ANNUAL REPORT 2023

CARIBBEAN DEVELOPMENT BANK

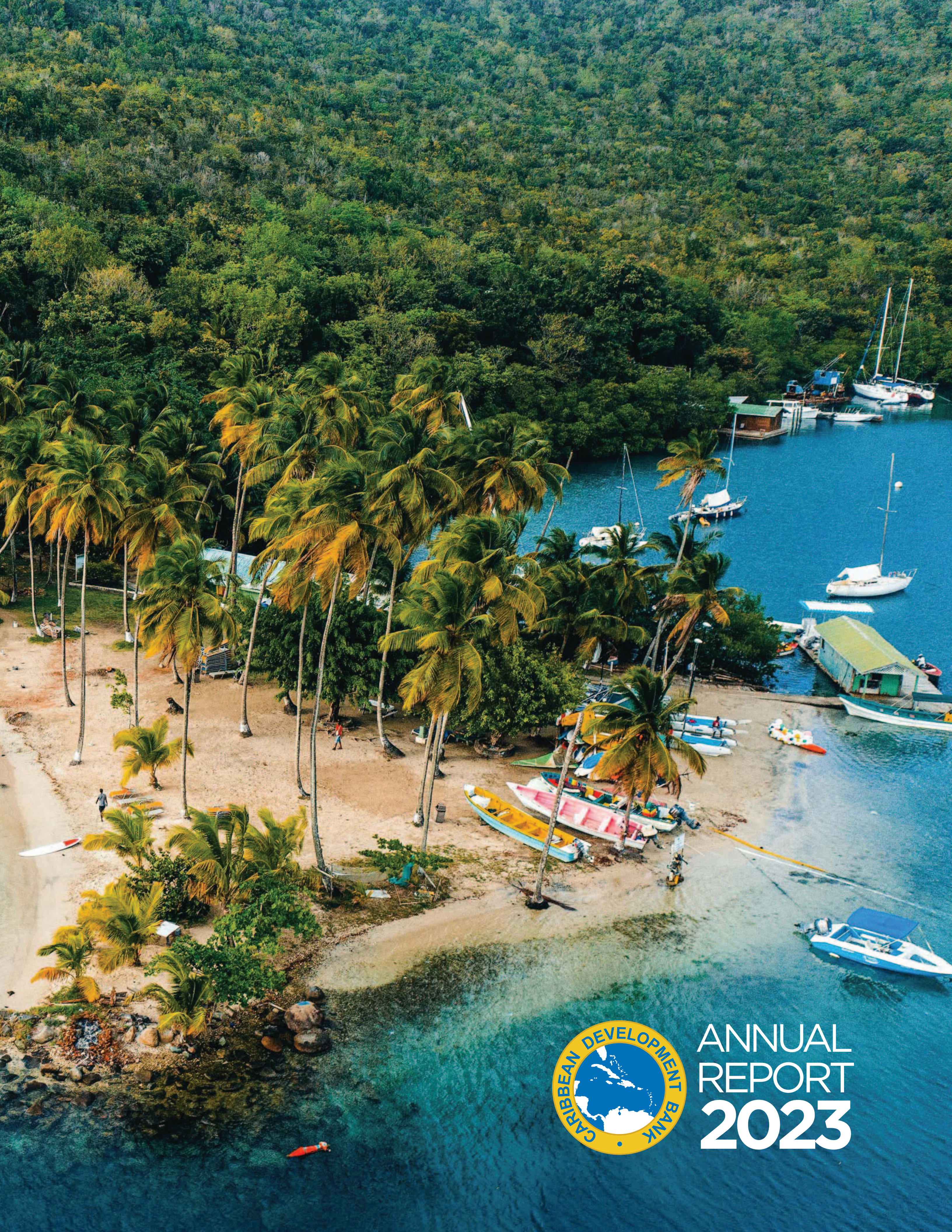
ANNUAL REPORT 2023

PURPOSE

"The purpose of the Bank shall be to contribute to the harmonious economic growth and development of the member countries in the Caribbean (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."

MISSION STATEMENT

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



CARIBBEAN DEVELOPMENT BANK

ANNUAL REPORT 2023

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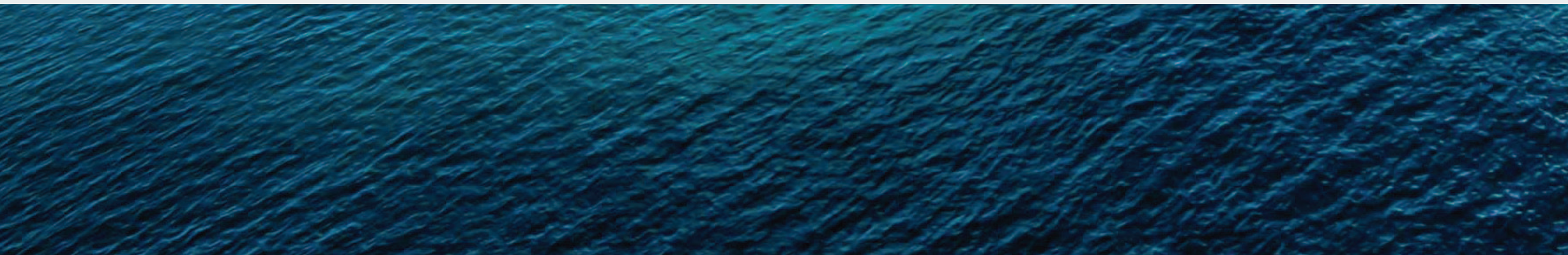
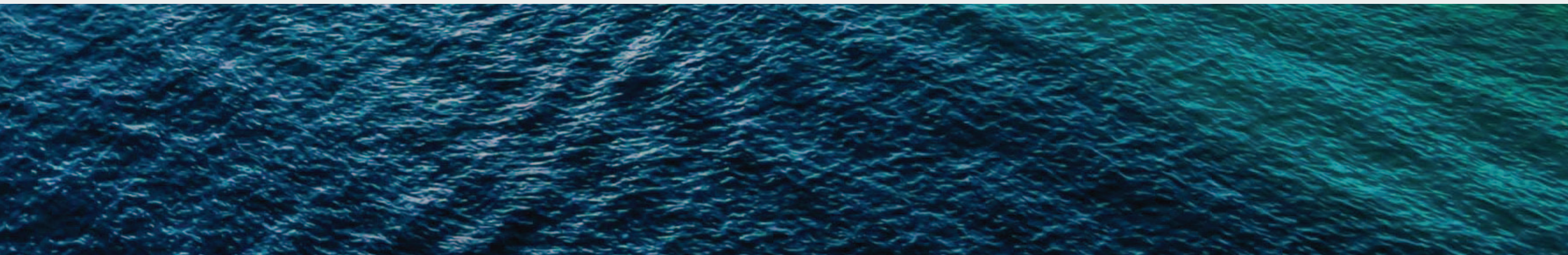


CARIBBEAN DEVELOPMENT BANK

ANNUAL REPORT 2023



PRESIDENT'S STATEMENT

PRESIDENT'S STATEMENT

Isaac Solomon
President, (Ag)

Collaboration is the cornerstone of our strategy. Throughout 2023, CDB's efforts to establish new partnerships and broaden the scope of current alliances yielded considerable results.

The Caribbean is at a critical juncture. On the one hand, we are more than halfway through the ambitious timeline to meet the United Nations Sustainable Development Goals, and their important targets for people and the planet. On the other, we face significant challenges – geopolitical conflict, vulnerability to external shocks, susceptibility to climate change, and limited access to finance threaten to derail the Region's pursuit of sustainable, inclusive growth and development. In 2023, our efforts were buffeted by external headwinds, from the lingering effects of the COVID-19 pandemic to disruptions to global trade and supply chains, increases in international commodity prices, and an overall slow-down in global economic activity. Yet despite these setbacks, Caribbean economies demonstrated resilience. Borrowing Member Countries (BMCs) of the Caribbean Development Bank (CDB) achieved an average growth rate of 6.7% – slower than the 11% growth experienced in 2022, but nonetheless a commendable rebound, reflecting a return to more typical levels of growth seen before the disruptions of the pandemic.

Our common future will be determined by our ability to weather storms and remain steadfast on the path to development. To this end, the Bank continues to prioritise building financial, social, environmental, institutional and productive resilience among our BMCs. While we cannot shield ourselves from inevitable shocks, we can strengthen our capacity to absorb them, rebound, and continue our climb towards a brighter future. In 2023, the Bank demonstrated commitment to the Region by approving more than $461.6 million (mn) to finance initiatives in critical sectors such as water, renewable energy, education, and health, and to support regional governments.

These funds are being used to enhance infrastructure, reduce poverty, build climate resilience, and improve social services. A milestone $405.4mn was disbursed for project implementation and technical assistance. By year-end, 11 of the 19 BMCs had surpassed their pre-pandemic economic output levels, clearing the current hurdles, while laying a foundation for continued growth and stability in the future.

Collaboration is the cornerstone of our strategy. Throughout 2023, CDB's efforts to establish new partnerships and broaden the scope of current alliances yielded considerable results. During the year, we were newly designated as a Grant Agency of the Global Partnership for Education, the largest international fund dedicated to education in economically disadvantaged countries. This alliance enables us to unlock vital resources for educational advancement, starting with $5mn in grant financing for education projects in Grenada, and Saint Vincent and the Grenadines. We were also accredited as a technical partner of the Global Infrastructure Facility, an international collaborative platform that aims to attract private investment for sustainable infrastructure projects in developing countries. This partnership grants us access to funds and expertise to aid BMCs to prepare viable infrastructure projects for financing.

With current partners, we deepened cooperation with the Inter-American Development Bank (IDB) and IDB Invest through an addendum to our current Mutual Cooperation Agreement.

Prime Minister of Jamaica, Hon. Andrew Holness (right), and CDB's President (Ag), Mr. Isaac Solomon, unveil the commemorative plaque to mark the handing over of the renovated Epworth Main Road in St. Ann, Jamaica, in April 2023. The $674,000 road improvement project was implemented by the Jamaica Social Investment Fund, an agency of the Government of Jamaica, with financing from CDB's Basic Needs Trust Fund (BNTF).

PRESIDENT'S STATEMENT

Hon. Philip J. Pierre, (right), Prime Minister of Saint Lucia and outgoing Chair of the CDB Board of Governors, handing over the Chair to Canada with a symbolic presentation to Ms. Cheryl Urban, Canada's Director General for Economic Development at the Closing Ceremony of the Bank's 53rd Annual Meeting in Saint Lucia in June 2023. Ms. Urban, who served as Canada's Temporary Alternate Governor at the Meeting, accepted the mantel on behalf of her country.

The new arrangements aim to enhance impact on critical imperatives for regional development, including digital transformation, climate adaptation, and private sector engagement. We also expanded our work with the Green Climate Fund (GCF) with the rollout of the Blue Co Caribbean Umbrella Coordination Programme, a vehicle for attracting investment to establish the Region's Blue Economy. Once approved, the programme will enable the development of blue economy frameworks at national and regional scales, establish a regional mechanism for coordination, and provide direct financing for innovative projects. Meanwhile, work with GCF continues on the development of a regional online Monitoring, Reporting, and Verification system for climate finance. This mechanism, piloted in Belize, Haiti, Jamaica, and St. Kitts and Nevis, aims to enhance the tracking, management, and accountability of climate funds, and enable more efficient use of finances.

The Caribbean deserves a future where its people can thrive, unburdened by the constant threat of setbacks. Whether through fostering economic diversity, investing in education, or strengthening climate resilience, our work will continue to strive to create conditions for the people of the Region to flourish. As we redouble our efforts to achieve the Sustainable Development Goals by 2030, the Bank will continue to work closely with governments, international financial institutions, donors, civil society, and the private sector to provide our BMCs with the resources they need to meet their targets. We will continue to be a catalyst for action, providing project finance, offering technical assistance, and advocating for policies across vital sectors that can enable the Region to thrive. Significant strides were made in this pursuit throughout 2023, thanks to the diligent efforts and dedication of our staff, and the unwavering support of our Board of Directors and esteemed partners. Let us intensify our efforts in the coming year to ensure a prosperous, and resilient, future for the Region.

Mr. Isaac Solomon, CDB's President (Ag) (right), connects with a community member during one of several BNTF events held in 2023. More than $47mn has been committed for poverty reduction and community development projects under the 10th cycle of the BNTF, which is scheduled to run until the end of 2024.

HIGHLIGHTS AT A GLANCE

HIGHLIGHTS AT A GLANCE

Optimising resilience to propel
Sustainable Development

TOTAL VALUE OF PROJECTS APPROVED

$461.6mn

- 171.1% up from $169.9mn in 2022
- $388.0 mn in loans
- $73.6mn in grants

TOTAL DISBURSMENTS

$405.4mn

- 41.8% up from $285.9mn in 2022
- $280.1mn in loans
- $125.3mn in grants

SOCIAL RESILIENCE

Basic Needs Trust Fund (BNTF) Tenth Cycle

93
BNTF sub-projects approved and 14 fully completed.

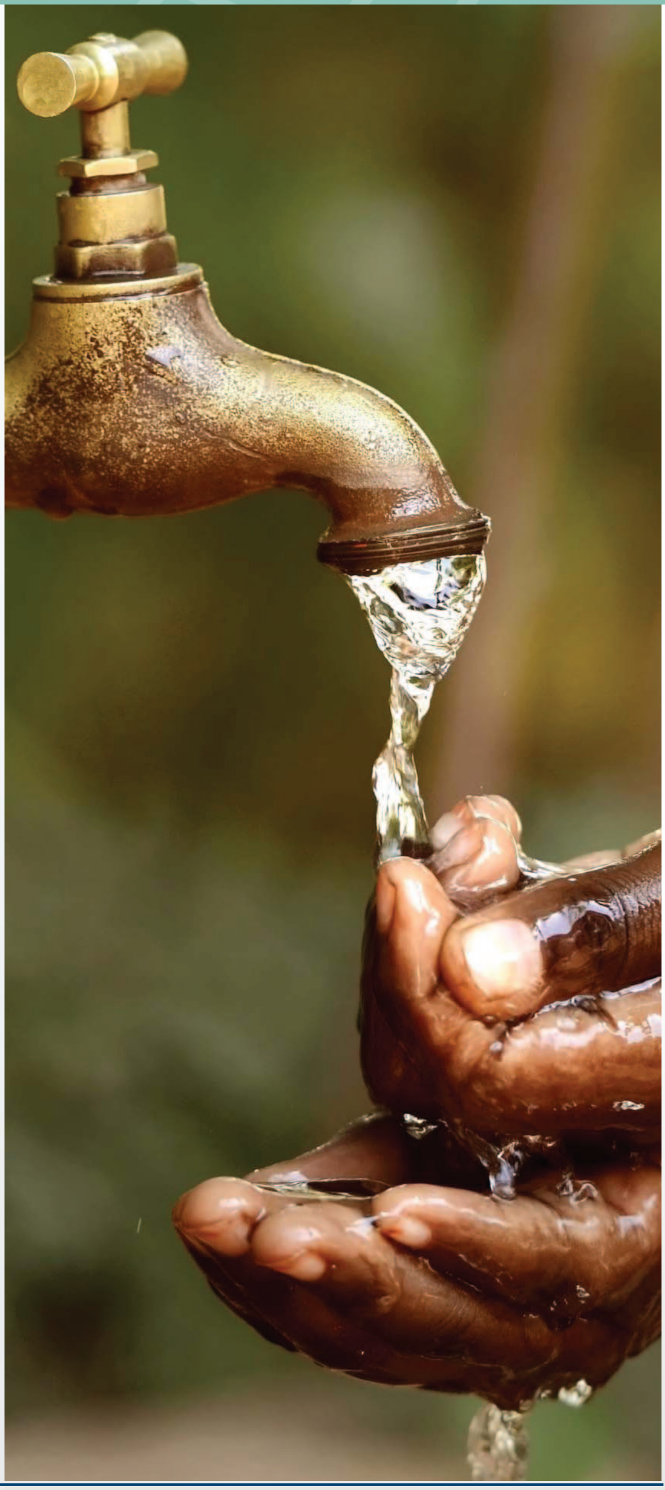
2.1k
kilometres of rural roads rehabilitated.

378m³
of water storage facilities completed.

12
classrooms built or refurbished.

$14.9 mn
of Country Project Grant resources disbursed to participating countries.

94
community leaders and community development professionals benefitted from Regional Proposal Writing Training.



SOCIAL RESILIENCE

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

Education and Training

- $34 mn grant approved for modernising 5 schools and improving basic education in Grenada.
- $16 mn grant authorised to modernise 6 schools and enhance basic education in Saint Vincent and the Grenadines.
- $10 mn in grant resources secured from the Global Partnership for Education initiatives in BMCs.

Water and Sanitation

- Caribbean Water Utility Insurance Collective Segregated Portfolio established to improve disaster preparedness and recovery for national water supply entities.

Agriculture and Food Security

- Construction begins on $5 mn agricultural roads and drainage infrastructure project in Grenada.
- EUR9.8 mn contribution agreement established with the EU to support food security programmes.
- EUR636,106 in grants approved to develop food traceability system and strengthen surveillance programmes for bovine diseases in Guyana.

Youth Empowerment

- $6.726 mn loan approved to support the Saint Lucia Youth Economy Project which will directly benefit about 3,000 young people, including those with disabilities.
- CDB Future Leaders Network launched with an inaugural cohort of 18 young people serving as advocates and advisors to the Bank on youth-focused programming and projects.

PRODUCTION RESILIENCE

Fostering inclusive, sustainable, economic growth and development.

Infrastructure Projects Approved

- GBP16.3 mn grant secured for Grenada from the United Kingdom Caribbean Infrastructure Partnership Fund (UKCIF) for water infrastructure upgrades.
- $9.4 mn grant approved for geothermal test well-drilling in Grenada.
- $76.25 mn approved for national water supply improvement project in Guyana.

Private Sector

- $12.5 mn agricultural and industrial Line of Credit granted to support micro, small, and medium enterprises (MSME) in Belize.
- $8.6 mn loan disbursed to Corporación Interamericana para el Financiamiento de Infraestructura, S.A., for financing small and medium-sized private sector-led energy and infrastructure projects.
- $3.7 mn loan approved to the Saint Lucia Development Bank (SLDB) for tertiary-level training in areas of national priority.
- $450,000 investment to operationalise the SheTrades Caribbean Hub to deliver programmes for women entrepreneurs.
- 174 business development officers from 18 BMCs trained in business management, and digitalisation.
- 157 entrepreneurs benefitted from the $320,000 "Facilitating Access to Markets for MSMEs" project.

The Cultural and Creative Industries Innovation Fund

- 30 grants awarded under the Cultural and Creative Industries Innovation Fund (CIIF).
- 500 stakeholders across 19 BMCs impacted during CIIF's first cycle.
- 90 stakeholders benefitted from grant funding for Creative Industry projects in Haiti.

ENVIRONMENTAL RESILIENCE

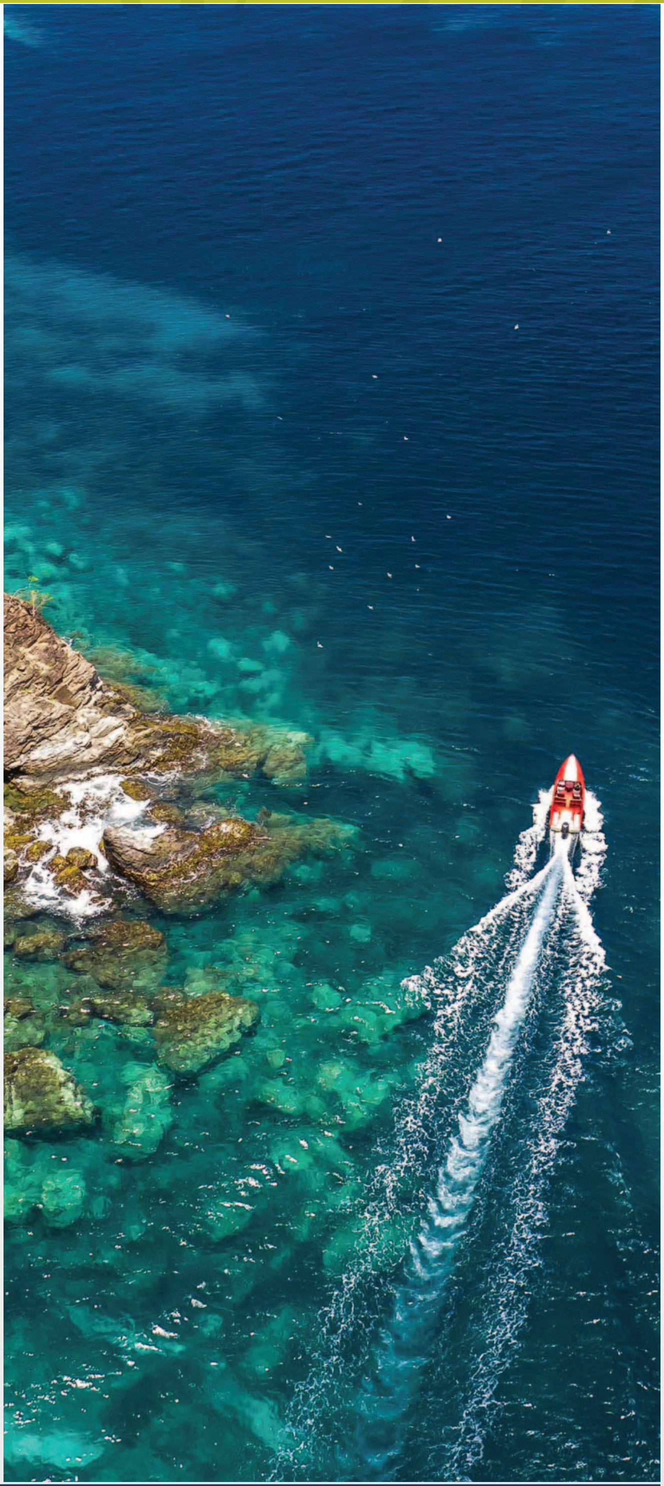
Promoting environmental sustainability.

Environmental Sustainability

- Regional climate finance Monitoring, Reporting, and Verification (MRV) system developed in Belize, Haiti, Jamaica, and St. Kitts and Nevis.
- $1.26 mn approved to establish multi-hazard early warning system in Belize under the EU-funded Caribbean Action for Resilience Enhancement (C.A.R.E) Programme.
- Green Climate Fund (GCF) Project Preparation Facility (PPF) grant secured to develop a climate-resilient blue economy programme for the Region.
- $850,000 grant secured from GCF to support Saint Lucia's water sector.
- $749,600 approved to enhance the services of the Water and Sewage Company in Saint Lucia under the C.A.R.E programme.

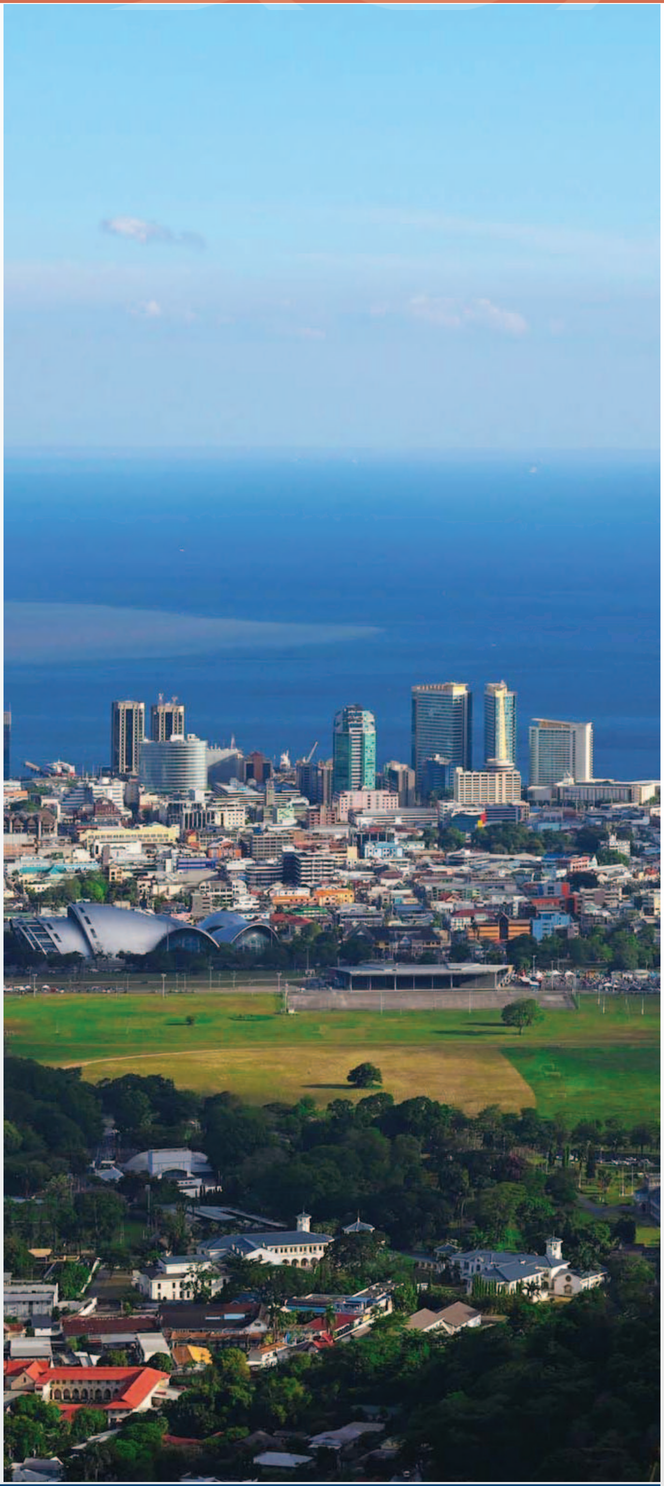
Sustainable Energy

- Accelerated Sustainable Energy and Resilience Transition (ASERT) 2030 Framework launched to catalyse the Region's shift to green energy.
- Guidelines for achieving the Minimum Regulatory Function (MRF) for the Electricity Sector in the Caribbean published as part of efforts to make the regional electricity sector more attractive to investors.
- MRF voted most impactful strategy for accelerating the implementation of resilient sustainable energy projects in the Caribbean in the Island Resilience Action Challenge at the 2023 Caribbean Renewable Energy Forum (CREF).



FINANCIAL RESILIENCE

Building financial capacity in CDB and BMCs.



Credit Ratings

- 'AA+' Long-Term Issuer Default Rating affirmed by Fitch Ratings.
- 'Aa1' Long-Term Issuer and Senior Unsecured Bond ratings reconfirmed by Moody's Investors Services.
- 'AA+' Long-Term Issuer credit rating and 'A-1+' Short-Term Issuer credit rating reiterated by S&P Global.

