/EE promotion.

ECONOMIC INFRASTRUCTURE

Infrastructure projects under implementation during 2018 included the construction and upgrading of over 30 kilometres (km) of primary road and bridge infrastructure, benefitting over 100,000 people in Guyana, Saint Lucia, and St. Vincent and the Grenadines.

30km

of road and bridges benefiting 100,000 people in 3 countries.

44,000

street lights

replaced in 2 countries.

progress on **sea and river defence resilience project** to benefit

4,000 people.

With assistance from CDB, Antigua and Barbuda and Jamaica successfully replaced 44,000 street lights with energy-efficient light-emitting diode (LED) lighting, significantly reducing their carbon footprint. The implementation of the Sea and River Defence Resilience Project in Guyana also made major progress, benefitting over 4,000 people.

CDB hosted two regional workshops on water supply and one workshop on regional building codes. These workshops were critical to the Bank's ongoing engagement with senior regional policy-makers and aimed to advance the Bank's visibility and work in these areas.

The Bank approved eight new capital projects and eight new TA interventions for economic infrastructure development in The Bahamas, Barbados, Belize, Guyana, Dominica, and St. Vincent and the Grenadines. New approvals came in the water, energy, and transport sectors. In the area of natural disaster mitigation, approvals were for:

- a project to help Dominica's electricity supply system to recover from the impact of Hurricane Maria; and
- a sea defence project to protect coastal infrastructure and residential properties in Sandy Bay, St. Vincent.

Water and sanitation

CDB, in collaboration with regional partners, spearheaded the preparation of a Regional Water Sector Strategy and Action Plan which was presented at the 14th High Level Forum of Caribbean Ministers responsible for water. The new plan will provide the framework for financing and other support by CDB and other development agencies. CDB also completed TA work intended to improve the capacity of regional water professionals to integrate climate resilience planning, and prioritise climate resilient investments in the water sector.

CDB also completed TA work intended to improve the capacity of regional water professionals to integrate climate resilience planning, and prioritise climate resilient investments in the water sector

Energy

In 2018, CDB approved a street lighting project in The Bahamas which is expected to reduce energy consumption and greenhouse gas emissions. It is estimated that the Government will save $3 mn per annum as a result of a 20% drop in costs.

Transport

CDB approved feasibility and design studies for road and airport infrastructure in Guyana. A road infrastructure rehabilitation project in Belize is expected to increase efficiency, build climate resilience and improve the safety of road transport along a coastal highway. An airport rehabilitation project for Barbados includes upgrades of the airside and landside infrastructure works and institutional strengthening for airport operations.

AGRICULTURE

As part of a process of revising its Agricultural Sector Policy and Strategy, CDB commissioned a study, 'Investing in Agriculture in the Caribbean – Development in the Era of Climate Change'. A key finding was that BMCs, in general have achieved only moderate or no increase in agricultural yields and output per worker since the 1980s. This was in contrast to most agricultural regions which recorded significant improvements. The study also revealed that the relative stagnation of agriculture was linked to:

- low productivity which is closely associated with the sector's vulnerability to natural hazards, climate change and inadequate investment in research and development; and

- weak market linkages which are associated with a low capacity to comply with modern food safety standards.

Consistent with these findings, the Bank's interventions in its BMCs have been focused on climate smart agriculture and measures aimed at supporting compliance with global food safety standards. As a result, a grant of approximately £17 mn was made to the Government of Jamaica under the United Kingdom Caribbean Infrastructure Fund (UKCIF) to assist with financing the development of infrastructure (irrigation, drainage, road, produce handling), and stakeholder capacity building in CSA.

PRIVATE SECTOR

During 2018, CDB placed high priority on implementation of credit lines made available through DFIs, given that demand within some key sectors was being impacted by sluggish economic growth and rising borrowing costs. Disbursements of these existing lines of credit totalled $7.7 mn. There were 95 beneficiaries in the business sector, and 38 in the housing sector. Student loans were approved for 345 beneficiaries.

The Development Finance Corporation (DFC) of Belize and the Grenada Development Bank were the major recipients of CDB's lines of credit and received funding to support a range of activities including agro-processing, tourism, manufacturing, distribution and transportation. Resources were also made available for residential home improvement, including retrofitting and new housing construction which targeted persons from low to lower middle-income households.

Student loan financing for tertiary education remained a major element of CDB's strategy for strengthening human resource capacity in BMCs. Through DFIs, CDB supported students, including those from vulnerable households, with financing provided for study programmes at accredited institutions locally, regionally and internationally.

Funds were also made available to strengthen the operations of financial institutions, including institutional diagnostic assessments, and improving access to finance in selected Borrowing Member Countries, given continued disparities between male and female credit beneficiaries. CDB approved funding from its SDF resources to develop gender policies and associated action plans in three DFIs as part of a broader effort to mainstream gender in DFI operations.

Beneficiaries of financial intermediary lending

In Belize, there are significant market opportunities for strengthening agricultural production. Through resources provided by CDB under its Eighth Consolidated Line of Credit to the DFC, financing was provided to expand a banana farm in Southern Belize. The objective is to increase production, improve utilisation of packaging facilities and increase revenues from banana exports. Bananas is Belize's third major export; and the industry generates employment for over 2,200 persons.

Resources provided by CDB to DFC also under its Eighth Consolidated Line of Credit facilitated investment in a new eco-tourism project in the Cayo District. On completion, this project is expected to generate permanent employment for 14 persons.

Micro, small and medium enterprises

During 2018, the Caribbean Technological Consultancy Services (CTCS) Network remained a major vehicle for improving the operational capacity of micro, small and medium-sized enterprises (MSMEs) and building resilience in CDB's BMCs. CDB approved TA grants totalling $1mn and disbursed $0.8 mn. As a result, 34 TA interventions were implemented, benefitting 719 business persons (378 men and 341 women) (See Table 1 below).

Recognising that access to finance remains a binding constraint for regional MSMEs, particularly for women entrepreneurs, CTCS partnered with the Caribbean Export Development Agency's WE-XPORT programme to fund capacity building interventions aimed at improving access to finance.

CTCS also collaborated with the Caribbean Disaster Emergency Management Agency to host a regional train-the-trainer workshop entitled "Improved Practices for the Construction of Houses" for participants from 16 BMCs. This was in direct response to the damage to the housing stock caused by Hurricanes Irma and Maria in 2017.

TABLE 1: SUMMARY OF CTCS BENEFICIARIES, 2018

	Sector/Sub-Sector	No. of Beneficiaries	Gender Impact	
			Women	Men
	General management and business development	130	81	49
	Construction	191	26	165
	Food management	47	36	11
	Tourism	197	108	89
	Creative industries	63	33	30
	Institutional strengthening	91	34	57
	Total	**719**	**318**	**401**

Making it easier for women-owned businesses to access finance: A business owner showcases her products at the launch of Women Empowered through Export (WE-Xport) programme. CDB and Caribbean Export collaborated on WE-Xport which aims to support capacity-building for women-owned businesses to facilitate their access to finance.

Building professionals observe a demonstration at a regional train-the-trainer workshop for planners and building professionals. The CDB-funded workshop is part of a series to build capacity in the regional construction industry so that professionals can build homes that are more resilient to storms and hurricanes.

Belize's Development Finance Corporation, through resources provided by CDB, financed the expansion of a banana farm in Southern Belize

Cultural and Creative Industries Innovation Fund

In December 2018, CDB launched the Cultural and Creative Industries Innovation Fund (CIIF). Designed as a multi-donor fund, CIIF seeks to create a more enabling environment for the cultural and creative industries sector. CIIF issued its first call for proposals for projects enhancing the enabling environment for the creative industries and hosted a series of stakeholder engagements.

CDB also took steps to increase the capacity of financial institutions to design effective MSME lending programmes, with emphasis on identifying innovative solutions to collateral related issues. In this regard, the Bank approved support to the Jamaica Intellectual Property Office to strengthen the intellectual property ecosystem in Jamaica.

CDB also supported over 300 entrepreneurs from OECS member states and Suriname involved in climate-resilient green businesses in areas such as RE/EE, water and waste management, sustainable agribusiness and tourism.

GENDER

The Bank began revising its Gender Equality Policy and Operational Strategy (GEPOS) which dates back to 2008. Consultations held with CDB staff and BMCs, CARICOM, and OECS officials as well as development partners will inform the new GEPOS which is to be presented to CDB's Board of Directors for approval in 2019. The new GEPOS will take stock of lessons learnt; identify and outline ways to close the gender gaps; and consistent with BMCs' priorities, chart the way forward for the Bank.

An initiative was launched in 2018 to enhance the capacity of development finance institutions (DFIs) in Belize, Jamaica, and Saint Lucia to mainstream gender across their products and services.

CDB also approved a TA project for the Legal Aid and Counselling Clinic (LACC) in Grenada in gender-based violence (GBV) prevention. The approach covers:

- psycho-educational services for victims and perpetrators of gender-based violence as well as young men coming into conflict with the law. Between March 2016 to March 2018, 87 participants successfully completed these programmes;

- psychosocial/clinical services, including counselling, mediation and psychological support, to victims of domestic violence, child abuse, family violence, rape and other sexual offenses. Almost 1,500 persons benefitted from these services.

- public education to raise awareness of and prevent gender-based violence. Thirty-six sessions were held involving 1,224 participants.

Gender-based violence against women and girls, remains one of the most common citizen security challenges in the Caribbean. A policy brief published by CDB identifies the LACC approach as a good practice example for GBV services offered in the Caribbean Region.

CDB also prepared eight technical guidance notes on Integrating Gender Equality into sector operations and finalised the Gender Implementation Guidelines for the design and implementation of education sector plans.

SOCIAL SECTOR

Education

Promoting the sustainability of education sector outcomes remained a focus for CDB in 2018. Interventions during the year emphasised quality in and enhancement of education systems. To this end, the Bank shared the finalised Education and Training Policy and Strategy (ETPS) with BMCs to increase awareness of CDB's thrust. Special presentations highlighting the areas of emphasis were made to meetings of education ministers of the OECS and the CARICOM Council of Human and Social Development. CDB also oriented staff in the Ministries of Education to the goals of the ETPS during supervision missions undertaken over the course of the year.

The Bank also placed heavy emphasis on Early Childhood Development (ECD) and Technical and Vocational Education and Training (TVET). The Second ECD Regional Research Conference formed part of this work. Participants were drawn from the 19 BMCs, CARICOM and the OECS as well as the development community, including IDB, World Bank, the United Nations Children's Fund, the United Nations Educational, Scientific and Cultural Organization and the United States Agency for International Development (USAID).

Promoting the sustainability of education outcomes is a priority for CDB.

A brighter start for Caribbean children: CDB and UNICEF launched the Early Childhood Development Good Practice Guide at the Second Early Childhood Development Regional Research Conference held in Antigua and Barbuda. Pre-school students display the guide along with (from left) Antigua and Barbuda's Minister of Education, Hon. Michael Browne, CDB Vice-President (Operations) Monica La Bennett and Dr. Aloys Kamuragiye, UNICEF Representative.

The conference facilitated the exchange of experiences and scientific research results on ECD; the provision of an interdisciplinary platform for researchers, practitioners and educators to present and discuss the most recent innovations, trends, and concerns in the field; and the sharing of strategies, lessons learned and good practices.

The ECD Good Practice Guide was officially launched at the Conference. The publication captures the experiences of successful early childhood programming interventions across the Region for the purpose of enhancing instructional practice in ECD. Two BMCs - Guyana and St. Vincent and the Grenadines - received assistance to coordinate and conduct workshops. The Guide has been translated into French and Dutch and a French Creole version is also available for use in Haiti.

In TVET, the main activities were focused on enhancing the experiences and skills of teachers and instructors. Teams comprising 32 persons from Guyana, St. Vincent and the Grenadines and Suriname undertook study tours to observe good practices in TVET programming in Canada and Trinidad and Tobago. Work also started in Guyana, Grenada, St. Kitts and Nevis and Suriname on the development of competency-based curricula and the retraining of teachers and instructors to deliver the new curricula. In 2018, 295 teachers and instructors received training.

Almost 1,600 school leaders and teachers across eight BMCs received professional development in critical areas including special educational needs, psychosocial support and childhood obesity. To bolster teacher content knowledge, CDB provided support for 27 teachers from three BMCs to either commence or continue tertiary education programmes in a number of areas currently lacking trained specialists.

Poverty assessments

The overall objective of the Enhanced Country Poverty Assessment (CPA) Programme is to improve accessibility, timeliness and reliability of country monetary and multidimensional poverty data in the Bank's BMCs in order to support development initiatives at the national and regional levels. This will enhance the capacity of all participating BMCs to conduct multidimensional poverty assessments, and for OECS member countries to use an integrated GIS platform for mapping different dimensions of well-being and progress; monitor achievement of the post-2015 Sustainable Development Goals and support CDB's country programming responsibilities.

During 2018, Enhanced CPA research activities continued in earnest following the completion of Country Needs Assessments (CNAs) in a number of BMCs. CNAs are designed to identify the level of local institutional and technical capacity and the quantum of financial resources required from CDB to assist in successful implementation of the Enhanced CPA. Implementation of project components was guided by the methodology outlined in the gender-mainstreamed Toolkit. CDB hosted a Regional Toolkit Workshop in Saint Lucia to raise awareness and enhance capacity of BMCs in implementing all aspects of the Enhanced CPA. Key achievements in 2018 included finalisation of Saint Lucia's National Report on 2016 Living Conditions and finalisation of the consultancy to assist Grenada with the preparatory activities to conduct the Survey of Living Conditions and Household Budget Survey.

Basic Needs Trust Fund

The year 2018 was a transition period for the BNTF programme. In the first quarter, nine of ten BNTF Participating Countries (PCs) completed the implementation of the BNTF 7 and 8 programmes. The main focus of the 2018 work programme was the completion of the close-out reports, financial audits and country project completion reports for these two programmes. Two PCs also completed four education sub-projects.

Implementation of BNTF 7 and 8 projects in Dominica was severely stymied by the passage of Hurricane Maria in 2017; and therefore, these projects could not be closed out in 2018. CDB offered special assistance to the Government of Dominica through a partial closure of the BNTF 7 and 8 projects and by providing resources to meet its commitments on 12 sub-projects for an additional two years.

By year end, BNTF 7 and 8 disbursements were \$1.9 mn and \$1 mn, respectively for all PCs; and the nine closed out PCs were able to achieve disbursement rates averaging 92% of allocated funds. The results for BNTF 7 and 8 sub-projects completed in 2018 are shown below:

EDUCATION

12

12 classrooms were built or upgraded, providing new and improved learning environments for 163 students (103 females, 60 males).

15

15 female teachers received training in early childhood development.

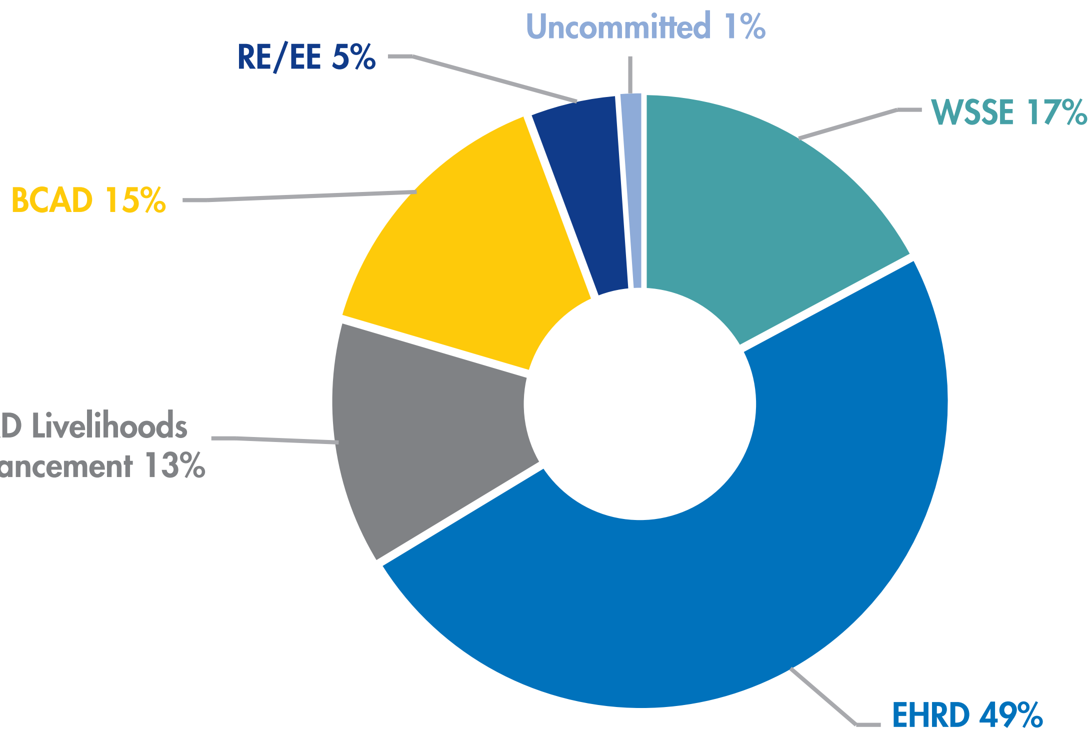
By April 2018, eight of the nine BNTF 9 PCs - Belize, Commonwealth of Dominica, Grenada, Cooperative Republic of Guyana, Jamaica, Montserrat, Saint Lucia, and St. Vincent and the Grenadines - were advancing implementation of their BNTF 9 country projects. These countries achieved compliance during 2018 and

Students at the Escuela Secundaria Técnica México (ESTM) High School are benefitting from a state-of-the-art greenhouse which was constructed as part of an enhancement project funded by CDB. Produce grown by ESTM students is used in the school's cafeteria and sold in the community.

completed their individual Country Policy Framework documents while CDB continued to work with Suriname to establish the appropriate local governance structure to deliver a pilot Project under BNTF 9. The Country Policy Frameworks are intended to inform evidence-based prioritisation of the Participating Country's BNTF 9 resources. According to the Policy Frameworks, 62% of the resources is planned for investment in education and human resource development (EHRD), including livelihoods enhancement. Water and Sanitation Services Enhancement (WSSE) and Basic Community Roads and Drainage (BCAD) Improvement in vulnerable communities are programmed to receive 17% and 15% of the resources, respectively. Some 102 sub-projects in these three areas have been identified for implementation under BNTF 9.

Notably, the Government of Guyana proposes to invest $1.2 mn (23.3% of its allocation for sub-projects) in RE/EE area by installing photovoltaic (PV) systems in 11 schools

CHART 6: BNTF 9 COUNTRY PROJECT % ALLOCATIONS AT DECEMBER 31, 2018

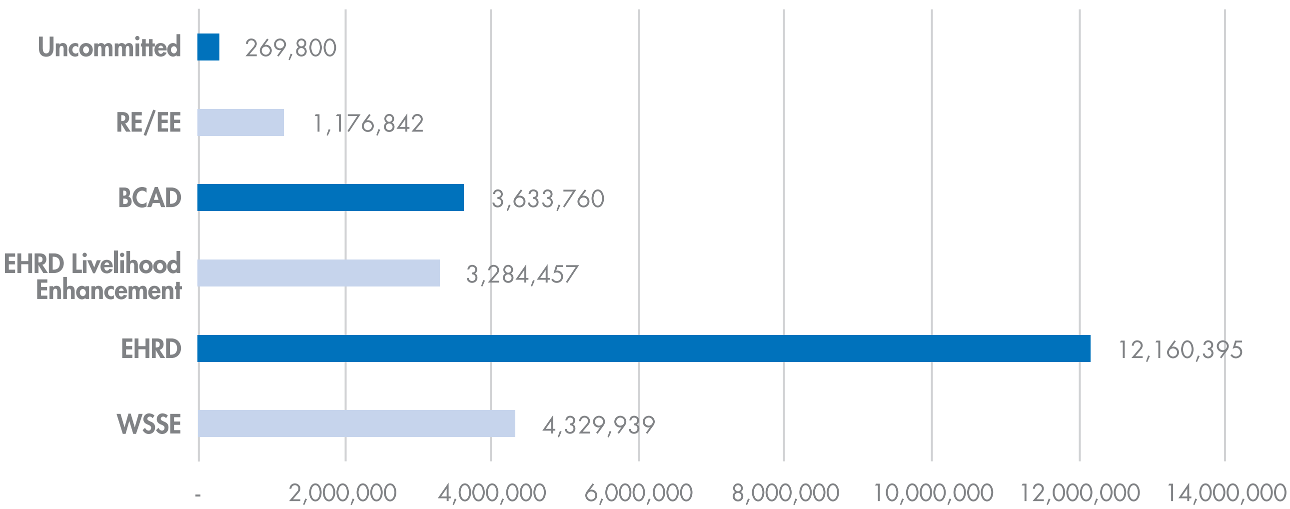


Sources: Caribbean Development Bank.

in the hinterland. Guyana's Education for Sustainable Development Policy, the first of its kind in the Caribbean, supports its Green State Development Strategy. The expectation is that this policy can be replicated across the PCs. The Guyana Energy Agency conducted assessments at the 11 pilot schools to determine the most appropriate RE technology and the optimal design and configurations for the selected technology. Energy savings as a result of the commissioning of these 11 PV systems is expected to be approximately 263,348 kilowatt hours annually.

Jamaica has prioritised $1 mn (15.5% of its allocation for sub-projects) to livelihoods enhancement by providing assets to rural subsistence farmers. Four sub-projects will provide capacity building and training in the agriculture and tourism sectors; implementation of drip irrigation systems; and the construction of a cold storage facility to reduce post-harvest losses and improve food security. A total of 892 persons (610 men and 282 women) will benefit from the capacity building and infrastructure sub-projects, of which 382 persons (270 men, 112 women) will be trained in improved production technology. A total of 30.4 hectares of land will benefit from the two drip irrigation systems.

CHART 7: BNTF 9 COUNTRY PROJECT RESOURCE ALLOCATIONS



Sources: Caribbean Development Bank.

Ocho Rios, Jamaica.

FEATURE

IMPROVING LIVELIHOODS THROUGH REEF RESILIENCE IN SAINT LUCIA

The Caribbean is one of the most vulnerable regions in the world when it comes to the impacts of climate change. Coastal communities and low-lying areas are particularly exposed to the combined threats of sea level rise and extreme weather events. The decline in live coral cover is accelerating coastal erosion, with 80% of beaches currently eroding, negatively affecting the Region's tourism and fisheries industries, and potentially undermining the economic sustainability and food security of many small islands. In Saint Lucia, the Government is developing a sustainable marine ecosystem by improving reef resilience.

In 2017, a grant was provided to The Centre for Livelihoods, Ecosystems, Energy, Adaptation and Resilience in the Caribbean (CLEAR Caribbean Ltd.), a not-for-profit company, to implement a pilot initiative in collaboration with the Fisheries Department of Saint

Lucia, the Sandals Foundation and Sandals Resorts International. The objective was to establish a sustainable coral restoration programme in Saint Lucia in order to increase the value and resilience of the coral reefs to climate change and create non-traditional livelihood opportunities for divers and fishers in vulnerable coastal communities.

CDB engaged the Saint Lucia Council for Technical and Vocational Education and Training through the TVET Unit of the Ministry of Education, Innovation, Gender Relations and Sustainable Development to develop the National Vocational Qualification (NVQ) in collaboration with technical expertise provided by CLEAR. In addition to the financial resources provided by the BNTF Programme and the Government of Saint Lucia, Sandals Foundation provided co-financing while Sandals Resorts International donated in-kind support, including boat rentals, scuba diving gear and equipment.

Some early results of the project which was substantially completed by the end of 2018 are:

- development of the first regional NVQ standard in coral reef restoration
- production of a Coral Reef Restoration Training Manual
- enhancement of the livelihoods of 20 men and women fisherfolk trained and certified in coral reef restoration

REGIONAL COOPERATION

In 2018, the Bank approved a grant of approximately $0.7 mn to the Caribbean Regional Organisation for Standards and Quality to enhance the capacity of selected CARICOM states to trade on an intraregional basis and internationally.

Regional public goods

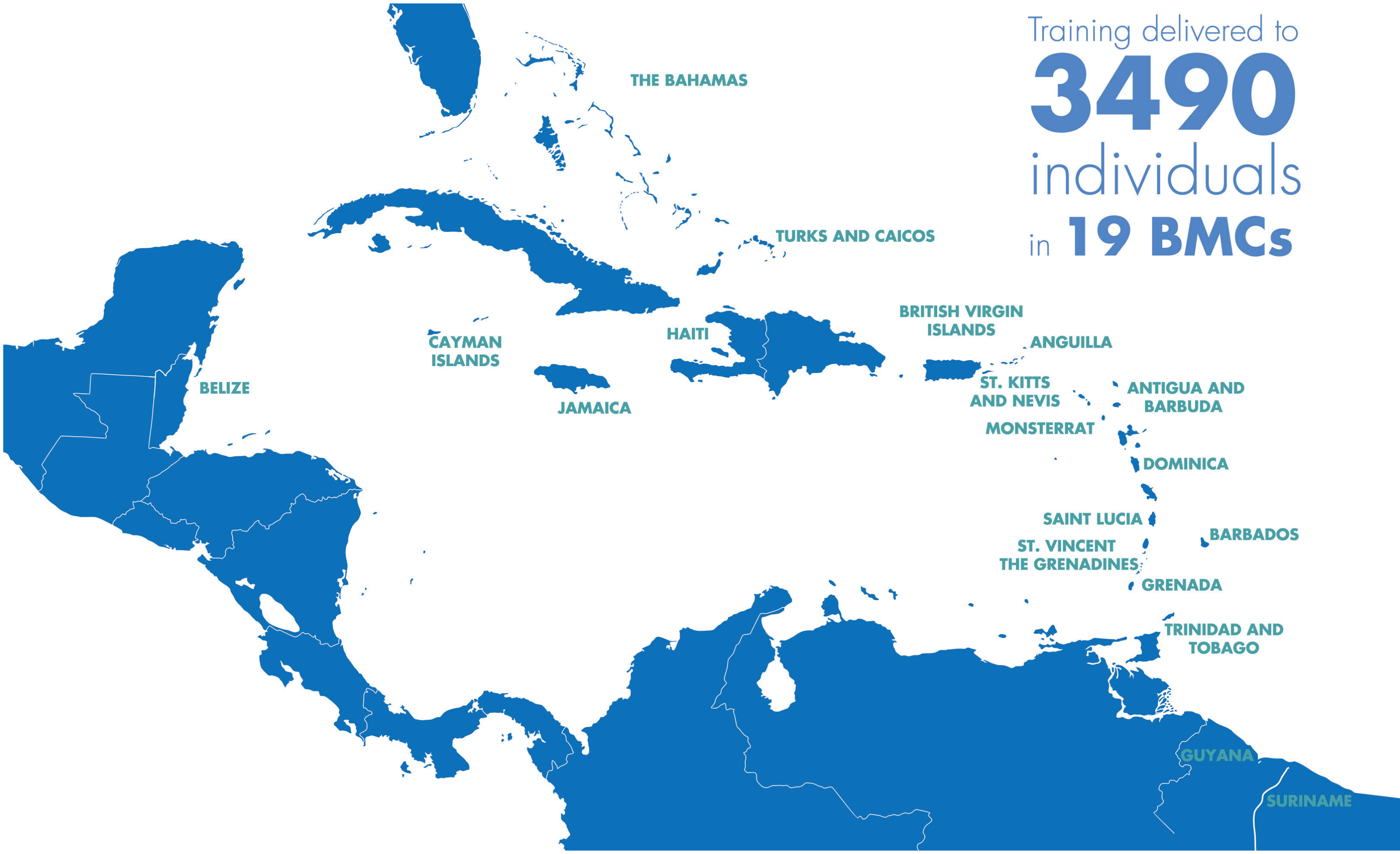
Together with other development partners, CDB provided support to regional meetings and workshops on trade facilitation and the CARICOM Single Market and Economy. This assisted regional officials in developing and agreeing on roadmaps for advancing implementation of the regimes.

Additionally, CDB approved a grant of $0.3 mn to the Regional Security System. The funds will be used to finance development of national and regional maritime security strategies and implementation plans for the member states. This project will complement Bank interventions in port infrastructure development and research into the potential benefits of the blue economy.

GOVERNMENT AND CIVIL SOCIETY

Public policy and project governance

Building on the success last year, the Bank continued its training programme in Public Policy Analysis and Management and Project Cycle Management in 2018. As at December 2018, the programme had delivered face-to-face and online training to 3,490 individuals in 19 BMCs.



Strengthening accountability of government

Implementation of two governance projects in Guyana entitled "Public Expenditure Scrutiny of Members of Parliament" and "Local Government Reform", progressed in 2018. Activities were geared towards capacity building in national budget oversight and increased transparency and accountability.

PROCUREMENT AND DISBURSEMENTS

CDB-financed contracts awarded under international competition amounted to $76.4 mn in 2018, the highest level in over five years. With the development of CDB's new website, historical contract data will become more easily accessible to the public.

Building up public sector capacity: Civil servants in Dominica participate in CDB's Public Policy Analysis and Management and Project Cycle Management (PPAM/PCM) training. Over 3000 public servants across the Region have been trained in PPAM/PCM since the programme's start in 2016.

CDB deepened its efforts to build regional public procurement capacity, as demonstrated by the completion of the CDB and World Bank-financed project to establish the Caribbean Regional Procurement Centre. The Centre, hosted by the University of Technology in Jamaica, completed its pilot training course for mid-level public sector procurement specialists in May 2018; and by yearend had commenced a twelve-month accredited training programme for senior Caribbean public procurement officials.

The Bank also reached the milestone of 1,000 trainees registering for its online procurement training modules. Recognising the importance of also developing the capacity of the private sector to identify opportunities and effectively participate in procurement processes, CDB collaborated with other development partners to hold procurement fairs that were well-attended in Barbados, Jamaica and the Virgin Islands.

As part of its strategic objective to promote good governance, CDB is working with other development partners to support public procurement reform in its BMCs. The results of public procurement assessments of five OECS countries completed in 2018 will be used to inform downstream reform efforts over the medium term. CDB also continued its efforts to update its policy and procedures for procurement and disbursements to reflect the Bank's current needs and international best practice. In 2018, the Board of Directors approved the Disbursement Guidelines for CDB-financed projects. The Bank also completed a public consultation exercise for a new draft procurement framework, which is expected to be finalised by mid-2019.

Taking to the skies to combat climate change: CDB co-financed a project in Belize which aims to build the Region's climate resilience through use of Light Detection and Ranging (LiDAR) Airborne technology, which will map almost 10,000 square kilometres of vulnerable coastal areas in Borrowing Member Countries.

DEVELOPMENT EFFECTIVENESS


3

DEVELOPMENT EFFECTIVENESS

In 2018 CDB completed the fourth year of its Strategic Plan 2015-2019. The Plan anchors the strategic direction of the Bank in helping its BMCs to realise their global and regional development goals, including the United Nations 2030 Agenda for Sustainable Development and the Paris Agreement on climate change.

Through its lending and technical advisory functions, the Bank deepened partnership arrangements with BMCs and the development community geared at improving livelihoods, communities and economies in a sustainable, inclusive and people-centric manner. The Bank also continued to ensure that its support and services are aligned with corporate strategic objectives and priorities, buttressed by a focus on organisational efficiency and effectiveness. Through various self-assessment and independent evaluation/validation exercises, CDB identified the lessons learnt and concentrated on its strengths and weaknesses.

Progress towards achieving the SDGs and regional development outcomes

The economic structure of Caribbean countries remained relatively unchanged in 2018 with their continued reliance on services, mainly tourism, and commodities, primarily oil/gas and agricultural goods. Although differing in composition and scale, these countries face similar challenges, including debt overhang; limited fiscal space; relatively weak institutional and absorptive capacity in the public sector; severe and frequent natural disasters; gaps in private sector dynamism; and high costs of doing business which act as a drag on competitiveness. These issues have become permanent agenda items at the annual United Nations High Level Political Forum on Sustainable Development. At the forum held in July 2018, the uneven/unequal progress made in implementing the 2030 Agenda was highlighted. The most vulnerable countries are small island developing states and middle-income countries. As CDB's BMCs continue to take steps towards the Sustainable Development Goals (SDG) targets and determine appropriate indicators, they remain mindful of the threats and challenges that could impede efforts to achieve SDG targets and their development goals.

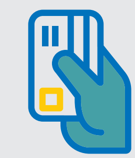
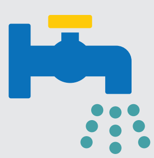
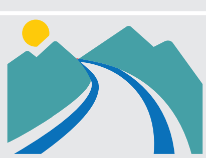
Emerging threats to this growth agenda include growing trade conflicts, volatile financial markets, rising interest rates, and sensitive geopolitical dynamics. Based on past experiences and conscious of the highlighted risks and vulnerabilities, governments in the Region have increased their efforts to build resilient economies and infrastructure. In order to meet these global and national goals and priorities, BMCs will need continued support from CDB and the rest of the development community as well as increased participation of the private sector.

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

The Region's acute vulnerability, particularly to natural disaster and the need for sustained policy attention and investment have seen the Bank lending significant financial and technical support. In 2018, lending to three BMCs affected by Hurricanes Irma and Maria totalled $81 mn. Resources were channelled towards rehabilitation and reconstruction, with emphasis on climate resilient infrastructure; financing to meet debt obligations and, institutional and policy reforms aimed at restoring fiscal stability and enhancing resilience after natural disasters.

CDB made significant contributions in supporting development results in BMCs. Selected development results (outputs and immediate outcomes) achieved by BMCs with support from CDB since 2015 are summarised below.

Supporting Inclusive and Sustainable Growth and Development and Promoting Good Governance

	Financial intermediaries provided assistance to **916 individuals** and businesses at a value of **$19.9 mn**, including mortgages to **170 people (72 women)** for home purchase
	Training and technical advisory services to MSMEs, benefitting **3,002 individuals** and entrepreneurs, including **1,528 females**
	Enhanced competitiveness and productivity, especially in the areas of agro-processing and tourism, through continued support to Compete Caribbean
	Improved access to efficient, reliable and sustainable potable water for about **54,000 people**, including **22,140 urban** and **rural households**
	Installation or upgrade of **24,768 cubic metres per day** and **238 km of water supply lines**, mainly in rural areas
	**586 new and upgraded classrooms** and support facilities benefitting **128,445 students (60, 370 girls)** as well as training for about **4,606 teachers** and **educational and administrative staff** at the basic education level
	Construction or upgrade of **183 km of primary, secondary and other roads benefitting 255,436 people (129,785 females)**

Creating sustainable development: CDB Vice-President Monica La Bennett (at right) and other Bank staff visit a block-manufacturing facility in Haiti which was first established during the Urban Community-Driven Development Project (PRODEPUR) project, which CDB provided funding for in 2008.

Students at a skills training centre in Cite Soleil which was established under the PRODEPUR project, funded by CDB and other development partners. Since 2007, CDB has committed approximately USD134 million in grants to Haiti from the Special Development Fund (Unified).

Enhancing organisational efficiency and effectiveness

CDB has been implementing various institutional and process reforms to become more cost-efficient, results-focused, accountable, agile and client-centred, while maintaining robust safeguards and internal control structures. In August 2018, the Bank officially opened its first field office located in Haiti as part of a broader effort to deepen client engagement. During the year, Bank staff and public sector officials received training in policy analysis, project cycle management, and results-based management/managing for development results.

INTERNAL FOCUS

4

INTERNAL FOCUS

INTERNAL AUDIT

Mandate

The Internal Audit Division (IAD) is an independent and objective assurance and advisory function designed to enhance and protect organisational value by improving CDB's 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 Oversight and Assurance Committee.

Activities

The IAD completed five assurance and 14 consultancy/advisory engagements that were directly aligned with the key risk areas identified for the Bank. These engagements included: IT systems being implemented by the Bank; accounting and financial reporting processes; business continuity management; and information security.

There were two major engagements related to the implementation of the Bank's Human Resources Information System and the Project Resource Interface for Systematic Management system. Both of these systems were activated in 2017; however, additional modules were introduced in 2018.

In addition, IAD completed assurance engagements of the accounting and financial reporting processes in one area; as well as business continuity management and information security.

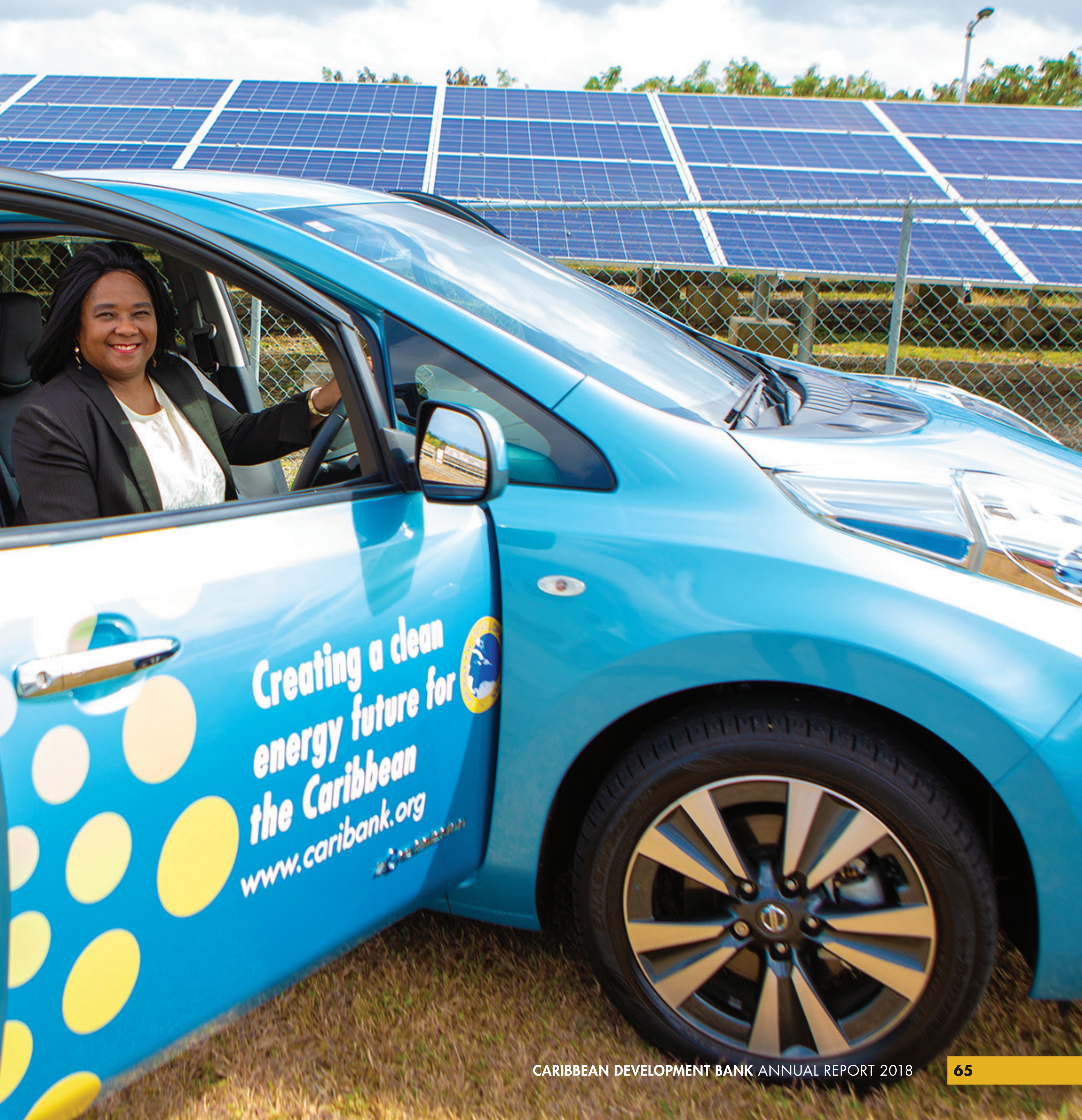
IAD also participated in assessments of the internal controls processes for a number of business development activities. IAD completed an assessment on the adequacy of Management Action Plans stemming from the external auditors' management letters and continued follow-up activities for a number of previous assurance engagements. With the implementation of a more efficient and collaborative audit management system in mid-2017, new procedures and reports were introduced as part of the follow-up process. The process enhancements served to foster more timely reporting and mitigation of identified risks by management.

INDEPENDENT EVALUATION

In 2018, the Office of Independent Evaluation (OIE) assessed CDB's Disaster Management Strategy and Operational Guidelines (DiMSOG). Approved in 2009, the DiMSOG is intended to provide clarity to BMCs on the scope and nature of CDB's Disaster Risk Management and Climate Change Adaptation (CCA) interventions, as well as provide strategic direction and operational guidance for CDB staff. Post-disaster interventions are delivered through Emergency Relief Grants (ERGs), Immediate Response Loans (IRLs), and Rehabilitation/Reconstruction Loans (RRLs).

OIE validated Project Completion Reports (PCRs) for four RRLs. These were major projects in response to natural disasters experienced in the Region between 1999 and 2010. They aimed to rehabilitate social and economic

CDB Vice-President (Corporate Services) and Bank Secretary Yvette Lemonias-Seale gets behind the wheel of the new electric vehicle which CDB added to its transportation fleet in 2018. The vehicle is consistent with the Bank's commitment to advancing clean energy in the Region.



services; restore and protect critical transportation infrastructure; re-instate seawalls; train river courses; and establish more effective drainage systems in urban areas. Most were judged to have been very relevant to BMCs' needs at the time, and were generally constructed to a high standard. Some were observed to have withstood subsequent natural hazards such as Hurricane Matthew, while in some instances there was need for remedial work and increased attention to longer-term sustainability.

OIE further validated PCRs for IRLs to the Governments of The Commonwealth of the Bahamas, Jamaica, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines, and towards the cleaning and clearing of debris and the restoration of essential services damaged by Tropical Storm Gustav, Hurricane Tomas, Tropical Storm Otto and Hurricane Sandy. Each country received a loan of $0.75 mn and use of an amount not exceeding $20,000 to finance consultancy services to provide independent inspection and certification of works. Although there were instances of time delay, the IRLs generally filled an urgent post-disaster need and were effectively carried out.

Following on these project reviews, OIE undertook a full evaluation of the DiMSOG (2009-2017). The study looked at the range of Bank instruments that can be brought to bear on disaster risk management, including country strategies, policy-based and investment lending, and TA. It also examined the extent to which Disaster Risk Management had been mainstreamed into Bank lending more generally.

Thirty RRLs to 11 BMCs and totalling $279 mn were reviewed. These played an important role in helping countries to restore infrastructure, and more recently to address wider psychosocial issues as well. Implementation was accompanied by challenges in getting designs completed and construction started quickly in the aftermath of disasters. Infrastructure is increasingly being designed to standards of higher resilience (to withstand one in 100 year events, for example). ERGs (20) and IRLs (21) contributed to the early recovery effort. Opportunities exist for making their deployment more administratively flexible and user friendly in future.

Going forward, there are big wins to be had through increased support to preparatory and proactive measures that build resilience to the expected increased incidence of climate change induced hazards. There is evidence that the Bank is moving in this direction, through some of its recent PBL lending which encourages good policy and institutional measures in the area of disaster risk management. The next iteration of the DiMSOG will place more emphasis in this area, as well as on the intersection with the Bank's recently approved Climate Resilience Strategy.

INTEGRITY, COMPLIANCE, ACCOUNTABILITY

The Office of Integrity, Compliance and Accountability (ICA) serves to enhance CDB's internal governance framework and support CDB's fiduciary duty to deliver development assistance with integrity and accountability. ICA reports functionally and directly to the Board of Directors.

The Office is a convergence of five legacy internal governance functions into a single independent office that covers:

- institutional integrity (fraud and corruption);
- ethics;
- whistleblowing;
- money laundering, terrorist financing and financial sanctions; and

Dr. W$^{m.}$ Warren Smith (right) and UWI Vice-Chancellor Sir Hilary Beckles (left) and the University of the West Indies (UWI) signed a historic Memorandum of Understanding (MoU) that supports a stronger partnership between the two institutions.

- accountability for environmental and social harm allegedly caused by projects financed by the Bank.

During 2018, ICA received complaints through its six-channel whistleblower system. Its prevention and investigative activities increased significantly during the year in order to respond to risks in the internal and external operating environment. Procedures for the streamlined conduct of integrity due diligence were also launched during the year.

ICA worked collaboratively with integrity and accountability offices in other international financial institutions.

Together with the IDB, the Office conducted its first external outreach on integrity in procurement. ICA's independent accountability mechanism hosted special training for staff on sexual exploitation and abuse, in collaboration with the World Bank.

In addition to core activities, ICA focused proactively on integrity and accountability (environmental and social) risks faced by CDB. Internal advisories were issued and extensive training was conducted by ICA during 2018.

ICA responded to complaints through investigative activities, which included the imposition of temporary suspensions on entities and individuals subject to ICA investigations.

ICA also led the Bank's observance of Anti-Corruption Week 2018 during which it conducted mandatory and voluntary training across all five of its functions.

ICA's continued operationalisation during 2018 enabled the Bank to make transformative gains in developing a governance framework that is tailored to its needs, size, risks, resources and operating environment.

ICA publishes its annual report on the Bank's website.

RISK REVIEW

5

RISK REVIEW

In 2018, the Bank maintained its Enterprise Risk Management approach with coverage including financial, strategic, operational and developmental risks. The operational risk pillar considers environmental, climate and disaster risk management, given its increasing visibility and potential impact on the sovereign risk profiles of BMCs.

At yearend, CDB was in full compliance with all of its Ordinary Capital Resource (OCR) risk appetite thresholds, as shown in Table 2.

CDB NEW OCR RISK MEASURES & POLICY RATIOS - SCORECARD						
				AS AT DECEMBER 31, 2018 ($US MN)		
Risk Type	RISK MEASURE/ POLICY RATIO	MEASURE	BASE AMOUNT	THRESHOLD LIMIT	ACTUAL	RAG STATUS
Capital	CAPITAL ADEQUACY	Minimum - 150% of Economic Capital		$424.2	$842.5	198.6%
Credit	SINGLE SOVEREIGN EXPOSURE	GREATER OF:				
		40% of Outstanding Loans	$1,158.6	$463.5	$187.5	16.2%
		50% of Total Available Capital	$842.5	$421.2	$187.5	22.3%
	EXPOSURE TO 3 LARGEST BORROWERS	GREATER OF:				
		60% of Outstanding Loans	$1,158.6	$695.2	$479.2	41.4%
		90% of Total Available Capital	$842.5	$758.2	$479.2	56.9%
	NON-SOVEREIGN EXPOSURE LIMIT					
	Single Exposure	2.5% of Total Outstanding Loans	$1,158.6	$28.97	$15.1	1.3%
		3.6% of Total Available Capital	$842.5	$30.3	$15.1	1.8%
	Non-Sovereign Exposure Cap	30% of Total Outstanding Loans	$1,158.6	$347.58	$46.8	4.0%
		43% of Total Available Capital	$842.5	$362.3	$46.8	5.6%
	Policy Based Loans (PBL) & Guarantees	33% of Total Outstanding Loans & Guarantees	$1,805.0	$595.64	$612.5	33.9%

	Limit on Operations (Article14.1)	Equal to or less than Limit		**$2,291.7**	**$1,170.6**	**51.1%**
	Borrowing Limit - Proforma	Equal to or Less than 100% Capital Limit (as defined)		**$1,420.6**	**$796.3**	**56.1%**
	Borrowing Limit - Capitalisation	Equal to or Less than 65% of Capitalisation		**$1,688.9**	**$796.3**	**47.1%**

CDB NEW OCR RISK MEASURES & POLICY RATIOS - SCORECARD						
			AS OF DECEMBER 31, 2018 ($US MN)			
Risk Type	**RISK MEASURE/ POLICY RATIO**	MEASURE	**BASE AMOUNT**	**THRESHOLD LIMIT**	**ACTUAL**	**RAG STATUS**
Liquidity	**LIQUIDITY RISK**	GREATER OF:				
		40% of Undisbursed & Loans not yet effective	**$596.3**	**$238.5**	**$448.8**	**75.3%**
		3 Years of Net Funding Requirements	**$399.6**	**$399.6**	**$448.8**	**112.3%**
Market	**INVESTMENT RISK**					
	Investment Risk - Single Entity Limit	10% of Total Investment Portfolio	**$379.2**	**$37.9**	**$20.9**	**5.5%**
	Investment Risk - Single Entity Limit - US Treasury or Gov't Agency	35% of Total Investment Portfolio	**$379.2**	**$132.7**	**$133.9**	**35.3%**
	Commercial Entity Exposure Limit	50% of Total Investment Portfolio	**$379.2**	**$189.6**	**$49.9**	**13.2%**
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. The Bank's risk liaison framework was formally aligned/ linked to ORM into an extended monitoring framework.

The framework is anchored in a strong three lines of defence governance structure defined below:

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 fully operationalised its new operational risk system which was utilised to deliver its first automated Risk Control Self-Assessment. The system 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 potential threats to the Bank. The output from the new system was used to calibrate and establish the baseline for operational risks, against which mitigation actions and controls can be implemented to strengthen the Bank over the short to medium term.

Process

The Bank's operational risk management process continues to be underpinned by the annual Risk Control Self-Assessment exercise and daily risk register process. The output from these processes are actively reviewed by ORM, with risks deemed material escalated to Executive Management, in a timely manner, and reviewed periodically by the Enterprise Risk Committee. The strategic aspects of these are reported by ORM to the Bank's Oversight Assurance Committee and the Board of Directors, on a regular basis.

Business continuity

CDB has in place, a bank-wide business continuity framework that provides for an assured contingency response, in the event of an emergency. The framework is reviewed and improved on an ongoing basis. During 2018, contact details and emergency procedures were updated to ensure all staff can be reached and communicated with via the Bank's automated emergency contact system.

The Bank currently has a warm backup and information technology recovery site located off-campus and a secondary site in another country. CDB is in the process of assessing this arrangement and considering migrating towards recovering its operations from the cloud in the event of a crisis.

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 systematically addressed at various levels of the institution. The Bank's appraisal process specifically screens for environmental vulnerability. There is also ongoing dialogue with the Bank's BMCs to address this concern via resilience building through the purchase of parametric insurance cover and the building of fiscal buffers, among others.

The Bank's enterprise risk reporting captures environmental and climate change issues on a country and regional basis. These are tracked to ensure the sustained implementation of mitigation actions. Recognising the importance of risk, the Enterprise Risk Committee membership has been extended to include the Head of the Bank's Environmental Sustainability Unit (ESU), which is responsible for managing environmental and climate risk in a Line 1 capacity.

Credit risk

Following the BMCs' recovery from extreme weather events in 2017 when the threat was mitigated through support from the Bank's shareholders, development partners and insurance coverage, the sovereign risk profiles of their credit improved in 2018.

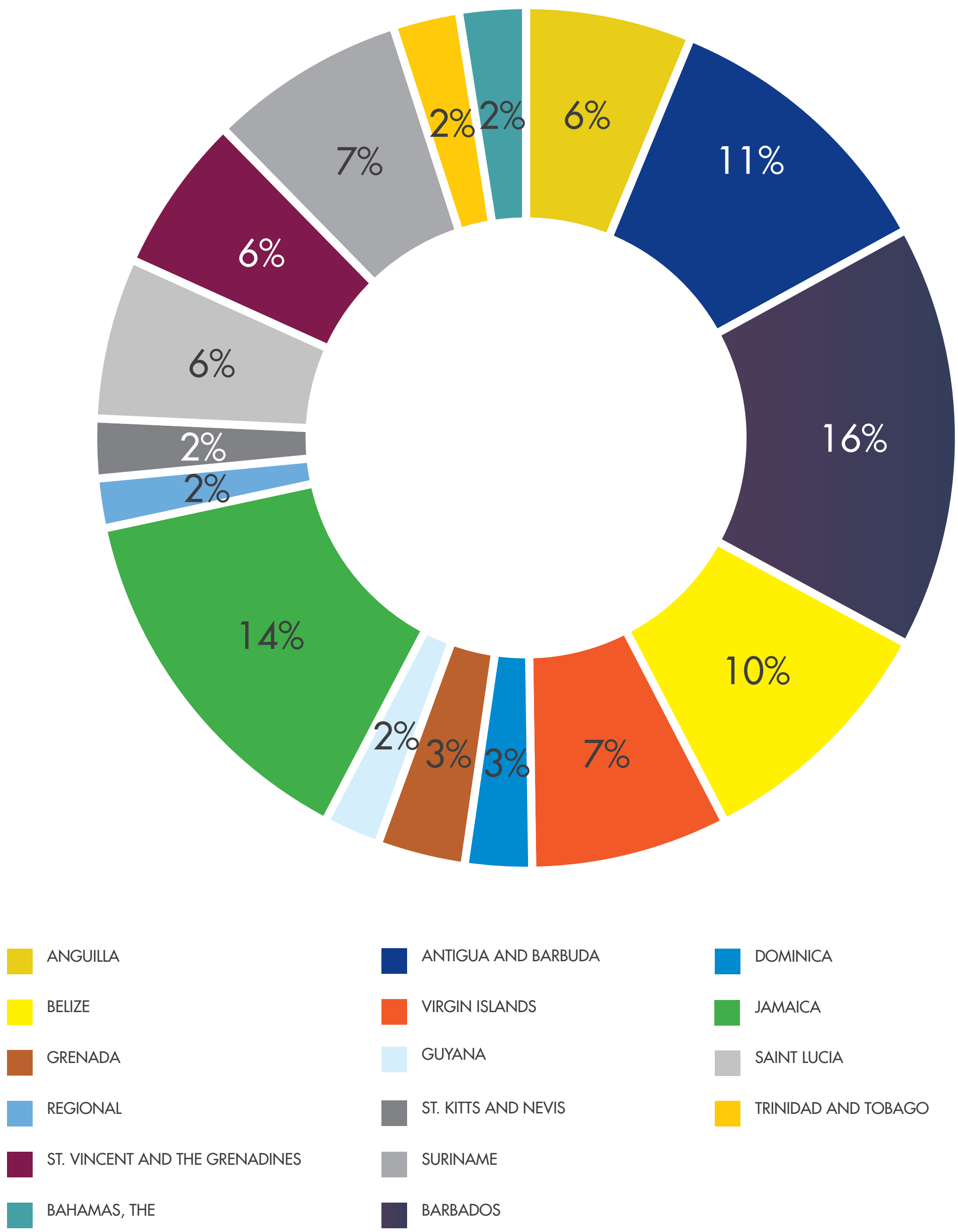
Exposure to Jamaica, CDB's largest borrower fell to 14% relative to the entire portfolio, compared to 17% in 2017. The overall portfolio distribution also significantly improved. This was achieved through limit controls and

The CDB-funded Centre de Formation Professionelle de Jacmel was officially opened in June 2018. The centre was part of a larger project to provide technical and vocational education and training in Haiti. CDB worked with IDB and the Government of Haiti to deliver the project.

the cancellation of aged undisbursed balances. However, the exposure to the Government of Barbados (GOB) rose to 15% from 11%, following Board approval of a Policy Based Loan in the fourth quarter of 2018 in support of its restructuring initiatives. The loan was advanced in accordance with the Bank's mandate to support its BMCs in times of need and after careful risk assessment and consideration of the incremental impact on the Bank's capital adequacy position.