Access to Finance

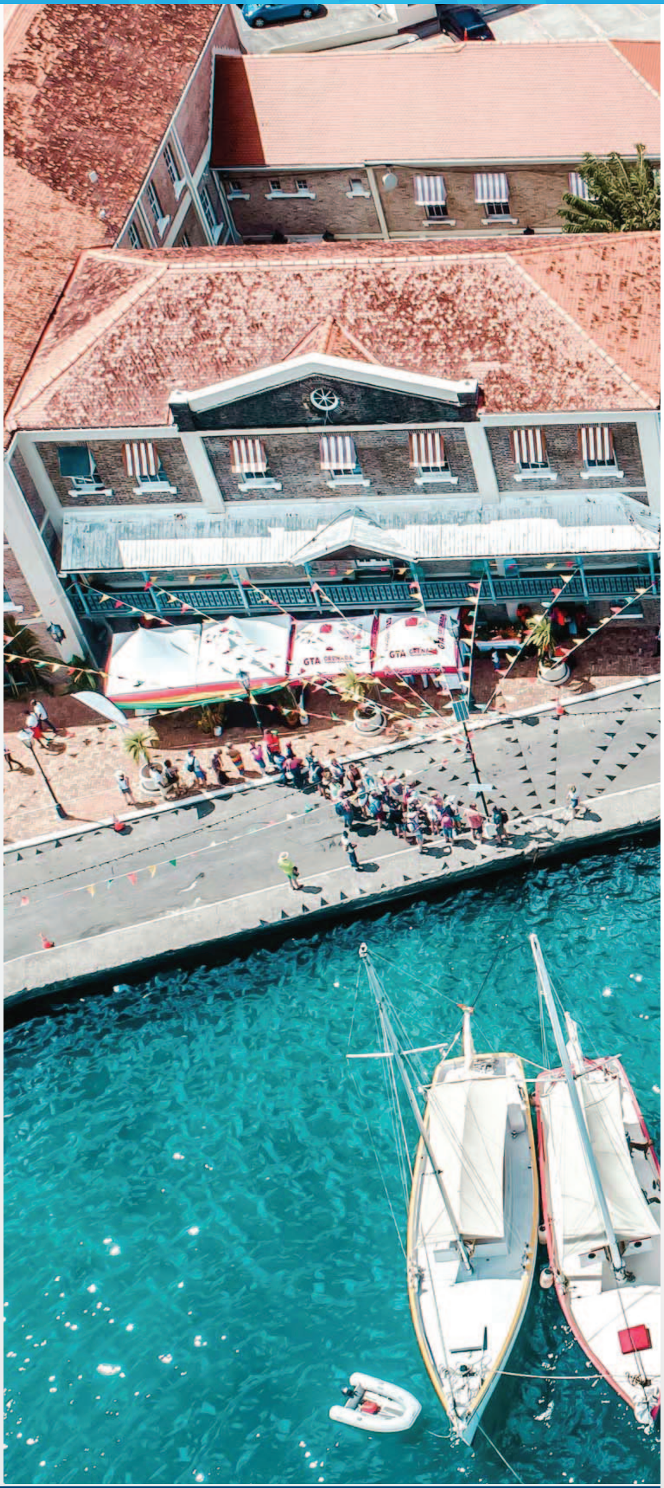
- $5 mn secured from Global Partnership for Education to fund projects in Grenada and Saint Vincent and the Grenadines.
- CDB accredited as a technical partner of the Global Infrastructure Facility which allows access to resources for infrastructure projects.
- CDB designated a prescribed holder of International Monetary Fund Special Drawing Rights.

INSTITUTIONAL RESILIENCE

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

Procurement

- E-learning courses launched to build procurement capacity in BMCs.
- Scholarship provided for a regional candidate to pursue a procurement master's course.
- 10 member countries assisted in expediting procurement reform.
- New procurement laws and regulations enacted in Antigua and Barbuda, The Bahamas, Montserrat, and St. Kitts and Nevis through CDB assistance.

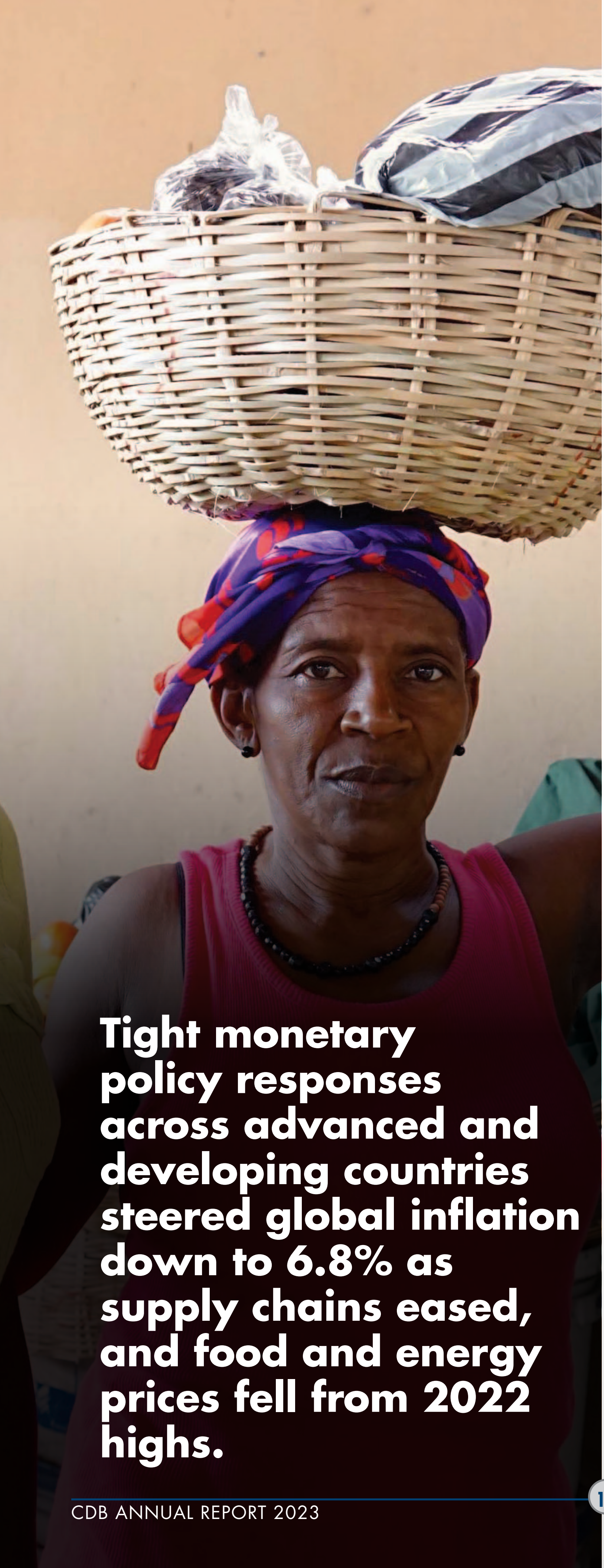


GENDER

Capacity Building and Collaboration

- CDB became chair of the Multilateral Development Bank Working Group on Gender Equality.
- 40 women-owned and women-led firms in the Caribbean received business training in collaboration with UN Women.
- 30 practitioners from governments and civil society gender-focused entities benefitted from the 15th Caribbean Institute in Gender and Development training programme.

SECTION 1
CARIBBEAN ECONOMIC REVIEW AND OUTLOOK



Tight monetary policy responses across advanced and developing countries steered global inflation down to 6.8% as supply chains eased, and food and energy prices fell from 2022 highs.

CARIBBEAN ECONOMIC REVIEW AND OUTLOOK

OVERVIEW

In 2023, the Caribbean Development Bank's Borrowing Member Countries (BMCs) continued their recovery from the impacts of the COVID-19 pandemic and other shocks endured over the past three years, converging towards pre-pandemic levels of economic activity. Gross Domestic Product (GDP) for the Region grew by an estimated 6.7%, less than the 11.0% growth of 2022, but well above the historical average of 1.7%[1]. The primary drivers of growth were Guyana's booming oil production and the ongoing revival of the tourism industry in service-exporting BMCs. Visitor arrivals surpassed pre-pandemic levels in some tourism industries, which recovered more rapidly than anticipated, backed by a resilient and strengthening economy in the United States (US)[2]. The US economy is estimated to have expanded by 2.5% in 2023, from 1.9% in 2022, as global growth softened in the wake of lingering multiple headwinds from geopolitical conflicts and other events. Economic activity was weaker in the Euro area due to the persistent effects of disruptions to energy and food markets, and the Region's high exposure to the conflict in Ukraine.

Tight monetary policy responses across advanced and developing countries steered global inflation down to 6.8% as supply chains eased, and food and energy prices fell from 2022 highs[3]. However, global headline inflation remained above average. In BMCs, strengthening consumer demand coupled with lingering cost pressures kept inflation above trend, although it also moderated, prompting some governments to maintain relief measures to ease the burden of higher living costs. Fiscal and debt outcomes improved on the back of the continued post-pandemic recovery.

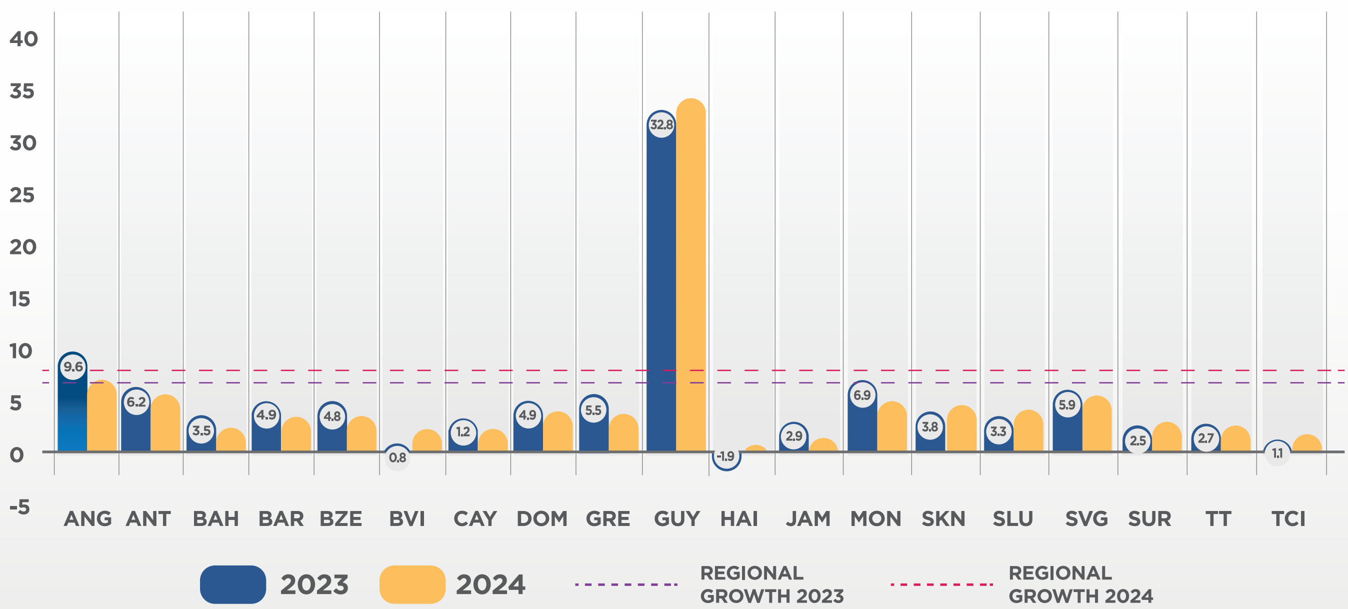
[1] Between 2013 and 2019.
[2] All global projections are sourced from the International Monetary Fund (IMF), World Economic Outlook Update, January 2024 report.
[3] The annual average oil price is estimated to have declined by 16% in 2023.

BMC PERFORMANCE

Commodity-exporting BMCs contributed substantially to regional economic growth, collectively achieving growth of 13.8%, albeit a deceleration from 17.9% in 2022. The continuing expansion of Guyana's energy sector propelled extraordinary growth of 32.8% (see Chart 1). Oil production from the Liza Phase 2 oil field achieved its maximum capacity of 220,000 barrels per day (bpd) in 2023, its first full year of operation, fueling a 35.2% surge in average annual oil production to 376,000 bpd. Trinidad and Tobago expanded at a more measured rate compared with Guyana, driven by non-energy sectors such as manufacturing and construction, as its energy sector experienced production shortfalls. The economy of Suriname also experienced growth over the period.

Service-exporting BMCs posted growth of 2.4%, following a rebound of 7.2% in 2022. Notable contributors to growth included Anguilla (9.6%), Montserrat (6.9%), Antigua and Barbuda (6.2%), and Saint Vincent and the Grenadines (5.8%). The impetus for expansion was the ongoing recovery of the tourism industry with Anguilla, Antigua and Barbuda, The Bahamas, Jamaica, and Grenada reaching pre-pandemic levels, reflecting robust demand from source markets, recovery of airlift, and the return of festivals and sporting events. Collectively, stayover arrivals from January to September increased by 26.9%, reaching 99.2% of 2019 levels. The uptick in tourism activity spilt over to related sectors including wholesale and retail, transportation, and construction, also buoyed by government and private capital investment spending. Haiti continued to face persistent political instability and volatile security concerns that hindered its recovery, resulting in economic contraction for the fifth consecutive year.

CHART 1: REAL GDP GROWTH 2023 AND 2024 (%)



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

Overall, food price inflation increased, to an average of 13.5% in January to September 2023, from 12.6% in the corresponding period of 2022.

CARIBBEAN ECONOMIC REVIEW AND OUTLOOK

LABOUR MARKETS

Labour markets continued to strengthen with a sustained recovery in employment for both women and men across BMCs, in tandem with economic activity. Several BMCs experienced noteworthy declines in unemployment rates, with some achieving record lows. Belize reported an unemployment rate of 3.4%, Trinidad and Tobago 3.7%, Jamaica 4.5%, Barbados 8.5%, The Bahamas 8.8%, and Grenada 12.0%. Despite positive labour market trends, gender gaps persist, with unemployment among women generally higher relative to men such as in Grenada (by 5.0 percentage points), Jamaica (by 2.5 percentage points), Barbados (by 1.7 percentage points), and Belize (by 1.6 percentage points). Similarly, labour participation rates continue to be higher among men in most BMCs, except in The Bahamas. Youth unemployment remained elevated, ranging as high as 36.2% in Grenada.

PRICES

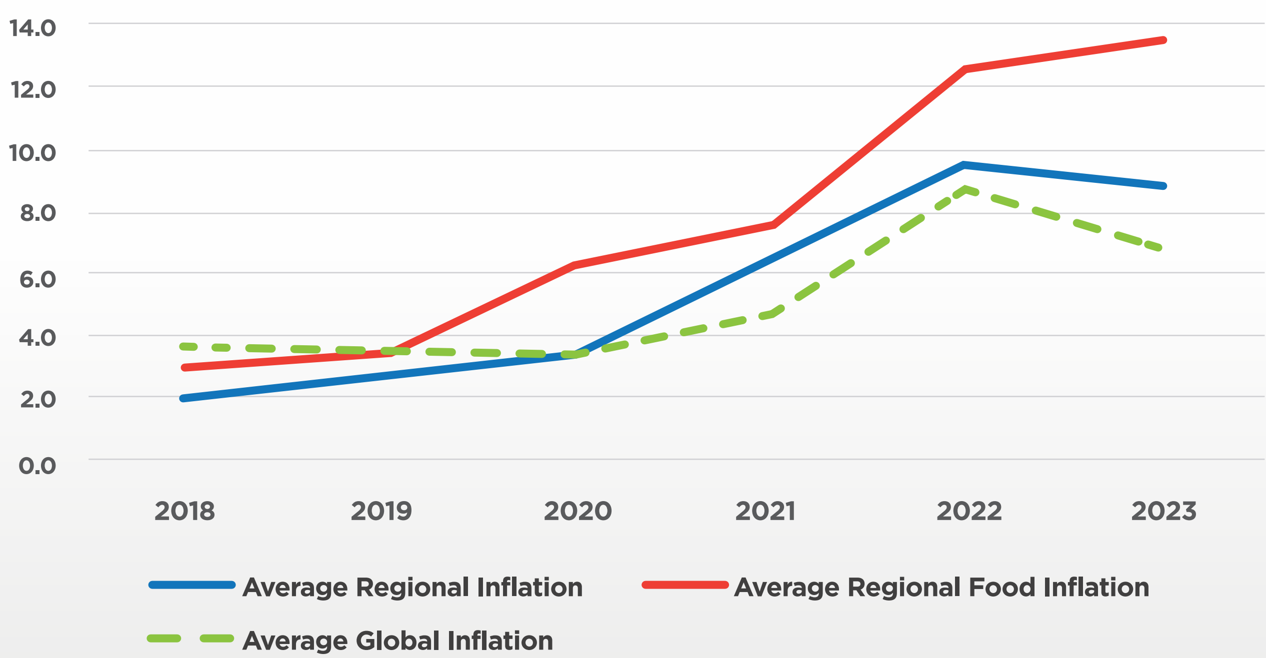
Inflation moderated across BMCs in 2023, reflecting the impact of restrictive monetary policy, and the decline in international fuel and commodity prices, particularly during the latter part of the year. Monetary tightening measures across the globe began to have the desired impact of reducing inflation and stabilising inflation expectations. In tandem, average inflation eased across BMCs to 8.8% from 9.5% in 2022 (see Chart 2). However, in Suriname, inflation stayed above 50.0% for a third consecutive year. Average consumer prices across the Region rose by 51.6%, driven by continued supply-side disruptions and the Suriname dollar losing value to the US dollar. Haiti also continued to experience relatively high inflation, reaching a rate of 36.8%.

Overall, food price inflation increased, to an average of 13.5% in January to September 2023, from 12.6% in the corresponding period of 2022. Suriname (64.6%), Belize (13.1%), and Saint Vincent and the Grenadines (11.5%) recorded relatively substantial rises that were notably higher than pre-pandemic rates. Contributing factors included global increases in the prices of staples such as rice and sugar, and domestic market distortions from periods of unfavourable climatic conditions, which affected production yields.

Since 2020, a confluence of global and domestic factors have converged to reshape the Region's inflation landscape, substantially increasing inflation from an average low of 2% in 2018. The war in Ukraine, which has sparked a global energy crisis, a surge in commodity prices, and trade supply issues, has had profound impacts on domestic prices in the Caribbean. BMCs are highly vulnerable to inflation in food, transport, and energy prices due to their heavy reliance on imports, and the related pass-through effects on prices can induce domestic wage-price spirals. Food and fuel account for a larger share of the consumption basket in these small economies, given high levels of food imports, which amplifies the strain on household budgets and food security.

Policy actions were taken in some BMCs to slow and cushion the impact of inflation. In Jamaica, the monetary policy rate steadied but remained elevated after having increased by 650 basis points since 2021. Anguilla, St. Kitts and Nevis, Suriname, and Turks and Caicos Islands maintained price relief measures that included electricity subsidies and reductions in taxes on fuel and essential food items. Suriname increased cash transfers and strengthened social safety nets as it continued to phase out subsidies for public transportation.

CHART 2: AVERAGE REGIONAL AND GLOBAL INFLATION (%)



Sources: Central Banks, Statistical Offices, IMF, CDB estimates.

CARIBBEAN ECONOMIC REVIEW AND OUTLOOK

FISCAL AND DEBT PERFORMANCE

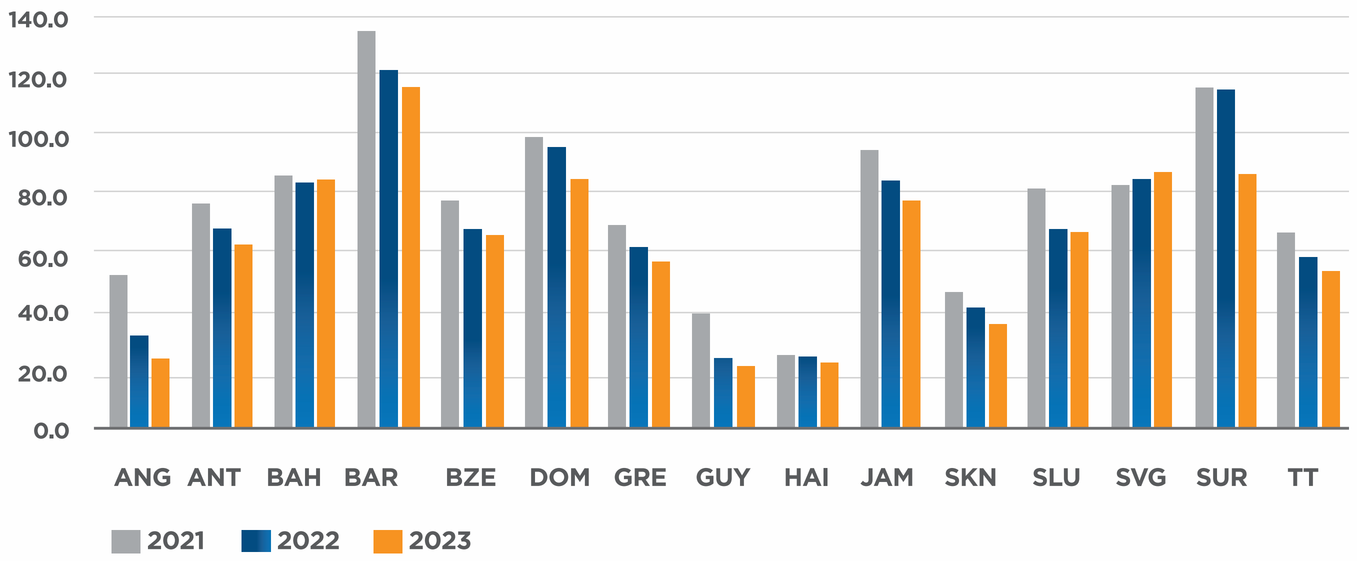
Most governments in the Region reported improved budgetary performance. The average regional primary surplus increased from 0.5% of GDP to 0.8% in 2023. BMCs with fiscal responsibility frameworks, including Grenada, The Bahamas, and Jamaica, pivoted towards fiscal consolidation to improve compliance and curb the rise of debt. Implementation of an economic adjustment programme in Suriname gained momentum with the advancement of key reforms that included a value-added tax and the finalisation of its external commercial debt restructuring programme. This swapped $900mn (including accumulated arrears) in outstanding Eurobonds for a new $650mn fixed income instrument with a lower step-up coupon and extended maturity – a 29.0% face value reduction in existing debt. This long-awaited outcome is expected to improve prospects for regaining debt sustainability.

Higher revenue inflows offset upticks in expenditures across BMCs as tax revenue collections improved across major categories. The robust performance of Citizenship-by-Investment programmes in Dominica, St. Kitts and Nevis, Antigua and Barbuda, and Grenada supported non-tax revenue intake. In Guyana, oil revenue and proceeds from the sale of carbon credits augmented government revenue. Guyana is the first country to have benefited from the sale of carbon credits[4], earning $150mn for investing in the country's low-carbon development goals. Suriname, Belize, and The Bahamas also plan to monetise forest and ocean-based carbon 'sinks' to finance their SDG agendas.

Increased expenditure reflected elevated price levels and higher borrowing rates that raised interest costs in Jamaica and Saint Lucia. Public capital investment increased notably in

[4] Sold to Hess Corporation, which holds a 30% equity interest in the offshore Stabroek oil block and is scheduled to acquire carbon credits worth a total of $750mn over the 2022-2030 period.

CHART 3: DEBT-TO-GDP (%) IN SELECTED BMCs



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

Guyana, where capital spending grew by 50.3%. BMCs continued to invest in resilient education, energy, port, and transportation infrastructure.

Growth in nominal GDP was the main contributor to improved debt dynamics. While regional debt stock continued to build, increasing by 0.9% (albeit at a slower pace), debt-to-GDP fell by an estimated 4.8 percentage points to 51.8%, below the 69.4% peak in 2020 and 58.6% in 2019. Except for The Bahamas, and Saint Vincent and the Grenadines, which recorded marginal upticks, debt ratios of all other BMCs declined. This contributed to improved sovereign risk profiles in Barbados, Jamaica, and Suriname, all of which received upgrades to their sovereign credit ratings. Suriname was upgraded out of Selective Default by Standard & Poor's, along with one-notch upgrades for Jamaica (BB-) and Barbados (B-). Debt ratios in nine countries remained above the 60% of GDP threshold, with Barbados above 100% of GDP, at 115.9% (see Chart 3). The British Overseas Territories continue to maintain low levels of public debt, averaging 9.8%, considerably lower than the regional mean.

2024 OUTLOOK

Projections indicate modest growth is likely over the medium term for most BMCs, with Guyana expected to experience rates more than double the regional average. Early signs of easing in monetary policy in advanced economies and disinflation present promising prospects. Service-exporting economies are on track for a moderate output gain supported by thriving tourism industries. Commodity exporters should register considerably more favourable gains, largely due to the acceleration of oil production in Guyana.

Consolidation efforts will see continued convergence to fiscal targets. Marginal expansion in the fiscal stance of some BMCs to accommodate critical spending is projected in 2024, but most are expected to maintain positive primary balances. Barbados, Jamaica, and Suriname, under IMF-supported reform programmes, are expected to make further progress in shoring up public finances. The debt ratios in most BMCs are expected to converge towards more sustainable levels over time

Addressing underlying structural vulnerabilities, which constrain output and income growth, will be imperative to enabling sustainable growth.

as sustained primary surpluses and continued GDP growth offset elevated borrowing costs and improve debt dynamics.

This outlook is shadowed by downside risks and significant headwinds. Possible escalation of geopolitical tensions and conflicts, and their subsequent impacts on global trade and international commodity markets, along with uncertainties surrounding impending elections in the US and the United Kingdom (UK), the main tourism markets for the Region, could weaken external demand and potentially undermine economic performance. Climate change and natural disaster impacts continue to be prominent risks.

POLICY IMPERATIVES

Near-term priorities should include scaled-up investments to foster resilient, sustainable, and inclusive growth. Capacity to address these issues remains constrained by fiscal space with governments' renewed focus on debt sustainability and limited eligibility for concessional financial resources. Although public debt ratios have fallen, they remain elevated, and pose risks to medium-term sustainability, owing to the increased cost of debt, and high exposure and susceptibility to external shocks. Further, some BMCs straddled with short-term variable-rate debt instruments are subject to significant rollover risks that can exert additional pressure on fiscal accounts.

With inflation receding, a renewed focus on fiscal consolidation for rebuilding buffers and achieving debt sustainability is needed, while protecting priority investments. Equally, addressing underlying structural vulnerabilities, which constrain output and income growth, will be imperative to enabling sustainable growth.