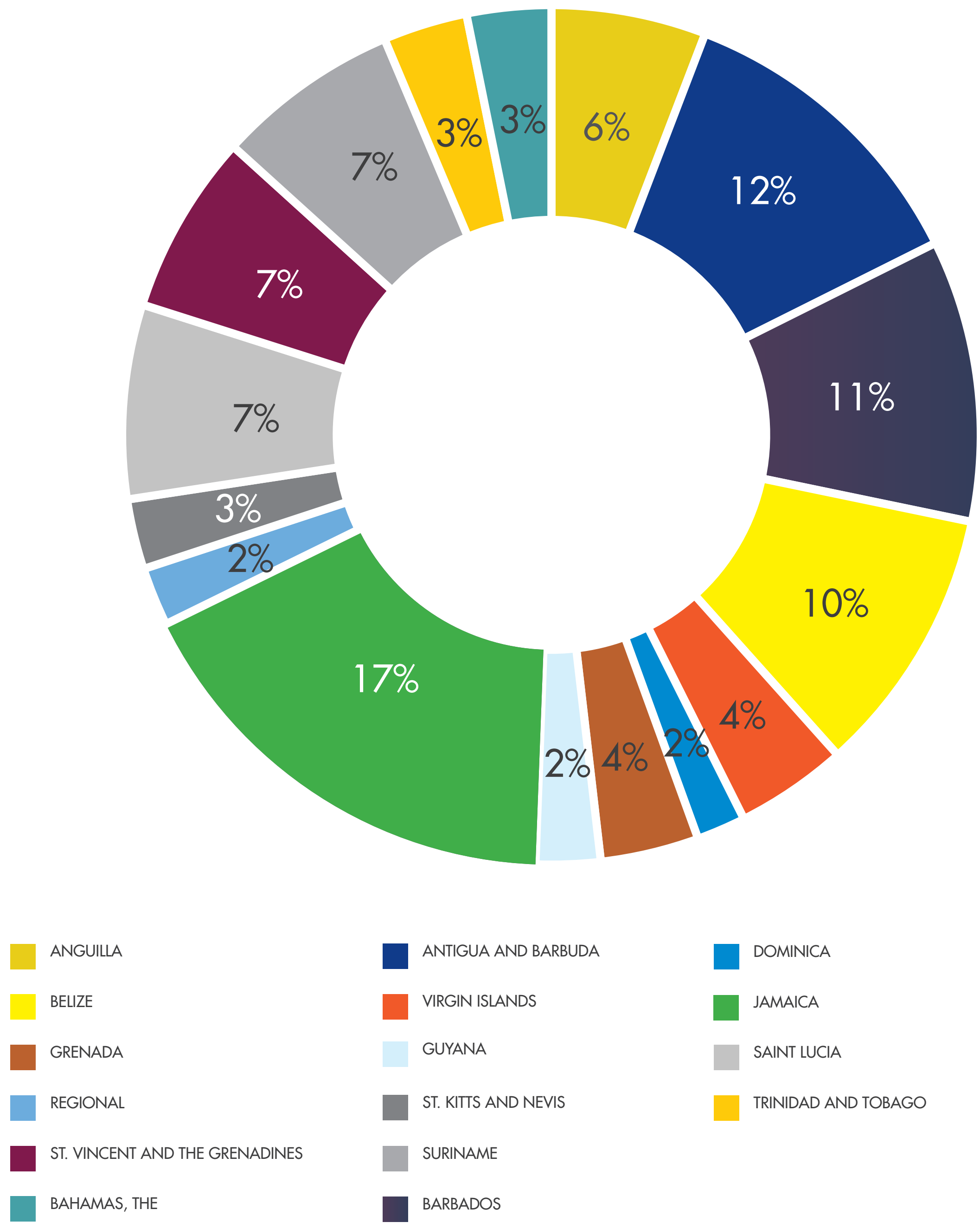
Over the past five years, CDB has been strategically diversifying its portfolio by targeting highly rated BMCs for new business growth, while also reducing exposure to challenged credits via the target review and cancelling of aged, undisbursed balances. These efforts have resulted in measurable improvements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

CHART 6: CDB'S GEOGRAPHIC EXPOSURE DIVERSIFICATION AS AT DECEMBER 31, 2018



With these efforts, the exposures of the Bank's top six sovereigns declined systematically (See Chart 8).

CHART 7: CDB'S GEOGRAPHIC EXPOSURE DIVERSIFICATION TRENDS AS AT DECEMBER 31, 2017

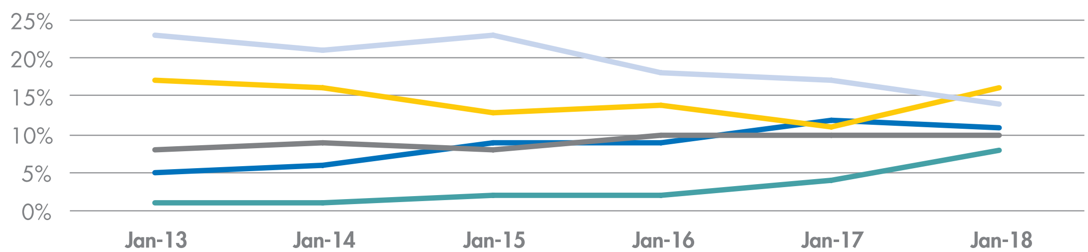


Capital risk

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 limits; minimising concentration; strengthening operational risk controls; managing undisbursed balances; and maintaining a robust capital generation strategy.

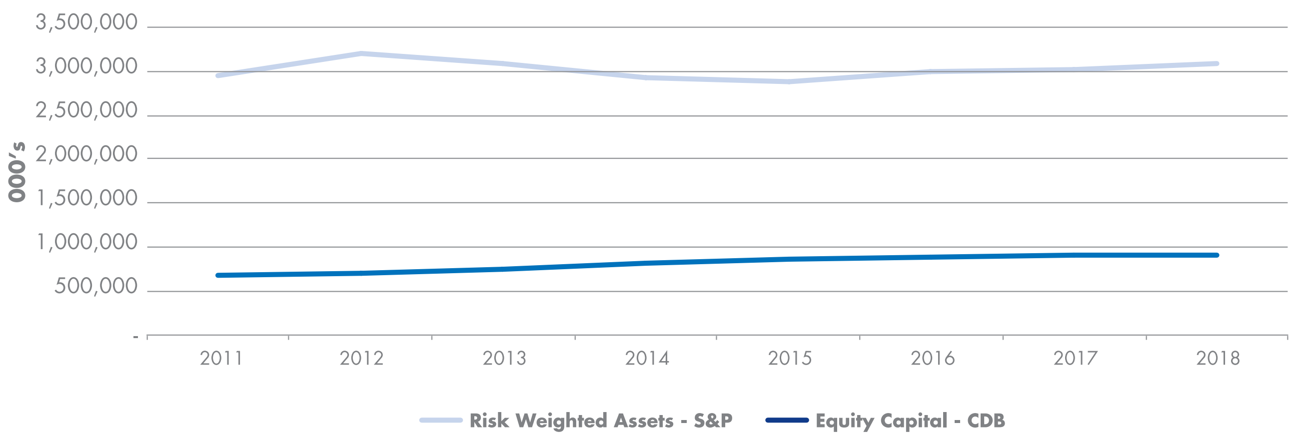
These efforts maintained a reduction in the Bank's risk-weighted assets, while increasing its capital levels, as shown in Charts 8 and 9.

CHART 8: TOP FIVE HIGH RISK EXPOSURE TRENDS



	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18
Antigua and Barbuda	5%	6%	9%	9%	12%	11%
Barbados	17%	16%	13%	14%	11%	16%
Belize	8%	9%	8%	10%	10%	10%
Jamaica	23%	21%	23%	18%	17%	14%
Virgin Islands	1%	1%	2%	2%	4%	8%

CHART 9: S&P RISK WEIGHTED ASSETS VERSUS CDB EQUITY CAPITAL TRENDS



Manual internal capital adequacy calculations

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. These include, but are not limited to, additional liquidity requirements; interest rate in the banking book; and business and concentration risks.

Under Pillar III, CDB has been meeting its enhanced disclosure reporting obligations by improving the dissemination of risk reviews.

The Bank is currently monitoring Basel III developments closely to determine if amendments to its modus operandi will be necessary. Compliance, which is voluntary, ensures that CDB'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 the Enterprise Risk

Committee. Any residual interest rate exposure risk arising during the year was 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. 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. Residual currency exposure risks 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. As a result, the Bank 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, once 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. At yearend, CDB's liquid assets exceeded the 150% prudential minimum guideline, which was in keeping with Management's decision to maintain high liquidity levels.

New developments

ORM developed an internal risk-based model for pricing both private and public sector loans. The model will be sent to an established risk consultancy firm for independent review and validation, following which it will be amended and deployed into the operating environment in 2019.

ORM also received two risk-adjusted capital (RAC) models from a consultant. These models were designed to mimic Standard & Poor's (S&P) current and proposed new methodologies respectively. These were intended to enable the Bank to assess and determine ex-ante the capital adequacy position in order to effectively support its strategic planning efforts. However, the current RAC model is likely to be replaced in 2019 with a version which will reflect the final release of S&P's new methodology.

ORM worked closely with the Finance Department to review the Bank's treasury guidelines and derivatives exposures to determine the extent of risks and develop mitigation actions and controls. The output of this assessment, scheduled to be completed in 2019, will inform the Bank's mitigation actions, including but not limited to amendments in the investment guidelines for the OCR as well as the deployment of new hedging instruments or the termination of existing ones where there have been large unrealised losses.

In 2019, ORM will also assess the implications of the Bank's portfolio and capital trends to determine its future requirements.

MANAGEMENT DISCUSSION AND FINANCIAL STATEMENTS

6

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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 March 2018, Fitch Ratings affirmed its Long-Term Issuer Default Rating (IDR) of AA+ with a Stable Outlook. In May 2018, S&P affirmed its Long-Term Issuer Credit Rating to AA+ from AA with a Stable Outlook while Moody's Investor Services (Moody's) reaffirmed CDB's Long Term Issuer Rating as Aa1 with a Stable Outlook.

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 other comprehensive income 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.

In compliance with the international standards, effective January 1, 2018, the Bank adopted IFRS 9. This standard replaces IAS 39 with the "incurred loss" methodology with one using the "expected loss" methodology as well as different rules for the classification and subsequent treatment of financial instruments. This methodology is forward looking and based on changes in credit risk which determines whether impairment is calculated on a 12-month expected loss, a lifetime expected loss or an impaired basis, with movements between segments being permitted based on assessed credit risk changes. Impairment provisions are calculated based on the exposure at default (EAD) which includes commitments, measured against expected cash flows that are factored by probability of default (PD), loss given default (LGD) applicable to the credit ratings of counterparties, the time value of money and probability weighted optimistic and pessimistic scenarios against the base scenario. The only classification change relates to debt securities which are now recorded as fair value through other comprehensive income from its previous classification through profit and loss.

RESULTS OF OPERATIONS OF THE OCR

Total comprehensive income: The OCR operations of the Bank for the year ended December 31, 2018 recorded total comprehensive income of \$6.3 mn, an increase of \$5.4 mn from \$0.9 mn in the prior year. This change was mainly due to increases in net interest income, lower administrative expenses and the credit loss due to the impact of IFRS9 of \$4.9 mn, \$3.1 mn and \$1.9 mn 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 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 \$6.7 mn or 86% to \$14.5 mn over the 12-month period.

Income from cash and investments: For the year ended December 31, 2018, income from cash and investments was \$6.9 mn compared to \$5.8 mn in 2017. This was due to increases in yields from 1.2% in 2017 to 1.5% reflecting the rising international interest rate environment.

Income from loans: Loan income for the year increased by \$11.2 mn from \$38.1 mn in 2017 to \$49.3 mn in 2018. This was due to a higher average interest rate of 0.7% over the previous year which was primarily driven by the Bank's higher cost of borrowings.

Interest expense: Interest expense for the year ended December 31, 2018 was \$26.3 mn, an increase of \$7.5 mn compared to \$18.8 mn in 2017. This was primarily due to rising interest rates and the change from a net income to a net loss position on the swaps.

Operating expenses: In 2018, operating expenses decreased by \$1.9 mn to \$15.3 mn compared with \$17.2 mn in 2017. This change resulted from a decline in administrative expenses of \$3.1mn, which was partially offset by the additional credit charge of \$1.9 mn resulting from IFRS9. (see table below).

OPERATING EXPENSES ($ mn)		
	2018	**2017**
Administrative expenses	14.7	17.8
Realised (gains)/losses	-	0.4
Impairment charges	1.9	-
Other adjustments	(1.3)	(1.0)
Total operating expenses	**15.3**	**17.2**

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.

RATE/VOLUME ANALYSIS ($ mn)			
	Increase/(Decrease) Due to		
	Rate	**Volume**	**Total**
Interest-earning assets			
Cash & Investments	1.75	(0.61)	1.14
Loans	6.76	4.08	10.84
Total earning assets	8.51	3.47	11.98
Interest-bearing liabilities	(5.52)	(1.95)	(7.47)
Net change in interest income	2.99	1.52	4.51

FINANCIAL POSITION OF THE OCR

Total assets: At December 31, 2018, total assets were $1,747.7 mn, representing an increase of $106.7 mn (6.5%) from $1,641.0 mn in 2017. This was due primarily to the growth in the loan portfolio during the year.

Loans: In 2018 the loan portfolio grew by $103.4 mn from $1,060.1 mn in 2017 to $1,163.5 mn in 2018 an improvement of 9.8%. This growth is expected to continue consistently over the short term. There were two non-performing, non-sovereign loans in the portfolio with a total amount outstanding of 4.8 mn which has been fully provided for.

Borrowings and other liabilities: Total liabilities increased by $107.8 mn (14.5%) from $741.3 mn at December 31, 2017 to $849.1 mn. This increase was mainly due to drawdowns from two lines of credit.

Shareholders' equity: At December 31, 2018, CDB's equity totalled $898.6 mn compared with $899.8 mn as at December 31, 2017. The decrease was due to the IFRS9 impact of $16.1 mn on the beginning balance on retained earnings, which was cushioned by the write back of the prior accumulated provision of $6.3 mn, new net paid-in capital of $2.3 mn and total comprehensive income of $6.3 mn. Total equity currently represents 51.4% of the Bank's liabilities and capital at the end of the reporting period.

SELECTED FINANCIAL DATA (expressed in mn of dollars)					
	Years Ended December 31				
	2018	2017	2016	2015	2014
Balance Sheet Data					
Cash and investments	458.0	439.5	434.5	279.2	267.0
Loans outstanding[1]	1,163.5	1,060.1	1,016.9	992.5	982.7
Loans undisbursed	596.3	557.2	528.8	473.2	392.9
Total assets	1,747.7	1,641.0	1,599.2	1,407.1	1,378.5
Borrowings	796.3	691.5	654.5	502.8	530.3
Callable capital	1,375.1	1,375.1	1,375.1	1,375.1	1,324.9
Paid-in capital	388.5	388.5	388.5	388.5	374.4
Retained earnings and Reserves	512.4	515.9	514.9	530.6	522.1
Income Statement Data					
Loan income	49.3	38.1	32.1	37.7	40.5
Investment income	6.9	5.8	3.7	2.6	4.8
Borrowing costs	26.3	18.8	13.8	8.7	10.8
Foreign exchange translation	0.1	0.1	(0.2)	0.9	0.3
Derivative adjustment	(11.2)	(11.1)	(14.3)	(1.2)	26.9
Operating income	14.5	7.8	7.5	17.3	21.7
Comprehensive income/(loss)	6.3	0.9	(15.7)	8.5	34.9
Ratios					
Return on:					
Average assets	0.88%	0.50%	0.71%	1.36%	1.46%
Average investments	1.48%	1.22%	0.24%	0.89%	1.53%
Average loans outstanding	4.61%	3.92%	3.32%	3.99%	4.33%
Cost of borrowings	3.66%	2.81%	2.34%	1.73%	1.83%
Available capital[2] economic capital	200.4%	219.0%	209.8%	216.5%	204.1%

(1) Net of provisions.

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

SPECIAL DEVELOPMENT FUND

The 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 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 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).

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, 2018 there was comprehensive income of $0.1 mn, compared with a loss of $5.1 mn in 2017. Gross income for the year was $17.3 mn, a marginal decrease of $0.3 mn from $17.6 mn in 2017. Total expenses decreased from $22.7 mn in 2017 to $17.2 mn in 2018 as explained below.

Income from loans: At December 31, 2018, loan income remained unchanged at $12.6 mn during the year.

Income from cash and investments: Income from cash and investments of $4.6 mn decreased from the $5.0 mn which was achieved in 2017. The decline in 2018 was due to a decline in the average portfolio of 7.2%. This decrease was only partially mitigated by an increase of 9bps in the annual yield.

Administrative expenses: At December 31, 2018, administrative expenses were $17.4 mn, a decrease of $4.0 mn from $21.4 mn in 2017. 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 gains were $0.3 mn for the year, compared with a loss of $1.4 mn in 2017. 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, 2018, total assets were 1,019.6 mn, from 1,015.3 mn at the end of 2017. The main components of the change are discussed below.

Investments: At December, 31 2018, SDF cash and investments amounted to $370.4 mn, compared with $379.1 mn at the end of 2017. This change was marginal but mainly due to increased activity in the technical assistance area of the Bank's operations.

Loan portfolio: Total outstanding loans were $559.2 mn at the end of the period under review, being $2.8 mn higher than the $556.4 mn outstanding at the end of 2017 resulting from increased disbursements in the portfolio.

Receivable from contributors: There was an increase of $10.1 mn in non-negotiable demand and contributions in arrears in 2018 as a result of the current cycle of SDF9 which was finalised in December 2016.

Liabilities: In 2018, subscriptions in advance decreased by $3.2 mn from the encashment of demand notes.

Contributed resources: Contributions to the SDF net of allocations to technical assistance and grant resources increased by $14.5 mn (0.2%) to $759.1mn in 2018 from $744.6 mn in 2017. This was the due to the additional contributions received for SDF9.

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, 2018, there was comprehensive income of $0.9 mn, an increase of $1.3 mn from the loss of $0.4 mn in 2017. This change was due to 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 $2.0 mn, a decrease from $2.2 mn in 2017. 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, 2018, income from cash and investments increased to $0.6 mn from $0.3 mn in 2017. This change in investment income was due to increasing market rates of 19bps over the period.

Administrative expenses: At December 31, 2018, administrative expenses decreased to $0.9 mn from $1.2 mn at the end of 2017. 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: There was no adjustment for foreign exchange translation in 2018 compared to a loss of $0.9 mn in 2017. 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, 2018, total assets were $470.6 mn, representing an increase of $99.8 mn from $370.8 mn at the end of 2017. The main components of the change are discussed below.

Investments: At December 31, 2018, cash and investments amounted to $99.9 mn, compared with $77.1 mn at the end of 2017. These balances include equity investments amounting to $11.3 mn (2017: $9.2 mn).

Loan portfolio: Total outstanding loans were $90.8 mn, a decrease of $6.7 mn from $97.5mn in 2017 due to repayments during the year 2018.

Receivable from members: This increase represents the receipt of an additional promissory note of £81.7mn received in respect of the UK Caribbean Infrastructure Partnership Fund (UKCIF).

Liabilities and funds: Liabilities and funds totalled $470.6 mn at December 31, 2018, compared to $370.8 mn in 2017. This increase was represented by an increase of 100.4 mn in funds and a marginal decrease of $0.6 mn in liabilities.

OPERATIONS

In 2018, CDB approved $295.1 mn in loans (2017 - $259.9 mn) and $22.9 mn in grants, excluding UKCIF (2017 - $104.0 mn) totalling $317.9mn (2017 - $363.9 mn). UKCIF approvals for the year amounted to £33.1mn.

During the year, there were loan disbursements of $240.0 mn (2017 - $173.3 mn) and grant disbursements of $38.0 mn (2017 - $57.5 mn) excluding UKCIF. UKCIF disbursements amounted to £6.6 mn (2017: £2.9 mn).

	Gross Approvals ($ mn)		Disbursement ($ mn)	
	2018	2017	2018	2017
OCR Loans	271.6	227.3	206.0	143.2
SDF Loans	25.1	32.6	33.6	30.0
OSF Loans	6.0	-	0.4	0.1
Total Loans	**302.7**	**259.9**	**240.0**	**173.3**
SDF Grants	9.6	48.7	15.3	28.9
OSF Grants	1.0	55.3	15.6	28.6
Total Grants	**10.6**	**104.0**	**30.9**	**57.5**
TOTAL	**313.3**	**363.9**	**270.9**	**230.8**
				£ (mn)
UKCIF	33.2	56.4	7.1	2.9

Loans: Lending to the public sector amounted to $244.9 mn while $50.2 mn was approved for the private sector. Of the loans approved during the year, nine (9) were entirely funded from the OCR, while seven (7) were a blend of OCR and SFR funding.

The three (3) largest borrowers were Barbados, Belize and Virgin Islands with 39.1%, 17.6% and 16.9% of the portfolio respectively.

Grants and Equity: Grant and equity approvals, excluding UKCIF, amounted to $10.6 mn (2017 - $104.0 mn). Approvals for UKCIF for 2018 amounted to £33.2 mn (2017 – £56.4 mn).

Resource Transfers: In 2018, there was a positive net transfer of resources (i.e. the net of disbursements of loans and grants less repayments of principal, interest and charges) between CDB and its BMCs. The net flow of resources amounted to $73.2 mn, a significant increase of $31.7 mn when compared to the transfer of $41.5 mn in 2017.

Financing: During 2018, additional sources of funding became available for CDB as follows:

- UKCIF increased their facility by £30 mn to establish a reconstruction window following the damage inflicted by hurricanes Irma and Maria;
- The European Investment Bank increased its line of credit to CDB by EUR 20 mn to address reconstruction and infrastructure improvements to improve the resilience of the BMCs;
- The Government of Canada provided grant resources of CAD9.25 mn for the Dominica Disaster Recovery and Resilience Fund to enhance post disaster response, build more climate resilient schools and empower communities across the country;
- The Government of Italy provided $5.6 mn in grant resources within the Sustainable Energy Facility which supports the diversification of the energy matrix in Eastern Caribbean Countries through the pursuit of geothermal energy.

Repayments: During the year, CDB was repaid 97.7% (2017 – 92%) of the total amounts which were charged to its borrowers. A breakdown by fund group is shown below:

	December 31, 2018 Amounts in $mn			December 31, 2017 Amounts in $mn		
	Principal Interest & Charges			Principal Interest & Charges		
	Billed	Received	%	Billed	Received	%
OCR	153.1	148.4	96.9	142.8	140.0	98.0
SDF	43.5	43.5	100	57.9	44.0	75.9
OSF	8.9	8.9	100	9.1	9.1	100
Total	**$205.5**	**$200.8**	**97.7**	**$209.8**	**$193.1**	**92.0**

ADMINISTRATIVE EXPENSES

A comparative analysis of major administrative expenditure items is shown below. At December 31, 2018, total administrative expenses amounted to $33.1mn, decreasing by $7.2 mn (18%) from $40.3 mn in 2017. This decline was mainly driven by the unrealised pension charge of $7.7 mn in 2017 which resulted 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.

ANALYSIS OF ACTUAL EXPENSES FOR 2018 AND 2017 $ MN

	2018	2017	Variance	%
Staff costs	$22.9	$30.1	$(7.2)	(24)
Professional fees and Consultants	2.3	1.8	0.5	28
Travel	1.5	1.8	(0.3)	(17)
Maintenance and Utilities	0.7	0.6	0.1	17
IT Services	1.4	1.4	-	-
Other	2.5	3.1	(0.6)	(19)
Depreciation	1.8	1.5	0.3	20
Total	**$33.1**	**$40.3**	**$(7.2)**	**(18)**

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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 2018 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 2018 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 impairment	
Related disclosures in the financial statements are included in Notes 2, 5, 7, 8, 10, 11, 12 and 13. IFRS 9, *Financial Instruments* became effective for the Bank on 1 January 2018. The standard changes the evaluation of credit losses from an incurred approach to an expected credit loss ("ECL") model which requires management judgment and incorporation of forward-looking information. IFRS 9 requires the Bank to record an allowance for ECLs for loans outstanding and all other financial assets not held at fair value through profit and loss, together with undisbursed loans and financial guarantee contracts. As at 31 December 2018, an allowance for expected credit losses in the amount of \$18.0M was held on the Bank's financial assets in accordance with IFRS 9. \$9.8M was recorded as an opening retained earnings adjustment as at 1 January 2018. This is a key audit matter as the estimation of ECLs is inherently uncertain and requires the application of judgment and use of subjective assumptions by management. Furthermore, models used to determine credit impairment are complex.	We evaluated the modelling techniques and methodologies developed by the Bank in order to estimate ECLs, and assessed their compliance with the requirements of IFRS 9. We tested the completeness and accuracy of data inputs into the model used to determine the ECLs and assessed the reasonableness of the "preferred creditor treatment" (PCT) factor applied. We assessed the reasonableness of the methodologies and assumptions applied in determining 12 month and lifetime probabilities of default (PD), loss given default (LGD), exposure at default (EAD), triggers for significant increase/decrease in credit risk and staging. We involved our internal financial services risk management specialists to evaluate the methodology for validating models and analysing modelling accuracy and consistency of impairment parameters. We assessed the reasonableness of all qualitative adjustments or overlays derived outside of specific model output. In addition, we assessed the adequacy of the disclosures in the 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*
Fair value of financial instruments	
Related disclosures in the Financial Statements are included in Notes 3 and 5. 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.

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 2018 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Bank's 2018 Annual Report, other than the financial statements and our auditor's report thereon. The Bank's 2018 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.

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
28 March 2019

CARIBBEAN DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	Notes	2018	2017
Assets			
Cash and cash equivalents	6	**$126,736**	$85,961
Debt securities at fair value through other comprehensive income	7	**331,301**	-
Debt securities at fair value through profit or loss	7	**-**	353,491
Receivables and prepaid assets	8	**10,813**	14,248
Cash collateral on derivatives	9	**9,750**	6,675
Loans outstanding	10	**1,163,542**	1,060,082
Receivable from members			
Non-negotiable demand notes	11	**37,554**	46,088
Maintenance of value on currency holdings	12	**3,680**	4,250
Subscriptions in arrears	13	**1,856**	2,310
		43,090	52,648
Derivative financial instruments	14	**49,101**	55,584
Property and equipment	15	**13,360**	12,325
Total Assets		**$1,747,693**	**$1,641,014**

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

ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION…CONTINUED

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	Notes	2018	2017
Liabilities and Equity			
Liabilities			
Accounts payable and accrued liabilities	17	**$6,491**	$4,810
Maintenance of value on currency holdings	12	**567**	-
Deferred income	18	**875**	875
Post-employment obligations	19	**23,749**	25,772
Borrowings	20	**796,278**	691,549
Derivative financial instruments	14	**21,163**	18,258
Total Liabilities		**849,123**	$741,264
Equity			
Subscriptions matured (net)	21(b)	**386,199**	$383,889
Retained earnings and reserves	21(e)	**512,371**	515,861
Total Equity		**898,570**	$899,750
Total Liabilities and Equity		**$1,747,693**	**$1,641,014**

Approved by the Board of Directors on March 28, 2019 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, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	Notes	Capital Stock	Retained Earnings	Post Employment Obligations Reserve	Fair value Reserve	Other Reserves	Total
Balance as of December 31, 2016		$381,580	$517,875	$(16,213)	$-	$13,260	$896,502
New capital subscriptions	21(b)	2,309	-	-	-	-	2,309
Net loss for the year		-	(3,234)	-	-	-	(3,234)
Other comprehensive gain	19	-	-	4,173	-	-	4,173
Balance as of December 31, 2017 as previously reported		$383,889	$514,641	$(12,040)	$-	$13,260	$899,750
Impact of adopting IFRS 9 – Change in fair value of debt securities at fair value through OCI	2	-	3,524	-	(3,524)	-	-
Impact of adopting IFRS 9 – ECL on amortised cost financial assets	2	-	(9,795)	-	-	-	(9,795)
Balance as of December 31, 2017		383,889	508,370	(12,040)	(3,524)	13,260	889,955
Transfer of General Banking Reserve to Retained Earnings	21f	-	7,006	-	-	(7,006)	-
New capital subscriptions	21(b)	2,310	-	-	-	-	2,310
Net income for the year		-	3,288	-	-	-	3,288
Other comprehensive gain/(loss)	19	-	-	3,486	(469)	-	3,017
Balance as of December 31, 2018		**$386,199**	**$518,664**	**$(8,554)**	**$(3,993)**	**$6,254**	**$898,570**

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, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	Notes	2018	2017
Interest and similar income	22(a)	**$56,178**	$43,857
Interest expense and similar charges	22(b)	**(26,316)**	(18,849)
Net interest income		**29,862**	25,008
Other income		**1,351**	1,093
		31,213	26,101
Operating expenses	23	**(14,784)**	(18,275)
Impairment charges	24	**(1,906)**	-
Operating income before derivative and foreign denominated borrowing adjustments		**14,523**	7,826
Derivative fair value adjustment	26	**(8,419)**	1,670
Foreign exchange loss in translation	20(b)	**(2,816)**	(12,730)
Net income/(loss) for the year		**3,288**	(3,234)
Other comprehensive gain that will not be reclassified to the income statement			
Re-measurements – Actuarial gains	19	**3,486**	4,173
Other comprehensive loss that will be reclassified to the income statement			
Fair value changes on debt securities at fair value through OCI		**(469)**	-
Total other comprehensive income		**3,017**	4,173
Total comprehensive income for the year		**$6,305**	**$939**

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

ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	Notes		2018	2017
Operating activities:				
Net income/(loss) for the year			**$3,288**	$(3,234)
Adjustments:				
Unrealised losses on debt securities		**-**		854
Depreciation	15	**1,815**		1,532
Impairment on financial assets	24	**1,906**		-
Gain on sale of non-current asset held for sale		**-**		(235)
Gain on sale of property and equipment		**-**		(12)
Derivative fair value adjustment	26	**8,419**		(1,670)
Interest income		**(56,178)**		(43,857)
Interest expense		**26,316**		18,849
Foreign exchange loss in translation	20(b)	**2,816**		12,730
Decrease in maintenance of value on currency holdings		**487**		1,519
Total cash flows used in operating activities before changes in operating assets and liabilities			**(11,131)**	(13,524)
Changes in operating assets and liabilities:				
Decrease/(increase) in receivables and prepaid assets		**3,009**		(7,906)
(Increase)/decrease in cash collateral on derivatives		**(3,075)**		4,980
Increase in accounts payable and accrued liabilities		**1,681**		1,789
Increase in post-employment obligations		**1,463**		7,735
Net decrease in debt securities at fair value through other comprehensive income		**21,642**		-
Net increase in debt securities at fair value through profit and loss		**-**		(13,717)
Cash provided by/(used in) operating activities			**13,589**	(20,643)
Disbursements on loans	10(b)		**(206,035)**	(143,196)
Principal repayments on loans	10(b)		**103,280**	102,023
Interest received			**51,884**	41,564
Net cash used in operating activities			**(37,282)**	(20,252)
Investing activities:				
Purchase of property and equipment	15	**(2,850)**		(1,680)
Proceeds from sale of property and equipment and non-current asset held for sale		**-**		819
Net cash used in investing activities			**(2,850)**	(861)
Financing activities:				
New borrowings	20(b)	**175,537**		29,058
Repayments on borrowings	20(b)	**(74,432)**		(4,432)
Interest paid on borrowings		**(24,540)**		(18,218)
New capital subscriptions	21(b)	**2,310**		2,309
Decrease in receivables from members		**2,032**		4,150
Net cash provided by financing activities			**80,907**	12,867
Net increase/(decrease) in cash and cash equivalents			**40,775**	(8,246)
Cash and cash equivalents at beginning of year			**85,961**	94,207
Cash and cash equivalents at end of year	6		**$126,736**	$85,961

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

NOTE 1 – NATURE OF OPERATIONS

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

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

Purpose and objectives
CDB is a regional financial institution established for the purpose of contributing to the harmonious economic growth and development of the member countries in the Caribbean ("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 (2017: 23 regional states and territories and 5 non-regional states). A detailed listing of the membership is provided at Note 21(c) - Equity.