Near-term priorities should include scaled-up investments to foster resilient, sustainable, and inclusive growth.

SECTION 2
PERFORMANCE REVIEW

The Basic Needs Trust Fund continues its mission to improve living conditions and quality of life for vulnerable and underserved citizens.

PERFORMANCE REVIEW

CDB's Strategic Plan Update for 2022-2024 highlights resilience-building as the primary focus for supporting BMCs to achieve sustainable and inclusive development. Aligned with this strategic direction, the Bank's objectives and priorities are in enhancing Social, Production, Environmental, Financial, and Institutional Resilience in BMCs. These core areas are further bolstered by overarching themes of innovation, regional cooperation and integration, gender equality, and good governance. The Bank's Performance Review provides an overview of how CDB's operations impacted these areas in 2023.

SOCIAL RESILIENCE

Basic Needs Trust Fund

The Basic Needs Trust Fund (BNTF) continues its mission to improve living conditions and quality of life for vulnerable and underserved citizens through community-based initiatives targeting basic education, rural water and sanitation systems, and community road infrastructure. In its 10th cycle, BNTF 10, the Fund is increasing emphasis on initiatives that focus on enhancing livelihoods, developing entrepreneurship, offering certified training, and establishing mechanisms to leverage private-sector partnerships. The current support programme involves nine participating countries, namely Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Lucia, Saint Vincent and the Grenadines, and Suriname.

By the end of 2023, 93 sub-projects had been approved and 14 fully completed. Completions for BNTF 10 include a total of 2.1 kilometres of rural roads impacting 1,525 people (611 males, 641 females), 378 cubic metres of water storage facilities serving 493 households, and 12 classrooms built or refurbished for use by 109 children (63 males, 46 females). A cumulative amount of $14.9mn (37%) of the Country Project Grant resources have so far been disbursed to the participating countries.

In June, the BNTF organised a four-day training workshop for its Community Liaison officers on gender analysis, action planning, and

mainstreaming in the project management cycle. The highly interactive and participatory training focused on using gender analytical frameworks to prepare action plans that can better mainstream gender in BNTF operations, recognising the importance of gender equality for poverty alleviation and sustainable development. Gender Action Plans have since been completed for all nine participating countries, and staff will support their ongoing implementation in 2024.

In response to stakeholder consultations, BNTF delivered Proposal Writing Training Workshops in Jamaica, Saint Lucia, and Guyana. The workshops trained 94 community leaders and community development professionals in effective proposal writing. Since this exercise, 76 draft project concepts have been completed, six proposals have been submitted to the Bank, valued at $357,000, and three have been approved for funding, valued at $152,000.

Education and Training

New investments in education and training are focused on achieving a basic level of education, as BMCs continue to transform their education systems to improve access, relevance and quality, and meet 21st-century standards outlined in national and regional strategic frameworks.

CDB approved $34mn to improve basic education in Grenada and $16mn for similar efforts in Saint Vincent and the Grenadines. These investments focus on modernising infrastructure in five schools in Grenada, and six in Saint Vincent and the Grenadines, aiming to support the learning needs of vulnerable and at-risk students. Importantly, the projects aim to mainstream inclusion and quality services for early learners, and learners with special education needs. They also support an accountability mechanism for effective leadership, teaching-learning, and climate resilience across basic education institutions, strengthening linkages between teaching-learning and the world of work. CDB funds catalysed the mobilisation of $10mn in grant resources for the benefitting BMCs from the Global Partnership for Education.

Water and Sanitation

A major development in 2023 was the establishment of a Caribbean Water Utility Insurance Collective Segregated Portfolio through collaboration between CDB and the UK Foreign, Commonwealth and Development Office (FCDO), the Inter-American Development Bank (IDB), and the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC). This cooperative facility reflects the Bank's commitment to enhancing disaster resilience and preparedness within the Caribbean's water utility sector. The initiative provides comprehensive support to water utilities in the Region through a mutual aid programme designed to bolster disaster preparedness, response, and recovery efforts. Other elements of support include parametric insurance coverage to expedite access to liquidity for immediate relief requirements, and provision of technical assistance to identify and structure priority resilience projects.

The Bank provided co-financing to stage the High-Level Fora for Caribbean Ministers with responsibility for Water, Wastewater, and Solid Waste, held in Guyana. This event provided a platform for regional stakeholders to engage in dialogue and strategise on critical issues concerning water management and sanitation. Additionally, the Bank remained actively involved in supporting the Regional Strategic Action Plan for Building Climate Resilience in the Water Sector in the Caribbean. Through its participation in the donor committee, chaired by the Caribbean Water and Wastewater Association, the Bank continued to contribute expertise and resources towards advancing climate resilience initiatives within the water sector.

Agriculture and Rural Development

CDB remains actively involved in addressing food and nutrition security challenges in BMCs through a comprehensive approach outlined in the Agriculture Sector Policy and Strategy. In 2023, efforts focused on enhancing sector productivity, improving agricultural infrastructure, and supporting research in key commodities.

Construction began on agricultural roads and drainage infrastructure in Grenada under the Climate Smart Agriculture and Rural Enterprise Programme, which is jointly financed by CDB and the International Fund for Agricultural Development. Additionally, CDB funded the Regional Sweet Potato Value Chain Enhancement and Technology Transfer project, executed by the Caribbean Agriculture Research and Development Institute. The project produced a sweet potato value chain analysis, market assessment, and development of business cases and investment profiles, which will be disseminated to sweet potato value chain stakeholders in all BMCs.

Collaborating with the Food and Agriculture Organization and relevant ministries in member countries, the Bank submitted a proposal to the Adaptation Fund for Building Climate Resilience in the Agriculture Sector in Caribbean Small Island Developing States. Targeting Antigua and Barbuda, St. Kitts and Nevis, and Saint Vincent and the Grenadines, the project aims to increase access to, and management of, water for agriculture, improve soil management, and strengthen the enabling environment for data collection and analysis, ultimately promoting climate-smart and sustainable agricultural practices.

Under the CARICOM Single Market and Economy and EPA Standby Facility for Capacity Building programme, CDB concluded projects to enhance certification services in Jamaica and strengthen regional quality infrastructure in Barbados, Dominica, and Saint Kitts and Nevis. These initiatives facilitate market access for regional producers, improve operational effectiveness, and enhance consumer confidence.

CDB established a contribution agreement with the European Union (EU), totalling EUR 9,843,561, to support a food security programme. This initiative aims to improve agricultural productivity, market linkages, and resilience against climate impacts in the Caribbean. Additionally, two grant agreements were signed with Guyana to develop food traceability systems and strengthen surveillance programmes for bovine diseases, aligning with CDB's Agriculture Sector Policy and Strategy. These projects contribute to enhancing competitiveness and resilience in the agricultural sector.

Transportation

Using Agence Française de Développement grant resources, CDB in 2023 procured consultancy services to implement a Road Sector Resilience Index and Vulnerability Resilience Matrix for its BMCs. This initiative builds on a pilot project titled, "Planning for the Integration of Climate Resilience in the Road Transport Sector in the Borrowing Member Countries of the Caribbean Development Bank". The objective of the project is to enhance the capacity of participating countries to develop road infrastructure that is resilient to natural hazards and climate change impacts.

One significant milestone in this endeavour was the convening of a national stakeholder workshop in Anguilla in November 2023. The workshop served as a platform for fostering collaboration and knowledge-sharing. Similar workshops are slated for other BMCs during the first two quarters of 2024, providing additional opportunities for stakeholders to engage in discussion and contribute to the development of resilient road infrastructure strategies.

Residents of Epworth in St. Ann, Jamaica, are now experiencing increased access to social services and economic opportunities, lower transportation costs, and greater safety following the rehabilitation of 3.1 km of roadway serving their community. The upgrade, which represents an investment of close to $674,000, was carried out under CDB's BNTF Programme.

Youth Empowerment

In 2023, CDB continued to back youth development by approving $6.726mn to support the economic empowerment of young people in Saint Lucia, with a focus on increasing entrepreneurship opportunities.

The Youth Economy Project supports government efforts to invest in and develop the capacity of youth-led enterprises, aiming to reduce unemployment among young people and enhance social resilience. This pioneering intervention in the Region will empower young female and male entrepreneurs through grant and loan financing, training, marketing support, mental health and wellness support services, and mentorship to develop their business enterprises.

Targeting youth-owned businesses across sectors such as agriculture, agro-processing, the blue and green economies, manufacturing, retail, and services, the project is expected to directly benefit approximately 3,000 young individuals, including those with disabilities.

The atmosphere was electric when CDB launched its Future Leaders Network (FLN) in June 2023. The FLN is an institutional mechanism for youth engagement and empowerment that aims to promote youth mainstreaming in the Bank's Operations. The 18-member-strong inaugural cohort will serve as advocates and advisors to the Bank on youth-focused programming and projects for the next two years. The youngsters were joined by Hon. Kenson Casimir (centre right), Saint Lucia's Minister of Youth Development and Sport, and Mr. Daniel Best, former Director of Projects, CDB, for the launch event which was held at the Sir Arthur Lewis Community College in Morne Fortune, Saint Lucia.

PRODUCTION RESILIENCE

Infrastructure Projects

Throughout 2023, the Bank remained committed to investing in essential economic infrastructure projects. Notably, the Government of Grenada (GOGR) secured a grant totalling GBP 16,356,500 (about $20.6mn) through the United Kingdom Caribbean Infrastructure Partnership Fund. The grant funds are earmarked to support water infrastructure upgrades in Saint George, and to bolster institutional capacity within the water utility sector.

The Bank approved an additional grant of $9.4mn to aid the GOGR in financing geothermal test well drilling. The outcomes will provide the GOGR with data-driven insights crucial for advancing the development of geothermal energy. Specifically, the findings will inform decisions regarding the progression of production drilling and the establishment of a geothermal power plant. These endeavours may be supported by CDB through specialised financing instruments under its GeoSmart Initiative in the future.

Additionally, the Government of Guyana received approximately $76.25mn in financing for a water project that aims to advance its national water supply improvement goals. Project components encompass the construction of water storage, treatment, and production facilities, alongside the installation of more than 40 km of transmission mains in targeted coastal communities of Guyana. The financing package for this endeavour includes contributions from CDB's Special Development Fund (SDF), a line of credit from Italy, and the European Investment Bank Climate Action Line of Credit.

These investments underscore the Bank's dedication to fostering sustainable development and enhancing resilience in the Region through the provision of critical infrastructure support.

Private Sector

The private sector in the Caribbean in 2023 demonstrated resilience and innovation amid challenges posed by the COVID-19 pandemic. Recognising this dynamism, CDB intensified its efforts

Stakeholders celebrate the successful completion of the upgrade of the Coastal Highway in Belize in July 2023. There was plenty to cheer about as improvements to a 59 km stretch of the road corridor will shorten travel times for commuters, improve road safety and facilitate all-weather transit for road users. The $78 mn upgrade project is the first initiative to be completed under the under the United Kingdom Caribbean Infrastructure Partnership Fund (UKCIF) which is being implemented by the CDB.

CDB continued its focus on fostering entrepreneurship and innovation among MSMEs in 2023.

PERFORMANCE REVIEW

to support private sector growth by approving the Private Sector Strategy (2023-2028). The strategy aims to boost private sector competitiveness, and establish a stronger partnership between the Bank and private enterprise to drive regional development, among other objectives.

CDB approved a $12.5mn agricultural and industrial Line of Credit to the Development Finance Corporation in Belize, providing affordable finance for micro, small, and medium enterprises (MSMEs) in agriculture and industry. This initiative is expected to increase the number of viable MSMEs, leading to enhanced productive capacity and increased employment opportunities, and bolstering the export potential of Belizean firms. Additionally, a $3.7mn loan to the Saint Lucia Development Bank (SLDB) will provide financing for tertiary-level training programmes in areas of national priority. A grant of $250,000 was also provided to enhance the institutional capacity of SLDB.

Performance remained robust throughout 2023. A $8.6mn loan to Corporación Interamericana para el Financiamiento de Infraestructura, S.A., approved in 2022, was fully disbursed to finance small and medium private sector-led infrastructure and energy projects in member countries. Similarly, 40% of funds approved to finance the Saint Lucia MSME Loan Grant Facility were also disbursed. The facility aims to increase the resilience of MSMEs in Saint Lucia, and includes both loans and technical assistance to enhance the operational capacity of beneficiaries.

Empowering Micro, Small, and Medium Enterprises

CDB continued its focus on fostering entrepreneurship and innovation among MSMEs in 2023. The Caribbean Technological Consultancy Services (CTCS) Network expanded its capacity-building programmes. Regional workshops were conducted to strengthen business management, digitalisation, and resilience skills among MSMEs, benefitting 174 business development officers from 18 Member Countries.

Further support will be provided through follow-up training and technical assistance.

Recognising the critical importance of reducing Saint Lucia's food import bill, improving food security, and addressing challenges facing vulnerable young males (15-35 years), particularly unemployment, CDB, through CTCS, approved $74,000 for the implementation of a project titled, "Increasing Employment Opportunities for Vulnerable Young Males in Saint Lucia Through Agri-Business – Mushroom Production". The project, now being implemented in collaboration with Saint Lucia's Ministry of Agriculture, aims to build the capacity of vulnerable young males to engender self-employment opportunities. It comprises training sessions (theoretical and hands-on) in Agri-business and Mushroom Production, as well as one-on-one and group coaching and mentoring, to be delivered to 50 young males.

Likewise, as part of CDB's contribution towards alleviating food insecurity in Haiti, the Bank approved a technical assistance intervention, through CTCS, to undertake an institutional assessment of La Banque Nationale de Développement Agricole (BNDA), Haiti's Agricultural Development Bank, to be followed by the development of a Strategic Plan. This intervention aims to strengthen the managerial and operational capacity of BNDA to deliver appropriate financial products and services. Improved access to finance for farmers and entrepreneurs in the agricultural sector and value chain is expected to additionally increase food production.

In response to an identified need expressed by the Saint Lucia Bureau of Standards (SLBS) to support enterprises seeking to access new markets, the Bank, under the CTCS programme, approved $100,000 to assist SLBS in its efforts to strengthen the capacity of eligible MSMEs in the key area of packaging and labelling. This injection will ensure that local MSMEs meet the requirements of local and external markets, and will undoubtedly enhance the operational capacity and competitiveness of the island's MSMEs, contributing to sustained operations and employment.

Promoting Women's Entrepreneurship

In collaboration with the International Trade Centre, CDB launched the SheTrades Caribbean Hub to support women-owned and -led MSMEs. This initiative, endorsed through a regional symposium, aims to provide technical assistance, training, and networking opportunities for women entrepreneurs across BMCs, contributing to gender equality and economic empowerment.

Consistent with its thrust of promoting partnerships, a two-year project titled "Facilitating Access to Markets for MSMEs" was completed in 2023 and benefitted

In June, the Bank's BOD approved an additional contribution to extend the operation of the Cultural and Creative Industries Innovation Fund beyond 2023.

157 entrepreneurs (26 males and 131 females). CDB, under CTCS, contributed $320,000 to the project, which was implemented in collaboration with the Nudge Entrepreneurship Support Limited and Massy Group. The project, directed towards MSMEs in Trinidad and Tobago, Barbados, and Saint Lucia, aims to enhance the competitiveness of MSMEs and increase their access to markets via the Massy chain of supermarkets. It comprises targeted and flexible marketing and business development support, increasing participating entrepreneurs' sales and the number of MSME products displayed on permanent shelves of traditional supermarkets and other sales locations.

As part of its continued support to improve and promote the Caribbean as a place for investment, CDB approved a grant of $137,680 for the Caribbean Export Development Agency. The funding facilitated the execution of the consultancy for Project Packaging Related to the Caribbean Investment Forum 2023 in the target sectors of renewable energy, agri-business and technology, transport and logistics, and ICT/digitalisation of business.

CDB allocated $240,000 to support Carishopper in establishing a Logistics Hub in Barbados, Grenada, Guyana, and Saint Lucia to facilitate exports by MSMEs through e-commerce. This initiative aims to boost foreign exchange earnings, increase market awareness, and improve product exportability to the US and Canada by December 2024. The project includes diagnostic assessments and targeted technical assistance to address MSMEs' needs and ensure compliance with international standards. In collaboration with the Organisation of Eastern Caribbean States (OECS) Commission and Draper University, CDB approved $225,000 to advance the OECS as a global start-up and innovation hub. The project comprises virtual and physical accelerator programmes, providing training and support to technology start-ups and MSMEs in the OECS, fostering entrepreneurship and competitiveness in the Region.

The Cultural and Creative Industries Innovation Fund

In June, the Bank's BOD approved an additional contribution to extend the operation of the Cultural and Creative Industries Innovation Fund (CIIF) beyond 2023. CIIF, which is the Bank's main vehicle for supporting the creative and cultural industry (CI) sector endeavours to foster innovation, spur job creation, and enhance enterprise sustainability by offering grant financing and technical assistance to CI entrepreneurs, MSMEs, as well as business support organisations and academia.

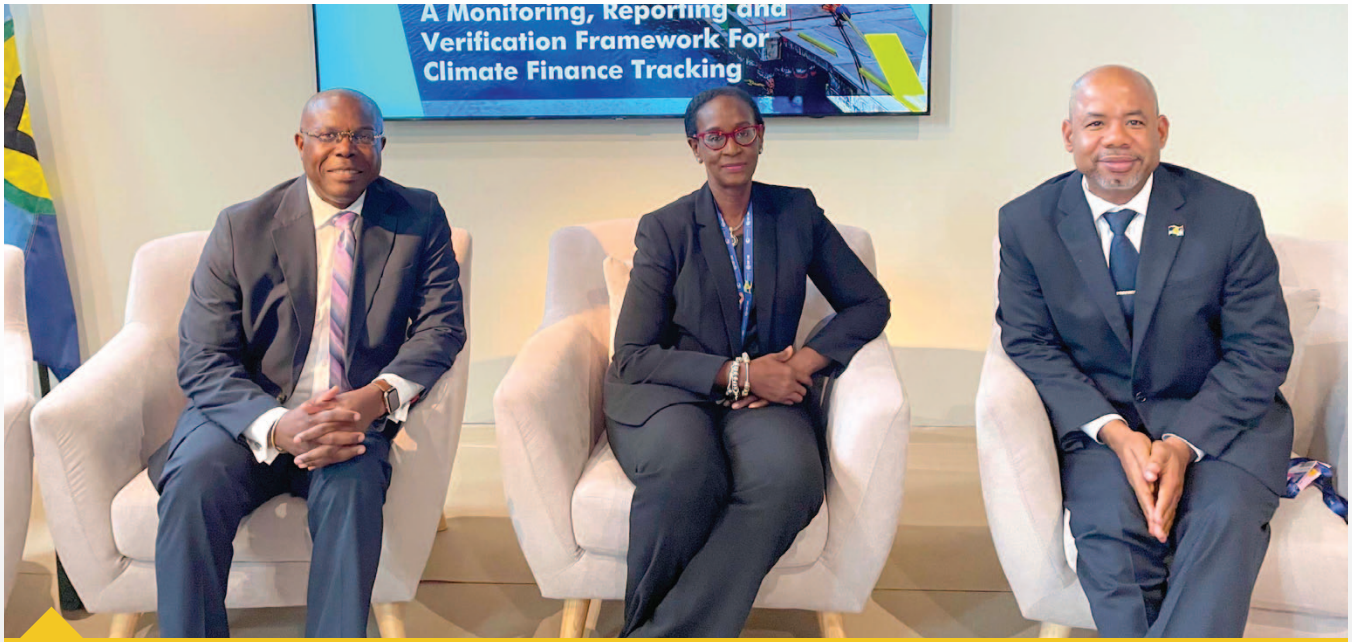
The CIIF, which is the first regional financing facility established to support the orange economy, completed its pilot cycle between 2018-2023. CDB awarded 30 grants which impacted more than 500 stakeholders across 19 BMCs during its initial period of operation. The CIIF also launched and piloted technical assistance to creative industry projects in Haiti from 2020-2023, through dedicated grant funding valued at $198,000, directly serving 90 beneficiaries.

An independent final evaluation of the pilot programme revealed that the model was "strong, demonstrated potential return on investment in the creative industries, and laid a foundation for future, longer-term impacts to lives and livelihoods in the Region". The CIIF will continue to target priority sub-sectors including fashion and contemporary design, visual arts, audio-visual (including film and animation gaming), music, and festivals and carnivals.

ENVIRONMENTAL RESILIENCE

Environmental Sustainability

In 2023, CDB significantly bolstered its efforts in environmental and social risk management, climate risk screenings and assessments, and monitoring and reporting of climate finance flows. The Bank systematically screened all investment projects for environmental and social risks, while conducting comprehensive climate risk assessments for projects with moderate to significant climate risks.



CDB played a pivotal role in driving the regional climate finance dialogue at the 28th Annual United Nations Climate Change Conference (COP28) held in Dubai, United Arab Emirates, in December 2023. At the forefront of the Bank's contributions was a session focusing on the critical role of monitoring, reporting, and verification systems in tracking climate finance impact across the Caribbean. Dr. Colin Young, Executive Director of the Caribbean Community Climate Change Centre (right), joined CDB Executives, Mr. Isaac Solomon (left), President (Ag), and Ms. Valerie Isaac, Division Chief, Environmental Sustainability.

In 2023, CDB significantly bolstered its efforts in environmental and social risk management, climate risk screenings and assessments, and monitoring and reporting of climate finance flows.

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A notable achievement during the period was the development of a regional climate finance Monitoring, Reporting, and Verification (MRV) system, in collaboration with Belize, Haiti, Jamaica, and St. Kitts and Nevis, and with financial support from the Green Climate Fund (GCF). This system tracks climate finance flows into the Region, informing climate change policy and planning efforts. The Bank also intends to support BMCs in developing national systems tailored to the regional MRV system. Once fully operational, MRV systems will enable BMCs to improve tracking and reporting of finance flows from various sources for climate change-related actions.

Additionally, in 2023, the Bank implemented projects aimed at enhancing climate and disaster resilience. This included the ongoing implementation of the EU-funded Caribbean Action for Resilience Enhancement Programme, which aims to reduce the impacts of climate change and disasters from natural hazards in BMCs. Two projects, with a total funding of $2.2mn, were approved. One will focus on establishing a multi-hazard impact-based forecasting and early warning system in Belize, while the other will enhance the climate resilience planning and policy development capacity of the national Water and Sewage Company in Saint Lucia.

The Bank was reaccredited to the Adaptation Fund in May 2023 and continued execution of the project on Building Resilience for Adaptation to Climate Change and Climate Variability in Agriculture in Saint Lucia. This project aims to benefit 12,000 farmers and their families by improving livelihood security and adaptive capacities to climate change. Notable achievements included the completion of farm inventory surveys, vulnerability analyses, and the development of gender-sensitive Environmental and Social Management Plans.

Throughout 2023, CDB actively assisted BMCs to develop programmes for co-financing from the GCF. The Bank prepared three large-scale initiatives with GCF Project Preparation Facility (PPF) grants, aiming to mobilise up to $150mn in concessional climate finance. Additionally, a PPF grant was secured to develop a climate-resilient blue economy programme for the Region.

Moreover, CDB utilised GCF readiness projects to provide technical assistance and capacity-building for member countries. Five projects were completed, and approval was secured for one project with a grant of $850,000 to support capacity building and institutional strengthening in Saint Lucia's water sector planning and development. These projects substantially enhanced BMCs' capacity to engage with the GCF and access financing.

Under the Canada-CARICOM Climate Adaptation Fund, financed by Global Affairs Canada, CDB completed and published a gender-sensitive study on disaster risk financing instruments. This study recommended prioritised actions such as establishing national reserve funds and expanding parametric insurance programmes.

At the 26th Conference of Parties of the United Nations Framework Convention on Climate Change (COP28), CDB supported the Caribbean agenda by advocating for regional needs and priorities and collaborating with CARICOM negotiators and key regional institutions. The Bank also provided financial support to the Fourth Inter-American Meeting of Ministers and High-Level Authorities on Sustainable Development, held in Nassau, The Bahamas, in October 2023. The Nassau Declaration and the Inter-American Climate Action Plan 2023-2030 adopted at the meeting set commitments and strategic guidelines to promote sustainability, resilience, and inclusion in addressing climate change across the Western Hemisphere.

Sustainable Energy

During the year, the Bank initiated the implementation of the Accelerated Sustainable Energy and Resilience Transition (ASERT) 2030 Framework, which aims to operationalise critical elements of the Energy Sector Policy and Strategy approved in December 2022. ASERT-2030 seeks to encourage and support BMCs to expedite and expand investments in renewable energy in response to the sluggish pace of the Region's sustainable energy transition.

A Regional Regulatory ASERT Dialogue took place in January as the first step towards establishing a transformative agenda for reforming and strengthening electricity sector regulation across BMCs. Following the Dialogue, the Bank conducted a study leading to the publication of "The Minimum Regulatory Function (MRF) for the Electricity Sector in the Caribbean".

The MRF outlines the essential conditions needed to stimulate private investment in renewable energy within BMCs, and serves as a guide for developing a comprehensive transformative regional regulatory initiative on an Accelerated Sustainable Energy and Resilience Transition (ASERTive). Notably, this publication was voted as the most impactful strategy for accelerating the implementation of resilient sustainable energy projects in the Region at the Caribbean Renewable Energy Forum's (CREF) Island Resilience Action Challenge sub-event. This recognition has bolstered support for the concept and underscored CDB's role in advancing robust enabling frameworks for renewable energy investments.

In August, CDB conducted a study tour on e-mobility in Canada, in collaboration with HEART-NTA, Jamaica, and Global Affairs Canada. This initiative aimed to raise awareness and enhance capacity in the field of electric mobility.

The Bank also co-sponsored the Caribbean Energies Investment Summit held in Barbados in November, with CDB representatives actively contributing to various aspects of the agenda.

Also in November, the Bank sponsored and participated in key activities of CARICOM Energy Month, including hosting the eighth edition of the Caribbean Sustainable Energy Forum (CSEF-8) in collaboration with CCREEE and the CARICOM Secretariat. Two pivotal ASERT-2030 Dialogues focusing on offshore wind and e-mobility were held during CSEF-8, laying the groundwork for developing respective ASERTives in these domains.

FINANCIAL RESILIENCE

Credit Ratings

In February 2023, Fitch Ratings affirmed CDB's Long-Term Issuer Default Rating at 'AA+' with a Stable Outlook, citing the Bank's "excellent capitalisation", "resilient loan performance", and "very high liquidity". Similarly, in July, Moody's Investors Service identified CDB's "strong credit metrics" and "strong regional presence" as factors leading to its decision to reconfirm the institution's 'Aa1' long-term issuer and senior unsecured bond ratings and maintain a stable outlook. At year end, S&P Global reiterated its 'AA+' long-term issuer credit rating and 'A-1+' short-term issuer credit rating, which it attributed to the Bank's very strong enterprise risk profile, important role of providing multilateral financing to Caribbean countries, and demonstrated support from shareholders. The agency indicated that "the stable outlook reflects our expectation that, over the next two years, CDB will maintain high capitalisation levels to support growth in its loan book and the bank's enterprise profile will remain very strong, as we expect sovereign borrowers to treat the bank as a preferred creditor".

Enterprise Risk Management

Throughout the fiscal year, the Bank also undertook a strategic initiative to refine its Capital Adequacy Framework (CAF) to navigate the distinct financial environment and particular requirements of the Caribbean. The upgraded CAF employs a holistic approach aligned with global standards while addressing the unique demands of the Region. It will facilitate thorough, strategic capital management, ensuring adequate financial resources are available to tackle unexpected hurdles while meeting obligations and upholding CDB's AA+ rating. The new CAF also constitutes a critical step towards ensuring CDB's long-term sustainability and effectiveness in supporting the Caribbean region's development.

Access to Finance

Expanding the pool of financing available to our BMCs for development initiatives remained a primary focus for the Bank in 2023. During the year the Bank received the designation of Grant Agency of the Global Partnership for Education, the largest international fund for education in lower-income countries. Following this recognition, CDB secured $5mn to fund education projects in Grenada, and Saint Vincent and the Grenadines. This allocation reflects the Bank's commitment to fostering educational advancement and human capital development within BMCs.

Another noteworthy advancement is the accreditation of CDB as a technical partner of the Global Infrastructure Facility. This accreditation facilitates access to funds and expertise to support BMCs in preparing bankable infrastructure projects. By leveraging this partnership, the Bank aims to enhance infrastructure development and promote economic growth and resilience within the Region.

CDB was also designated a prescribed holder of International Monetary Fund Special Drawing Rights (SDRs), an international reserve asset to address long-term global reserve needs. This status affords the Bank the authority to utilise SDRs for various financial transactions, providing the institution with an additional avenue for obtaining financing to support its BMCs.

INSTITUTIONAL RESILIENCE

Procurement and Disbursements

Contracts valued at approximately $175mn were awarded under CDB financed projects in 2023, marking a downturn compared to 2022. The increase in 2022 was due to the delay in awarding contracts caused by COVID-19, including two particularly large infrastructure contracts.

To address the need for building procurement capacity in its regional BMCs, CDB launched a suite of procurement e-learning courses. These courses were designed to equip executing agencies with the necessary expertise to undertake procurement on CDB projects in accordance with the Bank's procurement framework. Additionally, CDB financed the enrolment of three senior OECS procurement officials to study accredited diploma procurement courses at the regional procurement programme established under a CDB project. Further, the Bank provided a scholarship for a regional candidate to pursue a procurement master's course, aiming to cultivate future public procurement leaders. CDB also collaborated with the Inter-American Development Bank to plan additional future scholarships.

To promote good governance, CDB continued its efforts to expedite procurement reform, by collaborating closely with member countries and other Multilateral Development Banks (MDBs). This ongoing work extended to ten countries, resulting in milestones such as the enactment of a new procurement law in The Bahamas, and the implementation of new procurement laws and regulations in Antigua and Barbuda, St. Kitts and Nevis, and Montserrat.

In early 2023, CDB launched a new electronic claims system integrated with wider project portfolio management and core banking systems. This system aims to facilitate the efficient and transparent processing of claims, thereby facilitating project implementation and providing valuable management data.

Integrity, Compliance, and Accountability

The Office of Integrity, Compliance, and Accountability's (ICA's) multifaceted efforts in 2023 underscored its commitment to upholding the highest standards of integrity, compliance, and accountability within CDB and beyond. In keeping with its mandate to implement and oversee the Bank's Strategic Framework for Integrity, Compliance, and Accountability, ICA executed its management of the five key governance functions: whistleblowing, institutional integrity, ethics, compliance, and accountability concerning environmental and social harm attributed to CDB-financed projects.

Throughout 2023, ICA diligently executed its mission to deter, identify, prevent, and investigate wrongdoing, significantly mitigating integrity, ethics, and accountability risks to CDB. ICA effectively managed and addressed reports of ethics, integrity, and accountability violations concerning the Bank's internal processes and external operations.

ICA conducted comprehensive training sessions targeting staff, management, and the BOD, to enhance their ability to recognise and mitigate various risks within CDB's internal systems and external activities. These sessions covered a spectrum of issues, such as integrity risks like fraud and corruption; ethical concerns, including conflicts of interest and harassment; compliance challenges, particularly money laundering; accountability issues related to external factors, namely safeguards against environmental and social harm; and whistleblowing.

Recognising the increasing threat of cyber-fraud, ICA issued advisories focused on detecting, preventing, investigating, and mitigating cyber risks. Proactive and reactive integrity investigations, ethics inquiries, due diligence assessments of financial counterparties, financial institutions, and other entities engaged with CDB were conducted by ICA during the year. The main object of these efforts was to maintain accountability and uphold ethical standards.

Throughout 2023, the Internal Audit Division continued to function as a cornerstone of risk mitigation and organisational improvement for CDB.

In addition to its investigative functions, ICA engaged in outreach initiatives within BMCs to raise awareness and promote adherence to integrity, compliance, and accountability standards.

ICA collaborated with independent offices of other International Financial Institutions, MDBs, and regional agencies as a key aspect of its strategy. Such partnerships facilitated staff training and contributed to the development of best practices for preventing and investigating violations related to accountability, ethics, and integrity within the Bank and across the Region.

Internal Audit

Throughout 2023, the Internal Audit Division (IAD) continued to function as a cornerstone of risk mitigation and organisational improvement for CDB. IAD tackled key risks relating to cybersecurity vulnerabilities, data protection concerns, increased integration of technology in operations, and secure implementation of new financial systems.

The team completed 15 engagements, including supporting the implementation of CoreFin, the Bank's new financial system, reviewing the privacy regime, assessments of information security management processes, and information technology security policies and procedures, as well as management of CDB's fixed assets. IAD also provided the independent attestation required by SWIFT for the Know-your-Customer Self-Attestation, and supported the ISO 27001 certification process.

IAD joined forces with the Office of Risk Management (ORM) to address vulnerabilities identified in the Bank's 2022 Risk Assessment, and to collaboratively ensure that potential risks affecting CDB's operations were being effectively mitigated. IAD finalised its evaluation of the adequacy of Management Action Plans in response to the 2022 External Auditors Management Letter concerning financial controls. During the period under review, the team carried out requisite follow-up actions pertaining to previous assurance engagements. Overall, IAD's output contributed to continuous organisational improvements by fostering greater management ownership over the timely reporting and mitigation of identified risks.

Office of Independent Evaluation

The 2023 work programme of the Office of Independent Evaluation (OIE) was marked by impactful evaluations, insightful knowledge sharing, and continuous improvement in its practices. OIE undertook a series of comprehensive evaluations and initiatives to enhance the effectiveness and accountability of CDB's programmes and strategies.

In terms of Country Strategy and Programme Evaluations, OIE completed the Jamaica Country Strategy and Programme Evaluation covering the period 2014-2021. This evaluation, which involved a two-week mission to Jamaica, provided valuable insights to shape the development of CDB's new Country Engagement Strategy. Additionally, the team initiated the evaluation of the 2018-2022 Bahamas Country Strategy Programme, including field missions in The Bahamas, interviews, and focus group discussions.

OIE also conducted an in-depth review of the Education and Training Policy and Strategy 2017-2021. Engaging 105 individuals in interviews and group discussions, this review aimed to inform future strategies and programming in the education sector. As part of the OIE's knowledge exchange thrust, the findings will be shared with stakeholders across the Region.

PERFORMANCE REVIEW

Assessing CDB's Environmental and Social Review Procedures for the period 2014-2022 was another key focus for OIE. This comprehensive evaluation involved reviewing documents, conducting interviews, and visiting countries to ensure alignment with best practices and standards. OIE initiated the review of SDF Cycles 8 and 9. Field missions and primary data collection were carried out between December 2023 and January 2024, in preparation for an upcoming contributors' meeting in March 2024.

OIE produced six Project Completion Validation Reports for various initiatives, ensuring accountability and lessons learned from project implementation. To distil findings and evidence from prior evaluations, OIE launched the "Synthesis for Insight" series. The Synthesis Report focused on five Country Strategy and Programme Evaluations undertaken during the period 2019-2023, providing valuable insights for future programming.

To enhance the evaluation practice, OIE undertook two key initiatives. Firstly, to gain insight into the strengths of its work and areas for improvement, OIE carried out its first perception survey. The exercise, which aimed to understand the perspectives and demands of internal stakeholders, received robust responses, with the findings now informing operations as the OIE strives to improve the CDB's effectiveness. Secondly, OIE established a Peer Review Committee of international experts, to support the improvement of evaluation policies and practices across CDB, particularly Independent Evaluation, Self-Evaluation, and Institutional Arrangements.

These activities underscore OIE's commitment to continuous improvement and rigorous accountability to ensure the Bank's effectiveness in supporting the development ambitions of the Caribbean Region.

GENDER

Gender Equality

In 2023, CDB advanced several actions to improve gender equality internally and externally among BMCs. The Bank became a member of 2X Global, a prominent international industry group dedicated to increasing the volume and effectiveness of capital directed towards advancing women's economic empowerment globally. CDB anticipates gaining access to supplementary resources for gender-based initiatives through this partnership. Additionally, CDB became chair of the MDB Working Group on Gender Equality, facilitating knowledge exchange and collaboration among senior experts from member institutions in gender equality and women's economic empowerment.

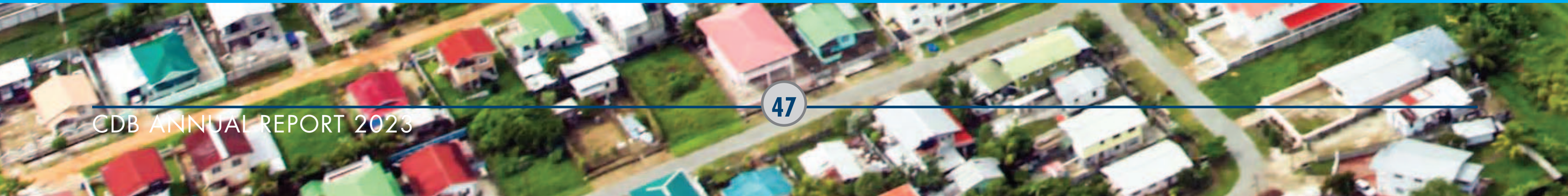
In collaboration with the UN Women Multi-Country Office – Caribbean, the Bank organised training for more than 40 women-owned and women-led firms in the Region. The training focused on promoting gender equality, educating participants on the Bank's gender priorities, and providing guidance on accessing services offered by the SheTrades Hub. Additionally, a knowledge product on Innovative Practices to Address Gender-based Violence in the Caribbean, drafted during this collaboration, is slated for publication in 2024.

Other projects supported by CDB in 2023 included diverse initiatives that aimed to advance gender equality and development. Among these initiatives was the 15th Caribbean Institute in Gender and Development training programme, which benefitted 30 practitioners from government and civil society entities focused on gender and development. A regional Gender Differential Market Study has commenced, which will examine the direct and indirect impacts of the COVID-19 pandemic on labour markets, and recommend targeted interventions to close gender gaps. The Bank also extended support to the Government of The Bahamas to revise its National Gender Equality Policy.

Panellists who participated in the fourth Caribbean Development Bank (CDB) President's Chat in June 2023, strike a pose in unity following the discussion held at the Sir Arthur Lewis Community College in Morne Fortune, Saint Lucia. Participating in the solution-oriented dialogue on "Innovative Financing for Women" were (from left) Mrs. Sandra Reifer-Wallerson, Senior Manager, Retail, Republic Bank Barbados; Ms. Ashley Outten, Financial Controller, Bahamas Development Bank; Ms. Karyl Akilian, Director of Marketing and Business Development, Financial Alliance for Women; and Ms. Sunita Daniel, Chief Executive Officer, Export Saint Lucia, who served as moderator.

SECTION 3

RISK REVIEW



Enterprise Risk Management Framework

In 2023, the key focus of the ORM Roadmap was to strengthen CDB's Enterprise Risk Management (ERM) Framework consistent with its risk maturity trajectory to "Advanced State" and to enable the achievement of CDB's strategic objectives. This holistic approach played an integral role in maintaining the Bank's 'AA+'/'Aa1' credit rating, and effectively mobilising and allocating resources for the Bank's priorities. ORM owns the risk management framework of CDB and associated policies, and oversees their implementation and effectiveness.

Governance Structure

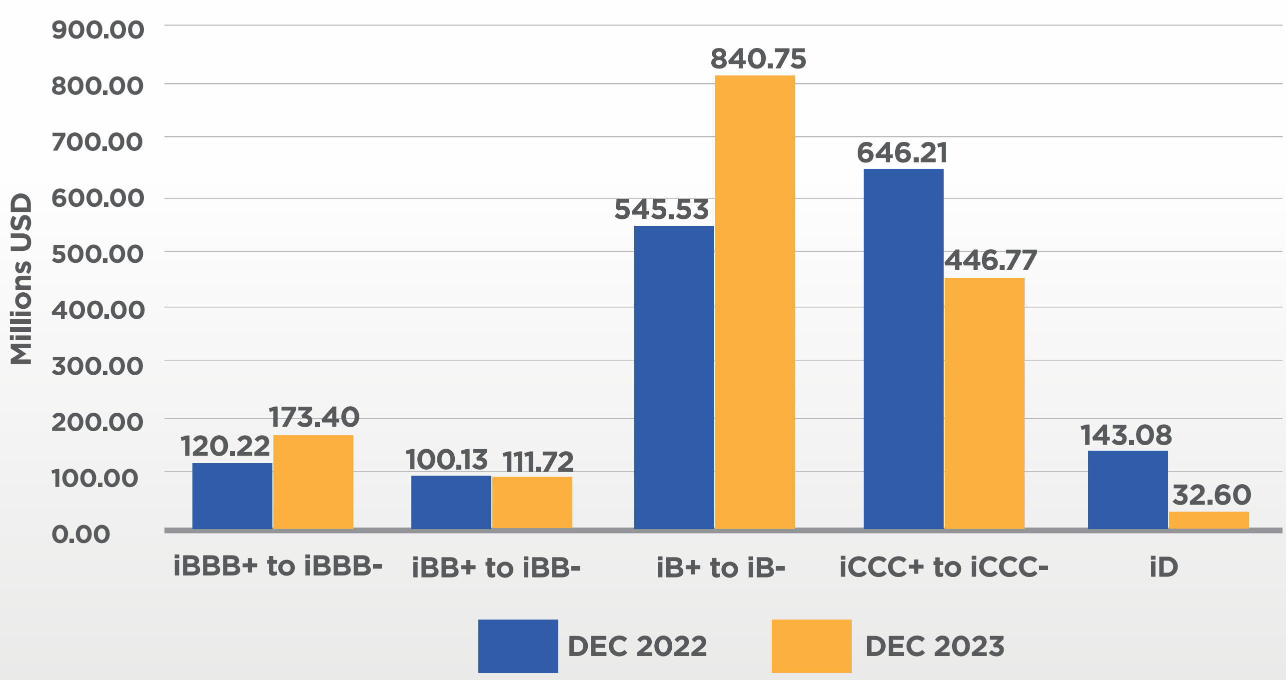
A more holistic, structured, and forward-looking governance structure was implemented during 2023 to enhance risk-informed decision-making processes at functional and strategic management levels, and to monitor adherence to risk appetite limits. CDB's ERM governance structure is focused on risk oversight and designed to support a disciplined approach to risk management using a three lines model. This approach ensures clear ownership and delegation of responsibility for the management and oversight of risk to support the appropriate flow of information throughout the Bank. The BOD is ultimately responsible for the effective management of risk, and for setting and monitoring the risk appetite statement.

RISK MANAGEMENT UPDATE

Credit Risk

The allocation of internal credit risk ratings and establishment of lending limits constitute fundamental components of the credit risk management process (see Chart 4). Notably, the sovereign risk profiles of BMCs exhibited stability in 2023 with a B Weighted Average Risk Rating (WARR). This was attributable to the post-pandemic recovery of BMC economies, where the Bank has significant exposure. Continuing the trend of the past decade, the Bank did not record any non-performing loans.

CHART 4: OCR PORTFOLIO DISTRIBUTION BY INTERNAL RATING CLASSES



Market Risk

Continuous interest rate increases and volatility in foreign exchange markets contributed to unrealised losses in the liquidity and derivatives portfolios for 2023. CDB effectively minimised the risk by implementing hedge accounting and actively managing its Treasury portfolios, pursuing a threefold financial strategy of:

(i) Security: preservation of the value of invested assets;

(ii) Liquidity: resources readily available if and as required by Operations;

(iii) Return: the highest possible return within the above conditions in a non-speculative manner (see Figures 1 and 2).

Operational Risk

The Bank has traditionally employed an automated internal surveillance and early warning system to identify potential threats. In 2023, a new operational risk management strategy and policy were initiated. Enhancements to mechanisms for capturing operational risks are underway while retaining current systems, which include:

(i) A dedicated IT system automating the operational risk management process, including the annual Risk Control Self-Assessment;

(ii) Incident and Loss Data Collection;

(iii) Operational risk monitoring and reporting, including a risk register, and risk heat map;

(iv) Escalation and management processes within the risk governance structure.

FIGURE 1: PORTFOLIO COMPOSITION BY PRODUCTS

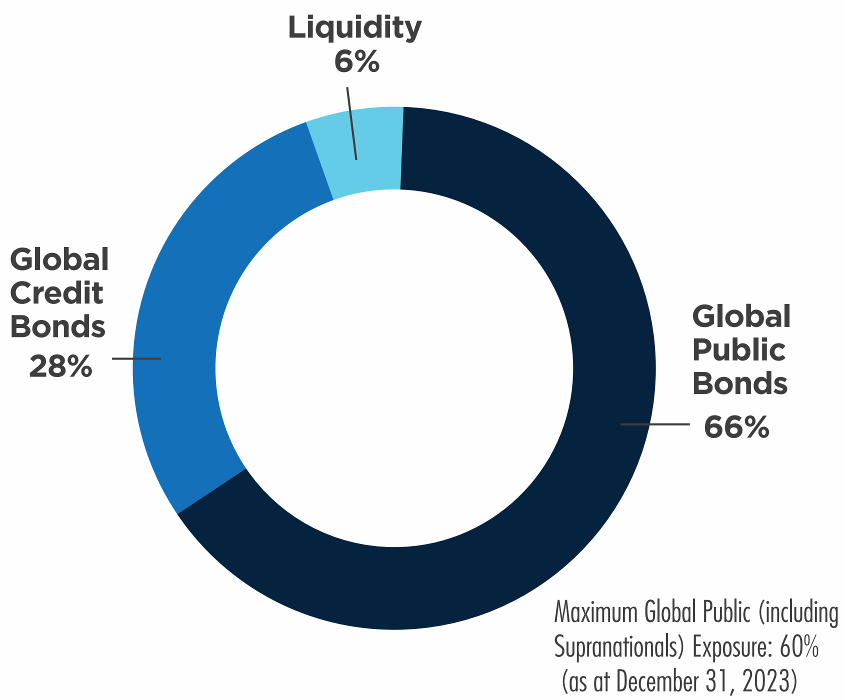
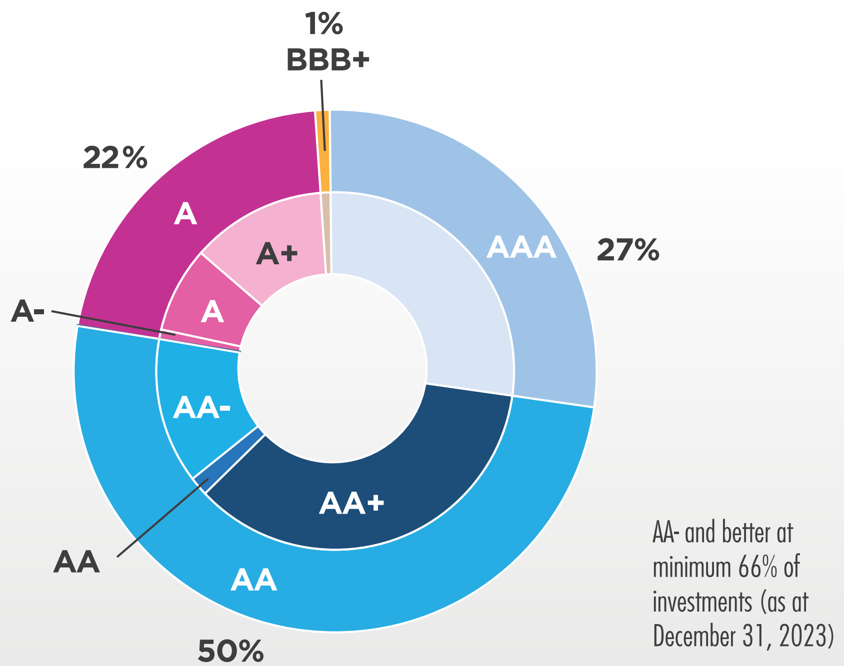


FIGURE 2: RATING COMPOSITION OF THE INVESTMENT PORTFOLIO



Liquidity Risk

CDB manages its liquidity risks by adhering to its policy of maintaining a net three years' funding requirement, or 40% of undisbursed commitments, whichever is greater. On December 31, 2023, both ratios were comfortably within the acceptable thresholds (see Table 1 below). The liquidity position of the Bank is further supported via access to approved, unsecured facilities with a reputable and highly rated financial institution.

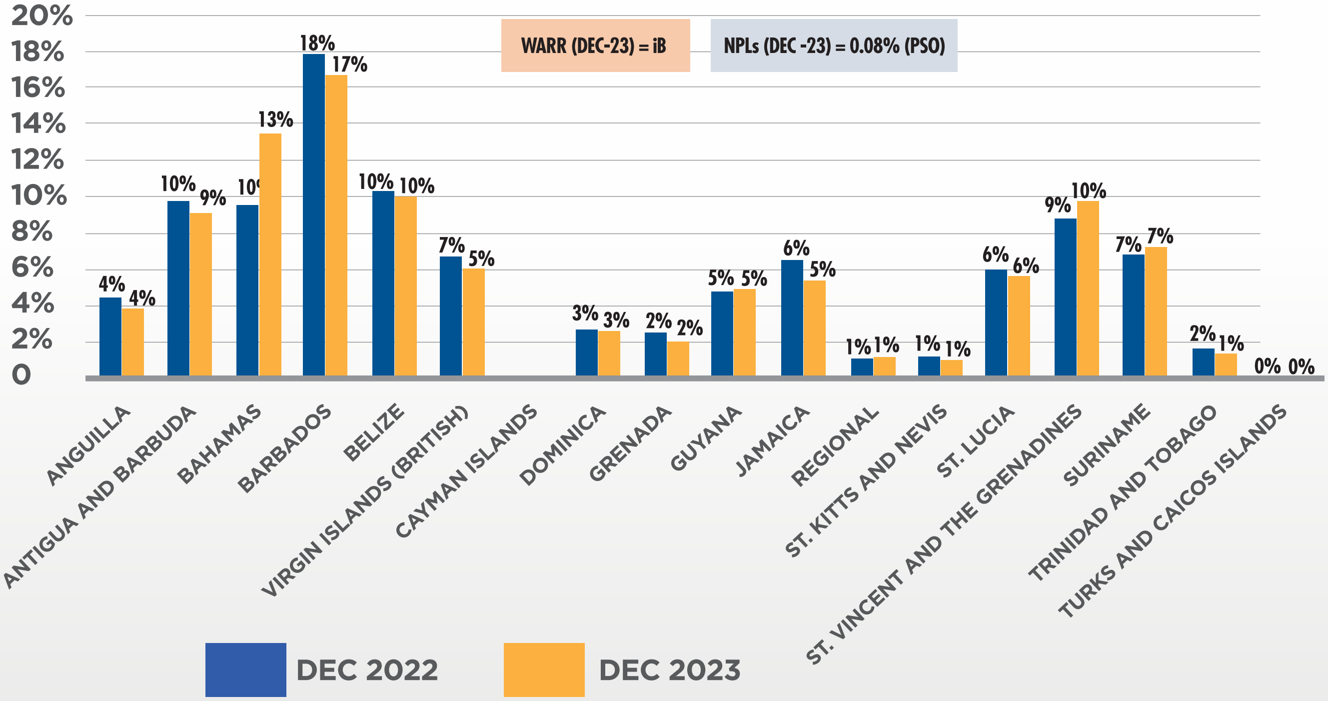
Emerging Risk

The increasing impact of climate change, which poses significant risks to BMCs, remained a key area of focus for ORM in 2023. In light of this, ORM initiated the integration of ongoing climate-related risk processes into the Bank's comprehensive risk management framework.

Portfolio Concentration

The Bank aims for a balanced portfolio, though BMC-focused with a relatively high single-borrower concentration. Key challenges include limited BMC numbers, concentrated economic activity, and dependence on loan demand. Despite this, the Bank is committed to providing extensive support to BMCs, navigating economic crises, and aiding recovery from natural hazards. Active management of portfolio concentration continues in the credit approval process. Barbados and The Bahamas constitute the largest exposures at 17% and 13%, respectively. While Barbados remains relatively unchanged from 2022, The Bahamas' exposure has grown by 3% year-on-year. The Bank employs a two-method approach to diversify its portfolio, targeting stronger-rated BMCs for new approvals and representing a smaller share of its loan portfolio for new business growth, thereby reducing portfolio concentration through targeted reviews (see Chart 5).