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

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

NOTE 1 – NATURE OF OPERATIONS …continued

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.

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 other comprehensive income (FVOCI) (refer to Note 5) 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.

NOTE 2 – ACCOUNTING POLICIES (GENERAL) …continued

Basis of preparation…continued

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, 2018 (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 – 20 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.

Significant accounting judgements, estimates and assumptions

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

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 on the following page:

NOTE 2 – ACCOUNTING POLICIES (GENERAL) …continued

Significant accounting judgements, estimates and assumptions …continued

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 IFRS 9, IFRS 15 and IFRIC 22 for the first time during this reporting period. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Bank. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 for annual periods on or after January 1, 2018. In these financial statements, the Bank has applied IFRS 9 and IFRS 7R, effective for annual periods beginning on or after January 1 2018, for the first time.

The Bank has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9 and therefore the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in opening retained earnings as of January 1, 2018 and are disclosed below.

Changes to classification and measurement
To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets [fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and amortised cost] have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on de-recognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on de-recognition (which is not applicable to the Bank)
- Financial assets FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the income statement. The Bank has not designated any financial liabilities at FVPL.

NOTE 2 – ACCOUNTING POLICIES (GENERAL) …continued

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

IFRS 9 Financial Instruments …continued

The Bank's classification of its financial assets and liabilities is explained in Notes 5 and 16. The quantitative impact of applying IFRS 9 as at January 1, 2018 is disclosed below.

Changes to the impairment calculation
The adoption of IFRS 9 has fundamentally changed the Bank's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

Details of the Bank's impairment method are disclosed in Note 5. The quantitative impact of applying IFRS 9 as at January 1, 2018 is disclosed below.

Changes to disclosures
To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was updated and the Bank has adopted it, together with IFRS 9, for the year beginning January 1, 2018. Changes include transition disclosures as shown below, detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used as disclosed in Note 5. Reconciliations from opening to closing ECL allowances are presented in Notes 8, 10, 11, 12 and 13 where applicable.

Transition disclosures
The following pages set out the impact of adopting IFRS 9 on the statement of financial position and retained earnings.

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

NOTE 2 – ACCOUNTING POLICIES (GENERAL) …continued

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

IFRS 9 Financial Instruments …continued

Transition disclosures …continued

A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is as follows:

	IAS 39 Measurement		Re-measurement	IFRS 9 Measurement	
Financial assets	**Category**	**Carrying Amount**	**ECL**	**Category**	**Carrying Amount**
		31-Dec-17			**1-Jan-18**
Cash and cash equivalents	L&R	85,961	-	AC	85,961
Debt securities	FVPL	353,491	-	FVOCI	353,491
Receivables	L&R	14,248	(333)	AC	13,915
Loans outstanding	L&R	1,060,082	(1,659)	AC	1,058,423
Receivable from members	L&R	52,648	(7,803)	AC	44,845
Derivative financial instruments	FVPL	55,584	-	FVPL	55,584
Total Financial Assets		**1,622,014**	**(9,795)**		**1,612,219**
Financial Liabilities					
Accounts payable and accrued liabilities	AC	4,810	-	AC	4,810
Borrowings	AC	691,549	-	AC	691,549
Derivative financial instruments	FVPL	18,258	-	FVPL	18,258
Total Financial Liabilities		**714,617**	**-**		**714,617**

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

NOTE 2 – ACCOUNTING POLICIES (GENERAL) …continued

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

IFRS 9 Financial Instruments …continued

Transition disclosures …continued

The impact of transition to IFRS 9 on reserves and retained earnings is disclosed as follows:

	Retained Earnings	Fair Value Reserve	Total
	$	$	$
Closing balance under IAS 39 (31 December 2017)	514,641	-	**514,641**
Reclassification of debt securities from FVPL to FVOCI	3,524	(3,524)	**-**
Recognition of IFRS 9 ECLs	(9,795)	-	**(9,795)**
Opening balance under IFRS 9 (1 January 2018)	**508,370**	**(3,524)**	**504,846**

The following table reconciles the aggregate loan loss provision allowances under IAS 39 to the ECL allowance under IFRS 9. Further details are disclosed in Notes 8, 10, 11, 12 and 13.

	Loan Loss Provision under IAS 39	Re-measurement	ECLs under IFRS 9 at 1 January 2018
	$	$	$
Debt securities at FVPL per IAS 39/Debt securities at FVOCI per IFRS 9	-	-	-
Receivables at amortised cost per IAS 39 & IFRS 9	-	333	333
Loans outstanding at amortised cost per IAS 39 and IFRS 9	6,309	1,659	7,968
Receivable from members at amortised costs per IAS 39 and IFRS 9	-	7,803	7,803
Opening balance under IFRS 9 (1 January 2018)	**6,309**	**9,795**	**16,104**

NOTE 2 – ACCOUNTING POLICIES (GENERAL) …continued

New and amended standards interpretations which may be applicable to the Bank …continued

IFRS 15, Revenue from contracts with customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Bank adopted IFRS 15, however, interest and fee income integral to financial instruments continue to be regulated by IFRS 9, Financial Instruments. 96% (2017: 96%) of the Bank's revenue is regulated by IFRS 9 and the impact of IFRS 15 on the Bank's financial statements was immaterial.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation became effective Janaury 1, 2018 and 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.

Other standards, interpretations and amendments effective January 1, 2018

The following are the amendments and interpretations which apply for the first time in 2018, but do not have an impact on the financial statements of the Bank.

- Amendments to IAS 40 Transfers of Investment Property
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards
  Deletion of short-term exemptions for first-time adopters

NOTE 2 – ACCOUNTING POLICIES (GENERAL) …continued

Standards in issue not yet effective which may be 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.

Amendments to IAS 19 Plan Amendment, Curtailment or Settlement

Effective for annual periods beginning on or after 1 January 2019. The amendments address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to re-measure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Effective for annual periods beginning on or after 1 January 2019. Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

IFRS 16 Leases

Effective for annual periods beginning on or after 1 January 2019. The scope of IFRS 16 includes leases of all assets, with certain exceptions. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

NOTE 2 – ACCOUNTING POLICIES (GENERAL) …continued

Standards in issue not yet effective which may be applicable to the Bank …continued

Annual improvements 2015 – 2017 cycle: IAS 23 Borrowing Costs

Effective for annual periods beginning on or after 1 January 2019. The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

Other standards, interpretations and amendments not yet effective which may not be applicable to the Bank

IFRS 17 Insurance Contracts – January 1, 2021
IFRIC Interpretation 23 Uncertainty over Income Tax Treatment – January 1, 2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – deferred indefinitely
Amendments to IAS 28: Long-term interests in associates and joint ventures – January 1, 2019
Annual Improvements 2015-2017 Cycle (amendments to IFRS 3, IFRS 11, IAS 12) – January 1, 2019

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 other comprehensive income that are all derived directly from its operations.

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

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

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

The Bank's Office of Risk Management (ORM) manages, coordinates, monitors and reports on the mitigation of all risks that the Bank faces such as strategic, financial, operational, and reputational risks. The ORM also has the responsibility for recommending and implementing new or amended policies and procedures for effective risk management to the BOD for approval and to ensure that risk awareness is embedded within the Bank's operations and among 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.

NOTE 3 – RISK MANAGEMENT …continued

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 and controls concentration of credit risk through financial policies which limit the amount of exposure in relation to a single borrower and to groups of borrowers, by counterparties, credit ratings and by type of investments. Performance against these limits is measured and reported on a monthly and quarterly basis to the ERC.

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, 2018 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.

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

NOTE 3 – RISK MANAGEMENT …continued

Credit risk …continued

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

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

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

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.

	2018	2017
Single largest borrower's exposure to total outstanding loans	**16.2%**	18.5%
Three largest borrowers' exposure to total outstanding loans	**41.4%**	40.3%
Three largest borrowers' exposure to available capital	**57.0%**	51.9%

Cash and cash equivalents and Debt securities FVOCI (2018); FVPL (2017)

The Bank's results as at December 31 against the BOD approved policy ratios were as follows:

	Maximum policy limit (based upon total investment portfolio)	2018	2017
Single entity	10%	**6.5%**	7.0%
US Treasury or US Government Agency	35%	**35.3%**	27.0%
Commercial entity	50%	**13.2%**	15.6%

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). These commitments expose the Bank to similar risk as loans and are mitigated by the same control processes and policies.

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

NOTE 3 – RISK MANAGEMENT …continued

Credit risk …continued

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.

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

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

	2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents	**$126,736**	**$-**	**$-**	**$126,736**
Debt securities at fair value through OCI	**331,301**	**-**	**-**	**331,301**
Sovereign loans outstanding	**895,950**	**227,542**	**-**	**1,123,492**
Non-sovereign loans outstanding	**40,050**	**-**	**-**	**40,050**
Derivative financial instruments	**49,101**	**-**	**-**	**49,101**
Non-negotiable demand notes	**37,554**	**-**	**-**	**37,554**
Maintenance of value on currency holdings	**3,680**	**-**	**-**	**3,680**
Subscriptions in arrears	**1,856**	**-**	**-**	**1,856**
Receivables	**8,521**	**-**	**1,602**	**10,123**
	$1,494,749	**$227,542**	**$1,602**	**$1,723,893**
Commitments				
Undisbursed sovereign loan balances	**$451,892**	**$-**	**$-**	**$451,892**
Undisbursed non-sovereign loan balances	**16,352**	**-**	**-**	**16,352**
Commitments	**15,000**	**-**	**-**	**15,000**
Guarantees	**12,000**	**-**	**-**	**12,000**
	$495,244	**$-**	**$-**	**$495,244**
	$1,989,993	**$227,542**	**$1,602**	**$2,219,137**

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

NOTE 3 – RISK MANAGEMENT …continued

Credit risk …continued

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

Credit risk exposure relating to assets included on the statement of financial position as at December 31, 2017 is as follows.

As at December 31	2017
Cash and cash equivalents	$85,961
Debt securities at fair value through profit or loss	353,491
Sovereign loans outstanding	1,024,610
Non-sovereign loans outstanding	35,472
Derivative financial instruments	55,584
Non-negotiable demand notes	46,088
Maintenance of value on currency holdings	4,250
Subscriptions in arrears	2,310
Receivables	13,887
	$1,621,653
Commitments	
Undisbursed sovereign loan balances	$444,754
Undisbursed non-sovereign loan balances	19,227
Commitments	15,000
Guarantees	12,000
	$490,981
	$2,112,634

The above tables represents a worst case scenario of credit risk exposure as at December 31, 2018 and 2017, without taking account of any collateral held or other credit enhancements attached.

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

As shown, the total gross maximum exposure from loans and commitments to the sovereign was 71.0% (2017: 69.7%), and to the non-sovereign was 2.5% (2017: 2.4%).

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

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, 2018, the Bank's debt securities were classified as fair value through other comprehensive income. These assets were individually assessed for ECL and were all classified as Stage 1 financial assets.

	2018			
	AAA	**AA+ to AA-**	**A+ to A-**	**Total**
Obligations guaranteed by				
Governments[1]	**$66,688**	**$107,969**	**$14,505**	**$189,162**
Time Deposits	**-**	**749**	**-**	**749**
Sovereign Bonds	**40,392**	**13,838**	**-**	**54,230**
Supranational Bonds[2]	**81,229**	**5,931**	**-**	**87,160**
	$188,309	**$128,487**	**$14,505**	**$331,301**

As of December 31, 2017, the Bank's debt securities were classified as fair value through profit and loss and were not subject to an impairment assessment.

	2017			
	AAA	**AA+ to AA-**	**A+ to A-**	**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	107,916	5,942	-	**113,858**
	$222,366	$121,053	$10,072	**$353,491**

(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.

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

NOTE 3 – RISK MANAGEMENT …continued

Credit risk …continued

Credit quality …continued

In accordance with the Bank's internal rating scale 100% (2017: 100%) of debt securities, treasury bills and other eligible bills are classified as 'Basic monitoring'.

Loans and advances
As of December 31, 2018, loans that were classified as Stage 1 and Stage 2 represented 99.6% (2017: 99.5%) of gross loans outstanding. Loans are summarised as follows:

	December 31, 2018		
	Sovereign	**Non-sovereign**	**Total**
Stage 1	**$896,850**	**$42,953**	**939,803**
Stage 2	**228, 900**	**-**	**228,900**
Stage 3	**-**	**4,817**	**4,817**
Gross	**1,125,750**	**47,770**	**1,173,520**
Less: allowance for ECL	**(2,258)**	**(7,720)**	**(9,978)**
Net	**$1,123,492**	**$40,050**	**1,163,542**

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

	December 31, 2017		
	Sovereign	**Non-sovereign**	**Total**
Neither past due nor impaired	$1,024,610	$36,839	**1,061,449**
Impaired	-	4,942	**4,942**
Gross	1,024,610	41,781	**1,066,391**
Less: allowance for impairment	-	(6,309)	**(6,309)**
Net	$1,024,610	$35,472	**1,060,082**

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

NOTE 3 – RISK MANAGEMENT …continued

Credit risk …continued

Credit quality …continued

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

	2018		
	Sovereign	Non-sovereign	Total
Standard monitoring	$694,947	$21,293	$716,240
Special monitoring	201,903	21,660	223,563
Sub-standard	228,900	-	228,900
	$1,125,750	$42,953	$1,168,703

Loans and advances neither past due nor impaired

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

As at December 31, 2017, there were no loans and advances past due but not impaired.

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

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

NOTE 3 – RISK MANAGEMENT …continued

Credit risk …continued

Credit quality …continued

Loans and advances …continued

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

	2018				
	Basic Monitoring	Standard Monitoring	Special Monitoring	Sub-Standard	Total
Cash and cash equivalents	$105,743	$6,058	$6,078	$8,857	$126,736
Receivables	-	-	8,521	-	8,521
Non-negotiable demand notes	4,724	25,671	3,346	3,813	37,554
Maintenance of value on currency holdings	1,062	2,550	68	-	3,680
Subscriptions in arrears	-	1,856	-	-	1,856
	$111,529	$36,135	$18,013	$12,670	$178,347

Other financial assets – Fair value through profit and loss

	2018				
	Basic Monitoring	Standard Monitoring	Special Monitoring	Sub-Standard	Total
Derivative financial instruments	49,101	-	-	-	49,101

Other financial assets neither past due nor impaired

	2017				
	Basic Monitoring	Standard Monitoring	Special Monitoring	Sub-Standard	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

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

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 gross amounts, net of impairment allowances, 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.

	2018				
	Borrowing Member Countries	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$21,083	$20,871	$82,068	2,714	$126,736
Debt securities at fair value through OCI	749	73,605	172,002	84,945	331,301
Sovereign loans outstanding	1,123,492	-	-	-	1,123,492
Non-sovereign loans outstanding	40,050	-	-	-	40,050
Derivative financial instruments	-	26,995	22,106	-	49,101
Maintenance of value on currency Holdings	728	2,952	-	-	3,680
Non-negotiable demand notes	32,302	5,252	-	-	37,554
Subscriptions in arrears	1,856	-	-	-	1,856
Receivables	10,123	-	-	-	10,123
	$1,230,383	$129,675	$276,176	$87,659	$1,723,893

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

NOTE 3 – RISK MANAGEMENT …continued

Credit risk …continued

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

Geographical sectors …continued

	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	1,024,610	-	-	-	**1,024,610**
Non-sovereign loans outstanding	35,472	-	-	-	**35,472**
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**

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.

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

NOTE 3 – RISK MANAGEMENT …continued

Market risk …continued

Concentrations of foreign currency risk

	2018				
As at December 31	**US$**	**Yen**	**CHF**	**Other**	**Total**
Assets					
Cash and cash equivalents	$84,873	$-	$-	$41,863	$126,736
Debt securities at fair value through OCI	325,860	-	-	5,441	331,301
Loans outstanding	1,163,542	-	-	-	1,163,542
Derivative financial instruments	4,122	44,979	-	-	49,101
Receivable from members	22,227	-	-	20,863	43,090
Receivables	9,074	-	-	1,049	10,123
Total financial assets	1,609,698	44,979	-	69,216	1,723,893
Liabilities					
Accounts payable	$3,448	$-	$-	$(15)	$3,433
Borrowings	473,098	175,822	147,358	-	796,278
Derivative financial instruments	-	-	21,163	-	21,163
Total financial liabilities	476,546	175,822	168,521	(15)	820,874
Net on-balance sheet financial position	$1,133,152	$(130,843)	$(168,521)	$69,231	$903,019
Credit commitments	$468,244	$-	$-	$-	$468,244

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

NOTE 3 – RISK MANAGEMENT …continued

Market risk …continued

Concentrations of foreign currency risk …continued

	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**

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.

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

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	**2018**	**2017**
Increase of 5%	**$(8,224)**	$(8,028)
Decrease of 5%	**$9,089**	$8,873
Increase of 10%	**$(15,700)**	$(15,326)
Decrease of 10%	**$19,188**	$18,731

CHF	Effect on profit or loss (Income)/Expense	
Exchange rate movements	**2018**	**2017**
Increase of 5%	**$(7,017)**	$(7,079)
Decrease of 5%	**$7,755**	$7,824
Increase of 10%	**$(13,396)**	$(13,514)
Decrease of 10%	**$16,373**	$16,517

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.

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

NOTE 3 – RISK MANAGEMENT …continued

Market risk …continued

Interest rate risk …continued

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.

Exposure to interest rate risk

	2018					
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	$126,736	$-	$-	$-	$-	$126,736
Debt securities at fair value through OCI	17, 021	74, 270	234, 232	5,778	-	331,301
Loans outstanding	1,163,542	-	-	-	-	1,163,542
Derivative financial instruments	44,979	4,122	-	-	-	49,101
Receivable from members	-	-	-	-	43,090	43,090
Receivables	-	-	-	-	10,123	10,123
Total Assets	$1,352,278	$78,392	$234,232	$5,778	$53,213	$1,723,893
Liabilities						
Accounts payable	$-	$-	$-	$-	$3,433	$3,433
Borrowings	44,921	5,057	220,382	525,918	-	796,278
Derivative financial instruments	21,163	-	-	-	-	21,163
Total Liabilities	$66,084	$5,057	$220,382	$525,918	$3,433	$820,874
Total interest sensitivity						
Gap	$1,286,194	$73,335	$13,850	$(520,140)		

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

NOTE 3 – RISK MANAGEMENT …continued

Market risk …continued

Exposure to interest rate risk …continued

	2017					
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)		

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 $3,988 (2017: $3,713). 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 $802 (2017: $25,244) in the net income for the year and an increase of $5,922 (2017: $15,479) 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.

NOTE 3 – RISK MANAGEMENT …continued

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 $412 million (2017: $197 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 $596 million (2017: $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.

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

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.

	2018				
At December 31	**0-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets					
Cash and cash equivalents	$126,736	$-	$-	$-	$126,736
Debt securities at fair value through OCI	18,309	78,610	246,108	6,202	349,229
Loans outstanding	58,795	115,751	575,422	751,596	1,501,564
Receivable from members	-	43,090	-	-	43,090
Receivables	8,202	340	698	883	10,123
Total Assets	$212,042	$237,791	$822,228	$758,681	$2,030,742
Liabilities					
Accounts payable	$12	$199	$-	$3,222	$3,433
Borrowings	7,960	20,419	298,340	582,546	909,265
Total Liabilities	$7,972	$20,618	$298,340	$585,768	$912,698

	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**

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

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.

	2018				
At December 31	**0-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivative asset:					
Derivative financial instruments	**$2,276**	**$623**	**$10,767**	**$2,575**	**$16,241**
Derivative liability:					
Derivative financial instruments	**$3,229**	**$3,027**	**$23,988**	**$(12,128)**	**$18,116**

	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**

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

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.

	2018		
At December 31	**0-12 months**	**1-5 years**	**Total**
Loan commitments	**$220,000**	**$248,244**	**$468,244**
Other commitments	**5,000**	**10,000**	**15,000**
Guarantees	**12,000**	**-**	**12,000**
	$237,000	**$258,244**	**$495,244**

	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**

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

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

	2018			
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	$-	$49,101	$-	$49,101
Financial assets at fair value through OCI				
Debt securities	-	331, 301	-	331,301
	$-	$380,402	$-	$380,402
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	$-	$21,163	$-	$21,163
	$-	$21,163	$-	$21,163

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

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

NOTE 3 – RISK MANAGEMENT …continued

Fair value of financial assets and liabilities …continued

Fair value hierarchy …continued

Financial assets and liabilities measured at fair value …continued

	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.

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

NOTE 3 – RISK MANAGEMENT …continued

Fair value of financial assets and liabilities …continued

Financial assets and liabilities 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	
	2018	**2017**	**2018**	**2017**
Financial assets – loans and receivables				
Loans outstanding	**$1,163,542**	$1,060,082	**$921,749**	$935,188
Financial liabilities – amortised cost				
Borrowings	**$796,278**	$691,549	**$873,617**	$828,040

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.

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.

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

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, 2018 the Bank's available capital was 200.4% (2017: 219.0%) of its economic capital.

No changes were made to the objectives, policies or processes for managing capital during the year ended December 31, 2018.

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, 2018 and 2017, and associated interest income by countries which generated in excess of 10% of the loan interest income for the years ended December 31, 2018 and 2017:

	Interest income		Loans outstanding	
Country	**2018**	**2017**	**2018**	**2017**
Jamaica	**$7,693**	$7,100	**$176,073**	$196,874
Barbados	**5,672**	4,670	**189,239**	113,989
Antigua and Barbuda	**5,613**	-	**119,116**	-
Others	**30,295**	26,306	**679,114**	749,219
	$49,273	$38,076	**$1,163,542**	$1,060,082

NOTE 5 – FINANCIAL ASSETS

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

Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

Measurement categories of financial assets

Prior to January 1, 2018, the Bank categorised its assets as fair value through profit or loss, or loans and receivables. Management determined the classification of its financial instruments at initial recognition.

From January 1, 2018, the Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

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

The Bank classifies and measures its derivatives at FVPL.

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

Subsequent measurement

Loans outstanding, receivable from members and receivables

Prior to January 1, 2018, the Bank classified its loans outstanding, receivable from members and receivables as loans and receivables which was the most applicable category under IAS 39. 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 receivables are recognised in the statement of comprehensive income in 'Impairment Charges'.

Loans and receivables are measured at amortised cost and while the determination of classification differs under IFRS 9, the policy related to the measurement of these assets under IFRS 9 is the same as that denoted above.

NOTE 5 – FINANCIAL ASSETS …continued

Subsequent measurement…continued

Loans outstanding, receivable from members and receivables…continued

From January 1, 2018, the Bank measures loans outstanding, receivable from members and receivables at amortised cost having determined that both of the following conditions are met:

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

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

Assessment is based on observable factors such as:

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

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

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

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

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

NOTE 5 – FINANCIAL ASSETS …continued

Subsequent measurement…continued

Debt securities
Prior to January 1, 2018, the Bank designated its debt securities as fair value through profit or loss. 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 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.

Subsequent to January 1, 2018, the Bank classifies its debt securities at FVOCI when both of the following conditions are met:

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

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

Derivatives recorded at fair value through profit or loss
The Bank's derivatives prior and subsequent to January 1, 2018, continue to be classified at FVPL.

The Bank enters into interest rate swaps and/or cross currency swaps with various counterparties and in accordance with approved policy. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed in Note 14. Changes in the fair value of derivatives 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 22 (b) and are included in 'Interest expense and similar charges' in the statement of comprehensive income.

Fair Value Measurement

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

NOTE 5 – FINANCIAL ASSETS …continued

Fair Value Measurement …continued

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.

Provision for loan impairment (prior to January 1, 2018)

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.

NOTE 5 – FINANCIAL ASSETS …continued

Provision for loan impairment (prior to January 1, 2018) …continued

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.

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.

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.

Impairment of financial assets (applicable from January 1, 2018)

Overview of the ECL principles
The adoption of IFRS 9 has fundamentally changed the Bank's loan loss impairment method by replacing IAS 39's "incurred loss" approach with a forward-looking "expected credit loss" [ECL] approach. From January 1, 2018, the Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'.

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

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

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

NOTE 5 – FINANCIAL ASSETS …continued

Impairment of financial assets (applicable from January 1, 2018) …continued

*Determination of significant increase in credit risk…*continued

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

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

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

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

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

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

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

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

NOTE 5 – FINANCIAL ASSETS …continued

Impairment of financial assets (applicable from January 1, 2018) …continued

The calculation of ECLs …continued

- PCT factor – The Preferred Creditor Treatment (PCT) is calculated as a mitigation of the total ECL computed in accordance with the standard formula, to reflect the status of the Bank as a preferred creditor by its sovereign borrowers. PCT treatment includes the obligation to meet the payments of all sovereign debts in full and on time, no re-negotiation or "hair-cuts" on outstanding amounts and the role of the Bank as a lender of last resort which rests in large part on the respect of PCT treatment to all institutions similar to the Bank.

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

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

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

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

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

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

NOTE 5 – FINANCIAL ASSETS …continued

Impairment of financial assets (applicable from January 1, 2018) …continued

The calculation of ECLs …continued

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

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

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

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

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

Write-offs
The Bank's accounting policy under IFRS 9 remains the same as it was under IAS 39.

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

NOTE 5 – FINANCIAL ASSETS …continued

Impairment of financial assets (applicable from January 1, 2018) …continued

The Bank's internal rating and PD estimation process
The Bank's ORM operates its internal rating models. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Where practical, they also build on information from external rating agency action and information. These information sources are first used to determine the PDs within the Bank's Basel III framework. The internal credit grades are assigned based on these Basel III grades. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenarios as appropriate.

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

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

Significant accounting judgements, estimates and assumptions
The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses as well as the assessment of a significant increase in credit risk (specific to IFRS 9). These estimates are driven by a number of factors, changes in which can result in different allowance amounts.

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

- The Bank's internal credit rating model, which assigns Probabilities of Default (PDs) to the individual ratings;
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Life Time ECL basis and the associated qualitative assessment;
- Utilisation of appropriately tested ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs and the effect on PDs, Exposure at Default (EADs) and Losses given Default (LGDs);
- Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL models;
- Evaluation of the impact of unique mitigating factors against credit losses based on the nature of the Bank, its ownership, borrowers and its preferred creditor status.
- Determination of the mitigating factor for the Bank's PCT status

NOTE 5 – FINANCIAL ASSETS …continued

Collateral valuation

To mitigate its credit risks in its non-sovereign portfolio the Bank seeks to use collateral to secure or further secure its loans primarily in non-interest bearing cash deposits and charges against trade assets in the non-sovereign portfolio. The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Non-cash collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed annually. The Bank held cash collateral with respect to two non-sovereign borrowers amounting to $2.3 million (2017 : $1.5 million against one borrower) Other collateral held at the and of the reporting period is not material.

Renegotiated loans

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

De-recognition

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

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

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

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

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

NOTE 6 – CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition which are subject to an insignificant risk of changes in value. 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:

	2018	2017
Due from banks	**$77,552**	$21,863
Time deposits	**49,184**	64,098
	$126,736	$85,961

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

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

The accounting policy is as defined in Note 5.

(a) A summary of the Bank's debt securities at fair value through other comprehensive income as at December 31, 2018 is as follows:

	2018			
	USD	CAD	Other	Total
December 31				
Obligations guaranteed by Governments[1]	$239,720	$3,672	-	$243,392
Multilateral organisations	86,140	1,020	-	87,160
Time deposits	-	-	749	749
	$325,860	$4,692	$749	$331,301

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

The ECL computed for debt securities at FVOCI was nil as at December 31, 2018

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

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

A summary of the Bank's debt securities at fair value through profit or loss as at December 31, 2017 is as follows:

	2017			
	USD	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**

(b) A maturity analysis of debt securities at fair value through other comprehensive income as at December 31, 2018 and fair value through profit or loss as at December 31, 2017 is as follows:

	2018	2017
Current	**$91,291**	$49,369
Non-current	**240,010**	304,122
	$331,301	$353,491

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:

	2018	2017
Inter-fund receivable – Note 27	**$6,720**	$9,115
Staff loans and other receivables	**738**	657
Value added tax receivable	**1,421**	1,112
Institutional receivables	**1,671**	3,003
Prepaid assets	**690**	361
	11,240	14,248
Less impairment provision	**(427)**	-
	$10,813	$14,248

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

NOTE 8 – RECEIVABLES AND PREPAID ASSETS …continued

An assessment of the impairment provision as at December 31, 2018 is as follows:

	Stage 1	Stage 3	Total
Opening adjustment re: IFRS 9 as at January 1, 2018 (Note 2)	$-	$333	$333
Impairment charge (Note 24)	1	93	94
Impairment provision as at December 31	$1	$426	$427

No provision for impairment was recorded in 2017 in accordance with the requirements of IAS 39.

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.

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, 2018, the Bank held a collateral receivable of $9,750 (2017: $6,675) 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 earned for the year was $152 (2017: $52).

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, its BMCs and are disbursed and repaid in US Dollars. Loans are granted for a maximum period of twenty-two years, including a grace period, which typically covers the period of the project implementation and are for the purpose of financing development projects and programmes, and are not intended for sale. Interest rates are reset quarterly (2017: semi-annually). The interest rate prevailing as at December 31, 2018 was 4.80% (2017: 3.80%).

NOTE 10 – LOANS OUTSTANDING …continued

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

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

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

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.

2018				
Borrowers	**Loans not yet effective**	**Undisbursed**	**Outstanding**	**% of Loans outstanding**
Anguilla	$6,230	$4,306	$85,945	7.4
Antigua and Barbuda	-	70,128	117,814	10.2
Bahamas	17,450	20,168	18,194	1.6
Barbados	-	39,854	187,546	16.2
Belize	32,428	59,994	104,393	9.0
British Virgin Islands	9,299	49,843	79,571	6.9
Dominica	-	10,424	17,689	1.5
Grenada	-	14,766	39,184	3.4
Guyana	-	2,272	28,805	2.5
Jamaica	-	7,016	173,917	15.0
St. Kitts and Nevis	-	6,194	28,456	2.4
St. Lucia	13,067	46,733	55,677	4.8
St. Vincent and the Grenadines	14,527	14,471	76,333	6.6
Suriname	-	99,798	54,247	4.7
Trinidad and Tobago	-	-	34,860	3.0
Turks and Caicos Islands	672	441	2,424	0.2
Regional	-	5,484	6,811	0.6
Non-sovereign	34,388	16,352	46,774	4.0
Sub-total	128,061	468,244	1,158,640	100.0
Provision for impairment	-	-	(9,978)	
Accrued interest and other charges	-	-	14,880	
	$128,061	$468,244	$1,163,542	

	2018
Current	$111,628
Non-current	1,051,914
	$1,163,542

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

NOTE 10 – LOANS OUTSTANDING …continued

(a) Credit exposures…continued

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

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

NOTE 10 – LOANS OUTSTANDING …continued

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

2018								
Currencies receivable	**Loans outstanding 2017**	**Opening adjustment re: IFRS 9 (Note 2)**	**Sub-total: opening balance (Note 2)**	**Net interest**	**Disbursements**	**Repayments**	**Provision for impairment**	**Loans outstanding 2018**
United States dollars	**$1,055,885**	**$-**	**$1,055,885**	**$-**	**$206,035**	**$(103,280)**	**$-**	**$1,158,640**
Sub-total	**1,055,885**	**-**	**1,055,885**	**-**	**206,035**	**(103,280)**	**-**	**1,158,640**
Provision for impairment	**(6,309)**	**(1,659)**	**(7,968)**	**-**	**-**	**-**	**(2,010)**	**(9,978)**
Accrued interest	**10,506**	**-**	**10,506**	**4,374**	**-**	**-**	**-**	**14,880**
Total – December 31	**$1,060,082**	**($1,659)**	**$1,058,423**	**$4,374**	**$206,035**	**$(103,280)**	**($2,010)**	**$1,163,542**

2017							
Currencies receivable	**Loans outstanding 2016**	**Net interest**	**Disbursements**	**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**

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

NOTE 10 – LOANS OUTSTANDING …continued

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

	Stage 1	Stage 3	Total
Balance as at December 31, 2017	**$-**	**$6,309**	**$6,309**
Opening adjustment re: IFRS 9 as at January 1, 2018 (Note 2)	**3,113**	**(1,454)**	**1,659**
Impairment charge (Note 24)	**2,021**	**(11)**	**2,010**
Impairment provision as at December 31	**$5,134**	**$4,844**	**$9,978**

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, 2018 the non-negotiable demand notes were comprised as follows:-

	2018	2017
Gross carrying amount	**$44,181**	$46,088
Less impairment provision	**(6,627)**	-
	$37,554	$46,088

No provision for impairment was recorded in 2017 in accordance with the requirements of IAS 39.

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

NOTE 11 – NON-NEGOTIABLE DEMAND NOTES …continued

An assessment of the impairment provision as at December 31, 2018 is as follows:

	Stage 1
Opening adjustment re: IFRS 9 as at January 1, 2018 (Note 2 – included in "Receivable from members" line)	$6,819
Impairment recovery (Note 24 – included in "Receivable from members" line)	(192)
Impairment provision as at December 31	**$6,627**

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 are based on the prevailing exchange rates at the end of each reporting period, therefore reflecting fair value and can constitute a liability of the member or the Bank.

As at December 31, 2018 maintenance of value on currency holdings was comprised as follows:-

	2018	2017
Gross carrying amount	$4,331	$4,250
Less impairment provision	(651)	-
	$3,680	$4,250

No provision for impairment was recorded in 2017 in accordance with the requirements of IAS 39.

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

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

An assessment of the impairment provision as at December 31, 2018 is as follows:

	Stage 1
Opening adjustment re: IFRS 9 as at January 1, 2018 (Note 2 – included in "Receivable from members" line)	$637
Impairment charge (Note 24 – included in "Receivable from members" line)	14
Impairment provision as at December 31	**$651**

As at December 31, 2018 $567 (2017: Nil) was due by the Bank.

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 in six instalments. The values below represent amounts that are due and not yet paid by certain members.

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

	2018	2017
Gross carrying amount	**$2,183**	$2,310
Less impairment provision	**(327)**	-
	$1,856	**$2,310**

No provision for impairment was recorded in 2017 in accordance with the requirements of IAS 39.

An assessment of the impairment provision as at December 31, 2018 is as follows:

	Stage 1
Opening adjustment re: IFRS 9 as at January 1, 2018 (Note 2 – included in "Receivable from members" line)	$347
Impairment recovery (Note 24 – included in "Receivable from members" line)	(20)
Impairment provision as at December 31	**$327**

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

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 is prohibited and all derivative financial instruments are held to maturity but may be terminated in those instances where the contract no longer satisfies the purpose for which it was intended, or is detrimental to the Bank's profitability in any way.

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

		2018	2017
		Fair values	
	Notional Amount		
Derivative financial asset			
Cross currency interest rate swaps	$163,220	**$47,189**	$46,623
Interest rate swaps	$300,000	**3,849**	8,876
Bilateral non-performance risk adjustment		**(1,937)**	85
		$49,101	$55,584
Derivative financial liability			
Cross currency interest rate swap	$151,341	**$21,617**	$18,790
Bilateral non-performance risk adjustment		**(454)**	(532)
		$21,163	$18,258

NOTE 15 – 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 and is in the process of obtaining legal vesting of the asset to the Bank.

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.

During the year the Bank undertook an assessment of the economic life of its computer assets for accounting purposes and it was determined that the current policy was still applicable.

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.

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

NOTE 15 – PROPERTY AND EQUIPMENT …continued

The carrying values of property and equipment were as follows:

	2018					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
Opening net book value	$4,356	$5,117	$1,740	$1,027	$85	$12,325
Additions	2,362	68	284	116	20	2,850
Transfers from projects in progress	(1,433)	76	1,189	168	-	-
Disposals - cost	-	-	(1)	-	-	(1)
Disposals - accumulated depreciation	-	-	1	-	-	1
Depreciation expense	-	(303)	(968)	(492)	(52)	(1,815)
Closing net book value	$5,285	$4,958	$2,245	$819	$53	$13,360
At December 31						
Cost	$5,285	$12,299	$13,016	$6,840	$267	$37,707
Accumulated depreciation	-	(7,341)	(10,771)	(6,021)	(214)	(24,347)
Closing net book value	$5,285	$4,958	$2,245	$819	$53	$13,360

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

NOTE 15 – PROPERTY AND EQUIPMENT …continued

	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**

NOTE 16 – 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 17 and 20 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.

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

NOTE 16 – 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 17 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounting policy for accounts payable is as defined at Note 16.

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:

	2018	2017
Accounts payable	**$3,433**	$1,879
Accrued liabilities	**3,058**	2,931
	$6,491	$4,810

NOTE 18 – DEFERRED INCOME

Deferred income comprises freehold land donated to the Bank as a Government grant and is stated at historical value of $875 (2017: $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, approval for which was given by the Bank's BOD and preliminary undertakings are in process.

NOTE 19 – 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 equity through other comprehensive income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

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

The solvency of the plans is assessed by independent actuaries every three years to determine the funding requirements for the plans. The most recent actuarial valuation was performed as at January 1, 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.

NOTE 19 – 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% (2017: 30.7%) 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.

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.

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

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS …continued

*Key assumptions and quantitative sensitivity analyses…*continued
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 53.4% (2017: 55.4%) 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.

Net post-employment obligations

	2018	2017
Defined benefit pension liability	**$15,203**	$17,649
Hybrid pension liability	**6,336**	6,055
Post-retirement medical obligation	**2,210**	2,068
	$23,749	$25,772

Net pension costs recognised in profit or loss

	2018	2017
Defined benefit pension liability	**$5,952**	$10,355
Hybrid pension liability	**291**	1,971
Post-retirement medical obligation	**229**	231
	$6,472	$12,557

Net re-measurements recognised in other comprehensive income

	2018	2017
Defined benefit obligation	**$(4,198)**	$(3,027)
Hybrid pension liability	**712**	(1,056)
Post-retirement medical obligation	**-**	(90)
	$(3,486)	$(4,173)

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

NOTE 19 – 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	
	2018	2017	2018	2017
Present value of funded obligations	**$75,277**	$75,588	**$24,204**	$24,452
Fair value of plan assets	**(60,074)**	(57,939)	**(17,868)**	(18,397)
Net defined benefit liability	**$15,203**	$17,649	**$6,336**	$6,055

The amounts recognised in profit or loss are as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2018	2017	2018	2017
Current service costs	**$5,424**	$9,725	**$99**	$1,715
Net interest on net defined benefit liability	**528**	630	**192**	256
Net pension cost	**$5,952**	$10,355	**$291**	$1,971

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

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2018	2017	2018	2017
Experience (gains)/losses	**$(4,198)**	$(3,027)	**$712**	$(1,056)
Total amount recognised in other comprehensive income	**$(4,198)**	$(3,027)	**$712**	$(1,056)

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

NOTE 19 – 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	
	2018	2017	2018	2017
Opening defined benefit liability	**$17,649**	$14,317	**$6,055**	$5,885
Net pension cost	**5,952**	10,355	**291**	1,971
Re-measurements recognised in other comprehensive income	**(4,198)**	(3,027)	**712**	(1,056)
Bank contribution paid	**(4,200)**	(3,996)	**(722)**	(745)
Balance as at December 31	**$15,203**	$17,649	**$6,336**	$6,055

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

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2018	2017	2018	2017
Balance at January 1	**$75,588**	$63,743	**$24,452**	$25,207
Current service costs	**5,424**	9,725	**99**	1,715
Interest costs	**2,608**	2,529	**836**	965
Members' contributions	**957**	931	**450**	419
Re-measurements				
Experience adjustments	**(934)**	(2,021)	**125**	(978)
Actuarial losses/(gains) from changes in demographic assumptions	**-**	415	**-**	(1,587)
Actuarial (gains)/losses from changes in financial assumptions	**(6,231)**	2,730	**(603)**	700
Benefits paid	**(2,135)**	(2,464)	**(1,155)**	(1,989)
Balance as at December 31	**$75,277**	$75,588	**$24,204**	$24,452

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

NOTE 19 – 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	
	2018	2017	2018	2017
Balance at January 1	**$57,939**	$49,426	**$18,397**	$19,322
Interest income	**2,080**	1,899	**644**	709
Return on plan assets, excluding interest	**(2,967)**	4,151	**(1,190)**	(809)
Bank contributions	**4,200**	3,996	**722**	745
Members' contributions	**957**	931	**450**	419
Benefits paid	**(2,135)**	(2,464)	**(1,155)**	(1,989)
Balance as at December 31	**$60,074**	$57,939	**$17,868**	$18,397

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

	2018	2017
Quoted in active markets		
Equity securities	**$32,080**	$32,100
	$32,080	$32,100
Unquoted investments		
Cash and cash equivalents	**1,335**	3,331
Debt securities	**26,933**	22,763
	$28,268	$26,094
Net accruals	**(274)**	(255)
Total	**$60,074**	$57,939

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

	2018	2017
Unquoted investments		
Government and Government guaranteed bonds	**$11,776**	$13,672
Supranational bonds	**4,973**	5,106
Cash, cash equivalents and net accruals	**1,119**	(381)
Total	**$17,868**	$18,397

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

NOTE 19 – 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	
	2018	**2017**
Discount rate	**4.00%**	3.50%
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 75% (2017: 100%). The proportion of other members opting for pension was assumed to be 75% (2017: 75%).

Mortality rate

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

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

	2018	**2017**
Male	**21.0**	21.0 years
Female	**25.1**	25.1 years

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

	2018	**2017**
Male	**21.4**	21.4 years
Female	**25.4**	25.4 years

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

NOTE 19 – 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, 2018 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	$(10,187)	$12,855	$3,372	$(2,957)	$7,468	$(6,338)

	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:

	2018	2017
Within the next 12 months (annual reporting period)	**$4,300**	$4,189
Between 1 year and 2 years	**$5,180**	$4,239

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

Active members.................. 70% (2017: 63%)
Pensioners.........................30% (2017: 37%)

The weighted average duration of the defined benefit obligation was 15.8 years (2017: 15.8 years).

Ninety-four percent 94% (2017: 94%) of the benefits for active members were vested, 22% (2017: 22%) of the defined benefit obligation for active members was conditional on future salary increases.

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

NOTE 19 – 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, 2018 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 the defined benefit obligation	$(2,293)	$2,956	$195	$(259)

	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	$234	$(238)	$280	$(284)

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:

	2018	2017
Within the next 12 months	**$700**	$700
Between 1 year and 2 years	**$523**	$476

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

Active members…………………. 54% (2017: 57%)
Pensioners……………………….. 46% (2017: 43%)

The weighted average duration of the defined benefit obligation was 11 years (2017:11 years).

One hundred percent 100% (2017: 100%) of the benefits for active members were vested, 7% (2017: 7%) of the defined benefit obligation for active members is conditional on future salary increases.

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

NOTE 19 – 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-18	Current Service Cost	Net interest cost	Sub-total included in profit or loss (Note 23)	Experience adjustments	Loss from change in financial assumptions	Sub-total included in OCI	Premiums paid by the bank	31-Dec-18
Medical obligation	**$2,068**	**$72**	**$157**	**$229**	**$(63)**	**$63**	**$-**	**$(87)**	**$2,210**

		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 23)	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

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

NOTE 19 – 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	
	2018	**2017**
Discount rate	**7.50%**	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 $74 (2017: $70).

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at December 31, 2018 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 the defined benefit obligation	$(246)	$298	$303	$(254)

The expected contributions to be made to the post-retirement medical obligation within the next twelve months is $92 (2017: $88).

Liability profile

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

Active members.................... **41%** (2017: 48%)
Pensioners........................... **59%** (2017: 52%)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS …continued

Post-retirement medical plan …continued

Liability profile …continued

The weighted average duration of the post-retirement medical obligation was 13.1 years (2017: 13.7 years). Fifty-seven percent 57% (2017: 54%) of the benefits of active members were vested.

NOTE 20 – BORROWINGS

The accounting policy for borrowings is as defined at Note 16.

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, 2018, total borrowings amounted to $796,278 (2017: $691,549).

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, 2018, the ratio of total outstanding borrowings and undrawn commitments of $934,852 (2017: $938,040) to the borrowing limit of $1,417,031 (2017: $1,398,831) was 65.9% (2017: 67.1%).

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

NOTE 20 – BORROWINGS …continued

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

	2018						
	Original amounts[1]	Translation adjustments & other	Repayments to date	Currency swap[2]	Undrawn	Outstanding	Due dates
Short term Borrowing							
Line of credit	40,000	$-	$-	$-	$-	40,000	2019
	40,000	-	-	-	-	40,000	
CDB Market Borrowings							
4.35% Notes – Yen	60,000	(1,076)	-	-	-	58,924	2030
2.75% Notes – Yen	100,000	13,771	-	-	-	113,771	2022
4.375% Bonds – US$	300,000	-	-	-	-	300,000	2027
0.297% Bonds – CHF	151,341	(3,983)	-	-	-	147,358	2028
Unamortised transaction costs	(2,241)	225	-	-	-	(2,016)	
Unamortised currency swap	4,095	-	-	(968)	-	3,127	
	613,195	8,937	-	(968)	-	621,164	
European Investment Bank							
Global Loan 111 – US$	34,857	-	(18,259)	-	-	16,598	2023
Climate Action Credit I– US$	65,320	-	-	-	(9,178)	56,142	2032
Climate Action Credit II– US$	118,133	-	-	-	(89,103)	29,030	2033
Unamortised transaction costs	(289)	-	-	-	-	(289)	
	218,021	-	(18,259)	-	(98,281)	101,481	
Inter-American Development Bank							
Loan 926/OC-RG-US$	19,347	-	(16,565)	-	-	2,782	2021
Loan 2798/BL-RG	14,000	-	-	-	(4,326)	9,674	2043
Loan 3561/OC – RG	20,000	-	-	-	(15,279)	4,721	2037
	53,347	-	(16,565)	-	(19,605)	17,177	
Agence Francaise de Developpement	33,000	-	-	-	(23,000)	10,000	2028
Sub-total	957,563	8,937	(34,824)	(968)	$(140,886)	789,822	
Accrued interest	6,456	-	-	-	-	6,456	
Total – December 31	$964,019	$8,937	($34,824)	$(968)	$(140,886)	$796,278	

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

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

NOTE 20 – BORROWINGS ...continued

	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.

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

NOTE 20 – BORROWINGS …continued

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

	2018						
Currencies Repayable	**Outstanding at December 2017**	**Translation adjustment**	**Net interest expense/ paid**	**Draw-downs**	**Currency swap amortisation[1]**	**Repay-ments**	**Outstanding at December 2018**
United States Dollars	**$367,775**	**$-**	**$-**	**$175,603**	**$-**	**$(74,432)**	**$468,946**
Swiss Francs	**148,657**	**(1,299)**	**-**	**-**	**-**	**-**	**147,358**
Japanese Yen	**172,678**	**4,112**	**-**	**-**	**(968)**	**-**	**175,822**
Sub-total	**689,110**	**2,813**	**-**	**175,603**	**(968)**	**(74,432)**	**792,126**
Amortised borrowing costs	**(2,241)**	**3**	**-**	**(66)**	**-**	**-**	**(2,304)**
Accrued interest	**4,680**	**-**	**1,776**	**-**	**-**	**-**	**6,456**
Total – December 31	**$691,549**	**$2,816**	**$1,776**	**$175,537**	**$(968)**	**$(74,432)**	**$796,278**

	2017						
Currencies Repayable	**Outstanding at December 2016**	**Translation adjustment**	**Net interest expense/ paid**	**Draw-downs**	**Currency swap amortisation[1]**	**Repay-ments**	**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**

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

	2018	**2017**
Current	**$51,855**	$9,112
Non-current	**744,423**	682,437
	$796,278	$691,549

[1] Unwinding of terminated fair value hedge.

NOTE 20 – BORROWINGS ...continued

On May 18, 2018 Standard & Poor's reaffirmed the Bank's long-term issuer credit rating of 'AA+' and its short-term credit rating of 'A-1+', both with a Stable outlook.

On May 21, 2018 Moody's Investors Service reaffirmed the Bank's long term issuer rating at 'Aa1' and maintained the Stable outlook.

On March 19, 2018 Fitch Ratings Limited reaffirmed the Bank's Long-Term Issuer Default rating of 'AA+' with a Stable Outlook and a Short-Term Issuer Default rating of 'F1+'.

Please refer to Note 29 – Subsequent events

NOTE 21 – 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.

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

NOTE 21 – 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:

	2018	2017
Authorised capital: 312,971 shares (2017: 312,971) shares		
Subscribed capital 279,399 shares (2017: 279,399) shares	**$1,763,656**	$1,763,656
Less callable capital: 218,050 shares (2017: 218,050) shares	**(1,375,135)**	(1,375,135)
Paid-up capital: 61,349 shares (2017: 61,349) shares	**$388,521**	$388,521
Less: Subscriptions not yet matured	**(2,322)**	(4,632)
	$386,199	$383,889

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

NOTE 21 – EQUITY …continued

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

	2018	2017
	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:

	2018	2017
Balance at January 1	**$383,889**	$381,580
Regional States and Territories		
Subscriptions maturing during the year	**2,310**	2,309
	2,310	2,309
Sub Total	**386,199**	383,889
Less: Prepayment discounts (Note 21d)	**-**	-
Balance at December 31	**$386,199**	$383,889

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

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

NOTE 21 – EQUITY …continued

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

	2018								
							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	Gross[2] Receivable from members non-negotiable demand notes
Regional States and Territories:									
Jamaica	48,354	17.31	$291,659	$227,614	$64,045	$64,045	48,504	17.14	$14,211
Trinidad and Tobago	48,354	17.31	291,659	227,614	64,045	64,045	48,504	17.14	10,583
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	13,794	10,567	3.74	3,100
Colombia	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Mexico	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Venezuela	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	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	18,747	5,501	5,501	4,316	1.53	2,805
Belize	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Dominica	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	286
Grenada	1,839	0.66	11,093	8,661	2,432	2,431	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	-
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			-
Montserrat[1]	533	0.19	3,215	2,509	706	706			-
British Virgin Islands[1]	533	0.19	3,215	2,509	706	706	2,737	0.97	-
Cayman Islands[1]	533	0.19	3,215	2,509	706	706			8
Turks and Caicos Islands[1]	533	0.19	3,215	2,509	706	706			-
Haiti	2,187	0.78	13,191	10,296	2,895	2,895	2,337	0.83	-
Brazil	3,118	1.12	18,807	15,347	4,120	2,802	3,268	1.15	-
	180,627	64.64	1,089,494	850,053	239,221	237,900	183,477	64.84	38,002

(1) In accordance with Article 3 of the Charter and Board of Governors Resolution No. 4/81, these territories are considered as a single member of the Bank for the purpose of Articles 26 and 32 of the Charter.

(2) These balances are gross, while the balances per the statement of financial position are net of impairment.

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

NOTE 21 – EQUITY …continued

	2018								
							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	Gross[2] Receivable from members non-negotiable demand notes[1]
Non-Regional States:									
Canada	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
United Kingdom	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
Italy	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	630
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	6,179
Sub-total	279,399	100.0	1,685,261	1,314,997	370,044	368,723	282,999	100.0	44,181
Additional subscriptions									
China	-	-	18,804	14,688	4,116	4,116	-	-	-
Colombia	-	-	1,810	905	905	905	-	-	-
Germany	-	-	12,546	9,681	2,865	2,865	-	-	-
Italy	-	-	12,546	9,681	2,865	2,865	-	-	-
Mexico	-	-	6,273	4,841	1,432	1,432	-	-	-
Venezuela	-	-	1,810	905	905	905	-	-	-
Haiti	-	-	2,639	2,060	579	579	-	-	-
Suriname	-	-	12,564	9,814	2,750	2,750	-	-	-
Brazil	-	-	9,403	7,343	2,060	1,400	-	-	-
Sub-total	-	-	78,395	59,918	18,477	17,817	-	-	-
Prepayment discount	-	-	-	-	-	(341)	-	-	-
Total - December 31	279,399	100.0	$1,763,656	$1,374,915	$388,521	$386,199	282,999	100.0	$44,181

(1) In accordance with Article 3 of the Charter and Board of Governors Resolution No. 4/81, these territories are considered as a single member of the Bank for the purpose of Articles 26 and 32 of the Charter.

(2) These balances are gross, while the balances per the statement of financial position are net of impairment.

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

NOTE 21 – 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
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.

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

NOTE 21 – 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**

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

NOTE 21 – EQUITY …continued

(d) Prepayment discounts

The Board of Governors of the Bank approved a "Variation of conditions of subscription of shares to permit a discount for prepayment" policy. The provision of this policy is that members are entitled to a discount from the Bank for prepayment of an instalment or part thereof (including those members which have already made prepayments) only if the prepayment is received more than three months prior to the date of the scheduled General Capital Increase (GCI) payments. The discount is computed based on a present value methodology and is disclosed as a charge against equity. During the year, no discounts were provided to members. The cumulative discount provided to date is $341 (2017: $341).

(e) Retained earnings and reserves

Retained earnings and reserves is comprised of:

	2018	2017
Retained earnings, as previously reported	**$514,641**	$517,875
Adjusted for cumulative fair value changes on reclassification of debt securities	**3,524**	-
Transfer from other reserves to retained earnings	**7,006**	-
Opening net adjustments for credit losses under IFRS 9	**(9,795)**	-
Adjusted retained earnings	**515,376**	517,875
Net income (loss) for the year	**3,288**	(3,234)
Post-employment obligation reserve	**(8,554)**	(12,040)
Fair value reserve	**(3,993)**	-
Other reserves	**6,254**	13,260
	$512,371	$515,861

(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 (2017: $6,254).

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

NOTE 21 – EQUITY …continued

(f) Other reserves …continued

General banking reserve
The General banking reserve has been deemed a reserve for asset impairments. During the year $7,006 was transferred to retained earnings. As at December 31, 2018, the amount of the general banking reserve was nil (2017: $7,006).

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).

	2018	2017
Cumulative experience losses	**$(8,554)**	$(12,040)
	$(8,554)	$(12,040)

Fair value reserves
From Janaury 1, 2018 following the Bank's adoption of IFRS 9, it reclassified its debt securities from fair value thorugh profit or loss (FVPL) to fair value through other comprehensive income (FVOCI). As a result all fair value gains or losses are accounted for through Fair value reserve in equity.

NOTE 22 – 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.

In the event of an asset becoming es credit-impaired and is therefore regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

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

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

NOTE 22 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES ...continued

(a) Interest and similar income

Interest income earned from loans outstanding and debt securities at FVOCI (2018) and FVPL (2017) was as follows:

	2018	2017
Interest income	**$45,248**	$34,411
Other fees and charges	**4,025**	3,665
Income from loans and receivables	**49,273**	38,076
Bonds	**5,329**	4,931
US Treasuries	**256**	46
Time deposits	**798**	706
Cash	**424**	89
Cash collateral balance	**152**	52
Management fees	**(54)**	(43)
Interest and similar income	**$56,178**	$43,857

(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:

	2018	2017
Financial liabilities carried at amortised cost (borrowings)		
Gross interest expense	**22,508**	$20,621
Other finance charges	**512**	548
Borrowings	**23,020**	21,169
Financial assets at fair value through profit and loss (derivatives)		
Interest income from derivative financial instruments	**(18,949)**	(18,944)
Interest expense from derivative financial instruments	**22,245**	16,624
Net interest expense/(income) from derivatives	**$3,296**	(2,320)
Interest expense and similar charges	**$26,316**	$18,849

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

NOTE 23 – 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 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.