CHART 5: OCR PORTFOLIO EXPOSURE BY COUNTRY

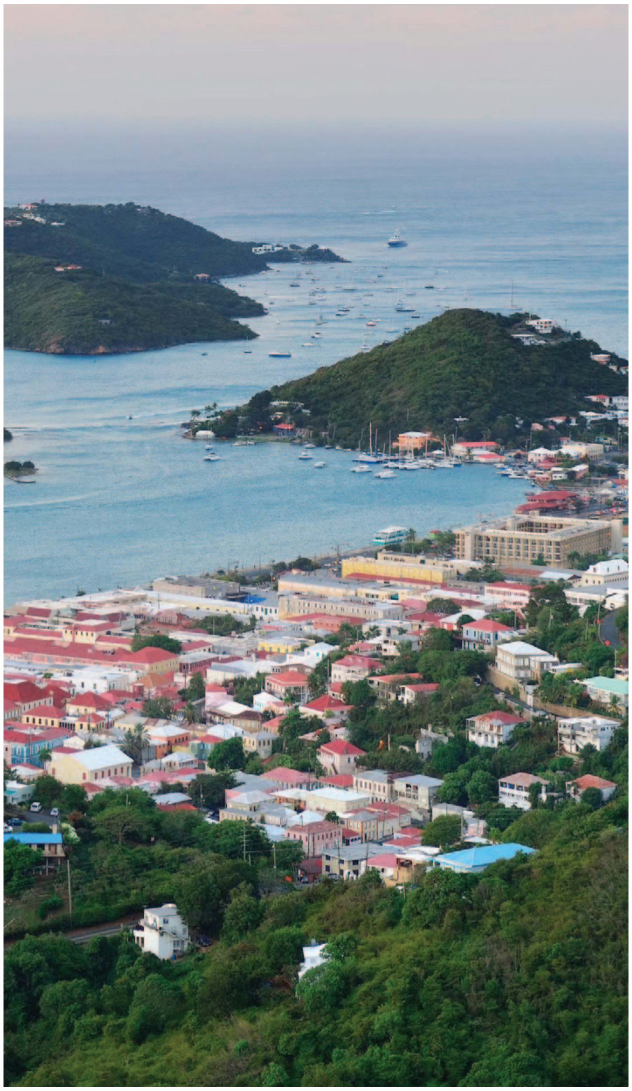


Economic Capital Adequacy Risk

As of December 2023, the CDB's Risk-Adjusted Capital (RAC) ratio as calculated by S&P has improved to 29% compared to 23.8% in December 2022, aligning with the Bank's internal policies and meeting the stipulated threshold for 2024. The internally generated RAC which is more conservative improved from 23.3% to 25.6% within the same period. In addition, the equity ratio (equity to total assets) remains within the acceptable threshold of 40% standing at 44% in 2023 compared to 41% in 2022. This is expected to increase slightly to 45% by 2026. The Basel III leverage ratio[5] is also above the minimum MDB Benchmark of 35% and follows a similar trend to the equity ratio. Considering the unique financial landscape and specific requirements of the Caribbean Region, the Bank is collaborating with an international consultant to enhance its CAF. The new CAF, which will be intricately crafted to adhere to international best practices, will go beyond a mere regulatory obligation and constitute a fundamental cornerstone of the Bank's resilience and operational effectiveness.

This strengthened CAF, which will facilitate a comprehensive and strategic approach to capital management, is fundamental to ensuring the Bank has the financial resources to navigate unforeseen challenges and fulfil its obligations while complying with the organisationally agreed risk appetite and tolerance, and preserving its 'AA+' rating. ORM has developed a clear roadmap to reform its CAF in accordance with the G20 Panel Report (2022) to face the challenging combination of short-term crises and longer-term development needs of CDB. In addition, and with respect to G20 Panel Report Recommendations, several initiatives of balance sheet risk management have been initiated, also in cooperation with other MDBs, for capital optimisation, inter alia, partial sovereign credit portfolio insurance cover, exposure exchange agreement, callable capital process formalisation enhancement, and portfolio guarantees.

[5] Basel III Leverage Ratio expressed as a percentage is equal to the Capital Measure (the numerator) to the exposure measure (the denominator). The Exposure Measure includes both on-balance sheet assets, such as loans and securities, as well as certain off-balance sheet items that have the potential to create leverage, such as derivatives and commitments. The capital measure is currently defined as Tier 1 capital and the minimum leverage ratio is 3%.



At year-end 2023, the active management of the portfolio and preservation of the capital continues in the credit approval process, complemented by the exploration of risk transfer mechanisms. These mechanisms encompass partial credit portfolio insurance covers, sovereign exposure exchange agreements, and sovereign and institutional guarantees. The development of a holistic balance sheet approach (i.e. both from the asset and the liabilities side) to the inclusion of climate contingent clauses is also under consideration.

TABLE 1: CDB RISK MEASURES & POLICY RATIOS SCORECARD

		THRESHOLD	DEC 2022	DEC 2023	RAG STATUS
CAPITAL ADEQUACY					
Risk Adjusted Capital (RAC)		**24%**	23.3%	25.6%	✓
CREDIT RISK					
SINGLE SOVEREIGN EXPOSURE	***GREATER OF:***				
	40% of Outstanding Loans	**40%**	18.4%	15.9%	✓
	50% of Total Available Capital	**50%**	25.5%	22.6%	✓
EXPOSURE TO 3 LARGEST BORROWERS	60% of Outstanding Loans	**60%**	38.6%	40.1%	✓
	90% of Total Available Capital	**90%**	53.6%	56.9%	✓
NON-SOVEREIGN EXPOSURE LIMIT	***GREATER OF:***				
Single Exposure	6% of Total Available Capital	**6%**	3.6%	3.5%	✓
Portfolio Limit	43% of Total Available Capital	**43%**	7.8%	7.5%	✓
INVESTMENT RISK					
Single Entity Limit	Maximum - 10% of Total Investment Portfolio	**10%**	9.1%	2.9%	✓
Single Entity Limit - US Treasury or Gov't Agency	Maximum - 35% of Total Investment Portfolio	**35%**	23.6	27.5%	✓
Commercial Entity Exposure Limit	Maximum - 50% of Total Investment Portfolio	**50%**	38.0%	28.7%	✓

TABLE 1 (CONT.): CDB RISK MEASURES & POLICY RATIOS SCORECARD

		THRESHOLD	DEC 2022	DEC 2023	RAG STATUS
LIQUIDITY RISK					
LIQUIDITY RISK	***GREATER OF:-***				
	40% of Undisbursed & Loans Not Yet Effective	**40%**	132.1%	129.1%	✓
	3 Years of Net Funding Requirements	**100%**	131.6%	114.2%	✓
Policy Based Loans (PBL) & Guarantees	Maximum - 38% of Total Outstanding Loans & Guarantees	**38%**	33.2%	33.1%	✓
Limit on Operations (Article14.1)	Equal to or Less Than Limit	**100%**	59.5%	62.5%	✓
Borrowing Limit – Proforma	Equal to or Less Than 100% Capital Limit (as defined)	**100%**	68.5%	66.1%	✓
Borrowing Limit – Capitalisation	Equal to or Less Than 65% of Capitalisation	**65%**	51.1%	50.2%	✓

As at December 31, 2023, all policy ratios remained within their designated internal thresholds. However, in 2022, the RAC ratio marginally fell below the internal limit of 24% to 23.3%, while the S&P threshold remained compliant for an "extremely strong" capital adequacy profile (i.e. 23%). In response, the BOD granted a one-year waiver. The S&P-calculated RAC has rebounded to 29%, attributed to substantial credit rating improvements in Barbados, Jamaica, and Suriname, surpassing the stipulated limit.

SECTION 4
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Bank's main goals are the promotion of sustainable economic development, poverty reduction, and the facilitation of regional integration.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

The Caribbean Development Bank (the Bank or CDB) is a multilateral financial institution dedicated to the development of the economies of its Borrowing Member Countries (BMCs) with special and urgent regard to the needs of the less developed members of the Region, primarily through project loans and technical assistance to governments, public agencies, and other entities in those countries. The Bank's main goals are the promotion of sustainable economic development, poverty reduction, and the facilitation of regional integration. The Bank was established in 1969 and is owned by its member countries. These comprise nineteen (19) BMCs and nine (9) non-borrowing members.

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

The Bank is rated by three major international rating agencies. In August 2023, Moody's Investor Services affirmed CDB's Long Term Issuer Rating as 'Aa1' with a Stable Outlook. In December 2023, Standard & Poor's (S&P) affirmed its Long-Term Issuer Credit Rating of 'AA+' with a Stable Outlook. In February 2024 Fitch Rating reaffirmed CDB's Long-Term IDR of 'AA+' with a Stable Outlook.

The following discussions should be read in conjunction with the audited financial statements of the Bank and accompanying Notes as set out in Section 5 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 measurement of debt securities held at fair value through Other Comprehensive Income, and derivative financial instruments, which are reflected at fair value through Profit & Loss (P&L). Additionally, the Bank has adopted hedge accounting for the fair value exposures of its borrowings with effect from October 2022. The carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at amortised cost, are adjusted to reflect changes in the fair values attributable to the risks that are being hedged using the effective hedge relationship principles.

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

Management Reporting

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

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

Results of Operations of the OCR

Operating income: Operating income is defined as income prior to derivative fair value, hedge accounting, and debt security adjustments. Operating income for the year ended December 31, 2023, was $28.6mn (2022: $21.2mn), an increase of 34.9%.

Total comprehensive income: Total comprehensive income or loss is defined as the sum of operating income and the effects of foreign exchange and interest rate adjustments related to derivative and hedge adjustments, fair value gains or losses on debt securities, and actuarial re-measurements relating to post-employment obligations. The OCR operations of the Bank for

MANAGEMENT'S DISCUSSION AND ANALYSIS

the year ended December 31, 2023, recorded total comprehensive income of $31.8mn (2022: loss of $103.3 mn). The recovery followed the implementation of hedge accounting in October 2022 which had a dampening effect on the significant adverse volatility previously experienced in the valuation of derivatives. As a result of favourable movements in the interest rate environment, benefit was also derived from the unrealised gain on investments of $16.7mn compared with the unrealised losses of $48.7mn which were recorded in the prior period.

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

Income from loans: Loan income for the year increased by $13.7mn to $70.2mn (2022: $56.5mn). This was primarily a result of the higher prevailing interest rate environment in addition to growth in the loan portfolio across the period. The average interest rate on the loan portfolio in 2023 was 4.9% compared to 3.9% in 2022.

Income from cash and investments: For the year, income from cash and investments was $11.4mn (2022: $7.8mn) representing an increase of $3.6mn, which was driven by the higher interest rate environment as previously reported.

Interest expense: Interest expense for the year was $42.2mn (2022: $36.0mn). The increase of $6.2mn also resulted from the significantly higher interest rate environment.

Operating expenses: In 2023, operating expenses amounted to $10.8mn (2022: $7.1mn). This change was largely associated with the increased depreciation expense resulting from projects in progress capitalised during the period. There was an increased impairment recovery of $2.8mn (2022: $0.3mn) reflecting stable or improved creditworthiness of BMCs compared to 2022. (See table that follows).

OPERATING EXPENSES		
	2023	**2022**
Administrative expenses	$12.9	$14.2
Depreciation expense	6.3	1.7
Realised losses	-	0.1
Impairment recovery on financial assets	(2.8)	(0.3)
Other adjustments – forex translations	(5.6)	(8.6)
Total operating expenses	**$10.8**	**$7.1**

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

RATE/VOLUME ANALYSIS			
	INCREASE/(DECREASE) DUE TO		**($MN)**
	RATE	**VOLUME**	**TOTAL**
Interest-earning assets			
Cash and investments	$3.1	$0.5	$3.6
Loans	13.6	1.8	15.4
Total interest-earning assets	16.7	2.3	19.0
Interest-bearing liabilities	-	0.3	0.3
Net change in interest income	**$16.7**	**$2.0**	**$18.7**

Financial Position of the OCR

Total assets: As at December 31, 2023, total assets were $2,031.9mn (2022: $2,066.1mn) representing a decrease of $34.2mn (1.7%). This was largely due to a decrease in cash and investments by $116.7mn, partially offset by an increase of $102mn in the loan portfolio.

Loans: In 2023, the loan portfolio was $1,426.1mn (2022: $1,324.1mn). This was an increase of 8% when compared to the prior year. Net transfers to December 31, 2023, totalled $96mn compared to negative transfers of $14mn at December 31, 2022.

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

Borrowings and other liabilities: Total liabilities decreased by $66.0mn (5.4%) to $1,154.0mn (2022: $1,220.0mn). This decrease largely reflected the borrowings repaid during the year, derivative liability decreases, and reductions in post-employment obligations.

Shareholders' equity: At December 31, 2023, CDB's equity was $877.9mn (2022: $846.1mn). This movement reflected the comprehensive income recorded for the year. Total equity currently represents 43.2% (2022: 41.0%) of total assets.

SELECTED FINANCIAL DATA

(Expressed in millions of US dollars)

	Years Ended December 31				
	2023	2022	2021	2020	2019
Balance Sheet Data					
Cash and Investments	543.1	659.8	789.8	633.3	714.2
Loans Outstanding[1]	1,426.1	1,324.1	1,332.8	1,332.1	1,249.3
Loans Undisbursed	412.4	489.4	537.0	617.3	660.2
Total Assets	2,031.9	2,066.1	2,220.6	2,121.3	2,095.5
Borrowings	1,014.1	1,050.8	1,190.6	1,094.1	1,103.2
Callable Capital	1,375.1	1,375.1	1,375.1	1,375.1	1,375.1
Paid-In Capital	388.2	388.2	388.2	388.2	388.2
Retained Earnings & Reserves	489.7	457.9	561.2	580.2	546.4
Income Statement Data					
Loan Income	70.2	56.6	47.9	56.5	58.6
Investment Income	11.4	7.8	7.2	8.9	8.3
Borrowing Costs	42.2	36.0	20.1	21.6	26.9
Foreign Exchange Translation	(1.7)	(6.0)	(1.0)	8.6	3.4
Derivative Adjustment	(16.6)	(93.1)	(37.6)	6.6	15.7
Operating Income	28.6	21.2	22.4	29.5	24.6
Comprehensive Income / (Loss)	31.8	(103.3)	(19.0)	33.8	34.0
Ratios Return On:					
Average Assets	1.4%	1.0%	1.1%	1.5%	1.3%
Average Investments	5.0%	(7.6)%	(1.3)%	3.2%	1.5%
Average Loans Outstanding	4.9%	3.9%	3.7%	4.2%	5.2%
Cost of Borrowings	3.7%	3.3%	1.8%	1.9%	3.5%
Available Capital[2]/ Economic Capital	N.A.	N.A.	N.A.	211.0%	232.9%
Risk Adjusted Capital	25.6%	23.3%	27.2%	N.A.	N.A.

[1] Net of provisions.

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

SPECIAL DEVELOPMENT FUND

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary of Results

SDF Operation Results

The year ended December 31, 2023, saw a comprehensive income of $4.2mn (2022: comprehensive loss of $23.3mn). Total interest income for the year was $19.1mn (2022: $18.1mn) The increase of 5.5% was a reflection of the higher interest rate environment. The declines in longer-term yields at the end of the year resulted in net realised and unrealised gains of $8.4mn (2022: loss of $24.2mn).

Total expenses were $23.3mn (2022: $17.3mn), the increase being due to an increase of $3.7mn in administrative expenses and the adverse movement of foreign exchange translation of $2.3mn to an expense of $1.3mn (2022: income of $1.0mn).

Income from loans: Loan income of $12.8mn (2022: $13.0mn) declined marginally from the prior year as the average portfolio size remained relatively stable. The lending rates on this portfolio are set based on development objectives and not on market rates.

Income from cash and investments: Income from cash and investments recorded an outturn of $6.3mn (2022: $5.1mn), reflecting the higher interest rate environment.

Administrative expenses: Administrative expenses were $22.0mn (2022: $18.3mn), showing an increase of 20.2%. The SDF's share of the Bank's total administrative expenses is based on a predetermined cost-sharing formula, which is driven by the number of loan accounts and their status.

Financial Position of the SDF

Total assets: At December 31, 2023, total assets were $1,077.1mn (2022: $1,049.0mn).

Investments: At December 31, 2023, SDF cash and investments amounted to $312.1mn (2022: $299.0mn).

Loan portfolio: Total outstanding loans were $645.9mn (2022: $649.6mn), which was a decrease of $3.7mn (0.6%) from the prior year.

Receivable from contributors: This amounted to $118.9mn (2022: $100.1mn) largely reflecting additional contributions due from members.

Liabilities and Funds: At the end of the year, liabilities and funds totalled $863.9mn (2022: $845.9mn), where the change was due to increases in funds made available and accounts payable.

Contributed resources: Contributions to the SDF net of allocations to technical assistance and grant resources increased by $6.0mn to $164.2mn (2022: $158.2mn). This was due to the contributions received for SDF10.

OTHER SPECIAL FUNDS

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

Summary of Results

Results of Operations of the OSF

For the year, comprehensive income of $2.7mn (2022: loss of $7.0mn) was recorded, an increase of $9.7mn. This change was primarily due to the favourable movements in both the unrealised foreign exchange translation, which totalled a gain of $1.9mn (2022: loss of $5.9mn) at the end of the year, and the unrealised gains on investments which totalled $1.5mn (2022: loss of $1.3mn).

Income from loans: Income from loans was $2.8mn (2022: $2.0mn), an increase of $0.8mn compared with the previous year.

Interest Income from cash and investments: This was recorded at $2.5mn (2022: $1.8 mn), an increase of $0.7mn, reflecting the rising interest rate environment.

Administrative expenses: Administrative expenses totalled $3.4mn (2022: $2.1mn). The OSF's share of the total administrative expenses for the Bank as a whole is based on a predetermined cost-sharing formula, which is driven by the number of loans and accounts and their status.

Financial Position of the OSF

Total assets: This registered $309.9mn (2022: $348.1mn) representing a decline of $38.2mn. The main components of the change were:

Receivable from contributors: This declined to $78.4mn (2022: $155.1mn), (the result of the encashment of promissory notes in respect of the UK Caribbean Infrastructure Partnership Fund (UK CIF).

Cash and Investments: Cash and investments amounted to $91.9mn (2022: $62.5mn) reflecting additional contributed resources.

Loan portfolio: Total outstanding loans were $100.4mn (2022: $95.8mn) the increase being commensurate with higher disbursements.

Liabilities and funds: Liabilities and funds totalled $309.9mn (2022: $348.1mn). This decrease largely reflects the decline in Technical Assistance and Grant resources.

Operations

In 2023, the Bank approved $461.6mn (2022: $169.9mn) in loans, grants and equity. Loan and grant disbursements amounted to $405.4mn (2022: $285.9mn).

Details are shown in the Table that follows.

	GROSS APPROVALS ($MN)		DISBURSEMENTS ($MN)	
	2023	**2022**	**2023**	**2022**
OCR Loans	$285.2	$56.9	$233.1	$113.8
SFR Loans	102.8	42.6	47.0	66.9
Total Loans	**388.0**	**99.5**	**280.1**	**180.7**
SFR Grants and Equity	52.8	38.4	51.7	27.1
UK CIF	20.8	32.0	73.6	78.1
Total Grants	**73.6**	**70.4**	**125.3**	**105.2**
TOTAL	**$461.6**	**$169.9**	**$405.4**	**$285.9**

The three largest portfolios across the Bank's Funds were those held by Barbados (15.9%), The Bahamas (14.3%) and Belize (10.0%).

Resource Transfers: In 2023, 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 $222.6mn (2022: $111.3mn) an increase of 100%.

The Bank continued to draw down on existing facilities mainly held with development partners and global funds including the IDB, GCF, Adaptation Fund, European Investment Bank (EIB), and the Governments of Canada, the UK and Italy during the year.

Repayments: During the year, CDB was repaid 99.4% (2022 – 99.4%) of the total amounts that were charged to its borrowers. A breakdown by fund group follows:

	DECEMBER 31, 2023 AMOUNTS IN $MN			DECEMBER 31, 2022 AMOUNTS IN $MN		
	PRINCIPAL INTEREST & CHARGES			PRINCIPAL INTEREST & CHARGES		
	Billed	**Received**	**%**	**Billed**	**Received**	**%**
OCR	$218.0	$216.4	99.3	$188.1	$186.5	99.1
SDF	58.7	58.7	100.0	55.1	55.1	100.0
OSF	12.0	12.0	100.0	10.3	10.3	100.0
Total	**$288.7**	**$287.1**	**99.4**	**$253.5**	**$251.9**	**99.4**

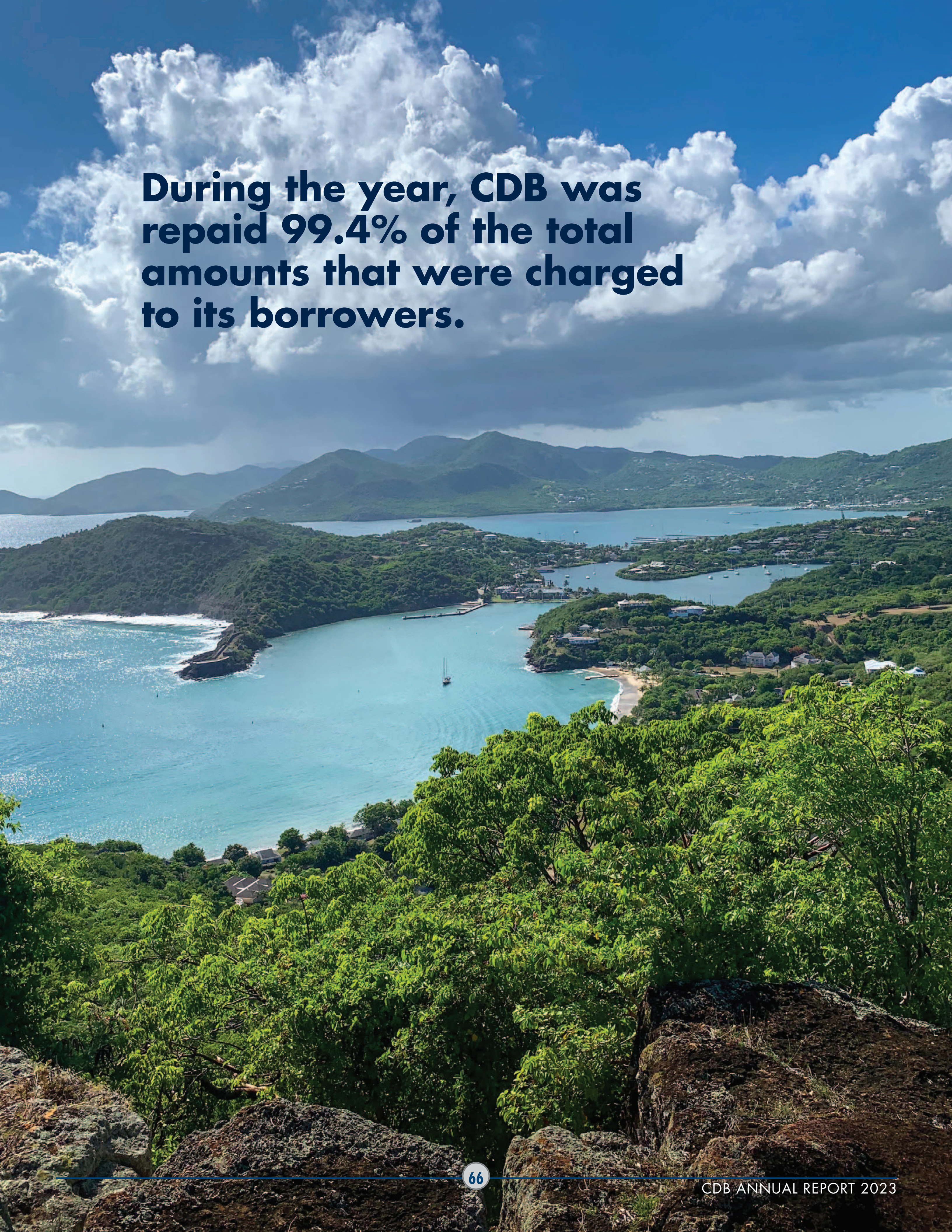
Total Administrative Expenses

A comparative analysis of major administrative expenditure items is shown below. At December 31, 2023, total administrative expenses amounted to $44.7mn, increasing by $8.4mn over the expenditures of $36.3mn experienced in 2022 mainly due to increased depreciation expenses associated with the capitalisation of projects previously classified as projects in progress.

ANALYSIS OF ACTUAL EXPENSES FOR 2023 AND 2022
stated in $mn

	2023	2022	VARIANCE
Employee costs	$25.1	$23.8	1.3
Professional fees and consultants	3.6	2.3	1.3
Travel	2.4	1.2	1.2
Maintenance and utilities	0.8	0.8	-
IT services	2.6	2.7	(0.1)
Other	3.9	3.8	0.1
Sub-total	38.4	34.6	3.8
Depreciation	6.3	1.7	4.6
Total	**$44.7**	**$36.3**	**$8.4**

During the year, CDB was repaid 99.4% of the total amounts that were charged to its borrowers.



SECTION 5
AUDITED FINANCIAL STATEMENTS

Ernst & Young Ltd
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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 2023 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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***
Allowance for expected credit losses (ECL)	
Related disclosures in the financial statements are included in Notes 3, 5, 7, 8, 10, 11 and 22. IFRS 9 requires the Bank to record an allowance for expected credit losses ("ECL") for loans outstanding and all other financial assets not held at fair value through profit and loss, along with undisbursed loan balances. As at 31 December 2023, an allowance for expected credit losses in the amount of $6M was held on the Bank's financial assets in accordance with IFRS 9. This was a reduction of $3M when compared to the allowance held as at 31 December 2022. This is a key audit matter as the estimation of ECL 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 the ECL 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 ECL 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) and triggers for significant increase/decrease in credit risk. 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 - derivatives	
Related disclosures in the Financial Statements are included in Notes 3 and 12. This is a key audit matter due to the complexity of valuation models used to determine fair value. These valuation models can be subjective in nature and involve observable and unobservable data and various assumptions. These include the valuation of financial instruments with higher estimation uncertainty for which observable market prices or market parameters are not available. The use of different valuation techniques and assumptions could result in significantly different estimates of fair value. Inaccurate application of hedge accounting estimates could result in incorrect classification and could have a significant impact on the statement of comprehensive income. The associated risk management disclosure is also complex and dependent upon high quality data.	We involved our internal derivative valuation specialists on our team who independently recomputed the fair value of all derivatives held by the Bank and who also tested the reasonableness of hedge effectiveness in accordance with IFRS 9. We also assessed the adequacy of the disclosures in the financial statements, including the disclosure of valuation sensitivity and fair value hierarchy.

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 2023 Annual Report
Management is responsible for the other information. Other information consists of *Management's Discussion and Analysis* included in the Bank's 2023 Annual Report but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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.

Building a better working world

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

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

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 26 January 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
19 March 2024

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF FINANCIAL POSITION
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	2023	2022
Assets			
Cash and cash equivalents	**6**	**$86,104**	$163,741
Debt securities at fair value through other comprehensive income	**7**	**457,012**	496,111
Receivables and prepaid assets	**8**	**27,228**	26,868
Cash collateral on derivatives	**9**	**-**	8,100
Loans receivable	**10**	**1,426,063**	1,324,143
Receivable from members	**11**	**13,129**	19,845
Derivative financial instruments	**12**	**-**	1,787
Property and equipment	**13**	**22,343**	25,537
Total Assets		**$2,031,879**	$2,066,132

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

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF FINANCIAL POSITION
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	2023	2022
Liabilities and Equity			
Liabilities			
Accounts payable and accrued liabilities	**15**	**$16,925**	$14,197
Maintenance of value on currency holdings	**11**	**74**	108
Deferred income	**16**	**875**	875
Post-employment obligations	**17**	**21,820**	26,042
Borrowings	**18**	**1,014,081**	1,050,757
Derivative financial instruments	**12**	**100,198**	128,100
Total Liabilities		**$1,153,973**	$1,220,079
Equity			
Subscriptions matured (net)	**19(a)**	**388,177**	388,177
Retained earnings and reserves	**19(e)**	**489,729**	457,876
Total Equity		**877,906**	846,053
Total Liabilities and Equity		**$2,031,879**	$2,066,132

Approved by the Board of Directors on March 19, 2024 and signed on their behalf by:

Isaac Solomon
President (Ag.)