Operating expenses are broken down as follows:

	2018	2017
Realised fair value (gains)/losses	**$(23)**	$368
Foreign exchange translation	**71**	111
Administrative expenses:		
Employee related	**10,203**	13,185
Restructuring costs	**-**	160
Professional fees and consultancies	**1,033**	775
Travel	**669**	782
Depreciation	**808**	676
Other expenses	**392**	385
Utilities and maintenance	**380**	352
Training and seminars	**50**	172
Supplies and printing	**85**	78
Board of Governors and Directors	**219**	282
IT services	**538**	555
Communications	**237**	279
Bank charges	**86**	80
Insurance	**36**	35
	$14,784	$18,275

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

NOTE 23 – OPERATING EXPENSE

Employee costs charged to the OCR were as follows:

	2018	2017
Salaries and allowances	**$6,685**	$6,940
Restructuring costs	**-**	160
Pension costs – hybrid scheme[1]	**130**	870
Pension costs – defined benefit plan[1]	**2,561**	4,474
Medical costs	**272**	264
Other benefits	**555**	637
	$10,203	$13,345

[1]This represents the allocation of the net pension costs to the OCR. The full pension expense for the hybrid scheme amounted to $291 (2017: $1,971), for the defined benefit new pension plan it amounted to $5,952 (2017: $10,355) and for the medical plan it was $229 (2017: $231).

NOTE 24 – IMPAIRMENT CHARGES

The table below shows the impairment charges/ (recoveries) on financial instruments recorded in profit or loss in the statement of comprehensive income

	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Impaired	Total
Debt securities	$-	$-	$-	$-
Loans outstanding	1,225	796	(11)	$2,010
Receivables	1	-	93	94
Cash collateral	-	-	-	-
Receivable from members	(198)	-	-	(198)
Total Impairment Charges	$1,028	$796	$82	$1,906

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.

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

NOTE 26 – DERIVATIVE FAIR VALUE ADJUSTMENT

The derivative fair value adjustment of $(11,235) (2017: $(11,060) 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 $(8,419) (2017: $1,670) and the foreign exchange effect thereon of $(2,816) [2017: $(12,730)].

NOTE 27 – RELATED PARTY TRANSACTIONS

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

	2018	2017
Balance at January 1	**$9,115**	$4,472
Advances	**34,844**	18,356
Allocation of administrative expenses	**18,375**	22,537
Repayments	**(55,614)**	(36,250)
Inter-fund receivable December 31	**$6,720**	$9,115

The receivable account represents net amounts due from/(payable to) the SDF and OSF as a result of payments by OCR on their behalf as well as the allocation of administrative expenditure in accordance with Bank policy. Inter-fund balances are settled in cash on a quarterly basis.

The composition of the balances as at December 31, 2018 and 2017 was as follows:

Included in "Receivables and prepaid assets":

	2018	2017
Due from SDF	**$4,666**	$7,541
Due from OSF	**$1,611**	$1,574
Due from Pension schemes	**$193**	$61
Due to Others	**$250**	$(61)
	$6,720	$9,115

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

NOTE 27 – RELATED PARTY TRANSACTIONS …continued

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

	2018	2017
Salaries and allowances	**$1,930**	$1,913
Post-employment benefits	**-**	949
	$1,930	$2,862

(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, $399 (2017: $436) 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).

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.

NOTE 28 – COMMITMENTS AND GUARANTEES …continued

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 14, 2019 Standard & Poor's affirmed the Bank's credit rating at "AA+/ A-1+" - Stable Outlook following a review under its revised criteria - "Multilateral Lending Institutions And Other Supranational Institutions Rating Methodology" issued on December 14, 2018.

On May 3, 2019 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 2018, 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 2018 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 2018 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Bank's 2018 Annual Report, other than the financial statements and our auditor's report thereon. The Bank's 2018 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

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

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

Management is responsible for the preparation 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.

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

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

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)

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
28 March 2019

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2018			2017		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Assets						
Cash and cash equivalents – Note 3	**$41,310**	**$6,521**	**$47,831**	$13,160	$4,960	**$18,120**
Debt securities at fair value through profit or loss (Schedule 1)	**293,119**	**29,467**	**322,586**	320,440	40,536	**360,976**
Loans outstanding (Schedule 2)	**535,205**	**23,948**	**559,153**	543,030	13,361	**556,391**
Receivables						
Accounts receivable	**171**	**-**	**171**	846	-	**846**
	869,805	**59,936**	**929,741**	877,476	58,857	**936,333**
Receivable from contributors						
Non-negotiable demand notes (Schedule 3)	**80,190**	**-**	**80,190**	74,601	-	**74,601**
Contribution in arrears	**9,675**	**-**	**9,675**	4,404	-	**4,404**
	89,865	**-**	**89,865**	79,005	-	**79,005**
Total assets	**$959,670**	**$59,936**	**$1,019,606**	$956,481	$58,857	**$1,015,338**
Liabilities and Funds						
Liabilities						
Due to Bank – Note 3	**$-**	**$7,749**	**$7,749**	$4,154	$3,096	**$7,250**
Accounts payable – Note 9	**33,444**	**1,780**	**35,224**	$41,534	$1,464	**$42,998**
Subscriptions in advance	**6,353**	**-**	**6,353**	9,636	-	**9,636**
	39,797	**9,529**	**49,326**	55,324	4,560	**59,884**

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

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2018			2017		
	Unified	Other	Total	Unified	Other	Total
Funds – Note 5						
Contributed resources (Schedule 3)						
Contributions	**$1,317,146**	**$38,447**	**$1,355,593**	$1,306,327	$30,995	**$1,337,322**
Less amounts not yet made available	**(71,360)**	**-**	**(71,360)**	(105,084)	-	**(105,084)**
Amounts made available	**1,245,786**	**38,447**	**1,284,233**	1,201,243	30,995	**1,232,238**
Allocation to technical assistance and grant resources	**(515,100)**	**(10,000)**	**(525,100)**	(485,350)	(2,285)	**(487,635)**
	730,686	**28,447**	**759,133**	715,893	28,710	**744,603**
Accumulated net income (Schedule 4)	**46,942**	**21,035**	**67,977**	46,859	24,662	**71,521**
Technical assistance and grant resources – Note 7	**142,245**	**925**	**143,170**	138,405	925	**139,330**
	919,873	**50,407**	**970,280**	901,157	54,297	**955,454**
Total liabilities and funds	**$959,670**	**$59,936**	**$1,019,606**	**$956,481**	**$58,857**	**$1,015,338**

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

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED NET INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2018			2017		
	Unified	Other	Total	Unified	Other	Total
Interest and similar income						
Loans	**$12,263**	**$356**	**$12,619**	$12,302	$321	**$12,623**
Investments and cash balances	**4,052**	**592**	**4,644**	4,387	585	**4,972**
	16,315	**948**	**17,263**	16,689	906	**17,595**
Expenses						
Administrative expenses	**16,277**	**1,169**	**17,446**	20,142	1,246	**21,388**
Foreign exchange translation	**(45)**	**(221)**	**(266)**	1,165	187	**1,352**
	16,232	**948**	**17,180**	21,307	1,433	**22,740**
Total comprehensive income/ (loss) for the year	**$83**	**$-**	**$83**	$(4,618)	$(527)	**$(5,145)**
Accumulated net income						
Accumulated net income – beginning of year	**$46,859**	**$24,662**	**$71,521**	$51,477	$29,189	**$80,666**
Appropriations for technical assistance	**-**	**(3,627)**	**(3,627)**	-	(4,000)	**(4,000)**
Total comprehensive income/ (loss) for the year	**83**	**-**	**83**	(4,618)	(527)	**(5,145)**
Accumulated net income – end of year	**$46,942**	**$21,035**	**$67,977**	$46,859	$24,662	**$71,521**

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

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

		2018	2017
Operating activities			
Total comprehensive income/(loss) for the year		**$83**	$(4,618)
Adjustments for non-cash items			
Unrealised loss on debt securities at fair value through profit or loss	**1,203**		735
Interest income	**(17,518)**		(17,327)
Unrealised net foreign exchange (gain)/loss	**(907)**		1,953
Total cash flows used in operating activities before changes in operating assets and liabilities		**(17,139)**	(19,257)
Changes in operating assets and liabilities			
Decrease/(increase) in accounts receivable	**675**		(846)
(Decrease)/increase in accounts payable	**(8,090)**		3,372
Cash used in operating activities		**(24,554)**	(16,731)
Disbursements on loans		**(21,773)**	(30,045)
Principal repayments to the Bank on loans		**29,559**	30,136
Interest received		**17,562**	16,956
Net increase in debt securities at fair value through profit or loss		**26,113**	(39,843)
Technical assistance disbursements		**(15,309)**	(14,937)
Net cash provided by/ (used in) operating activities		**11,598**	(54,464)
Financing activities			
Increase in contributions to be on-lent to BMCs	**15,700**		1,664
Increase in receivables from contributors	**(10,860)**		(6,420)
(Decrease)/increase in subscriptions in advance	**(3,283)**		9,636
Technical assistance allocation	**19,149**		19,750
Net cash provided by financing activities		**20,706**	24,630
Net increase/(decrease) in cash and cash equivalents		**32,304**	(29,834)
Cash and cash equivalents - beginning of year		**9,006**	38,840
Cash and cash equivalents - end of year		**$41,310**	$9,006

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

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)

STATEMENT OF CASH FLOWS ...CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

		2018	2017
Operating activities			
Total comprehensive loss for the year		$-	$(527)
Adjustments for non-cash items			
Unrealised loss on debt securities at fair value through profit or loss	61		174
Interest income	(1,009)		(1,067)
Unrealised net foreign exchange (gain)/loss	(263)		300
Total cash flows used in operating activities before changes in operating assets and liabilities		(1,211)	(1,120)
Changes in operating assets and liabilities			
Increase in accounts payable		316	346
Cash used in operating activities		(895)	(774)
Disbursements on loans		(11,800)	-
Principal repayments to the Bank on loans		1,234	1,192
Interest received		1,019	1,108
Net increase in debt securities at fair value through profit or loss		10,977	10,967
Net cash provided by operating activities		535	12,493
Financing activities:			
Appropriations of contributions	-		(10,000)
Appropriations of accumulated net income	(3,627)		(4,000)
Net cash used in financing activities		(3,627)	(14,000)
Net decrease in cash and cash equivalents		(3,092)	(1,507)
Cash and cash equivalents – beginning of year		1,864	3,371
Cash and cash equivalents - end of year (Note 3)		$(1,228)	$1,864

The accompanying 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, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 1

Debt securities at fair value through profit or loss – Note 4	2018 Market value			2017 Market value		
	Unified	Other	Total	Unified	Other	Total
Government and Agency Obligations	**$174,285**	**$14,544**	**$188,829**	$199,060	$21,897	**$220,957**
Supranationals	**93,513**	**14,823**	**108,336**	114,197	18,508	**132,705**
Corporate Bonds	**23,836**	**-**	**23,836**	5,693	-	**5,693**
Sub-total	**291,634**	**29,367**	**321,001**	318,950	40,405	**359,355**
Accrued interest	**1,485**	**100**	**1,585**	1,490	131	**1,621**
Total – December 31	**$293,119**	**$29,467**	**$322,586**	**$320,440**	**$40,536**	**$360,976**

Residual term to contractual maturity

	2018	2017
One month to three months	**$40,295**	$29,771
Over three months to one year	**48,356**	46,764
From one year to five years	**215,316**	260,127
From five years to ten years	**18,619**	24,314
Total – December 31	**$322,586**	**$360,976**

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)

SUMMARY STATEMENT OF LOANS

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2018				
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1]**	**% of Total Loans Outstanding**
Anguilla	$425	$-	$1,722	0.3
Antigua and Barbuda	-	5,663	1,212	0.2
Bahamas	750	-	392	0.1
Barbados	-	-	94	0.0
Belize	10,089	30,116	46,060	8.7
British Virgin Islands	-	5,679	2,779	0.5
Dominica	-	46,831	49,892	9.4
Grenada	-	26,215	74,415	14.0
Guyana	-	34,202	118,709	22.3
Jamaica	-	5,129	106,342	20.0
Montserrat	-	355	3,722	0.7
St. Kitts and Nevis	-	6,549	37,449	7.0
St. Lucia	2,464	37,052	48,561	9.1
St. Vincent and the Grenadines	-	32,980	33,422	6.3
Suriname	-	10,276	435	0.1
Trinidad and Tobago	1,000	-	-	0.0
Turks and Caicos Islands	-	-	959	0.2
Regional	-	3,003	6,044	1.1
Sub-total	14,728	244,050	532,209	100.0
Accrued interest	-	-	2,996	
Total – December 31	$14,728	$244,050	$535,205	

[1] There are no overdue installments of principal (2017 - nil).

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)

SUMMARY STATEMENT OF LOANS…CONTINUED

AS OF DECEMBER 31, 2018
(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 (2017 - nil).

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)

SUMMARY STATEMENT OF LOANS…CONTINUED

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2018			
Member countries in which loans have been made	**Loans approved but not yet effective**	**Outstanding[1]**	**% of Total Loans Outstanding**
Antigua and Barbuda	-	$12,097	50.7
Belize	-	4,809	20.2
Dominica	-	1,429	6.0
Grenada	-	124	0.5
Jamaica	-	767	3.2
St. Kitts and Nevis	-	3,536	14.8
St. Lucia	-	271	1.1
St. Vincent and the Grenadines	-	817	3.5
Sub-total	-	$23,850	100.0
Accrued interest	-	98	
Total	-	$23,948	

[1] There were no overdue installments of principal (2017 - nil). There were also no amounts undisbursed at December 31, 2018.

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.

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS…CONTINUED

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

	2018			
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1]**	**% of Total Loans Outstanding**
Special Development Fund (Unified)				
Members/Contributors	$14,728	$244,050	$532,209	100.0
Accrued interest	-	-	2,996	
Total - Special Development Fund (Unified)	14,728	244,050	535,205	
Special Development Fund (Other)				
Members				
Germany	-	-	96	0.4
Mexico	-	-	1,338	5.6
Venezuela	-	-	10,592	44.4
	-	-	12,026	
Other contributors				
Sweden	-	-	24	0.1
United States of America	-	-	11,800	49.5
Sub-total – SDF (Other)	-	-	11,824	100.0
Accrued interest	-	-	98	
Total – Special Development Fund (Other)	-	-	23,948	
Total Special Development Fund	$14,728	$244,050	$559,153	

(1) There were no overdue installments of principal (2017- nil).

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS…CONTINUED

AS OF DECEMBER 31, 2018
(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 (2016- nil).

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS...CONTINUED

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

	2018					
Currencies Receivable	Loans out-standing 2017	Net interest earned	Disburse-ments	Sub-total	Repay-ments	Loans out-standing 2018
(a) Special Development Fund (Unified)						
United States dollars	$539,995	$-	$21,773	$561,768	$(29,559)	$532,209
Accrued interest	3,035	(39)	-	2,996	-	2,996
Total – December 31	$543,030	$(39)	$21,773	$564,764	$(29,559)	$535,205
(b) Special Development Fund (Other)						
United States dollars	$13,284	$-	$11,800	$25,084	$(1,234)	$23,850
Accrued interest[1]	77	21	-	98	-	98
Total – December 31	$13,361	$21	$11,800	$25,182	$(1,234)	$23,948

Maturity structure of loans outstanding

January 1, 2019 to December 31, 2019	$34,223
January 1, 2020 to December 31, 2020	32,294
January 1, 2021 to December 31, 2021	33,676
January 1, 2022 to December 31, 2022	33,560
January 1, 2023 to December 31, 2023	33,854
January 1, 2024 to December 31, 2028	163,407
January 1, 2029 to December 31, 2033	126,732
January 1, 2034 to December 31, 2038	71,119
January 1, 2039 to December 31, 2043	28,801
January 1, 2044 to December 31, 2047	1,487
Total – December 31	$559,153

(1) Relates to amounts disbursed and outstanding.

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS...CONTINUED

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2017						
Currencies Receivable	**Loans outstanding 2017**	**Net interest earned**	**Disbursements**	**Sub-total**	**Repayments**	**Loans outstanding 2018**
(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.

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

2018					
Contributors	Total approved[1]	Approved but not yet effective[2]	Total contribution agreed	Amounts made available	Receivable from members non-negotiable demand notes
Special Development Fund (Unified) Members					
Trinidad and Tobago	$57,014	$-	$57,014	$50,367	$7,784
Bahamas	31,855	-	31,855	28,770	14,908
Barbados	31,851	6,170	25,681	25,681	2,832
Brazil	5,000	-	5,000	5,000	-
Jamaica	54,834	-	54,834	49,294	13,978
Guyana	31,856	-	31,856	28,771	4,936
Antigua and Barbuda	3,553	664	2,889	2,889	777
Belize	8,088	-	8,088	7,331	3,380
Dominica	7,828	-	7,828	7,071	3,281
St. Kitts and Nevis	8,088	2,954	5,134	5,134	2,494
St. Lucia	8,088	-	8,088	7,331	2,865
St. Vincent and the Grenadines	8,101	-	8,101	7,345	2,487
Grenada	5,490	-	5,490	4,734	3,269
Montserrat	3,341	664	2,677	2,677	-
British Virgin Islands	3,341	-	3,341	2,843	-
Turks and Caicos Islands	3,341	664	2,677	2,677	-
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	32,407	-
Venezuela	29,006	7,024	21,982	21,982	-
Canada	374,703	-	374,703	349,333	-
United Kingdom	279,051	-	279,051	271,467	11,522
Germany	110,011	-	110,011	103,413	2,348
Italy	68,675	-	68,675	67,279	-
China	54,573	-	54,573	51,364	-
Haiti	3,497	1,937	1,560	1,560	-
Suriname	8,330	-	8,330	5,515	2,758
Mexico	24,024	7,024	17,000	17,000	-
	$1,264,278	$30,298	$1,233,980	$1,162,620	$80,190
Other contributors					
France	58,254	-	58,254	58,254	-
Chile	10	-	10	10	-
Netherlands	24,902	-	24,902	24,902	-
	1,347,444	30,298	1,317,146	1,245,786	80,190
Technical assistance allocation	(515,100)	-	(515,100)	(515,100)	-
	$832,344	$30,298	$802,046	$730,686	$80,190

(1) Net of repayments
(2) Contributions not yet firmly pledged by Governments

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES...CONTINUED

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

2018					
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	**$832,344**	**$30,298**	**$802,046**	**$730,686**	**$80,190**
Special Development Fund – Other					
Members					
Colombia	5,000	-	5,000	5,000	-
Mexico	13,067	-	13,067	13,067	-
Venezuela	17,473	-	17,473	17,473	-
	35,540	-	35,540	35,540	-
Other contributors					
Sweden	2,907	-	2,907	2,907	-
	2,907	-	2,907	2,907	-
Technical Assistance Allocation	(10,000)	-	(10,000)	(10,000)	-
Sub-total – SDF - Other	28,447	-	28,447	28,447	-
Total SDF	$860,791	$30,298	$830,493	$759,133	$80,190
Summary					
Members	$774,718	$30,298	$744,420	$673,060	$80,190
Other contributors	86,073	-	86,073	86,073	-
Total SDF	$860,791	$30,298	$830,493	$759,133	$80,190

(1) Net of repayments
(2) Contributions not yet firmly pledged by Governments
(3) There were no amounts not yet made available

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES...CONTINUED

AS OF DECEMBER 31, 2018
(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	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

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES…CONTINUED

AS OF DECEMBER 31, 2018
(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	$805,021	$41,670	$763,351	$658,267	$74,601
Other contributors	86,336	-	86,336	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

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES…CONTINUED

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

	2018					
Currencies	Amounts made available 2017	Translation adjustment	Drawdowns/ appropriations from capital[1]	Subtotal	Repayments	Amounts made available 2018
(a) Special Development Fund (Unified)						
China Renminbi	$1,576	$-	$(1,576)	$-	$-	$-
Euros	13,029	(586)	(10,095)	2,348	-	2,348
Pounds sterling	6,082	(321)	5,761	11,522	-	11,522
United States dollar	695,206	-	21,610	716,816	-	716,816
	$715,893	$(907)	$15,700	$730,686	$-	$730,686
(b) Special Development Fund (Other)						
Swedish kroners	$3,170	$(263)	$-	$2,907	$-	$2,907
United States dollars	25,540	-	-	25,540	-	25,540
	$28,710	$(263)	$-	$28,447	$-	$28,447

[1] Net of conversations to United States dollars in accordance with the funding Rules of the Unified Special Development Fund.

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES…CONTINUED

AS OF DECEMBER 31, 2018
(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]**	**Subtotal**	**Repayments**	**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 (Other)						
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 ACCUMULATED NET INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 4

	2018			
Contributors	Brought forward 2017	Net income 2018	Appropriations	Carried forward 2018
Special Development Fund (Unified)	$46,859	$83	$-	$46,942
Special Development Fund (Other)				
Members				
Colombia	1,791	85	(627)	1,249
Germany	(1,499)	(104)	-	(1,603)
Mexico	3,273	133	(3,000)	406
Venezuela	7,692	(67)	-	7,625
	$11,257	$47	$(3,627)	$7,677
Other contributors				
Sweden	$1,838	$136	$-	$1,974
United States of America	11,567	(183)	-	11,384
	13,405	(47)	-	13,358
Sub-total – SDF - Other	24,662	-	(3,627)	21,035
Total Special Development Fund	$71,521	$83	$(3,627)	$67,977
Summary				
Members	$58,116	$130	$(3,627)	$54,619
Other contributors	13,405	(47)	-	13,358
Total Special Development Fund	$71,521	$83	$(3,627)	$67,977

SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF ACCUMULATED NET INCOME...CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 4

	2017			
Contributors	**Brought forward 2016**	**Net income 2017**	**Appropriations**	**Carried forward 2018**
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**

1. NATURE OF OPERATIONS

The Special Development Fund (SDF) was established to carry out the special operations of the Caribbean Development Bank (the Bank) by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Due to the nature of the SDF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be presented in accordance with International Financial Reporting Standards (IFRS) and have been prepared in accordance with the accounting policies outlined below.

Preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Foreign currency translation

Functional and presentation currency

The functional and presentation currency of the Fund is the United States dollar (USD$) and the Fund's financial statements are rounded to the nearest thousand. Monetary assets and liabilities in currencies other than United States dollars are translated at market rates of exchange prevailing at the reporting date. Non-monetary items measured at historical cost in currencies other than United States dollars are translated using the exchange rates at the dates of the initial transactions.

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

Debt securities at fair value through profit or loss

All debt securities are in a portfolio designated at fair value through the profit or loss and reported at fair market value. Securities are recognised on the statement of financial position when the Fund assumes related contractual rights and de-recognised when the rights to secure cash flows from the financial asset expire or when all risks and rewards of ownership have been substantially transferred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …continued

Debt securities at fair value through profit or loss …continued

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

All securities are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income and accumulated net income. Gains and losses arising from changes in the fair value of debt securities through profit or loss are included in the profit for the year in the statement of comprehensive income and accumulated net income in the period in which they arise. Interest income earned whilst holding securities is reported as "Interest and similar income - investments and cash balances" in the statement of comprehensive income and accumulated net income.

Determination of fair value

For securities traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. A security is regarded as quoted in an active market if prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For securities in inactive markets, fair values are determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows, or other valuation techniques, using inputs (for example, LIBOR yield curves, FX rates, volatilities and counterparty spreads) existing at the reporting date.

The Fund uses widely recognised valuation models for determining fair values of non-standardised financial instruments. For these securities, inputs into models are generally market-observable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …continued

Loans

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate method net of impairments if any.

All loans by the Fund are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are repayable to the Fund in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member countries in which the loans are made.

The Fund is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans nor does the Fund intend to sell these loans and as a result, the use of market data to arrive at the fair value of loans will not yield any meaningful results.

The Fund does not make provisions for impairment on loans as any loss that may occur is 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …continued

Administrative expenses

Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources ("OCR), the Other Special Funds ("OSF") and the SDF in accordance with a method of allocation approved by the Board of Directors.

3. CASH AND CASH EQUIVALENTS/DUE TO BANKS

Cash and cash equivalents comprise:

	SDF Unified		SDF Other	
	2018	2017	2018	2017
Due to Banks	**$-**	$(4,154)	**$(7,749)**	$(3,096)
Due from banks	**29,559**	-	**-**	-
Time deposits	**11,751**	13,160	**6,521**	4,960
	$41,310	$9,006	**$(1,228)**	$1,864

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 1.37% (2017: 1.28%). Net realised gains on investments traded during 2018 for the Unified and Other funds amounted to $12 (2017: $109) and net unrealised losses were $1,264 (2017: $909).

5. FUNDS

In accordance with the Agreement establishing the Bank (the Charter), Special Funds Resources comprise the Special Development Fund and Other Special Funds established or administered by the Bank, including technical assistance and other grant resources contributed on a non-reimbursable basis. The Special Development Fund was established to receive contributions or loans which may be used to make or guarantee loans of high developmental priority, comprising longer maturities, longer deferred commencement of repayment and lower interest rates than those determined by the Bank in its Ordinary Operations. As a result of Rules adopted by the Bank in May 1983 for the Special Development Fund, contributions to the Special Development Fund currently comprise funds made available to the Bank under the rules applicable to the old Special Development Fund (referred to herein as "Other") and shown separately from funds made available to the Bank from the Unified SDF (referred to herein as "Unified").

Details of contributions and loan resources to the Special Development Fund are stated at the equivalent in thousands of United States dollars where such contributions and loans have been made in currencies other than United States dollars, and are as follows:

(i) Special Development Fund – Unified

	2018	2017
Contributions (as per Schedule 3)	**$730,686**	$715,893

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

	2018	2017
Colombia (as per Schedule 3)	**$5,000**	$5,000

The contribution is interest-free and was not repayable before 2000. The agreement with the contributor provides that not less than 5% or more than 10% of the contribution may be used for technical assistance.

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

5. FUNDS …continued

(ii) Special Development Fund – Other …continued

	2018	2017
Mexico		
First contribution	**$7,000**	$7,000
Second contribution	**5,000**	5,000
Third contribution	**3,333**	3,333
	15,333	15,333
Less technical assistance	**(12,266)**	(12,266)
	3,067	3,067
Technical assistance resources	**$16,285**	$16,285

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

	2018	2017
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.

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

5. FUNDS …continued

(ii) Special Development Fund – Other …continued

	2018	2017
Sweden (as per Schedule 3)	**$2,907**	$3,170

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

	2018	2017
United States of America		
First contribution	**$10,000**	$10,000
Less repayments	**(10,000)**	(10,000)
	$-	$-
Second contribution	**12,000**	12,000
Less repayments	**(12,000)**	(12,000)
	$-	$-
Technical Assistance	**$302**	$302

6. ACCUMULATED NET INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

In accordance with the rules of the Special Development Fund, the accumulated net income and total comprehensive income for the current year form part of the contributed resources of the fund and are not available for allocation by the Board of Governors.

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

7. TECHNICAL ASSISTANCE AND GRANT RESOURCES – UNIFIED AND OTHER

In accordance with paragraph 4.9.2 of the Rules for the Special Development Fund, allocations/appropriations of income and capital of the Fund may be made for the purpose of the Bank's technical assistance and grant opera¬tions. The movements during the years ended December 31, 2018 and 2017 were as follows:

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
Allocations for the year	19,150
Expenditure for the year	(15,310)
Balance at December 31, 2018	**$143,170**

8. LOANS OUTSTANDING – UNIFIED AND OTHER

The average interest rate earned on loans outstanding was 2.29% (2017: 2.33%). There were no impaired loans at or during the financial years ended December 31, 2018 and 2017.

9. ACCOUNTS PAYABLE – UNIFIED AND OTHER

	2018	2017
Accounts payable – general	**$30,002**	$35,500
Interfund payables	**5,222**	7,498
	$35,224	$42,998

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 **Other Special Funds** ("the Funds") of the **Caribbean Development Bank** ("the Bank"), which comprise the statement of financial position as of 31 December 2018, 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 2018 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 2018 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Bank's 2018 Annual Report, other than the financial statements and our auditor's report thereon. The Bank's 2018 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

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

Management is responsible for the preparation 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.

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 Funds' 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.