Faye Hardy
Director (Ag.), Finance

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, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	Subscriptions matured (net)	Retained Earnings	Post Employment Obligations Reserve	Fair value Reserve	Other Reserves	Total
Balance as at January 1, 2022	$388,177	$579,780	$(18,714)	$(6,144)	$6,254	$949,353
Net loss for the year	-	(71,913)	-	-	-	(71,913)
Other comprehensive (loss)/income	-	-	13,938	(48,665)	3,340	(31,387)
Balance as at December 31, 2022	**$388,177**	**$507,867**	**$(4,776)**	**$(54,809)**	**$9,594**	**$846,053**
Net income for the year	**-**	**11,958**	**-**	**-**	**-**	**11,958**
Other comprehensive income/(loss)	**-**	**-**	**3,783**	**16,665**	**(553)**	**19,895**
Balance as at December 31, 2023	**$388,177**	**$519,825**	**$(993)**	**$(38,144)**	**$9,041**	**$877,906**

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, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	2023	2022
Interest and similar income	20(a)	$81,616	$64,330
Interest expense and similar charges	20(b)	(42,219)	(36,034)
Net interest income		39,397	28,296
Other income		3,927	2,671
Total income		43,324	30,967
Operating expenses	21	(17,559)	(10,084)
Impairment recovery	22	2,809	305
Operating income before derivative and foreign denominated borrowing adjustments		28,574	21,188
Derivative fair value adjustment	24	10,591	(132,513)
Borrowings fair value adjustment	24	(6,680)	15,364
Fair value and foreign exchange movement on borrowings	24	(20,527)	24,048
Net income/(loss) for the year		$11,958	$(71,913)
Other comprehensive income that will not be reclassified to the statement of net income			
Re-measurements – Actuarial gain	17	3,783	13,938
Revaluation surplus	19(h)	-	3,550
Other comprehensive income/(loss) that will be reclassified to the statement of net income			
Fair value gain/(loss) on debt securities at fair value through other comprehensive income	19(g)	16,665	(48,665)
Net change in costs of hedging	19(h)	(553)	(210)
Total other comprehensive income/(loss)		$19,895	$(31,387)
Total comprehensive income/(loss) for the year		$31,853	$(103,300)

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

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH FLOWS
For the year ended December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	Notes	2023	2022
Operating activities:			
Net income/(loss) for the year		**$11,958**	$(71,913)
Adjustments for:			
Depreciation	**13**	**6,356**	1,681
Impairment recovery on financial assets	**22**	**(2,809)**	(305)
Loss on revaluation		**-**	80
Derivative fair value (gain)/loss adjustment	**24**	**(10,591)**	132,513
Interest income	**20(a)**	**(81,616)**	(64,330)
Interest expense	**20(b)**	**42,219**	36,034
Foreign exchange loss/(gain) in translation - borrowings		**20,527**	(31,987)
Fair value adjustment – borrowings		**6,680**	(15,364)
Foreign exchange (loss)/gain in translation – loans		**(926)**	134
Decrease/(increase) in maintenance of value on currency holdings		**253**	(457)
Gain on disposal of property and equipment		**(4)**	-
Foreign exchange gain – other		**(101)**	-
Total cash flows used in operating activities before changes in operating assets and liabilities		**$(8,054)**	$(13,914)
Changes in operating assets and liabilities:			
Increase in receivables and prepaid assets		**(292)**	(12,021)
Decrease/(increase) in cash collateral on derivatives		**8,100**	(8,100)
Increase in accounts payable and accrued liabilities		**2,728**	1,147
(Decrease)/increase in post-employment obligations		**(439)**	1,836
Net decrease/(increase) in debt securities at fair value through other comprehensive income		**55,611**	(59,351)
Cash from/(used in) operating activities		**57,654**	(90,403)
Disbursements on loans	**10(b)**	**(233,090)**	(113,780)
Principal repayments on loans	**10(b)**	**136,629**	127,801
Interest received		**79,802**	58,710
Net cash from/(used in) operating activities		**40,995**	(17,672)
Investing activities:			
Purchase of property and equipment	**13**	**(3,162)**	(3,909)
Proceeds of disposal of property and equipment		**4**	-
Net cash used in investing activities		**(3,158)**	(3,909)
Financing activities:			
New borrowings	**18(b)**	**38,655**	27,147
Repayments on borrowings	**18(b)**	**(102,003)**	(117,288)
Interest paid on borrowings		**(58,831)**	(34,491)
Decrease in receivables from members		**6,705**	5,227
Net cash used in financing activities		**(115,474)**	(119,405)
Net decrease in cash and cash equivalents		**(77,637)**	(140,986)
Cash and cash equivalents at beginning of year		**163,741**	304,727
Cash and cash equivalents at end of year		**$86,104**	$163,741

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

NOTE 1 – NATURE OF OPERATIONS

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

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

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

Membership
The membership of the Bank is open to:

(a) States and Territories of the Region;
(b) Non-Regional States which are members of the United Nations or any of its specialised Agencies; or of the International Atomic Energy Agency.

The Bank's members are classified as either:

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

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

The current membership of the Bank is comprised of twenty-three (23) regional states and territories and five (5) non-regional states (2022: 23 regional states and territories and 5 non-regional states). A detailed listing of the membership is provided at Note 19(c) - Equity.

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

NOTE 1 – NATURE OF OPERATIONS …*continued*

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

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

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

NOTE 2 – ACCOUNTING POLICIES

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

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

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

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

NOTE 2 – ACCOUNTING POLICIES *…continued*

Basis of preparation

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

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

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

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

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

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

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

NOTE 2 – ACCOUNTING POLICIES *…continued*

Basis of preparation *…continued*

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

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

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

Significant accounting judgements, estimates and assumptions

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

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

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

NOTE 2 – ACCOUNTING POLICIES *…continued*

Significant accounting judgements, estimates and assumptions *…continued*

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

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

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

New and amended standards and interpretations which are applicable to the Bank
In these financial statements, the Bank has applied the following standards and amendments for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below. The new and amended standards and interpretations are effective for annual periods beginning on or after January 1, 2023, unless otherwise stated. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IAS 1 and IFRS Practice statement 2 – Disclosure of accounting policies
The amendments provide guidance and examples to help entities apply accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies. Additionally, guidance was added on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Bank's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Bank's financial statements.

Amendments to IAS 8 - Definition of accounting estimates
The amendments clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. These amendments had no impact on the financial statements of the Bank.

NOTE 2 – ACCOUNTING POLICIES *…continued*

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

Other standards, interpretations and amendments

The following are the standards, interpretations and amendments, which also became effective January 1, 2023 but were not applicable to the Bank, as we did not hold assets or liabilities within their scope as at the date of adoption:

- IFRS 17 – Insurance Contracts
- Amendments to IAS 12 –
    - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
    - International Tax Reform – Pillar Two Model Rules

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

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

Amendments to IAS 1– Classification of liabilities as current and non-current
Effective for annual periods beginning on or after January 1, 2024

Clarifies that the classification of liabilities as current or noncurrent is based solely on a reporting entity's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of an entity's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
Effective for annual periods beginning on or after January 1, 2024.

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

NOTE 2 – ACCOUNTING POLICIES *…continued*

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

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements
Effective for annual periods beginning on or after January 1, 2024.

In May 2023, the IASB issued amendments to IAS 7, *Statement of Cash Flows* and IFRS 7, *Financial Instruments: Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Early adoption is permitted but will need to be disclosed.

NOTE 3 – RISK MANAGEMENT

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

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

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

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

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

NOTE 3 – RISK MANAGEMENT…*continued*

different aspects of risk management, and is built around the following committees:

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

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

(a) Credit risk

Credit risk relates to potential losses in the event that a BMC is unable or unwilling to service its obligations to the Bank. CDB manages this risk through its financial policies and lending strategies, including the setting of individual country exposure limits and evaluation of overall creditworthiness. Individual BMC exposure to the Bank on outstanding loans as at December 31, 2023 is reported in Note 4 and Note 10.

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

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

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

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

NOTE 3 – RISK MANAGEMENT …*continued*

(a) Credit risk …*continued*

(i) Credit risk measurement

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

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

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

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

(ii) Risk limit control and mitigation measures

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

	2023	2022
Single largest borrower's exposure to total outstanding loans	**15.9%**	18.2%
Three largest borrowers' exposure to total outstanding loans	**40.2%**	38.2%
Three largest borrowers' exposure to available capital	**57.7%**	53.6%

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

NOTE 3 – RISK MANAGEMENT *…continued*

(a) Credit risk *…continued*

(ii) Risk limit control and mitigation measures …continued

Cash and cash equivalents and Debt securities at FVOCI

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

Investment Type	Maximum policy limit (based upon total investment portfolio)	**2023**	2022
Single entity	10%	**2.9%**	9.1%
US Treasury or US Government Agency	35%	**27.5%**	23.6%
Commercial entity	50%	**28.8%**	38.0%

(iii) Credit related commitments

Guarantees and standby letters of credit represent irrevocable assurances that the Bank will make payment. The primary purpose of these instruments is to ensure that funds are available to a borrower as required. The Bank currently has guarantees not exceeding the equivalent of $12 million (2022 - $12 million) with respect to bonds issued by the Government of St. Kitts and Nevis (GOSKN). These commitments expose the Bank to similar risks as loans outstanding and are mitigated by the same control processes and policies.

(iv) Master netting arrangements

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

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

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk…*continued*

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

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

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents	**$86,104**	**$-**	**$-**	**$86,104**
Debt securities fair value through OCI	**448,233**	**8,779**	**-**	**457,012**
Receivables	**25,137**	**-**	**1,305**	**26,442**
Sovereign loans outstanding	**821,180**	**530,858**	**-**	**1,352,038**
Non-sovereign loans outstanding	**74,025**	**-**	**-**	**74,025**
Non-negotiable demand notes	**7,393**	**-**	**-**	**7,393**
Maintenance of value on currency holdings	**4,458**	**-**	**-**	**4,458**
Subscriptions in arrears	**1,278**	**-**	**-**	**1,278**
	$1,467,808	**$539,637**	**$1,305**	**$2,008,750**
Commitments				
Undisbursed sovereign loan balances	**412,029**	**-**	**-**	**412,029**
Undisbursed non-sovereign loan balances	**379**	**-**	**-**	**379**
Guarantees	**12,000**	**-**	**-**	**12,000**
	$424,408	**$-**	**$-**	**$424,408**
	$1,892,216	**$539,637**	**$1,305**	**$2,433,158**

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

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk…*continued*

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

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

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

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

As shown, the total gross maximum exposure to sovereign loans and commitments was 72.5% (2022: 68.5%), and to the non-sovereign was 3.1% (2022: 2.9%).

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

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk…*continued*

(vi) Credit quality

Debt securities, treasury bills and other eligible bills

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

The following tables present an analysis of the credit quality of debt securities, treasury bills and other eligible bills, neither past due nor impaired based on Standard & Poor's rating or equivalent. As at December 31, 2023, the Bank's debt securities were classified as fair value through other comprehensive income. These assets were individually assessed for ECL. Amounts totalling $448,233 (2022: $493,647) were classified as Stage 1 and amounts totalling $8,779 (2022: $2,464) were classified as Stage 2 financial assets.

	2023				
	AAA	**AA+ to AA-**	**A+ to A-**	**BBB+ to BBB-**	**Total**
Obligations guaranteed by Governments[1]	**$47,119**	**$140,936**	**$11,350**	**-**	**$199,405**
Time Deposits	**-**	**763**	**3,350**	**-**	**4,113**
Sovereign Bonds	**12,299**	**23,489**	**13,359**	**-**	**49,147**
Supranational Bonds[2]	**68,436**	**8,355**	**-**	**-**	**76,791**
Corporate Bonds	**8,313**	**29,437**	**84,947**	**4,859**	**127,556**
	$136,167	**$202,980**	**$113,006**	**$4,859**	**$457,012**

[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*

(a) Credit risk…*continued*

(vi) Credit quality…continued

Debt securities, treasury bills and other eligible bills…*continued*

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

In accordance with the Bank's internal rating scale 98.9% (2022: 99.4%) of debt securities, treasury bills and other eligible bills are classified as 'Basic monitoring'.

[1] Freely convertible currencies in Government and Government-guaranteed obligations which are members of the G7 or EU and its agencies.
[2] An international organization, or union, whereby member states transcend national boundaries or interests to share in the decision-making and vote on issues pertaining to the wider grouping.

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

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk…*continued*

(vi) Credit quality…continued

<u>*Loans and advances*</u>
As at December 31, 2023, loans that were classified as Stage 1 and Stage 2 represented 99.9% (2022: 99.9%) of gross loans outstanding. Loans are summarised as follows:

		2023	
	Sovereign	**Non-sovereign**	**Total**
Stage 1	**$821,780**	**$75,816**	**$897,596**
Stage 2	**532,341**	**-**	**532,341**
Stage 3	**-**	**1,586**	**1,586**
Gross	**1,354,121**	**77,402**	**1,431,523**
Less: allowance for ECL	**(2,083)**	**(3,377)**	**(5,460)**
Net	**$1,352,038**	**$74,025**	**$1,426,063**

		2022	
	Sovereign	Non-sovereign	Total
Stage 1	$841,447	$74,018	$915,465
Stage 2	415,068	-	415,068
Stage 3	-	1,627	1,627
Gross	1,256,515	75,645	1,332,160
Less: allowance for ECL	(2,402)	(5,615)	(8,017)
Net	$1,254,113	$70,030	$1,324,143

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

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk…*continued*

(vi) Credit quality…continued

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

	2023		
	Sovereign	**Non-Sovereign**	**Total Loans**
Standard monitoring	**$928,433**	**$24,918**	**$953,351**
Special monitoring	**393,785**	**49,107**	**442,892**
Sub-Standard	**29,820**	**-**	**29,820**
	$1,352,038	**$74,025**	**$1,426,063**

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

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

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk…*continued*

(vi) Credit quality…continued

Other financial assets

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

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

	2023				
	Basic Monitoring	**Standard Monitoring**	**Special Monitoring**	**Sub-Standard**	**Total**
Cash and cash equivalents	**$28,111**	**$10,957**	**$47,036**	**$-**	**$86,104**
Receivables	**-**	**-**	**25,137**	**-**	**25,137**
Non-negotiable demand notes	**8**	**4,387**	**2,998**	**-**	**7,393**
Maintenance of value on currency holdings	**1,250**	**3,208**	**-**	**-**	**4,458**
Subscriptions in arrears	**-**	**1**	**1,277**	**-**	**1,278**
	$29,369	**$18,553**	**$76,448**	**$-**	**$124,370**

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

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

NOTE 3 – RISK MANAGEMENT*…continued*

(a) Credit risk*…continued*

(vi) Credit quality…continued

Other financial assets…continued

Other financial assets – Fair value through profit or loss

There were no derivative financial assets as at December 31, 2023. As at December 31, 2022, derivative financial assets of $1,787 were classified as Basic Monitoring.

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

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

Geographical sectors

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

	2023				
	Borrowing Member Countries	**Non-Regional Members**	**USA**	**Other**	**Total**
Cash and cash equivalents	**$68,330**	**$785**	**$15,810**	**$1,179**	**$86,104**
Debt securities at fair value through OCI	**2,515**	**83,600**	**225,626**	**145,271**	**457,012**
Sovereign loans outstanding	**1,352,038**	**-**	**-**	**-**	**1,352,038**
Non-sovereign loans outstanding	**74,025**	**-**	**-**	**-**	**74,025**
Maintenance of value on currency Holdings	**663**	**3,795**	**-**		**4,458**
Non-negotiable demand notes	**7,393**	**-**	**-**	**-**	**7,393**
Subscriptions in arrears	**1,278**	**-**	**-**	**-**	**1,278**
Receivables	**26,442**	**-**	**-**	**-**	**26,442**
	$1,532,684	**$88,180**	**$241,436**	**$146,450**	**$2,008,750**

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

NOTE 3 – RISK MANAGEMENT…*continued*

(a) Credit risk…*continued*

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

Geographical sectors…continued

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

NOTE 3 – RISK MANAGEMENT…*continued*

(b) Market risk

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

(i) Foreign currency risk

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

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

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

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

NOTE 3 – RISK MANAGEMENT...*continued*

(b) Market risk...*continued*

(*i*) *Foreign currency risk*...*continued*

Concentrations of foreign currency risk

As at December 31	2023 US$	Yen	CHF	Euro	Other	Total
Assets						
Cash and cash equivalents	**$22,149**	**$1**	**$-**	**$(1,275)**	**$65,229**	**86,104**
Debt securities at fair value through OCI	**447,956**	**-**	**-**	**-**	**9,056**	**457,012**
Loans outstanding	**1,350,803**	**-**	**-**	**75,260**	**-**	**1,426,063**
Receivable from members	**8,671**	**-**	**-**	**-**	**4,458**	**13,129**
Receivables	**26,384**	**-**	**-**	**-**	**58**	**26,442**
Total financial assets	**$1,855,963**	**$1**	**$-**	**$73,985**	**$78,801**	**$2,008,750**
Liabilities						
Accounts payable	**16,925**	**-**	**-**	**-**	**-**	**16,925**
Borrowings	**545,875**	**46,845**	**173,998**	**247,363**	**-**	**1,014,081**
Derivative financial instruments	**8,735**	**2,820**	**1,816**	**86,827**	**-**	**100,198**
Total financial liabilities	**$571,535**	**$49,665**	**$175,814**	**$334,190**	**$-**	**1,131,204**
Net on-balance sheet financial position	**$1,284,428**	**$(49,664)**	**$(175,814)**	**$(260,205)**	**$78,801**	**$877,546**
Credit commitments	**$424,408**	**$-**	**$-**	**$-**	**$-**	**$424,408**

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

NOTE 3 – RISK MANAGEMENT...*continued*

(b) Market risk...*continued*

(*i*) *Foreign currency risk*...*continued*

Concentrations of foreign currency risk ...*continued*

	2022					
As at December 31	US$	Yen	CHF	Euro	Other	Total
Assets						
Cash and cash equivalents	$109,414	$1	$-	$2,823	$51,503	$163,741
Debt securities at fair value through OCI	490,641	-	-	-	5,470	496,111
Loans outstanding	1,296,485	-	-	27,658	-	1,324,143
Cash collateral on derivatives	8,100	-	-	-	-	8,100
Derivative financial instruments	-	1,787	-	-	-	1,787
Receivable from members	15,100	-	-	-	4,745	19,845
Receivables	24,875	-	-	-	930	25,805
Total financial assets	$1,944,615	$1,788	$-	$30,481	$62,648	$2,039,532
Liabilities						
Accounts payable	11,115	-	-	-	56	11,171
Borrowings	609,866	50,093	154,655	236,143	-	1,050,757
Derivative financial instruments	11,272	-	23,451	93,377	-	128,100
Total financial liabilities	$632,253	$50,093	$178,106	$329,520	$56	$1,190,028
Net on-balance sheet financial position	$1,312,362	$(48,305)	$(178,106)	$(299,039)	$62,592	$849,504
Credit commitments	$440,817	$-	$-	$-	$-	$440,817

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

NOTE 3 – RISK MANAGEMENT…*continued*

(b) Market risk…*continued*

(i) Foreign currency risk…continued

Foreign currency sensitivity

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

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

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

YEN	Effect on profit or loss (Income)/Expense **2023**	2022
Exchange rate movements		
Increase of 5%	**$(2,185)**	$(2,340)
Decrease of 5%	**2,417**	$2,588
Increase of 10%	**$(4,172)**	$(4,467)
Decrease of 10%	**5,101**	$5,462
CHF		
Exchange rate movements		
Increase of 5%	**$(6,051)**	$(7,483)
Decrease of 5%	**11,225**	$8,272
Increase of 10%	**$(13,512)**	$(14,287)
Decrease of 10%	**21,303**	$17,463
EURO		
Exchange rate movements		
Increase of 5%	**$(887)**	$(12,711)
Decrease of 5%	**26,779**	$14,048
Increase of 10%	**$(12,833)**	$(24,266)
Decrease of 10%	**$42,918**	$29,658

NOTE 3 – RISK MANAGEMENT…*continued*

(b) Market risk…*continued*

(i) Foreign currency risk…continued

Foreign currency sensitivity…continued

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

(ii) Interest rate risk

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

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

NOTE 3 – RISK MANAGEMENT…*continued*

(b) Market risk…*continued*

(ii) Interest rate risk…continued

Exposure to interest rate risk

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

	2023					
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	**$86,104**	**$-**	**$-**	**$-**	**$-**	**$86,104**
Debt securities at fair value through OCI	**21,857**	**70,544**	**224,680**	**139,931**	**-**	**457,012**
Loans outstanding	**1,426,063**	**-**	**-**	**-**	**-**	**1,426,063**
Receivable from members	**-**	**-**	**-**	**-**	**13,129**	**13,129**
Receivables	**-**	**-**	**-**	**-**	**26,442**	**26,442**
Total Assets	**$1,534,024**	**$70,544**	**$224,680**	**$139,931**	**$39,571**	**$2,008,750**
Liabilities						
Accounts payable	**-**	**-**	**-**	**-**	**16,925**	**16,925**
Borrowings	**28,798**	**108,909**	**389,085**	**487,289**	**-**	**1,014,081**
Derivative financial instruments	**4,636**	**95,562**	**-**	**-**	**-**	**100,198**
Total Liabilities	**$33,434**	**$204,471**	**$389,085**	**$487,289**	**$16,925**	**$1,131,204**
Total interest sensitivity Gap	**$1,500,590**	**$(133,927)**	**$(164,405)**	**$(347,358)**	**$22,646**	**$877,546**

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

NOTE 3 – RISK MANAGEMENT…*continued*

(b) Market risk…*continued*

(ii) Interest rate risk…continued

Exposure to interest rate risk…continued

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

NOTE 3 – RISK MANAGEMENT…*continued*

(b) Market risk…*continued*

(ii) Interest rate risk…continued

Interest rate sensitivity
All other variables held constant (and excluding the effects of the derivative instruments), if interest rates had been 50 bps higher, net income for the year would have increased by $4,029 (2022: $3,721). Had interest rates been 50 bps lower, net income would have declined by the same amount.

All other variables held constant and including the impact of the derivative instruments, if interest rates had been 50 bps higher, net income for the year would have decreased by $13,201 (2022: $15,077). Had interest rates been 50 bps lower, net income for the year would have increased by $12,987 (2022: $17,067).

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

(c) Liquidity risk

Liquidity risk relates to the probability that the Bank will be unable to meet the payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations or to disburse on its loan commitments. This risk is managed by conformity to the Bank's policy of maintaining a net three years' funding requirement of $466.0 million (2022: $491.3 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 $164.9 million (2022: $489.4 million), whichever is greater.

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

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

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

NOTE 3 – RISK MANAGEMENT…*continued*

(c) Liquidity risk…*continued*

(i) Non-derivative cash flows

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

			2023		
At December 31	**0 – 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets					
Cash and cash equivalents	**$86,104**	**-**	**-**	**-**	**$86,104**
Debt securities at fair value through OCI	**26,287**	**79,787**	**275,089**	**153,224**	**534,387**
Loans outstanding	**78,381**	**162,593**	**845,799**	**689,954**	**1,776,727**
Receivable from members	**-**	**13,129**	**-**	**-**	**13,129**
Receivables	**59**	**26,114**	**269**	**-**	**26,442**
Total Assets	**$190,831**	**$281,623**	**$1,121,157**	**$843,178**	**$2,436,789**
Liabilities					
Accounts payable	**-**	**5,779**	**7,891**	**3,255**	**16,925**
Borrowings	**25,694**	**90,351**	**295,085**	**795,881**	**1,207,011**
Total Liabilities	**$25,694**	**$96,130**	**$302,976**	**$799,136**	**$1,223,936**

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

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

NOTE 3 – RISK MANAGEMENT…*continued*

(c) Liquidity risk…*continued*

(ii) Derivative cash flows

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

			2023		
At December 31	**0 - 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivative financial instruments:					
Derivative liability	**$(5,818)**	**$(61,594)**	**$(479,902)**	**$(710,331)**	**$(1,257,645)**

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

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

NOTE 3 – RISK MANAGEMENT…*continued*

(c) Liquidity risk…*continued*

(iii) Commitments, guarantees and contingent liabilities

Loan and capital commitments

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

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

	2023		
At December 31	**0-12 months**	**1-5 years**	**Total**
Loan commitments	**$88,408**	**$324,000**	**$412,408**
Guarantees	**12,000**	**-**	**12,000**
	$100,408	**$324,000**	**$424,408**

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

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

NOTE 3 – RISK MANAGEMENT…*continued*

(d) Fair value of financial assets and liabilities

(i) Fair value hierarchy

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

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

(ii) Financial assets and liabilities measured at fair value

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

December 31	**2023**	2022
Financial assets at fair value through profit or loss		
Derivative financial instruments	**$-**	$1,787
Financial assets at fair value through OCI		
Debt securities	**457,012**	496,111
	$457,012	$497,898
Financial liabilities at fair value through profit or loss		
Derivative financial instruments	**100,198**	128,100
	$100,198	$128,100

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

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

NOTE 3 – RISK MANAGEMENT…*continued*

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

(ii) Financial instruments not measured at fair value

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

	Carrying value		**Fair value**	
	2023	2022	**2023**	2022
Financial assets – loans and receivables				
Loans outstanding	**$1,426,063**	$1,324,143	**$1,237,241**	$984,963
Financial liabilities – amortised cost				
Borrowings	**$1,014,081**	$1,050,757	**$992,686**	$992,097

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

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

NOTE 3 – RISK MANAGEMENT…*continued*

(e) Capital Management

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

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

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

As at December 31, 2023 the Bank's RAC ratio was 25.6% (2022: 23.3%).

(f) Interest rate benchmark reform

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

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

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

Non-derivative borrowings
During 2022 and 2023, the Bank had one principal LIBOR exposure in respect of non-derivative borrowings subject to the reform. This was a USD borrowing indexed to LIBOR with Agence Francaise de Developpement. This borrowing remains unreformed as at December 31, 2023 with a carrying value of $18,412 (2022: $22,688). There are no unreformed non-derivative financial assets.