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)

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
28 March 2019

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2018	2017
Assets		
Cash and cash equivalents – Note 3	**$57,371**	$31,305
Investments (Schedule 1)	**42,494**	45,841
Loans outstanding (Schedule 2)	**90,758**	97,528
Receivable from members		
Non-negotiable demand notes – Note 8	**249,733**	160,394
Accounts receivable – Note 9	**30,252**	35,749
Total assets	**$470,608**	$370,817
Liabilities and Funds		
Liabilities		
Accounts payable – Note 10	**$1,055**	$1,618
Accrued charges on contributions repayable	**221**	236
	1,276	1,854
Funds		
Contributed resources (Schedule 3)	**56,947**	60,466
Accumulated net income (Schedule 4)	**62,170**	63,297
	119,117	123,763
Technical assistance and other grant resources (Schedule 5)	**350,215**	245,200
Total liabilities and funds	**$470,608**	$370,817

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, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2018	2017
Interest and similar income		
Loans	**2,016**	2,164
Investments and cash balances	**589**	277
	2,605	2,441
Expenses		
Administrative expenses	**936**	1,178
Charges on contributions repayable	**799**	850
Foreign exchange translation	**(3)**	848
Total expenses	**1,732**	2,876
Total comprehensive income/(loss) for the year	**$873**	$(435)
Accumulated net income		
Accumulated net income– beginning of year	**$63,297**	$63,732
Appropriations	**(2,000)**	-
Total comprehensive income/(loss) for the year	**873**	(435)
Accumulated net income– end of year	**$62,170**	$63,297

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, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

	2018		2017
Operating activities			
Total comprehensive income/(loss) for the year		**$873**	$(435)
Adjustments for non-cash items			
Net unrealised loss on investments	**444**		375
Interest income	**(3,049)**		(2,816)
Interest expense	**799**		852
Unrealised net foreign exchange (gains)/losses	**(187)**		281
Total cash flow used in operating activities before changes in operating assets and liabilities		**(1,120)**	(1,743)
Changes in operating assets and liabilities			
Decrease in accounts receivable	**5,497**		172
Increase in non-negotiable demand notes	**(89,339)**		(99,642)
(Decrease)/increase in accounts payable	**(563)**		765
Cash used in operating activities		**(85,525)**	(100,448)
Disbursements on loans		**(396)**	(56)
Principal repayments to the Bank on loans		**6,864**	6,885
Technical assistance disbursements		**(22,726)**	(32,371)
Interest received		**3,096**	2,857
Net decrease in investments		**2,895**	7,169
Net cash used in operating activities		**(95,792)**	(115,964)
Financing activities			
Interest paid	**(814)**		(864)
Contributions:			
Increase in contributions to fund loans	**104**		395
Reimbursement of repayable contributions	**(3,173)**		(3,359)
Technical assistance contributions	**127,741**		115,176
Net cash provided by financing activities		**123,858**	111,348
Appropriation of accumulated net income		**(2,000)**	-
Net increase/(decrease) in cash and cash equivalents		**26,066**	(4,616)
Cash and cash equivalents at beginning of year		**31,305**	35,921
Cash and cash equivalents at end of year		**$57,371**	$31,305

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

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF INVESTMENTS

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 1

Investments	2018	2017
Debt securities at fair value through profit or loss – Note 4		
Government and Agency obligations	**18,760**	23,272
Supranationals	**9,873**	10,283
Other securities		
Mutual Funds	**2,465**	2,908
Equity Investments	**11,282**	9,256
Sub-total	**42,380**	45,719
Accrued interest	**114**	122
	$42,494	$45,841

Residual Term to Contractual Maturity

	2018	2017
1 – 3 months	**22,570**	16,539
3 months - 1 year	**10,051**	6,953
1 year - 5 years	**9,873**	22,349
	$42,494	$45,841

CARIBBEAN DEVELOPMENT BANK

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

	2018			
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1]**	**% of Total Loans Outstanding**
Antigua and Barbuda	-	-	2,823	3.1
Barbados	6,000	-	4,491	5.0
Dominica	-	1,001	14,935	16.5
Grenada	-	-	18,817	20.8
Guyana	-	-	2,468	2.7
Jamaica	-	-	23,358	26.0
St. Kitts and Nevis	-	-	1,844	2.0
St. Lucia	-	1,304	14,467	16.0
St. Vincent and the Grenadines	-	1	6,649	7.3
Trinidad and Tobago	-	-	412	0.6
Sub-total	$6,000	$2,306	$90,264	100.0
Accrued interest	-	-	494	
	$6,000	$2,306	$90,758	

[1] There were no overdue installments of principal at December 31, 2018 (2017 -nil).

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS…CONTINUED

AS OF DECEMBER 31, 2018
(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
Dominica	-	1,350	15,595	16.1
Grenada	-	-	20,032	20.6
Guyana	-	-	2,719	2.8
Jamaica	-	-	24,948	25.7
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 31, 2017 (2016:nil)

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS…CONTINUED

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

	2018			
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	6,000	-	43,922	48.7
Nigeria	-	-	2,508	2.8
Inter-American Development Bank	-	2,307	31,995	35.4
European Union	-	-	960	1.1
International Development Association	-	-	10,876	12.0
Sub-total	$6,000	$2,307	$90,264	100.0
Accrued interest	-	-	494	
	$6,000	$2,307	$90,758	

(1) There were no overdue installments of principal at December 31, 2018 (2017 – nil).

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS...CONTINUED

AS OF DECEMBER 31, 2018
(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).

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS…CONTINUED

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

	2018						
Currencies Receivable	**Loans outstanding 2017**	**Translation adjustment**	**Net interest earned**	**Disburse-ments**	**Subtotal**	**Repayments**	**Loans out-standing 2018**
Euros	$1,251	$(56)	$-	$-	$1,195	$(234)	$961
Special Drawing Rights	9,695	(207)	-	-	9,488	(776)	8,712
United States dollars	86,049	-	-	396	86,445	(5,854)	80,591
Sub-total	96,995	(263)	-	396	97,128	(6,864)	90,264
Accrued interest[1]	533	-	(39)	-	494	-	494
	$97,528	$(263)	$(39)	$396	$97,622	$(6,864)	$90,758

[1] Relates to amounts disbursed and outstanding.

Maturity structure of loans outstanding

January 1, 2019 to December 31, 2019	$7,375
January 1, 2020 to December 31, 2020	6,878
January 1, 2021 to December 31, 2021	6,867
January 1, 2022 to December 31, 2022	6,869
January 1, 2023 to December 31, 2023	6,626
January 1, 2028 to December 31, 2028	28,526
January 1, 2033 to December 31, 2033	19,027
January 1, 2038 to December 31, 2038	3,914
January 1, 2043 to December 31, 2043	698
January 1, 2044 to December 31, 2048	278
January 1, 2048 to December 31, 2052	3,700
	$90,758

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS...CONTINUED

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 2

2017							
Currencies Receivable	**Loans outstanding 2016**	**Translation adjustment**	**Net interest earned**	**Disburse-ments**	**Subtotal**	**Repayments**	**Loans out-standing 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

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

	2018	
	Contributions	
Contributors	**Total[1]**	**Amounts made available**
Members		
Canada	$6,468	$6,468
Other contributors		
Inter-American Development Bank	148	148
Contributed resources	6,616	6,616
Other contributors		
Inter-American Development Bank[1]	35,929	35,929
United States Agency for International Development	493	493
European Union	1,351	1,351
International Development Association	12,558	12,558
Repayable contributions	50,331	50,331
	$56,947	$56,947

(1) Net of cancellations and repayments

Maturity structure of repayable contributions outstanding

January 1, 2019 to December 31, 2019	$2,850
January 1, 2020 to December 31, 2020	2,862
January 1, 2021 to December 31, 2021	2,699
January 1, 2022 to December 31, 2022	2,443
January 1, 2023 to December 31, 2023	2,444
January 1, 2024 to December 31, 2028	11,732
January 1, 2029 to December 31, 2033	9,703
January 1, 2034 to December 31, 2038	6,688
January 1, 2039 to December 31, 2043	4,308
January 1, 2044 to December 31, 2053	4,602
	$50,331

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS...CONTINUED

AS OF DECEMBER 31, 2018
(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	**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

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS…CONTINUED

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 3

2018

Currencies Repayable	Contributions made available 2017	Translation adjustment	Draw-downs/ appropriations from capital	Subtotal	Repayments	Contributions made available 2018
Canadian dollars	$1,594	$(127)	$-	$1,467	$-	$1,467
Euros	1,785	(81)	-	1,704	(353)	1,351
Special Drawing Rights	11,391	(242)	-	11,149	(729)	10,420
United States dollars	45,696	-	104	45,800	(2,091)	43,709
	$60,466	$(450)	$104	$60,120	$(3,173)	$56,947

2017

Currencies Repayable	Contributions made available 2016	Translation adjustment	Draw-downs/ appropriations from capital	Subtotal	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

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF ACCUMULATED NET INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 4

2018				
Contributors	Brought forward 2017	Net Income/(Loss) 2018	Appropriations	Carried forward 2018
General Funds	$54,645	$1,369	$(2,000)	$54,014
European Investment Bank	(750)	(7)	-	(757)
European Union	2,552	(11)	-	2,541
Inter-American Development Bank	(1,463)	(237)	-	(1,700)
International Development Association	290	33	-	323
Nigeria	5,833	(42)	-	5,791
United States of America	1,844	(21)	-	1,823
United Kingdom	255	(331)	-	(76)
Venezuela	17	7	-	24
European Commission	76	111	-	187
BMZ/ The Federal Government of Germany	(2)	2	-	-
	$63,297	$873	$(2,000)	$62,170

2017				
Contributors	Brought forward 2016	Net Income/(Loss) 2017	Appropriations	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

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 5

	2018			
	Contributions			
Contributors	Total[1]	Amounts made available	Amounts utilised	Net Amounts available
Members				
Canada	$60,873	$60,873	$46,696	$14,177
United Kingdom	284,918	284,918	34,016	250,902
Italy	522	522	252	270
China	677	677	270	407
Venezuela	586	586	-	586
Germany	480	480	220	260
	348,056	348,056	81,454	266,602
Other contributors				
Caribbean Development Bank	255,631	255,631	185,699	69,932
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	5,895	5,895	3,425	2,470
Nigeria	193	193	148	45
European Commission	26,929	26,929	17,595	9,334
European Investment Bank Climate Action Support	2,184	2,184	352	1,832
Improve Public Investment Management through Procurement	320	320	320	-
Sub-total	$292,559	$292,559	$208,946	$83,613
Total – December 31	$640,615	$640,615	$290,400	$350,215
Summary				
Basic Needs Trust Fund	$179,750	$179,750	$148,749	$31,001
Other resources	460,865	460,865	141,651	319,214
	$640,615	$640,615	$290,400	$350,215

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

SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES…CONTINUED

AS OF DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, UNLESS OTHERWISE STATED)

SCHEDULE 5

	2017			
	Contributions			
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.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …continued

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 disposed and recorded as gains or losses.

Determination of fair value

For securities traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. A security is regarded as quoted in an active market if prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For debt securities in inactive markets fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows, or other valuation techniques, using inputs (for example, LIBOR yield curves, FX rates, volatilities and counterparty spreads) existing at the reporting date.

The Fund uses widely recognised valuation models for determining fair values of non-standardised financial instruments. For these securities, inputs into models are generally market-observable.

Loans

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate method less any impairment.

All loans by the Fund are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are payable to the Fund in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member countries in which the loans are made.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES …continued

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.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2018	2017
Due from banks	**$45,944**	$20,569
Time deposits	**5,005**	4,426
Money Market Instruments	**6,422**	6,310
	$57,371	$31,305

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 1.34% Net realised gains on investments traded during 2018 amounted to $50 and net unrealised $444.

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.

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:

	2018	2017
Canada		
Agricultural[1] (Schedule 3)	**$6,468**	$6,594
Technical assistance resources (Schedule 5)	**60,873**	55,489
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)	**$284,918**	$182,766
Inter-American Development Bank		
975/SF-RG	**$14,211**	$14,211
Less repayments	**(6,879)**	(6,460)
	$7,332	$7,751
1108/SF-RG Global Credit	**$20,000**	$20,000
Less repayments	**(4,262)**	(3,605)
	$15,738	$16,395

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

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

5. FUNDS ...continued

Inter-American Development Bank ...continued

	2018	2017
1637/SF-RG Credit	**$9,923**	$9,923
Less repayments	**(992)**	(662)
	8,931	9,261
2798/BL Regional Global Loan - OECS	**3,928**	3,824
	12,859	13,085
Repayable contributions (Schedule 3)	**$35,929**	$37,231
Technical assistance resources (Schedule 5)	**$5,895**	$3,895

Loan 975/SF-RG is subject to interest at the rate of 1% per annum until 2006 and thereafter at 2% per annum and is repayable during the period 2003 to 2036.

Global Credit 1108/SF-RG was subject to interest at the rate of 1% for the first ten years and 2% thereafter and is repayable during the period 2012 to 2042.

Grenada Reconstruction 1637/SF-RG is subject to interest at the rate of 1% per annum until 2015 and thereafter at 2% per annum and is repayable during the period 2016 to 2045.

2798/BL Regional Global Loan is subject to interest at the rate of 0.5% fixed and is repayable in 2053.

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

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

5. FUNDS ...continued

	2018		2017		Due Dates
United States of America					
Contributions					
Agricultural	**$7,052**		$7,052		
Less repayments	**(7,052)**	**-**	(6,877)	175	1988-2018
Employment Investment Promotion	**6,732**		6,732		
Less repayments	**(6,239)**	**493**	(5,923)	809	1990-2020
Housing	**8,400**		8,400		
Less repayments	**(8,400)**	**-**	(8,400)	-	1983-2012
Repayable contributions (Schedule 3)		**493**		984	
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.

	2018		2017	
European Union				
First Contribution	**$6,700**		$6,165	
Less repayments	**(5,936)**	**764**	(5,102)	1,063
Second Contribution	**2,840**		2,613	
Less repayments	**(2,253)**	**587**	(1,891)	722
Repayable contributions (Schedule 3)		**$1,351**		$1,785

The contributions are subject to interest at the rate of 1% per annum. The first contribution is repayable during the period 1992 to 2021 and the second contribution is repayable over the period 1994 to 2024.

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

5. **FUNDS** …continued

International Development Association

	2018		2017		Due Dates
Credit No. 960/CRG	**$6,480**		$6,480		
Less repayments	**(4,342)**	**2,138**	(4,148)	2,332	1990-2029
Credit No. 1364/CRG	**7,543**		7,707		
Less repayments	**(4,262)**	**3,281**	(4,123)	3,584	1993-2033
Credit No. 1785/CRG	**6,443**		6,583		
Less repayments	**(2,867)**	**3,576**	(2,732)	3,851	1997-2030
Credit No. 2135/CRG	**7,745**		7,913		
Less repayments	**(4,182)**	**3,563**	(3,956)	3,957	2000-2030
Repayable contributions (Schedule 3)		**$12,558**		$13,724	

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

	2018	2017
Caribbean Development Bank		
Technical assistance resources (Schedule 5)	**$255,631**	$243,041
BMZ/ The Federal Government of Germany		
Technical assistance resources (Schedule 5)	**$480**	$261
European Investment Bank Climate Action Support		
Technical assistance resources (Schedule 5)	**$2,184**	$2,184
European Commission		
Technical assistance resources (Schedule 5)	**$26,929**	$21,533

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

5. FUNDS ...continued

	2018	2017
Improve Public Investment Management through Procurement		
Technical assistance resources (Schedule 5)	**$320**	$320

Included in the amounts shown against each contributor in Schedule 5 – "Statement of Technical Assistance & Other Grant Resources" are the following programmes for which specific disclosures are included in these financial statements.

2018	Approved amount	Amounts made available	Amounts utilised	Net Amounts available
European Union				
Sustainable Energy for the Eastern Caribbean (SEEC)	€4,450	$1,328	$742	$586
Geothermal Risk Mitigation for the Eastern Caribbean (EU-CIF)	€12,350	$3,542	$401	$3,141
United Kingdom				
Increasing Renewable Energy and Energy Efficiency in the Eastern Caribbean	£4,200	$5,377	$2,926	$2,451
Sustainable Energy for the Eastern Caribbean (SEEC)	£2,500	$1,214	$602	$612
Inter-American Development Bank [Acting as Administrator for the Global Environment Facility (GEF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	$3,014	$346	$71	$275
Inter-American Development Bank [Acting as Implementing entity for the Clean Technology Fund (CTF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	$19,050	$2,000	$-	$-
Canada				
Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C)	CAD5,000	$2,605	$1,105	$1,500

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

5. FUNDS …continued

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	£4,200	$-	$-	$-
Sustainable Energy for the Eastern Caribbean (SEEC)	£2,500	$-	$-	$-
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

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

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.

7. LOANS

The average interest rate earned on loans outstanding was 2.17% (2017: 2.18%). There were no impaired loans at December 31, 2018 and 2017.

8. NON NEGOTIABLE DEMAND NOTES

The non-negotiable demand notes represent the equivalent of GBP195.1 million (2017: 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 - 2024, from which grants are to be provided to build economic infrastructure which have been identified by DFID in countries eligible for overseas development assistance. By amendment letter dated July 26, 2018 the donation commitment from the UK Government under the UKCIF was increased to GBP330 million.

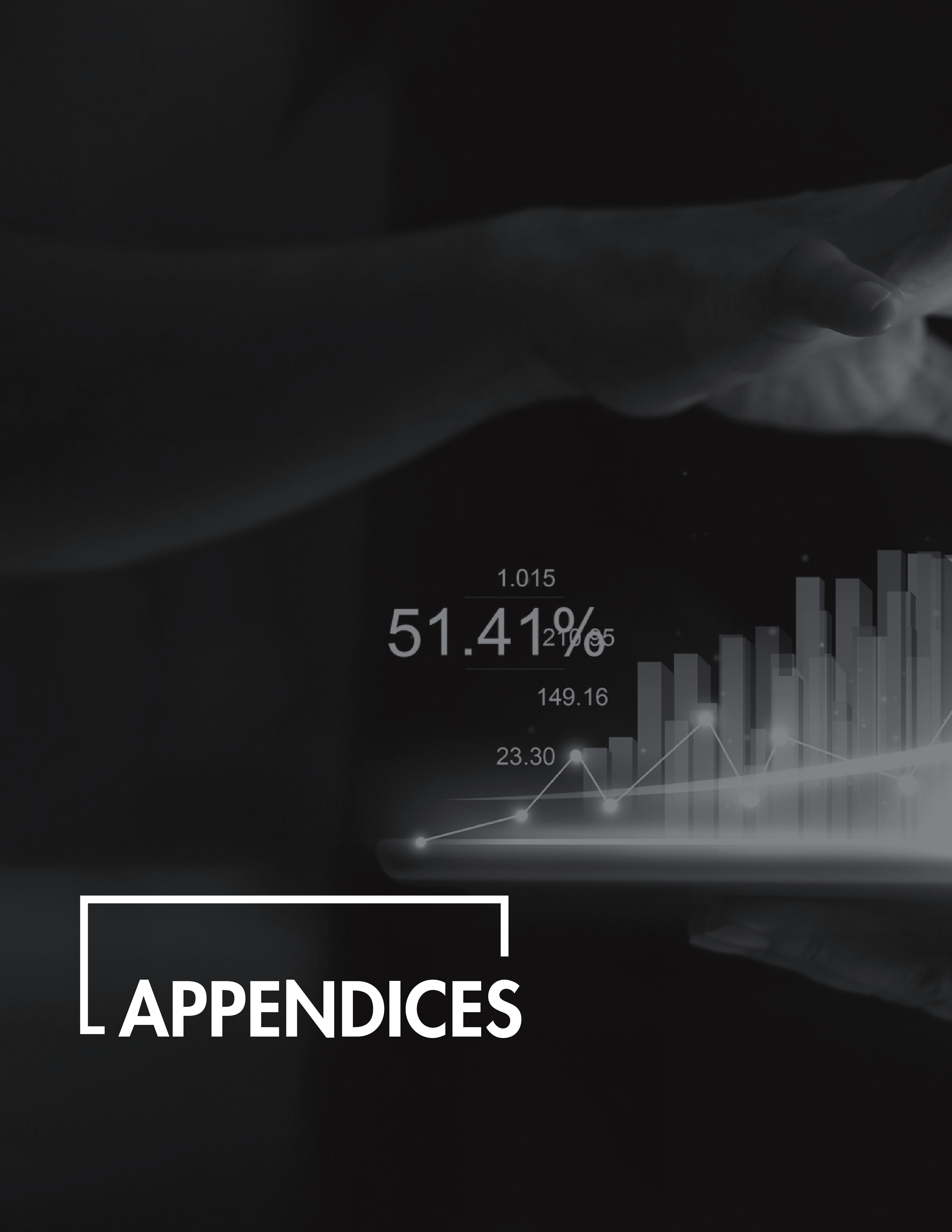
9. ACCOUNTS RECEIVABLE

	2018	2017
Institutional receivables	**$30,000**	$35,500
Accounts receivable	**252**	249
	$30,252	$35,749

10. ACCOUNTS PAYABLE

	2018	2017
Interfund payable	**1,055**	1,618
	$1,055	$1,618


Statistics
01.08
01.07
01.06
01.05
01.04
01.03
01.02
01.01
0
5
10
15
20
25
30



APPENDICES


210.24
209.22
1,218.38
210.74
208.33
456.60
26.42
19.05
29,240.68

APPENDICES

BOARD OF GOVERNORS AND ALTERNATES: 2018 - 2019

CHAIR AND VICE-CHAIR OF THE BOARD OF GOVERNORS: 2018- 2019		
Trinidad & Tobago	**Hon. Camille Robinson-Regis**	**Chairman**
Germany	**Mr. Hans-Joachim Fuchtel**	**Vice-Chairman**
Mexico	**Mr. Carlos Manuel Urzúa Macias**	**Vice-Chairman**

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Anguilla, Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos 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 VIRGIN ISLANDS	Hon. Donaldson Romeo Premier and Minister of Finance Office of the Premier, Government Headquarters P.O. Box 292, Brades Montserrat MONTSERRAT
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 Deputy Prime Minister and Minister of Finance Ministry of Finance P.O. Box N-3017 Nassau	

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Barbados	Hon. Mia A. Mottley, MP Prime Minister and Minister of Finance, Economic Affairs and Investment Office of the Prime Minister Government Headquarters, Bay Street St. Michael	Mr. Ian St. C. Carrington Director of Finance and Economic Affairs Ministry of Finance, Economic Affairs and Investment Government Headquarters Bay Street St. Michael
Belize	The Right Honourable 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	Mr. Marcos Prado Troyjo Deputy Minister for Foreign Trade and International Affairs Ministry of the Economy, Esplanada dos Ministerios Bloco K - 8° Andar, Brasília-DF-CEP:70.040-906	Mr. Erivaldo Alfredo Gomes Secretary for Int. Economic Affairs Ministry of the Economy 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. Rick Stewart Assistant Deputy Minister Int. Trade and Finance Department of Finance Canada 90 Elgin Street Ottawa, Ontario
Colombia	Hon. Alberto Carrasquilla Barrera Minister of Finance and Public Credit Ministry of Finance Carrera 7a Numero 6-64 Bogota	Mr. Juan José Echavarría 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 with responsibility for Project Planning and Implementation Financial Centre Kennedy Avenue Roseau

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Germany	Mr. Norbert Barthle Parliamentary State Secretary Federal Ministry for Economic Cooperation and Development Europhaus, Stresemanstr. 94 10963 Berlin	Ms. Marianne Kothé Deputy Director General Int. Financial and Monetary Policy Federal Ministry of Finance WilhelmstraBe 97 10117 Berlin
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	Mr. Michael Basil Joseph Finance Secretary Ministry of Finance 49 Main & Urquhart Street Georgetown
Haiti	Hon. Jude Alix Patrick Salomon Minister of Economy and Finance Ministry of Economy and Finance 204 Rue Mgr. Guillouix Palais des Ministeres Port au Prince	Mr. Jean Baden Dubois Governor of the Bank of the Republic of Haiti Rue de Quai, Port-au-Prince, Haiti
Italy	Hon. Giovanni Tria Minister of Economy and Finance Ministry of Economy and Finance Via XX Settembre 97 Rome 00187	Ms. Gelsomina Vigliotti Head of International Financial Relations Treasury Department Ministry of Economy and Finance Via Settembre, 97-00187 Roma
Jamaica	Hon. Nigel Clarke, DPhil, MP Minister of Finance and the Public Service Ministry of Finance and the Public Service 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

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
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Deputy Director, Corporate Strategy	Mr. Carl Howell
Head, Regional Public-Private Partnerships	Mr. Steven Samuel
Head, Renewable Energy / Energy Efficiency Unit (Ag.)	Mr. Joseph Williams

*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 - 2018 ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Fund	Total	Percentage of Total
Antigua and Barbuda	-	-	-	200	0.1%
Anguilla	14,900	23	-	14,923	4.4%
Barbados	109,338	54	6,400	115,792	34.2%
Bahamas	11,444	-	-	11,444	3.4%
Belize	40,945	10,248	31,705	82,898	24.5%
Dominica	15,804	300	7,060	23,364	6.9%
Grenada	-	-	25	25	0.0%
Guyana	-	5,609	-	5,609	1.7%
Haiti	-	3,000	-	3,000	0.9%
Jamaica	-	(163)	1,348	1,185	0.3%
St. Kitts and Nevis	-	-	150	150	0.0%
St. Lucia	(6,763)	2,464	-	(4,299)	-1.3%
Suriname	-	310	-	310	0.1%
Turks and Caicos Islands	673	(13)	-	660	0.2%
Trinidad and Tobago	-	200	-	200	0.1%
St. Vincent and the Grenadines	18,691	3,464	-	22,155	6.5%
Virgin Islands	50,000	200	-	50,200	14.8%
Regional	-	9,749	1,299	11,048	3.3%
Total	**255,032**	**35,445**	**47,987**	**338,864**	

Percentage of Total	75.3	10.5	14.2		100.0

LDCs	134,250	19,996	38,940	193,586	57.1%
MDCs	120,782	5,700	7,748	134,230	39.6%
Regional	0	9,749	1,299	11,048	3.3%

APPENDIX I-B

DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND - 2018 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**255,032**	**35,445**	**47,987**	**338,864**
Agriculture and Rural Development	**(51)**	**95**	**1,348**	**1,392**
Agriculture (excluding Crop Farming)	-	30	-	30
Irrigation, Drainage and Land Reclamation	(51)	-	-	(51)
Feeder Roads and Bridges	-	65	1,348	1,413
Manufacturing and Industry	**-**	**117**	**-**	**117**
Construction	-	117	-	117
Transportation and Communication	**63,704**	**14,428**	**37,852**	**115,984**
Transport Policy and Administrative Management	29,315	14,443	-	43,758
Road Transport	-	(40)	31,705	31,665
Air Transport	34,389	25	6,000	40,414
Storage	-	-	147	147
Power, Energy, Water and Sanitation	**23,747**	**1,628**	**1,665**	**27,040**
Power and Energy	14,557	53	1,316	15,926
Water and Sanitation	9,190	1,575	349	11,114
Social Infrastructure and Services	**(9,227)**	**7,240**	**6,722**	**4,735**
Education - General	-	700	6,722	7,422
Education - Post Secondary	(9,227)	-	-	(9,227)
Other Social Infrastructure and Services	-	6,540	-	6,540
Environmental Sustainability and Disaster Risk Reduction	**34,495**	**8,597**	**-**	**43,492**
Environmental Sustainability	-	1,494	-	1,494
Disaster Prevention and Preparedness	14,527	3,239	-	18,166
Reconstruction Relief and Rehabilitation	19,968	3,864	-	23,832
Financial, Business and Other Services	**-**	**138**	**400**	**538**
Financial Policy and Administrative Management	-	141	400	541
Financial Intermediaries	-	(3)	-	(3)
Multi-Sector and Other	**142,364**	**3,202**	**-**	**145,566**
Government and Civil Society	2,464	2,341	-	4,805
Policy-Based Loans/Structural Adjustment Programme	139,900	-	-	139,900
Regional/Multilateral Trade Agreements	-	802	-	802
Other	-	59	-	59

APPENDIX I-C

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

Country	Agriculture and Rural Development	Manufacturing and Industry	Transportation and Communication	Power, Energy, Water and Sanitation	Social Infrastructure and Services	Environmental Sustainability and Disaster Risk Reduction	Financial, Business and Other Services	Multi-Sector and Other	Total
Antigua and Barbuda	-	-	-	-	-	200	-	-	**200**
Anguilla	-	0	-	-	23	-	-	14,900	**14,923**
Barbados	(51)	-	40,389	-	54	-	400	75,000	**115,792**
Bahamas	-	-	(3,113)	14,557	-	-	-	-	**11,444**
Belize	0	-	74,222	8,679	-	-	(3)	-	**82,898**
Dominica	-	-	-	338	7,022	16,004	-	-	**23,364**
Grenada	-	-	-	25	0	-	-	-	**25**
Guyana	-	-	4,367	1,265	(23)	-	-	-	**5,609**
Haiti	-	-	-	-	-	3,000	-	-	**3,000**
Jamaica	1,413	-	-	-	(228)	-	-	-	**1,185**
St. Kitts and Nevis	-	-	-	150	-	-	-	-	**150**
St. Lucia	-	-	-	-	(9,227)	-	-	4,928	**(4,299)**
Suriname	-	-	-	140	21	-	-	149	**310**
Turks and Caicos Islands	-	-	-	673	(13)	-	-	-	**660**
Trinidad and Tobago	-	-	-	-	-	200	-	-	**200**
St. Vincent and the Grenadines	-	-	-	-	-	22,155	-	-	**22,155**
British Virgin Islands	-	-	-	-	-	200	-	50,000	**50,200**
Regional	30	117	119	1,213	7,106	1,733	141	589	**11,048**
Total	**1,392**	**117**	**115,984**	**27,040**	**4,735**	**49,092**	**538**	**145,566**	**338,864**

APPENDIX I-D

DISTRIBUTION OF LOANS APPROVED (NET) BY COUNTRY AND BY FUND - 2018 ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Anguilla	14,900	-	-	14,900	5.3%
Barbados	109,338	-	6,000	115,338	40.8%
Bahamas	11,444	-	-	11,444	4.0%
Belize	40,945	10,089	-	51,034	18.1%
Dominica	15,804	-	-	15,804	5.6%
Guyana	-	5,632	-	5,632	2.0%
St. Lucia	(6,763)	2,464	-	(4,299)	-1.5%
Turks and Caicos Islands	673	-	-	673	0.2%
St. Vincent and the Grenadines	18,691	3,464	-	22,155	7.8%
British Virgin Islands	50,000	-	-	50,000	17.7%
Total	**255,032**	**21,649**	**6,000**	**282,681**	

Percentage of Total	90.2	7.7	2.1		100.0

LDCs	134,250	16,017	0	150,267	53.2%
MDCs	120,782	5,632	6,000	132,414	46.8%

APPENDIX I-E

DISTRIBUTION OF LOANS APPROVED (NET) BY SECTOR AND BY FUND - 2018 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**255,032**	**21,649**	**6,000**	**282,681**
Agriculture and Rural Development	**(51)**	**-**	**-**	**(51)**
Irrigation, Drainage and Land Reclamation	(51)	-	-	(51)
Transportation and Communication	**63,704**	**14,456**	**6,000**	**84,160**
Transport Policy and Administrative Management	29,315	14,456	-	43,771
Air Transport	34,389	-	6,000	40,389
Power, Energy, Water and Sanitation	**23,747**	**1,265**	**-**	**25,012**
Power and Energy	14,557	-	-	14,557
Water and Sanitation	9,190	1,265	-	10,455
Social Infrastructure and Services	**(9,227)**	**-**	**-**	**(9,227)**
Education - Post Secondary	(9,227)	-	-	(9,227)
Environmental Sustainability and Disaster Risk Reduction	**34,495**	**3,464**	**-**	**37,959**
Disaster Prevention and Preparedness	14,527	-	-	14,527
Reconstruction Relief and Rehabilitation	19,968	3,464	-	23,432
Multi-Sector and Other	**142,364**	**2,464**	**-**	**144,828**
Government and Civil Society	2,464	2,464	-	4,928
Policy-Based Loans/Structural Adjustment Programme	139,900	-	-	139,900

APPENDIX I-F

LOAN APPROVALS - 2018 ($'000)

Country	No. of Loan Projects	CDB	Public	Private
Anguilla	2	14,900	14,900	-
Barbados	2	115,389	81,000	34,389
Bahamas	1	14,557	14,557	-
Belize	3	51,034	51,034	-
Dominica	1	15,804	-	15,804
Guyana	2	5,632	5,632	-
St. Lucia	2	4,928	4,928	-
Turks and Caicos Islands	1	673	673	-
St. Vincent and the Grenadines	2	22,155	22,155	-
Virgin Islands	1	50,000	50,000	-
Total	**17**	**295,072**	**244,879**	**50,193**

LDCs	12	159,494	143,690	15,804
MDCs	5	135,578	101,189	34,389

APPENDIX I-G

GROSS LOANS APPROVALS BY PROJECT AND LOAN EQUIVALENT - 2018 ($'000)

			OCR		SDF		OSF		
	Project Name	Country	Amount	Loan Equivalent	Amount	Loan Equivalent	Amount	Loan Equivalent	Total
1	1st Programmatic Stab. & Resilience Building	AG	9,300	1.00	-	-	-	-	9,300
2	Hurricane Recovery Support Loan	AG	5,600	1.00	-	-	-	-	5,600
3	1st Programmatic Fiscal Sustainability Growth & Social Protection	BD	75,000	1.00	-	-	-	-	75,000
4	Grantley Adams Int'l Airport Pavement Rehabilitation & Expansion	BD	34,389	0.85	-	-	6,000	0.15	40,389
5	Street Light Retrofitting Project	BA	14,557	1.00	-	-	-	-	14,557
6	Second Road Safety Project	BZ	-	-	5,941	1.00	-	-	5,941
7	Sixth Road (Coastal Highway Upgrading) Project	BZ	32,428	0.89	4,148	0.11	-	-	36,576
8	Third Water (South Ambergris Caye Water And Sewerage Expansion)	BZ	8,517	1.00	-	-	-	-	8,517
9	Rehabilitation And Reconstruction - Hurricane Maria	DO	15,804	1.00	-	-	-	-	15,804
10	Transport Sector Enhancement Project	GUY	-	-	4,367	1.00	-	-	4,367
11	Water Sector Enhancement Project	GUY	-	-	1,265	1.00	-	-	1,265
12	Implementation Workshops (Labs) & Estab. of Delivery Unit	SL	2,464	1.00	-	-	-	-	2,464
13	Implementation Workshops (Labs) & Estab. of Delivery Unit	SL	-	-	2,464	1.00	-	-	2,464
14	Ta - Integrated Solid Waste Management	TCI	673	1.00	-	-	-	-	673
15	NDM- Disaster Risk Reduction And Climate Change Adaptation	SVG	14,527	1.00	-	-	-	-	14,527
16	NDM - Rehabilitation And Reconstruction	SVG	4,164	0.55	3,464	0.45	-	-	7,628
17	Economic Stability And Resilience Building PBL	VI	50,000	1.00	-	-	-	-	50,000
	Total		**267,423**		**21,649**		**6,000**		**295,072**

	LDCs		143,477	0.9	16,017	0.1	-	-	159,494
	MDCs		123,946	0.9	5,632	0.0	6,000	0.0	135,578
	LDCs		0.54	0.74	-	0.54			
	MDCs		0.46	0.26	1.00	0.46			

	Total		**0.91**		**0.07**		**0.02**		

APPENDIX II-A

SUMMARY OF TOTAL FINANCING APPROVED (NET) (1970 - 2018)
LOANS, CONTINGENT LOANS, EQUITIES AND GRANTS ($'000)

Financing Type	1970-2017	2018	Total
Loans	4,724,495	282,681	5,007,176
Contingent Loans	5,204	-	5,204
Equity	43,193	-	43,193
Grants	646,838	22,431	669,269
Other	140,810	33,752	174,562
Total	**5,560,540**	**338,864**	**5,899,404**

APPENDIX II-B

SUMMARY OF TOTAL FINANCING APPROVED (NET) BY SECTOR (1970 - 2018)
LOANS, CONTINGENT LOANS, EQUITIES AND GRANTS ($'000)

Sector	1970-2017	2018	Total
Agriculture and Rural Development	431,419	1,392	432,811
Environmental Sustainability and Disaster Risk Reduction	569,806	43,492	613,298
Financial, Business and Other Services	161,582	538	162,120
Manufacturing and Industry	351,068	117	351,185
Mining and Quarrying	36,143	-	36,143
Multi-Sector and Other	855,830	145,566	1,001,396
Power, Energy, Water and Sanitation	696,445	27,040	723,485
Social Infrastructure and Services	1,289,793	4,735	1,294,528
Tourism	102,616	-	102,616
Transportation and Communication	1,065,838	115,984	1,181,822
Total	**5,560,540**	**338,864**	**5,899,404**

APPENDIX II-C

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET)BY SECTOR AND BY FUND (1970 - 2018) ($'000)

Sector	OCR	SDF	OSF	Total
Total All Sectors	**3,324,835**	**1,893,395**	**680,774**	**5,899,404**
Agriculture and Rural Development	**189,081**	**154,599**	**89,131**	**432,811**
Agriculture (excluding Crop Farming)	127,840	37,752	20,778	186,370
Crop Farming	3,725	6,215	2,919	12,859
Export Crops	39,223	23,389	4,732	67,344
Mixed Farming	207	279	3,070	3,556
Irrigation, Drainage and Land Reclamation	10,948	6,954	565	18,467
Fishing	-	2,478	872	3,350
Land Settlement and Rural Development	3,947	36,889	684	41,520
Feeder Roads and Bridges	3,191	40,643	55,511	99,345
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**	**93,887**	**65,265**	**351,185**
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	-	2,147	93	2,240
Tourism	**78,611**	**12,918**	**11,087**	**102,616**
Tourism	78,611	12,918	11,087	102,616
Transportation and Communication	**786,059**	**234,847**	**160,916**	**1,181,822**
Transport Policy and Administrative Management	39,204	19,754	3,497	62,455
Road Transport	431,125	145,721	85,459	662,305
Water Transport	41,534	41,544	38,121	121,199
Air Transport	265,946	27,175	33,586	326,707
Communication	8,250	518	106	8,874
Storage	-	135	147	282
Power, Energy, Water and Sanitation	**520,865**	**146,286**	**56,334**	**723,485**
Power and Energy	260,682	17,694	24,802	303,178
Electric Power	66,755	32,810	1,860	101,425
Alternative Energy	8,250	-	1,791	10,041
Water and Sanitation	185,178	95,782	27,881	308,841

APPENDIX II-C continued

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET)BY SECTOR AND BY FUND (1970 - 2018) ($'000)

Social Infrastructure and Services	**487,987**	**639,520**	**167,021**	**1,294,528**
Education - General	162,200	121,553	32,462	316,215
Education - Basic	8,253	60,725	13,173	82,151
Education - Secondary/Vocational	36,332	48,102	6,051	90,485
Education - Post Secondary	161,668	108,828	2,570	273,066
Health	4,091	2,467	2,151	8,709
Housing	74,658	36,840	23,049	134,547
Other Social Infrastructure and Services	40,785	261,005	87,565	389,355
Environmental Sustainability and Disaster Risk Reduction	**249,998**	**335,886**	**27,014**	**613,298**
Environmental Sustainability	441	5,311	922	6,674
Sea Defence/Flood Prevention/Control	6,855	(47)	801	7,609
Disaster Prevention and Preparedness	24,042	71,081	15,156	110,679
Reconstruction Relief and Rehabilitation	218,660	259,541	10,135	488,336
Financial, Business and Other Services	**115,269**	**43,969**	**2,882**	**162,120**
Financial Policy and Administrative Management	32,083	9,982	2,106	44,171
Financial Intermediaries	83,186	33,987	776	117,949
Multi-Sector and Other	**673,523**	**227,608**	**100,265**	**1,001,396**
Government and Civil Society	104,021	23,408	14,641	142,070
Urban Development	29,912	10,262	156	40,330
Policy-Based Loans/Structural Adjustment Programme	569,900	166,896	38,800	775,596
Regional/Multulateral Trade Agreements	-	3,461	11,946	15,407
Other	(30,310)	23,581	34,722	27,993

APPENDIX II-D

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY SECTOR (1970 - 2018) ($'000)

Country	Agriculture and Rural Development	Mining and Quarrying	Manufacturing and Industry	Tourism	Transportation and Communication	Power, Energy, Water and Sanitation	Social Infrastructure and Services	Environmental Sustainability and Disaster Risk Reduction	Financial, Business and Other Services	Multi-Sector and Other	Total
Antigua and Barbuda	6,638	0	4,055	1,922	116,161	8,328	40,829	41,902	(615)	83,831	303,051
Anguilla	2,871	-	6,578	1,193	20,712	20,964	9,228	9,425	22,404	69,895	163,270
Barbados	18,869	100	31,906	40,061	167,459	44,895	110,391	7,647	7,593	119,509	548,430
Bahamas	10,086	-	11,468	2,187	21,778	58,375	5,797	4,821	274	302	115,088
Belize	29,221	-	15,207	1,251	186,992	77,379	148,103	19,181	38,439	47,418	563,191
Dominica	21,952	-	17,876	7,506	36,279	31,554	67,980	100,481	12,926	16,560	313,114
Dominican Republic	519	-	-	-	-	-	-	-	-	259	778
Grenada	25,327	451	19,626	4,553	69,871	20,554	70,821	44,182	11,034	50,751	317,170
Guyana	64,710	-	18,517	128	106,018	13,718	65,968	25,935	(2)	55,794	350,786
Haiti	18,000	-	933	-	-	211	87,767	11,977	-	19,086	137,974
Jamaica	125,816	932	105,923	15,646	105,466	41,770	125,635	115,883	56,718	167,690	861,479
St. Kitts and Nevis	6,164	123	10,854	1,746	46,817	30,764	75,374	13,310	520	40,203	225,875
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	89,892	169,174	45,381	5,625	53,205	502,753
Montserrat	1,408	87	1,949	168	25,371	3,495	10,833	-	378	(4)	43,685
Suriname	215	-	25	-	-	160,730	23,162	-	-	51,075	235,207
Turks and Caicos Islands	1,510	18	1,015	1,302	3,140	913	21,890	1,096	(326)	5,088	35,646
Trinidad and Tobago	42,214	30,875	32,650	4	38,262	43,249	(16,528)	204	8	33,387	204,325
St. Vincent and the Grenadines	16,899	2,939	13,174	541	79,431	53,785	80,122	62,284	453	65,439	375,067
British Virgin Islands	3,503	-	5,378	403	36,018	4,812	20,976	84,663	1	50,000	205,754
Regional	1,734	0	4,196	1,285	2,645	6,338	75,071	22,973	3,536	26,619	144,397
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	**432,811**	**36,143**	**351,185**	**102,616**	**1,181,822**	**723,485**	**1,294,528**	**613,298**	**162,120**	**1,001,396**	**5,899,404**

APPENDIX II-E

APPROVALS OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS (NET) BY COUNTRY AND BY YEAR (1970 - 2018) ($'000)

Country	1970 - 2012	2013	2014	2015	2016	2017	2018	Total
Antigua and Barbuda	100,942	35,607	(42)	50,610	24,853	90,881	200	303,051
Anguilla	108,784	3,340	-	2,357	22,046	11,820	14,923	163,270
Barbados	404,452	39,922	6,085	31,003	(1,460)	(47,364)	115,792	548,430
Bahamas	64,359	1,022	20,948	28,951	(11,917)	281	11,444	115,088
Belize	337,781	11,439	52,624	36,759	35,628	6,062	82,898	563,191
Dominica	234,144	1,822	2,242	33,685	3,479	14,378	23,364	313,114
Dominican Republic	527	-	-	234	17	-	-	778
Grenada	236,915	(93)	21,168	35,930	12,835	10,390	25	317,170
Guyana	296,580	25,216	1,756	225	12,396	9,004	5,609	350,786
Haiti	65,737	13,706	2,743	15,303	12,424	25,061	3,000	137,974
Jamaica	735,213	(145)	48,181	(2,760)	1,015	78,790	1,185	861,479
St. Kitts and Nevis	218,293	42	(8,338)	8,407	6,271	1,050	150	225,875
Cayman Islands	48,212	35	-	-	12	(47)	-	48,212
St. Lucia	387,547	312	21,365	14,284	78,522	5,022	(4,299)	502,753
Montserrat	23,004	51	485	41	11	20,093	-	43,685
Suriname	11	-	21,970	592	180,785	31,539	310	235,207
Turks and Caicos Islands	29,099	85	70	5,200	13	519	660	35,646
Trinidad and Tobago	163,423	50	40,000	233	410	9	200	204,325
St. Vincent and the Grenadines	292,781	417	10,972	512	34,754	13,476	22,155	375,067
British Virgin Islands	77,409	50	-	23	13	78,059	50,200	205,754
Regional	35,173	27,768	11,363	11,384	12,401	35,260	11,048	144,397
Regional: LDC Focus	33,813	-	-	-	-	-	-	33,813
Regional: MDC Focus	18,960	-	-	-	-	-	-	18,960
Regional: LDC/ MDC Focus	151,379	-	-	-	-	-	-	151,379
Total	**4,064,538**	**160,646**	**253,592**	**272,973**	**424,508**	**384,283**	**338,864**	**5,899,404**

LDCs	2,194,296	66,813	125,259	203,703	411,646	308,303	193,586	3,503,606
MDCs	1,683,163	66,065	116,970	57,652	444	40,720	134,230	2,099,244
Regional	187,079	27,768	11,363	11,618	12,418	35,260	11,048	296,554

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 - 2018) ($'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	5.5%
Anguilla	148,386	11,599	500	160,485	3.2%
Barbados	485,674	6,909	35,779	528,362	10.6%
Bahamas	105,219	3,786	3,240	112,245	2.2%
Belize	316,756	157,214	11,265	485,235	9.7%
Dominica	78,103	151,868	36,322	266,293	5.3%
Grenada	99,874	151,178	32,483	283,535	5.7%
Guyana	71,335	203,994	22,164	297,493	5.9%
Jamaica	518,897	187,478	74,831	781,206	15.6%
St. Kitts and Nevis	102,148	96,151	9,025	207,324	4.1%
Cayman Islands	39,884	4,703	3,313	47,900	1.0%
St. Lucia	266,083	161,345	38,804	466,232	9.3%
Montserrat	485	11,178	1,372	13,035	0.3%
Suriname	214,702	17,555	-	232,257	4.6%
Turks and Caicos Islands	17,399	12,100	-	29,499	0.6%
Trinidad and Tobago	193,808	5,018	2,566	201,392	4.0%
St. Vincent and the Grenadines	182,947	117,387	23,522	323,856	6.5%
British Virgin Islands	179,132	22,041	1,894	203,067	4.1%
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	0.8%
Total	**3,324,835**	**1,371,115**	**311,226**	**5,007,176**	
Percentage of Total	66.4	27.4	6.2		100.0
LDCs	1,890,056	951,269	170,472	3,011,797	60.1%
MDCs	1,382,199	412,729	140,754	1,935,682	38.7%
Regional	52,580	7,117	0	59,697	1.2%

APPENDIX II-G

DISTRIBUTION OF LOANS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2018) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**3,324,835**	**1,371,115**	**311,226**	**5,007,176**
Agriculture and Rural Development	**189,081**	**128,792**	**36,835**	**354,708**
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	10,948	6,803	409	18,160
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	**786,059**	**227,478**	**76,340**	**1,089,877**
Transport Policy and Administrative Management	39,204	17,557	-	56,761
Road Transport	431,125	143,648	31,162	605,935
Water Transport	41,534	40,982	15,041	97,557
Air Transport	265,946	25,254	30,137	321,337
Communication	8,250	37	-	8,287
Power, Energy, Water and Sanitation	**520,865**	**137,634**	**25,437**	**683,936**
Power and Energy	260,682	15,206	-	275,888
Electric Power	66,755	32,625	1,577	100,957
Alternative Energy	8,250	-	-	8,250
Water and Sanitation	185,178	89,803	23,860	298,841
Social Infrastructure and Services	**487,987**	**289,004**	**62,998**	**839,989**
Education - General	162,200	69,490	16,400	248,090
Education - Basic	8,253	31,767	12,050	52,070
Education - Secondary/Vocational	36,332	41,919	5,769	84,020
Education - Post Secondary	161,668	98,776	2,170	262,614
Health	4,091	1,157	1,875	7,123
Housing	74,658	35,347	22,884	132,889
Other Social Infrastructure and Services	40,785	10,548	1,850	53,183
Environmental Sustainability and Disaster Risk Reduction	**249,998**	**299,208**	**11,501**	**560,707**
Environmental Sustainability	441	-	-	441
Sea Defence/Flood Prevention/Control	6,855	(67)	(54)	6,734
Disaster Prevention and Preparedness	24,042	44,098	1,495	69,635
Reconstruction Relief and Rehabilitation	218,660	255,177	10,060	483,897
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	**673,523**	**165,170**	**43,200**	**881,893**
Government and Civil Society	104,021	5,690	4,400	114,111
Urban Development	29,912	750	-	30,662
Policy-Based Loans/Structural Adjustment Programme	569,900	156,760	38,800	765,460
Other	(30,310)	1,970	-	(28,340)

APPENDIX II-H

CONTINGENT LOANS APPROVED (NET) BY COUNTRY AND BY FUND (1970 - 2018) ($'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%
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 - 2018) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**-**	**3,675**	**1,529**	**5,204**
Agriculture and Rural Development	**-**	**460**	**147**	**607**
Agriculture (excluding Crop Farming)	-	185	96	281
Crop Farming	-	-	51	51
Export Crops	-	75	-	75
Land Settlement and Rural Development	-	200	-	200
Mining and Quarrying	**-**	**391**	**131**	**522**
Fossil Fuels	-	391	131	522
Manufacturing and Industry	**-**	**52**	**-**	**52**
Industrial Development	-	52	-	52
Tourism	**-**	**93**	**-**	**93**
Tourism	-	93	-	93
Transportation and Communication	**-**	**2,096**	**243**	**2,339**
Transport Policy and Administrative Management	-	1,267	104	1,371
Road Transport	-	245	38	283
Air Transport	-	584	101	685
Power, Energy, Water and Sanitation	**-**	**583**	**852**	**1,435**
Power and Energy	-	222	824	1,046
Water and Sanitation	-	361	28	389
Multi-Sector and Other	**-**	**-**	**156**	**156**
Urban Development	-	-	156	156

APPENDIX II-J

GRANTS APPROVED (NET) BY COUNTRY AND BY FUND (1970 - 2018) ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	-	2,520	25,106	27,826	3.3%
Anguilla	-	1,749	965	2,714	0.3%
Barbados	-	1,356	17,725	19,081	2.3%
Bahamas	-	1,889	954	2,843	0.3%
Belize	-	31,521	44,012	75,533	9.0%
Dominica	-	20,753	25,059	46,012	5.5%
Dominican Republic	-	-	778	778	0.1%
Grenada	-	20,736	12,658	33,394	4.0%
Guyana	-	44,365	8,928	53,293	6.3%
Haiti	-	137,006	968	137,974	16.4%
Jamaica	-	28,740	50,622	79,362	9.4%
St. Kitts and Nevis	-	10,651	7,477	18,128	2.1%
Cayman Islands	-	280	32	312	0.0%
St. Lucia	-	25,910	10,416	36,326	4.3%
Montserrat	-	8,385	22,178	30,563	3.6%
Suriname	-	2,164	786	2,950	0.3%
Turks and Caicos Islands	-	3,927	1,166	5,093	0.6%
Trinidad and Tobago	-	871	1,862	2,733	0.3%
St. Vincent and the Grenadines	-	20,454	30,019	50,473	6.0%
British Virgin Islands	-	1,535	998	2,533	0.3%
Regional	-	86,727	28,627	115,354	13.7%
Regional: LDC Focus	-	6,931	5,924	12,855	1.5%
Regional: MDC Focus	-	976	-	976	0.1%
Regional: LDC/MDC Focus	-	58,951	27,774	86,725	10.3%
Total	**-**	**518,397**	**325,034**	**843,831**	

Percentage of Total	0.0	61.4	38.5		100.0

LDCs	0	294,378	187,732	482,510	57.2%
MDCs	0	78,341	80,123	158,464	18.8%
Regional	0	145,678	57,179	202,857	24.0%

APPENDIX II-K

GRANTS APPROVED (NET)
BY SECTOR AND BY FUND (1970 - 2018) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**-**	**518,397**	**325,034**	**843,831**
Agriculture and Rural Development	**-**	**25,347**	**50,484**	**75,831**
Agriculture (excluding Crop Farming)	-	1,863	1,594	3,457
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	-	11,671	47,831	59,502
Mining and Quarrying	**-**	**190**	**292**	**482**
Fossil Fuels	-	-	292	292
Metal Ores	-	190	-	190
Manufacturing and Industry	**-**	**20,220**	**6,983**	**27,203**
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	-	2,147	93	2,240
Tourism	**-**	**2,003**	**3,080**	**5,083**
Tourism	-	2,003	3,080	5,083
Transportation and Communication	**-**	**5,273**	**84,333**	**89,606**
Transport Policy and Administrative Management	-	930	3,393	4,323
Road Transport	-	1,828	54,259	56,087
Water Transport	-	562	23,080	23,642
Air Transport	-	1,337	3,348	4,685
Communication	-	481	106	587
Storage	-	135	147	282

APPENDIX II-K continued

GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2018) ($'000)

Power, Energy, Water and Sanitation	**-**	**8,069**	**30,045**	**38,114**
Power and Energy	-	2,266	23,978	26,244
Electric Power	-	185	283	468
Alternative Energy	-	-	1,791	1,791
Water and Sanitation	-	5,618	3,993	9,611
Social Infrastructure and Services	**-**	**350,516**	**104,023**	**454,539**
Education - General	-	52,063	16,062	68,125
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	-	250,457	85,715	336,172
Environmental Sustainability and Disaster Risk Reduction	**-**	**36,678**	**15,513**	**52,591**
Environmental Sustainability	-	5,311	922	6,233
Sea Defence/Flood Prevention/Control	-	20	855	875
Disaster Prevention and Preparedness	-	26,983	13,661	41,044
Reconstruction Relief and Rehabilitation	-	4,364	75	4,439
Financial, Business and Other Services	-	7,663	2,782	10,445
Financial Policy and Administrative Management	-	5,405	2,006	7,411
Financial Intermediaries	-	2,258	776	3,034
Multi-Sector and Other	-	62,438	27,499	89,937
Government and Civil Society	-	17,718	10,241	27,959
Urban Development	-	9,512	-	9,512
Policy-Based Loans/Structural Adjustment Programme	-	10,136	-	10,136
Regional/Multulateral Trade Agreements	-	3,461	11,946	15,407
Other	-	21,611	5,312	26,923

APPENDIX II-L

GRANTS APPROVED (NET)
BY COUNTRY AND BY YEAR (1970 - 2018) ($'000)

Country	1970 - 2012	2013	2014	2015	2016	2017	2018	Total
Antigua and Barbuda	6,591	324	(42)	610	18,872	1,271	200	27,826
Anguilla	2,227	125	-	16	46	277	23	2,714
Barbados	17,689	63	-	594	267	14	454	19,081
Bahamas	1,114	272	28	712	436	281	-	2,843
Belize	29,111	208	3,442	1,759	3,087	6,062	31,864	75,533
Dominica	31,842	92	1,011	1,322	1,252	2,933	7,560	46,012
Dominican Republic	527	-	-	234	17	-	-	778
Grenada	24,408	(93)	468	930	2,603	5,053	25	33,394
Guyana	40,806	216	1,719	637	857	9,081	(23)	53,293
Haiti	65,737	13,706	2,743	15,303	12,424	25,061	3,000	137,974
Jamaica	19,894	181	1,913	1,384	1,015	53,790	1,185	79,362
St. Kitts and Nevis	15,544	42	456	407	479	1,050	150	18,128
Cayman Islands	312	35	-	-	12	(47)	-	312
St. Lucia	26,472	312	2,226	1,033	2,011	4,272	-	36,326
Montserrat	9,882	51	485	41	11	20,093	-	30,563
Suriname	11	-	30	592	286	1,721	310	2,950
Turks and Caicos Islands	4,660	85	70	200	13	78	(13)	5,093
Trinidad and Tobago	1,831	50	-	233	410	9	200	2,733
St. Vincent and the Grenadines	23,431	22	1,594	748	16,237	8,441	-	50,473
British Virgin Islands	1,028	50	-	23	13	1,219	200	2,533
Regional	26,931	6,967	11,363	11,384	12,401	35,260	11,048	115,354
Regional: LDC Focus	12,855	-	-	-	-	-	-	12,855
Regional: MDC Focus	976	-	-	-	-	-	-	976
Regional: LDC/ MDC Focus	86,725	-	-	-	-	-	-	86,725
Total	**450,604**	**22,708**	**27,506**	**38,162**	**72,749**	**175,919**	**56,183**	**843,831**

LDCs	253,935	14,959	12,483	22,984	57,346	77,484	43,319	482,510
MDCs	82,486	782	3,660	3,560	2,985	63,175	1,816	158,464
Regional	114,183	6,967	11,363	11,618	12,418	35,260	11,048	202,857

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
CNA	-	Country Needs Assessments
CARICOM	-	Caribbean Community
CDB	-	Caribbean Development Bank
CPA	-	Country Poverty Assessment
CREF	-	Caribbean Renewable Energy Forum
ECPAs	-	Enhanced Country Poverty Assessments
EE	-	Energy Efficient
EIB	-	European Investment Bank
ESIA	-	Environmental and Social Impact Assessment
ETPS	-	Education and Training Policy and Strategy
EU-CIF	-	European Union Caribbean Investment Facility
GBV	-	gender-based violence
GCF	-	Green Climate Fund
GEF	-	Global Environment Facility
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
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
PV	-	photovoltaic
RE	-	Renewable Energy
RE/EE	-	Renewable Energy/Energy Efficiency
RMF	-	Results Management Framework
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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