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

NOTE 3 – RISK MANAGEMENT…*continued*

(f) Interest rate benchmark reform…*continued*

Derivatives and hedge accounting

The Bank holds derivatives for risk management purposes (see Notes 3 and 12). Derivatives held for risk management purposes are designated in hedging relationships. The interest rate and cross-currency swaps have floating legs that are indexed to LIBOR. The Bank's derivative instruments are governed by ISDA's 2006 definitions and the Bank is adhering to the ISDA 2020 IBOR Fallbacks Protocol.

There were no unreformed derivative instruments at December 31, 2023. As at December 31, 2022, unreformed derivatives were as follows. For cross-currency swaps, the Bank used the notional amount of the pay leg of the swap.

Maturity date	2022
2022	$-
2027	300,000
2028	151,341
2030	60,000
2039	210,906
	$722,247

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

NOTE 4 – COUNTRY ANALYSIS & REPORTING

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

The following table presents CDB's outstanding loan balances inclusive of accrued interest and net of impairment provisions as at December 31, 2023 and 2022, and associated interest income by countries which generated in excess of 10% of the loan interest income for the years ended December 31, 2023 and 2022:

	Interest income		Loans outstanding	
Country	**2023**	2022	**2023**	2022
Barbados	**$11,712**	$9,641	**$226,797**	$241,145
Bahamas	**8,700**	4,821	**204,285**	117,009
Belize	**7,200**	5,604	**142,601**	134,116
Others	**42,621**	36,488	**852,380**	831,873
	$70,233	$56,554	**$1,426,063**	$1,324,143

NOTE 5 – FINANCIAL ASSETS

Initial recognition and measurement of financial assets

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

Initial measurement of financial instruments

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

Measurement categories of financial assets

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

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

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

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

NOTE 5 – FINANCIAL ASSETS…*continued*

Subsequent measurement

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

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

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

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

Assessment is based on observable factors such as:

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

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

NOTE 5 – FINANCIAL ASSETS…*continued*

Subsequent measurement …continued

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

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

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

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

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

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

NOTE 5 – FINANCIAL ASSETS…*continued*

Subsequent measurement …*continued*

Derivatives recorded at fair value through profit or loss
The Bank's derivatives are classified at FVPL.

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

Fair Value Measurement

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

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

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

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.

NOTE 5 – FINANCIAL ASSETS…*continued*

Fair Value Measurement…*continued*

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

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

Impairment of financial assets

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

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

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

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

NOTE 5 – FINANCIAL ASSETS…*continued*

Impairment of financial assets…*continued*

Determination of significant increase in credit risk…continued
Based on the above process, the Bank groups its financial assets into Stage 1, Stage 2, Stage 3 as described below:

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

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

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

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

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

NOTE 5 – FINANCIAL ASSETS…*continued*

Impairment of financial assets…*continued*

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

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

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

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

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

NOTE 5 – FINANCIAL ASSETS…*continued*

Impairment of financial assets…*continued*

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

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

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

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

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

NOTE 5 – FINANCIAL ASSETS…*continued*

Impairment of financial assets…*continued*

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

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

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

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

NOTE 5 – FINANCIAL ASSETS…*continued*

Impairment of financial assets…*continued*

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

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

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

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

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

NOTE 5 – FINANCIAL ASSETS…*continued*

Collateral valuation

To mitigate its credit risks in its non-sovereign portfolio the Bank seeks to use collateral to secure or further secure its loans primarily in non-interest-bearing cash deposits and charges against trade assets in the non-sovereign portfolio. Non-cash collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed annually. The Bank held cash collateral with respect to three non-sovereign borrowers amounting to $4.4 million (2022: $4.6 million).

Write-offs

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

Renegotiated loans

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

De-recognition

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

(i) The rights to receive cash flows from the asset have expired; or
(ii) The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  (a) the Bank has transferred substantially all the risks and rewards of the asset; or
  (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

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

NOTE 6 – CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents comprise the following balances:

	2023	2022
Due from banks	**$86,104**	$89,385
Time deposits	**-**	74,356
	$86,104	$163,741

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 is as follows:

	2023				
	USD	**EUR**	**CAD**	**Other**	**Total**
December 31					
Obligations guaranteed by Governments[1]	**$242,542**	**$-**	**$2,800**	**$-**	**$245,342**
Multilateral organisations	**77,206**	**-**	**2,144**	**-**	**79,350**
Corporations	**128,208**	**-**	**-**	**-**	**128,208**
Time deposits	**-**	**3,343**	**-**	**769**	**4,112**
	447,956	**$3,343**	**$4,944**	**$769**	**$457,012**

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

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

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

The ECL computed for debt securities at FVOCI was $12 as at December 31, 2023 (2022: $20).

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

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at January 1, 2022	$22	$2	$-	$24
Impairment recovery (Note 22)	(2)	(2)	-	(4)
Balance as at December 31, 2022	**$20**	**$-**	**$-**	**$20**
Impairment recovery (Note 22)	**(8)**	**-**	**-**	**(8)**
Balance as at December 31, 2023	**$12**	**$-**	**$-**	**$12**

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

	2023	2022
Current	**$93,940**	$80,669
Non-current	**363,072**	415,442
	$457,012	$496,111

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

NOTE 8 – RECEIVABLES AND PREPAID ASSETS

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

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

Receivables and prepaid assets comprise the following:

	2023	2022
Inter-fund receivable – Note 25	**$24,510**	$24,223
Staff loans and other receivables	**616**	622
Value added tax receivable	**1,070**	1,100
Institutional receivables	**592**	274
Prepaid assets	**786**	1,063
	27,574	27,282
Allowance for ECL	**(346)**	(414)
	$27,228	$26,868

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

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at January 1, 2022	$-	$-	$556	$556
Impairment recovery (Note 22)	-	-	(142)	(142)
Balance as at December 31, 2022	**$-**	**$-**	**$414**	**$414**
Impairment recovery (Note 22)	**-**	**-**	**(68)**	**(68)**
Balance as at December 31, 2023	**$-**	**$-**	**$346**	**$346**

NOTE 9 – CASH COLLATERAL ON DERIVATIVES

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

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

The Bank's 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 is subject to such an arrangement.

As at December 31, 2023, there was no collateral receivable from Credit Suisse International in respect of this cross-currency interest rate swap (2022: $8,100). Interest on this account is calculated at the daily US Federal Funds rate and the amounts earned for the year was $70. (2022: $143).

NOTE 10 – LOANS RECEIVABLE

Loans outstanding are financial assets as defined in Note 5.

The Bank's loan portfolio comprises loans granted to, or guaranteed by, its BMCs and are disbursed and repaid in US Dollars. Loans are granted for a maximum period of twenty-two years, including a grace period, which typically covers the period of the project implementation and are for the purpose of financing development projects and programmes, and are not intended for sale. Interest rates are reset quarterly. The interest rate prevailing as at December 31, 2023 was 4.90% (2022: 4.75%).

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

NOTE 10 – LOANS RECEIVABLE …*continued*

Collateral

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

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

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

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

NOTE 10 – LOANS RECEIVABLE…*continued*

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

2023

Borrowers	Loans not yet effective[1]	Undisbursed	Outstanding	% of Loans outstanding
Anguilla	$-	$1,247	$58,941	4.2
Antigua and Barbuda	-	37,850	123,485	8.8
Bahamas	-	20,711	200,886	14.2
Barbados	-	5,719	224,402	15.9
Belize	-	30,924	140,545	10.0
British Virgin Islands	-	15,036	87,218	6.2
Dominica	-	1,829	23,781	1.7
Grenada	9,970	6,020	29,612	2.1
Guyana	26,699	81,739	36,342	2.6
Jamaica	-	1	69,526	4.9
St. Kitts and Nevis	-	2,077	14,547	1.0
St. Lucia	42,700	21,554	76,891	5.5
St. Vincent and the Grenadines	10,000	70,050	119,060	8.4
Suriname	-	24,030	101,737	7.2
Trinidad and Tobago	-	1,765	20,272	1.4
Turks and Caicos Islands	-	498	335	0.0
Regional	-	1,610	7,415	0.5
Non-sovereign	-	379	74,887	5.3
	89,369	323,039	1,409,882	100.0
Sub-total				
Allowance for ECL			(5,460)	
Accrued interest and other charges			21,641	
	$89,369	$323,039	$1,426,063	

	2023
Current	$174,873
Non-current	1,251,190
	$1,426,063

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

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

NOTE 10 – LOANS RECEIVABLE…*continued*

(a) Credit exposures…*continued*

2022

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

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

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

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

NOTE 10 – LOANS RECEIVABLE…*continued*

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

2023

Currencies receivable	**Loans outstanding 1 January 2023**	**Translation adjustment**	**Net interest**	**Disbursements**	**Repayments**	**Impairment recovery**	**Loans outstanding 31 December 2023**
United States dollars	**$1,285,160**	**$-**	**$-**	**$186,587**	**$(136,622)**	**$-**	**$1,335,125**
Euros	**27,335**	**$926**	**-**	**46,503**	**(7)**	**-**	**74,757**
Sub-total	**1,312,495**	**926**	**-**	**233,090**	**(136,629)**	**-**	**1,409,882**
Allowance for ECL	**(8,017)**	**-**	**-**	**-**	**-**	**2,557**	**(5,460)**
Accrued interest	**19,665**	**-**	**1,976**	**-**	**-**	**-**	**21,641**
Total – December 31	**$1,324,143**	**$926**	**$1,976**	**$233,090**	**$(136,629)**	**$2,557**	**$1,426,063**

2022

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

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

NOTE 10 – LOANS RECEIVABLE…*continued*

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

	Stage 1	Stage 2	Stage 3	Total
Balance as at January 1, 2022	$5,053	$1,561	$1,626	$8,240
Impairment (recovery)/charge (Note 22)	(245)	22	-	(223)
Balance as at December 31, 2022	**$4,808**	**$1,583**	**$1,626**	**$8,017**
Impairment recovery (Note 22)	**(2,417)**	**(99)**	**(41)**	**(2,557)**
Balance as at December 31, 2023	**$2,391**	**$1,484**	**$1,585**	**$5,460**

NOTE 11 – RECEIVABLE FROM MEMBERS

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

	2023	2022
Non-negotiable demand notes (NNDN)	**$7,393**	$13,878
Maintenance of value on currency holdings (MOV)	**4,458**	4,745
Subscriptions in arrears (ARR)	**1,278**	1,222
	$13,129	$19,845

Amounts payable to members are made up as follows:

Maintenance of value on currency holdings	**$74**	$108
	$74	$108

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

	NNDN	MOV	ARR	Total
Balance as at January 1, 2022	$218	$-	$32	$250
Impairment charge/(recovery) (Note 22)	(3)	-	67	64
Balance as at December 31, 2022	**$215**	**$-**	**$99**	**$314**
Impairment recovery (Note 22)	**(120)**	**-**	**(56)**	**(176)**
Balance as at December 31, 2023	**$95**	**$-**	**$43**	**$138**

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

NOTE 11 – RECEIVABLE FROM MEMBERS…*continued*

(a) Non-negotiable demand notes

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

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

	2023	2022
Gross carrying amount	**$7,488**	$14,093
Allowance for ECL	**(95)**	(215)
	$7,393	$13,878

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

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

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

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

NOTE 11 – RECEIVABLE FROM MEMBERS…*continued*

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

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 maintenance of value on currency holdings was comprised as follows:

	2023	2022
Gross carrying amount	**$4,458**	$4,745

Allowance for ECL was nil (2022: Nil).

<u>Amounts payable to members</u>

As at December 31, 2023 $74 (2022: $108) was due by the Bank.

(c) Subscriptions in arrears

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

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

	2023	2022
Gross carrying amount	**$1,321**	$1,321
Allowance for ECL	**(43)**	(99)
	$1,278	$1,222

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The accounting policy is described in Note 5.

The Bank is party to five swaps with three counterparties.

One dual-currency interest rate swap was executed in February 2000 and used to transform an underlying fixed rate borrowing in Japanese Yen to a floating rate obligation in USD. The fixed rate Japanese Yen note which matures in 2030 carries an interest rate of 4.35%. The principal amount due upon maturity is in Japanese Yen, while the interest payments are due in USD.

Two plain vanilla interest rate swaps were executed in August 2013 and September 2014, which transformed a 4.375% fixed rate borrowing of USD300 million due in 2027, into floating rate obligations based on US LIBOR.

One cross currency interest rate swap was executed in July 2016 related to a bond issue of 145 million Swiss Francs. This swap was used to transform the underlying 0.297% fixed rate borrowing in Swiss Francs due in 2028, into a floating rate obligation in USD and based on US LIBOR.

One cross currency interest rate swap was executed in September 2021 related to a pre-existing 0.875% fixed rate bond issue of 250 million Euros which matures in 2039. This swap was used to transform 180 million Euros of the underlying fixed rate borrowing into a floating rate obligation in USD based on US LIBOR.

All swaps held mature concurrently with their related borrowings and each of the Bank's floating rate swap obligations contractually linked to US LIBOR are now governed by the ISDA IBOR Fallbacks Protocol to which the Bank adheres.

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.

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

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

…continued

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:

		2023	2022
	Notional Amount	**Fair values**	
Derivative financial asset			
Cross currency interest rate swaps	**$60,000**	**$-**	$1,910
Interest rate swaps	**$300,000**	**-**	-
Bilateral non-performance risk adjustment		**-**	178
Accrued interest		**-**	(301)
		$-	$1,787
Derivative financial liability			
Cross currency interest rate swaps	**$422,247**	**$86,432**	$116,831
Interest rate swaps	**$240,000**	**7,518**	10,617
Bilateral non-performance risk adjustment		**(1,789)**	(4,648)
Accrued interest		**8,037**	5,300
		$100,198	$128,100

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

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

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

…continued

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

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

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

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

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

Fair value hedges

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

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

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

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

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

…continued

Impact of Hedges

USD Debt - Fair Value Hedge

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

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

The hedge ratio is 1:1. The Bank therefore performs a qualitative and quantitative assessment of effectiveness. During the period, ineffectiveness of $(3,938) (2022: $2,818) was recognised in profit or loss in the statement of comprehensive income in relation to this relationship. Ineffectiveness might arise:

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

Summary information relating to the hedge relationship is as follows:

	2023	2022
Fair Value Hedge		
Notional amount of the derivative	**$240,000**	$300,000
Maturity date	**9-Nov-27**	9-Nov-27
Carrying amount of hedging instrument	**$8,735**	$11,272
Carrying amount of hedged item	**$240,119**	$299,045
Periodic change in value of the hedging instrument used to determine hedge ineffectiveness	**$(2,864)**	$1,862
Periodic change in value of hedged item used to determine hedge ineffectiveness	**$(1,074)**	$955
Cumulative change in the value of hedged item included in 'fair value and foreign exchange movement on borrowings'	**$(119)**	$955
Weighted average hedged rate for the year	**USD LIBOR -0.02648%**	USD LIBOR -0.02648%

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

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

…continued

Impact of Hedges*…continued*

CHF & EUR Debt - Fair Value Hedges

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

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

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

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

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

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

CHF145m	**$(3,374)** (2022: $142)
EUR180m	**$(8,558)** (2022: $(3,947))

Ineffectiveness might arise:

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

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

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

…continued

Impact of Hedges…*continued*

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

Summary information relating to the hedge relationship is as follows:

	2023	
	CHF Debt	**EUR Debt**
Notional amount of the derivative	**$151,341**	**$210,906**
Maturity date	**7-Jul-28**	**29-Nov-39**
Fair Value Hedge		
Carrying amount of hedging instrument	**$1,816**	**$86,827**
Carrying amount of hedged item	**$174,241**	**$265,257**
Periodic change in value of the hedging instrument used to determine hedge ineffectiveness	**$15,857**	**$2,027**
Periodic change in value of hedged item used to determine hedge ineffectiveness	**$(19,231)**	**$(10,585)**
Cumulative change in the value of hedged item included in Borrowings	**$(19,231)**	**$(10,585)**
	USD LIBOR	**USD LIBOR**
Weighted average hedged interest rate	**-1.77%**	**-2.36%**
Weighted average hedged foreign exchange rate	**1.020825**	**0.976181**

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

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING
…continued

Impact of Hedges…*continued*

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

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

JPY Debt

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

NOTE 13 – PROPERTY AND EQUIPMENT

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

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

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

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

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

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

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

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

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

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

NOTE 13 – PROPERTY AND EQUIPMENT…*continued*

The carrying values of property and equipment were as follows:

	2023						
	Projects in Progress	**Land**	**Buildings & Ancillary Works**	**Computers**	**Furniture & Equipment**	**Motor Vehicles**	**Total**
Opening net book value	**$15,335**	**$4,350**	**$2,888**	**$2,511**	**$406**	**$47**	**$25,537**
Additions	**2,914**	**-**	**1**	**141**	**106**	**-**	**3,162**
Transfers from projects in progress	**(15,156)**	**-**	**1,431**	**13,222**	**503**	**-**	**-**
Disposals – Cost	**-**	**-**	**-**	**(1,966)**	**(177)**	**(207)**	**(2,350)**
Disposals – accumulated depreciation	**-**	**-**	**-**	**1,966**	**177**	**207**	**2,350**
Depreciation expense	**(126)**	**-**	**(323)**	**(5,639)**	**(240)**	**(28)**	**(6,356)**
Closing net book value	**$2,967**	**$4,350**	**$3,997**	**$10,235**	**$775**	**$19**	**$22,343**
At December 31							
Cost	**$2,967**	**$4,350**	**$12,922**	**$27,765**	**$5,573**	**$171**	**$53,748**
Accumulated depreciation	**-**	**-**	**(8,925)**	**(17,530)**	**(4,798)**	**(152)**	**(31,405)**
Closing net book value	**$2,967**	**$4,350**	**$3,997**	**$10,235**	**$775**	**$19**	**$22,343**

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

NOTE 13 – PROPERTY AND EQUIPMENT…*continued*

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

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

Land shown at revalued amounts are included in Level 2 on the fair value hierarchy. The original cost of the land was $880. There were no transfers between levels for both years.

NOTE 13 – PROPERTY AND EQUIPMENT…*continued*

Valuation techniques and significant unobservable inputs…*continued*

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

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

NOTE 14 – FINANCIAL LIABILITIES

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

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

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

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

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

NOTE 14 – FINANCIAL LIABILITIES…*continued*

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

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

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

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

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

NOTE 15 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

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

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

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

	2023	2022
Accounts payable	**$12,386**	$11,171
Accrued liabilities	**4,539**	3,026
	$16,925	$14,197

NOTE 16 – DEFERRED INCOME

Deferred income comprises freehold land donated to the Bank as a Government grant and is stated at historical value of $875 (2022: $875). The grant was recorded using the income approach and will be recognised in profit or loss in line with the useful life of the assets scheduled for construction on the property, approval for which was given by the Bank’s BOD and preliminary undertakings are in process.

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS

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

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

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

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

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

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS…*continued*

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, 2023. The financial statements of the plans are audited annually by independent external auditors. The level of contributions necessary to meet future obligations is approved by the Trustees acting on professional advice.

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

In accordance with the rules of the NPP, members contribute 7% of their annual salary and the Bank contributes such sums as are certified by the Actuary to be sufficient together with the existing assets of the plan to provide the benefits payable and preserve the solvency of the plan. The current contribution rate effective January 1, 2023 as certified by the Actuary and applied by the Bank is 31.1% (2022: 31.1%) 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 and in 2019.

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

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS…*continued*

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

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

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

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

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

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

- longevity risk;
- inflation risk since although pension increases are capped, the benefits to current employees are based on final average salaries;
- interest rate risk due to the liabilities being of longer duration than the dated securities;
- investment risk in order to counter the inflation risk and improve the investment return. As at the reporting date 57.97% (2022: 57.75%) of the plan assets were invested in equities.

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

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

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

Net post-employment obligations

	2023	2022
Defined benefit pension liability	**$11,639**	$15,234
Hybrid pension liability	**7,176**	7,796
Post-retirement medical obligation	**3,005**	3,012
	$21,820	$26,042

Net pension costs recognised in profit or loss

	2023	2022
Defined benefit pension liability (Note 21)	**$4,731**	$6,677
Hybrid pension liability (Note 21)	**374**	270
Post-retirement medical obligation (Note 21)	**321**	272
	$5,426	$7,219

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

	2023	2022
Defined benefit obligation	**$(3,679)**	$(11,258)
Hybrid pension liability	**39**	(3,098)
Post-retirement medical obligation	**(143)**	418
	$(3,783)	$(13,938)

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**	
	2023	2022	**2023**	2022
Present value of funded obligations	**$100,424**	$93,897	**$21,990**	$21,800
Fair value of plan assets	**(88,785)**	(78,663)	**(14,814)**	(14,004)
Net defined benefit liability	**$11,639**	$15,234	**7,176**	$7,796

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

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

The amounts recognised in profit or loss are as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2023	2022	**2023**	2022
Current service costs	**$3,873**	$5,920	**$17**	$18
Net interest on net defined benefit liability	**858**	757	**357**	252
Net pension cost	**$4,731**	$6,677	**$374**	$270

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

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2023	2022	**2023**	2022
Experience (gains)/losses	**$(3,679)**	$(11,258)	**$39**	$(3,098)
Total amount recognised in other comprehensive income	**$(3,679)**	$(11,258)	**$39**	$(3,098)

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

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

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

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2023	2022	**2023**	2022
Opening defined benefit liability	**$15,234**	$23,954	**$7,796**	$11,709
Net pension cost	**4,731**	6,677	**374**	270
Re-measurement recognised in other comprehensive income	**(3,679)**	(11,258)	**39**	(3,098)
Bank contributions paid	**(4,647)**	(4,139)	**(1,033)**	(1,085)
Balance as at December 31	**$11,639**	$15,234	**$7,176**	$7,796

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

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2023	2022	**2023**	2022
Balance at January 1	**$93,897**	$113,531	**$21,800**	$27,263
Current service costs	**3,873**	5,920	**17**	18
Interest costs	**4,801**	3,169	**1,039**	600
Members' contributions	**1,015**	932	**371**	341
Re-measurements				
Experience adjustments	**2,667**	3,446	**(308)**	635
Actuarial losses from changes in financial assumptions	**(1,841)**	(28,834)	**599**	(5,450)
Benefits paid	**(3,988)**	(4,267)	**(1,528)**	(1,607)
Balance as at December 31	**$100,424**	$93,897	**$21,990**	$21,800

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

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

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

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2023	2022	**2023**	2022
Balance at January 1	**$78,663**	$89,577	**$14,004**	$15,554
Return on plan assets, excluding interest	**8,448**	(11,718)	**934**	(1,369)
Bank contributions	**4,647**	4,139	**1,033**	1,085
Members' contributions	**1,015**	932	**371**	341
Benefits paid	**(3,988)**	(4,267)	**(1,528)**	(1,607)
Balance as at December 31	**$88,785**	$78,663	**$14,814**	$14,004

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

	2023	2022
Quoted in active markets		
Equity securities	**$51,462**	$45,430
	$51,462	$45,430
Unquoted investments		
Cash and cash equivalents	**447**	532
Debt securities	**42,714**	37,840
	$43,161	$38,372
Net accruals	**(5,838)**	(5,139)
Total	**$88,785**	$78,663

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

	2023	2022
Unquoted investments		
Government and Government guaranteed bonds	**$6,904**	$8,077
Supranational bonds	**2,781**	2,835
Corporate bonds	**3,563**	3,482
Cash, cash equivalents and net accruals	**1,566**	(390)
Total	**$14,814**	$14,004

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

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

The principal actuarial assumptions used for accounting purposes are:

	Defined Benefit Pension Plans	
	2023	2022
Discount rate – Defined benefit pension plan	**4.96%**	4.96%
Discount rate – Hybrid pension scheme	**4.89%**	4.89%
Future salary increases	**4.00%**	4.00%
Future pension increases – Defined benefit pension plan	**2.50%**	2.50%

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

The proportion of the defined benefit pension plan preserved for members opting for pension was assumed to be 75% (2022: 75%). The proportion of other members opting for pension was assumed to be 75% (2022: 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:

	2023	2022
	Years	Years
Male	**25.19**	25.11
Female	**27.11**	27.07

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

	2023	2022
	Years	Year
Male	**26.75**	26.67
Female	**27.94**	27.90

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

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

Sensitivity analysis and liability profile

(a) Defined benefit pension plan

A quantitative sensitivity analysis for significant assumptions as at December 31, 2023 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	**$(13,142)**	**$16,673**	**$4,178**	**$(3,676)**	**$10,931**	**$(9,229)**

	Life expectancy of male pensioners		**Life expectancy of female pensioners**	
	Increase by 1 year	**Decrease by 1 year**	**Increase by 1 year**	**Decrease by 1 year**
Impact on the defined benefit obligation	**$1,207**	**$(1,124)**	**$1,387**	**$(1,333)**

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

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

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

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

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Sensitivity analysis and liability profile…*continued*

(a) *Defined benefit pension plan…continued*

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

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

	2023	2022
Within the next 12 months (annual reporting period)	**$3,960**	$3,668
Between 1 and 2 years	**4,123**	3,715
Between 2 and 5 years	**14,559**	13,518
Over 5 years	**32,169**	29,305

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

Active members	**50.02%** (2022: 46.41%)
Deferred members	**1.91%** (2022: 1.36%)
Pensioners	**48.07%** (2022: 52.23%)

The weighted average duration of the defined benefit obligation was 14.84 years (2022: 14.94 years).

92.8% (2022: 91%) of the benefits for active members were vested, 24.61% (2022: 25.87%) of the defined benefit obligation for active members was conditional on future salary increases.

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

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Sensitivity analysis and liability profile…*continued*

(b) *Hybrid pension scheme*

A quantitative sensitivity analysis for significant assumptions as at December 31, 2023 is as shown below:

	Discount rate		**Future salary increases**	
	1% p.a. increase	**1% p.a. decrease**	**1% p.a. increase**	**1% p.a. decrease**
Impact on hybrid pension scheme	**$(1,342)**	**$1,804**	**$22**	**$(20)**

	Life expectancy of male pensioners		**Life expectancy of female pensioners**	
	Increase by 1 year	**Decrease by 1 year**	**Increase by 1 year**	**Decrease by 1 year**
Impact on the hybrid pension scheme	**$185**	**$(174)**	**$237**	**$(241)**

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

	Discount rate		**Future salary increases**	
	1% p.a. increase	**1% p.a. decrease**	**1% p.a. increase**	**1% p.a. decrease**
Impact on hybrid pension scheme	$(1,103)	$1,602	$33	$(31)

	Life expectancy of male pensioners		**Life expectancy of female pensioners**	
	Increase by 1 year	**Decrease by 1 year**	**Increase by 1 year**	**Decrease by 1 year**
Impact on the hybrid pension scheme	$176	$(173)	$249	$(241)

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

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

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Sensitivity analysis and liability profile…*continued*

(b) *Hybrid pension scheme…continued*

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

	2023	2022
Within the next 12 months	**$1,251**	$1,253
Between 1 and 2 years	**1,267**	1,249
Between 2 and 5 years	**4,036**	4,114
Over 5 years	**7,232**	7,215

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

Active members	**27.06%** (2022: 27.65%)
Additional Voluntary Contributions	**7.22%** (2022: 7.61%)
Pensioners	**65.72%** (2022: 64.74%)

The weighted average duration of the hybrid pension scheme was 7.71 years (2022: 6.72 years).

100% (2022: 100%) of the benefits for active members were vested, 1.19% (2022: 1.79%) of the hybrid pension scheme for active members is conditional on future salary increases.

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

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

Post-retirement medical plan

Changes to the medical obligation are determined as follows:

		Pension charged to profit & loss			Remeasurement (gains)/losses in OCI				
	1-Jan-23	Current Service Cost	Net interest cost	Sub-total included in profit or loss	Experience adjustments	Net gain from change in financial & demographic assumptions	Sub-total included in OCI	Premiums paid by the bank	31-Dec-23
Medical obligation	**$3,012**	$73	$248	$321	$(143)	$-	$(143)	$(185)	**$3,005**

		Pension charged to profit & loss			Remeasurement (gains)/losses in OCI				
	1-Jan-22	Current Service Cost	Net interest cost	Sub-total included in profit or loss	Experience adjustments	Net gain from change in financial & demographic assumptions	Sub-total included in OCI	Premiums paid by the bank	31-Dec-22
Medical obligation	$2,481	$67	$205	$272	$418	$-	$418	$(159)	$3,012

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

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Post-Retirement Medical Plan…*continued*

Principal actuarial assumptions

The principal actuarial assumptions used for accounting purposes are:

	Post-employment medical obligation	
	2023	2022
Discount rate	**8.30%**	8.30%
Medical cost increase	**4.00%**	4.00%

Mortality rate

Assumptions regarding future mortality experience are set based on actuarial advice, based on published statistics and experience. The same assumptions used for the pension plans regarding mortality rates were used for the medical plan.

An increase of 1 year in the assumed life expectancies would increase the medical obligation at the reporting date by $75 (2022: $73).

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at December 31, 2023 is as shown below:

	Discount rate		Medical cost increases	
	1% p.a. increase	**1% p.a. decrease**	**1% p.a. increase**	**1% p.a. decrease**
Impact on medical obligation	**$(287)**	**$341**	**$354**	**$(301)**

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

	Discount rate		Medical cost increases	
	1% p.a. increase	**1% p.a. decrease**	**1% p.a. increase**	**1% p.a. decrease**
Impact on medical obligation	$(291)	$347	$360	$(305)

The expected contributions to be made to the post-retirement medical obligation within the next twelve months is $186 (2022: $162).

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

NOTE 17 – POST-EMPLOYMENT OBLIGATIONS…*continued*

Post-retirement medical plan…*continued*

Liability profile

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

Active members	**28%** (2022: 27%)
Pensioners	**72%** (2022: 73%)

The weighted average duration of the post-retirement medical obligation was 10.45 years (2022: 10.58 years).

74% (2021: 64%) of the benefits of active members were vested.

NOTE 18 – BORROWINGS

The accounting policy for borrowings is as defined at Note 14.

It is the Bank's policy to limit borrowing and guarantees chargeable to the Bank's Ordinary Capital Resources to 100% of the callable capital of its investment grade non-borrowing members plus the paid in capital and retained earnings less receivables from members (cash reserves).

The aggregate fair values are based on discounted cash flow models using a current yield curve appropriate for the remaining term to maturity, similar terms and credit risk.

As at December 31, 2023, the ratio of total outstanding borrowings and undrawn commitments of $1,143,752 (2022: $1,192,828) to the borrowing limit of $1,534,632 (2022: $1,493,212) was 74.5% (2022: 79.9%).

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

NOTE 18 – BORROWINGS...*continued*

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

	2023						
	Original amounts[1/]	**Translation adjustments & other**	**Repayments to date**	**Fair value hedge adjustment**	**Undrawn**	**Outstanding**	**Due dates**
Short term Borrowing							
Line of credit	**$78,000**	**$-**	**$-**		**$(53,000)**	**$25,000**	**2024**
CDB Market Borrowings							
4.35% Notes – Yen	$60,000	$(14,098)	$-	$-	$-	$45,902	**2030**
4.375% Bonds – US$	300,000	-	(60,000)	119	-	240,119	**2027**
2.55% Notes - US$	100,000	-	-	-	-	100,000	**2041**
2.50%Notes - US$	50,000	-	-	-	-	50,000	**2043**
0.297% Bonds – CHF	151,341	20,991	-	1,909	-	174,241	**2028**
0.875% Notes – EUR	275,550	419	-	(10,712)	-	265,257	**2039**
Unamortised transaction costs	(19,978)	766	-	-	-	(19,212)	
	$916,913	**8,078**	**(60,000)**	**(8,684)**	**-**	**856,307**	
European Investment Bank							
Global Loan 111 – US$	34,857	-	(34,857)	-	-	-	**2023**
Climate Action Credit I– US$	65,320	-	(16,888)	-	-	48,432	**2032/2033**
Climate Action Credit II– US$	115,701	-	(8,131)	-	(76,671)	30,899	**2033**
Unamortised transaction costs	(201)	201	-	-	-	-	
	$215,677	**$201**	**$(59,876)**	**-**	**$(76,671)**	**$79,331**	

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

NOTE 18 – BORROWINGS…*continued*

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

	2023						
	Original amounts[1/]	**Translation adjustments & other**	**Repayments to date**	**Fair value hedge adjustment**	**Undrawn**	**Outstanding**	**Due dates**
Inter-American Development Bank							
Loan 2798/BL-RG	14,000	-	(2,767)	-	-	11,233	**2043**
Loan 3561/OC – RG	20,000	-	-	-	-	20,000	**2037**
	34,000	-	**(2,767)**	-	-	**31,233**	
Agence Francaise de Developpement	33,000	-	(14,438)	-	-	18,562	**2028**
Unamortised transaction costs	-	(150)	-	-	-	(150)	
	33,000	**(150)**	**(14,438)**	**-**	**-**	**18,412**	
Sub-total	**$1,277,590**	**8,129**	**(137,081)**	**(8,684)**	**(129,671)**	**$1,010,283**	
Accrued interest	**-**	**-**	**-**	**-**	**-**	**3,798**	
Total – December 31	**$1,277,590**	**$8,129**	**$(137,081)**	**$(8,684)**	**$(129,671)**	**$1,014,081**	

[1]/ Net of cancellations and borrowings fully paid.

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

NOTE 18 – BORROWINGS...*continued*

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

	2022						
	Original amounts[1/]	Translation adjustments & other	Repayments to date	Fair value hedge adjustment[2/]	Undrawn	Outstanding	Due dates
Short term Borrowing							
Line of credit	**$78,000**	**$-**	**$-**	**$-**	**$(53,000)**	**$25,000**	2023
CDB Market Borrowings							
4.35% Notes – Yen	$60,000	$(10,851)	$-	$-	$-	$49,149	2030
2.75% Notes – Yen	100,000	644	(100,644)	-	-	-	2022
4.375% Bonds – US$	300,000	-	-	(955)	-	299,045	2027
2.55% Notes - US$	100,000	-	-	-	-	100,000	2041
2.50%Notes - US$	50,000	-	-	-	-	50,000	2043
0.297% Bonds – CHF	151,341	5,823	-	(2,154)	-	155,010	2028
0.875% Notes – EUR	275,550	(8,627)	-	(12,254)	-	254,669	2039
Unamortised transaction costs	(21,982)	2,004	-	-	-	(19,978)	
Unamortised currency swap	220	-	-	(220)	-	-	
	$1,015,129	**$(11,007)**	**$(100,644)**	**$(15,583)**	**$-**	**$887,895**	
European Investment Bank							
Global Loan 111 – US$	34,857	-	(31,537)	-	-	3,320	2023
Climate Action Credit I– US$	65,320	-	(11,468)	-	-	53,852	2032/2033
Climate Action Credit II– US$	115,701	-	(4,879)	-	(76,671)	34,151	2033
Unamortised transaction costs	(201)	-	-	-	-	(201)	
	$215,677	**$-**	**$ (47,884)**	**$-**	**$(76,671)**	**$91,122**	

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

NOTE 18 – BORROWINGS…*continued*

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

	2022						
	Original amounts[1/]	Translation adjustments & other	Repayments to date	Fair value hedge adjustment[2/]	Undrawn	Outstanding	Due dates
Inter-American Development Bank							
Loan 2798/BL-RG	14,000	-	(1,881)	-	(416)	11,703	2043
Loan 3561/OC – RG	20,000	-	-	-	(11,984)	8,016	2037
	34,000	-	(1,881)	-	(12,400)	19,719	
Agence Francaise de Developpement	33,000	-	(10,312)	-	-	22,688	2028
Sub-total	1,375,806	(11,007)	(160,721)	(15,583)	(142,071)	1,046,424	
Accrued interest	-	-	-	-	-	4,333	
Total – December 31	$1,375,806	$(11,007)	$(160,721)	$(15,583)	$(142,071)	$1,050,757	

1/ Net of cancellations and borrowings fully paid.
2/ Includes the final portion of the unwinding of previously terminated fair value hedges $220.

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

NOTE 18 – BORROWINGS…*continued*

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

2023

Currencies Repayable	Outstanding at December 2022	Translation adjustment	Fair value hedge adjustment	Draw-downs	Net interest expense / paid	Repayments	Outstanding at December 2023
United States Dollars	$607,775	$-	$1,074	$37,401	$-	$(102,003)	$544,247
Swiss Francs	155,010	15,167	4,064	-	-	-	174,241
Euro	254,669	9,045	1,542	-	-	-	265,256
Japanese Yen	49,149	(3,248)	-	-	-	-	45,901
Sub-total	1,066,603	20,964	6,680	37,401	-		1,029,645
Amortised borrowing costs	(20,179)	(437)	-	1,254	-	-	(19,362)
Accrued interest	4,333	-		-	(535)	-	3,798
Total – December 31	$1,050,757	$20,527	$6,680	$38,655	$(535)	$(102,003)	$1,014,081

2022

Currencies Repayable	Outstanding at December 2021	Translation adjustment	Fair value hedge adjustment[1]	Draw-downs	Net interest expense / paid	Repayments	Outstanding at December 2022
United States Dollars	$599,482	$-	$(955)	$25,892	$-	$(16,644)	$607,775
Swiss Francs	158,852	(1,688)	(2,154)	-	-	-	155,010
Euro	282,965	(16,042)	(12,254)	-	-	-	254,669
Japanese Yen	165,038	(15,025)	(220)	-	-	(100,644)	49,149
Sub-total	1,206,337	(32,755)	(15,583)	25,892	-	(117,288)	1,066,603
Amortised borrowing costs	(22,202)	768	-	1,255	-	-	(20,179)
Accrued interest	6,421	-	-	-	(2,088)	-	4,333
Total – December 31	$1,190,556	$(31,987)	$(15,583)	$27,147	$(2,088)	$(117,288)	$1,050,757

1/Includes the final portion of the unwinding of previously terminated fair value hedges (2022: $220).

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

NOTE 18 – BORROWINGS…*continued*

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

	2023	2022
Current	**$103,420**	$132,264
Non-current	**910,661**	918,493
	$1,014,081	$1,050,757

The most recent credit ratings are as follows:

	Credit Rating	Last Updated
Moody's Ratings	Long-Term Issuer Default Rating (IDR) - 'Aa1' Stable outlook.	10-Aug-23
S&P Global Ratings	Long-Term IDR - 'AA+' Short-Term IDR - 'A-1+' Stable outlook	14-Dec-23
Fitch Ratings	Long-Term IDR - 'AA+' Stable outlook	Note 27

NOTE 19 – EQUITY

Equity is comprised of capital stock, retained earnings and reserves.

The capital stock of the Bank was initially expressed in terms of United States dollars of the weight and fineness in effect on September 1, 1969 ("the 1969 dollar"). However, with effect from April 1, 1978, the Second Amendment to the Articles of Agreement of the International Monetary Fund came into force, as a result of which currencies no longer have par values in terms of gold.

Prior to December 1986, the Bank had not taken a decision on the implications of this change on the valuation of its capital stock and had translated its capital stock into current United States dollars at the rate of 1.206348 current United States dollars ("current dollars") per 1969 dollar. On December 11, 1986, the Board of Directors of the Bank agreed that, until such time as the Charter may be amended in respect of the standard of value, the expression "United States dollars of the weight and fineness in effect on September 1, 1969" be interpreted, pursuant to Article 59 of the Charter, to mean the "Special Drawing Right" (SDR) introduced by the International Monetary Fund as the SDR was valued in terms of United States dollars immediately before the introduction of the basket method of valuing the SDR on July 1, 1974, such value being 1.206348 current dollars for one SDR as at June 30, 1974 ("the 1974 SDR").

NOTE 19 – EQUITY…*continued*

For the purposes of the financial statements, the Bank has expressed the value of its capital stock on the basis of the 1974 SDR.

The Bank's capital stock is divided into paid-in shares and callable shares. Payment of the amount subscribed to the callable capital is subject to call by the Bank to meet its obligations as and when required by the Bank subject to certain conditions. Payment for paid-in shares subscribed by its members is made over six (6) annual instalments. Of each installment, up to 50 percent is payable in non-negotiable, non-interest-bearing promissory notes or other obligations issued by the subscribing member and payable at their par value upon demand. Subscriptions that are not yet payable are presented as subscriptions not yet matured. Amounts paid in advance of the due dates by members are treated as a liability and classified as subscriptions in advance.

The Charter states that payment of the amount subscribed to the callable capital is subject to call by the Bank to meet its obligations incurred pursuant to Article 7, paragraph 6 taking into account paragraphs (b) and (d) of Article 13 on borrowings of funds or on guarantees, only as and when required by the Bank.

The Charter also allows for a member country to withdraw from the Bank, at which time the Bank is required to arrange for the repurchase of the former member's shares. There has been only one occurrence of membership withdrawal in the Bank's existence which occurred in 2000, and no other member has indicated to the Bank that it intends to withdraw its membership. The stability in the membership reflects the fact that the purpose of the Bank is to contribute to the harmonious economic growth and development of its BMCs individually and jointly. Moreover, there is a significant financial disincentive to withdrawing membership. The repurchase price of the shares is the value shown on the books of the Bank on the date a country ceases to be a member. However, the former member shall remain liable for direct obligations and contingent liabilities to the Bank for so long as any part of the loans or guarantees contracted before the date of withdrawal are outstanding. The Bank may partially or fully offset amounts due for shares purchased against the member's liabilities on loans and guarantees due to the Bank. Were a member to withdraw, the Bank may set the dates in respect of payments for shares repurchased. In the instance where paying a former member would have adverse consequences for the Bank's financial position, the Bank can exercise its option to defer payment until the risk has passed, and indefinitely if appropriate.

If the Bank were to terminate its operations, within six months of the termination date, all liabilities of the Bank would first be settled out of the assets of the Bank and then, if necessary, out of members' callable capital, before any distribution could be made to any member country, including the withdrawing member. Management has therefore determined that members' shares are deemed to be a permanent investment in the Bank and are appropriately classified as equity.

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

NOTE 19 – EQUITY…continued

A puttable financial instrument that includes a contractual obligation for the Bank to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Bank's net assets in the event of the Bank's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Bank to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Bank over the life of the instrument.

The Bank's subscriptions matured meet these conditions and are classified as equity. Incremental costs directly attributable to the issue or redemption of the subscriptions matured are recognised directly in equity as a deduction from the proceeds or part of the acquisition cost. To date, no incremental costs were recognised in equity.

(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:

	2023	2022
Authorised capital: 312,971 shares (2022: 312,971) shares		
Subscribed capital: 279,399 shares (2022: 279,399) shares	**$1,763,656**	$1,763,656
Less callable capital: 218,050 shares (2022: 218,050) shares	**(1,375,135)**	(1,375,135)
Paid-up capital: 61,349 shares (2022: 61,349) shares	**$388,521**	$388,521
Less: Prepayment discount	**(344)**	(344)
	$388,177	$388,177

(b) There was no movement in the Bank's paid-up capital or subscriptions matured during the year. The determination of the par value of the Bank's shares is as disclosed above.

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

NOTE 19 – EQUITY…*continued*

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

2023

							Voting Power		
Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions 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	2,262
Trinidad and Tobago	48,354	17.31	291,659	227,614	64,045	64,045	48,504	17.14	2,127
Bahamas	14,258	5.10	86,001	67,115	18,886	18,886	14,408	5.09	-
Guyana	10,417	3.72	62,833	49,038	13,795	13,795	10,567	3.74	-
Colombia	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Mexico	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Venezuela	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Barbados	9,074	3.24	54,732	42,717	12,015	12,015	9,224	3.26	-
Suriname	4,166	1.49	25,128	19,627	5,501	5,501	4,316	1.53	2,805
Belize	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Dominica	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	286
Grenada	1,839	0.66	11,093	8,661	2,432	2,432	1,989	0.70	-
St. Lucia	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
St. Vincent and the Grenadines	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Antigua and Barbuda	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
St. Kitts and Nevis	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Anguilla[1/]	455	0.16	2,744	2,141	603	603			-
Montserrat[1/]	533	0.19	3,215	2,509	706	706			-
British Virgin Islands[1/]	533	0.19	3,215	2,509	706	706	2,737	0.97	-
Cayman Islands[1/]	533	0.19	3,215	2,509	706	706			8
Turks and Caicos Islands[1/]	533	0.19	3,215	2,509	706	706			-
Haiti	2,187	0.78	13,191	10,296	2,895	2,895	2,337	0.83	-
Brazil	3,118	1.12	18,807	14,687	4,120	4,120	3,268	1.15	-
	180,627	64.64	$1,089,494	$850,273	$239,221	239,221	183,477	64.84	7,488

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

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

NOTE 19 – EQUITY…*continued*

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

2023

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power No. of votes	Voting Power % of total votes	Gross[2/] Receivable from members non-negotiable Demand notes
Non-Regional States:									
Canada	26,004	9.31	$156,849	$122,408	$34,441	34,441	26,154	9.24	-
United Kingdom	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
Italy	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
Germany	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
China	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
	98,772	35.36	595,767	464,944	130,823	130,823	99,522	35.16	-
Sub-total	279,399	100.00	$1,685,261	$1,315,217	$370,044	370,044	282,999	100.00	7,488
Additional subscriptions									
China	-	-	$18,804	$14,688	$4,116	4,116	-	-	-
Colombia	-	-	1,810	905	905	905	-	-	-
Germany	-	-	12,546	9,681	2,865	2,865	-	-	-
Italy	-	-	12,546	9,681	2,865	2,865	-	-	-
Mexico	-	-	6,273	4,841	1,432	1,432	-	-	-
Venezuela	-	-	1,810	905	905	905	-	-	-
Haiti	-	-	2,639	2,060	579	579	-	-	-
Suriname	-	-	12,564	9,814	2,750	2,750	-	-	-
Brazil	-	-	9,403	7,343	2,060	2,060	-	-	-
Sub-total	-	-	78,395	59,918	18,477	18,477	-	-	-
Prepayment discount	-	-	-	-	-	(344)	-	-	-
Total - December 31	**279,399**	**100.00**	**$1,763,656**	**$1,375,135**	**$388,521**	**$388,177**	**282,999**	**100.00**	**7,488**

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

NOTE 19 – EQUITY…*continued*

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

2022

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power: No. of votes	Voting Power: % of total votes	Gross[2/] Receivable from members non-negotiable demand notes
Regional States and Territories:									
Jamaica	48,354	17.31	$291,659	$227,614	$64,045	64,045	48,504	17.14	4,593
Trinidad and Tobago	48,354	17.31	291,659	227,614	64,045	64,045	48,504	17.14	6,401
Bahamas	14,258	5.10	86,001	67,115	18,886	18,886	14,408	5.09	-
Guyana	10,417	3.72	62,833	49,038	13,795	13,795	10,567	3.74	-
Colombia	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Mexico	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Venezuela	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Barbados	9,074	3.24	54,732	42,717	12,015	12,015	9,224	3.26	-
Suriname	4,166	1.49	25,128	19,627	5,501	5,501	4,316	1.53	2,805
Belize	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Dominica	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	286
Grenada	1,839	0.66	11,093	8,661	2,432	2,432	1,989	0.70	-
St. Lucia	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
St. Vincent and the Grenadines	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Antigua and Barbuda	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
St. Kitts and Nevis	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Anguilla[1/]	455	0.16	2,744	2,141	603	603			-
Montserrat[1/]	533	0.19	3,215	2,509	706	706			-
British Virgin Islands[1/]	533	0.19	3,215	2,509	706	706	2,737	0.97	-
Cayman Islands[1/]	533	0.19	3,215	2,509	706	706			8
Turks and Caicos Islands[1/]	533	0.19	3,215	2,509	706	706			-
Haiti	2,187	0.78	13,191	10,296	2,895	2,895	2,337	0.83	-
Brazil	3,118	1.12	18,807	14,687	4,120	4,120	3,268	1.15	-
	180,627	64.64	1,089,494	850,273	239,221	239,221	183,477	64.84	14,093

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

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

NOTE 19 – EQUITY…*continued*

2022

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power: No. of votes	Voting Power: % of total votes	Gross[2/] Receivable from members non-negotiable Demand notes
Non-Regional States:									
Canada	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
United Kingdom	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
Italy	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
Germany	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
China	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
	98,772	35.36	595,767	464,944	130,823	130,823	99,522	35.16	-
Sub-total	279,399	100.00	1,685,261	1,315,217	370,044	370,044	282,999	100.00	14,093
Additional subscriptions									
China	-	-	18,804	14,688	4,116	4,116	-	-	-
Colombia	-	-	1,810	905	905	905	-	-	-
Germany	-	-	12,546	9,681	2,865	2,865	-	-	-
Italy	-	-	12,546	9,681	2,865	2,865	-	-	-
Mexico	-	-	6,273	4,841	1,432	1,432	-	-	-
Venezuela	-	-	1,810	905	905	905	-	-	-
Haiti	-	-	2,639	2,060	579	579	-	-	-
Suriname	-	-	12,564	9,814	2,750	2,750	-	-	-
Brazil	-	-	9,403	7,343	2,060	2,060	-	-	-
Sub-total	-	-	78,395	59,918	18,477	18,477	-	-	-
Prepayment discount	-	-	-	-	-	(344)	-	-	-
Total - December 31	**279,399**	**100.00**	**$1,763,656**	**$1,375,135**	**$388,521**	**$388,177**	**282,999**	**100.00**	**14,093**

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

NOTE 19 – EQUITY*…continued*

(d) Prepayment discounts

The Board of Governors of the Bank approved a "Variation of conditions of subscription of shares to permit a discount for prepayment" policy. The provision of this policy is that members are entitled to a discount from the Bank for prepayment of an instalment or part thereof (including those members which have already made prepayments) only if the prepayment is received more than three months prior to the date of the scheduled General Capital Increase (GCI) payments. The discount is computed based on a present value methodology and is disclosed as a charge against equity. During the year, no discounts were provided to members. The cumulative discount provided to date is $344 (2022: $344).

(e) Retained earnings and reserves

Retained earnings and reserves is comprised of:

	2023	2022
Opening retained earnings and reserves	**$457,876**	$561,176
Net income/(loss) for the year	**11,958**	(71,913)
Actuarial gain	**3,783**	13,938
Net change in fair value reserve	**16,665**	(48,665)
Revaluation reserve	**-**	3,550
Cost of hedging reserve	**(553)**	(210)
	$489,729	$457,876

(f) Post-employment obligations reserve

The post-employment obligations reserve comprises various gains/(losses) arising from the actuarial valuation where actual performance results differ from projected results due to changes in assumptions and in differences between actual investment returns and assumed returns from the previous year's calculations. These differences are classified as experience gains/(losses). A reconciliation of the cumulative loss of $993 (2022: $4,776) is shown in the statement of changes in equity.

NOTE 19 – EQUITY…*continued*

(g) Fair value reserves

The Bank's debt securities are classified as fair value through other comprehensive income (FVOCI). As a result, all fair value gains or losses are accounted for through a fair value reserve in equity. As at December 31, 2023, the cumulative fair value reserve amounted to a loss of $38,144 (2022: $54,809). An unrealised gain of $16,665 was recorded as at December 31, 2023 (2022: Loss of $48,665) as a result of changes in the fair value of debt securities. For securities which were sold or which matured during the year, a fair value loss of $1,240 (2022: $136) was reclassified to realised fair value (gains)/losses included in 'Operating expense' in the statement of comprehensive income.

(h) Other reserves

Special reserve
In accordance with Article 18 of the Charter, commissions and guarantee fees received on loans made from OCR are required to be set aside in a Special Reserve which shall be kept for meeting liabilities of the Bank. The assets of the Special Reserve are to be held in such liquid form as the BOD may decide.

At the One Hundred and Nineteenth Meeting of the Board of Directors held on July 21, 1988, the Board decided that appropriations to the Special Reserve should be discontinued with effect from January 1, 1989. Pursuant thereto, no commission is charged on loans approved after January 1, 1989, and all amounts received after that date as commission on loans approved before that date are treated as interest and accounted for as such. During 1993, the Special Reserve was converted into United States dollars and is valued at $6,254 (2022: $6,254).

Revaluation surplus
The Bank's revaluation surplus arises on the increase in the fair value of the Land owned upon the assessment of an independent valuer. As at December 31, 2023 and 2022, the cumulative revaluation surplus amounted to $3,550 as no gains/losses were recorded during the financial year.

Cost of hedging reserve
The Bank's cost of hedging reserve relates to the cross-currency basis adjustment on its cross-currency interest rate swaps. A net loss of $553 (2022: $210) was recorded as at December 31, 2023 related to CHF (Gain - $1,209) and EUR (Loss - $1,762) swaps.

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

NOTE 20 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES

Interest income and expense
Interest income and expense are recognised in the statement of comprehensive income using the effective interest method.

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

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

(a) Interest and similar income

Interest income earned from loans outstanding and debt securities at FVOCI was as follows:

	2023	2022
Loans outstanding – amortised cost		
Interest income	**$66,400**	$50,970
Other fees and charges	**3,833**	5,584
Income from loans and receivables	**70,233**	56,554
Debt securities - FVOCI		
Bonds	**7,820**	7,054
US Treasuries	**639**	195
Time deposits	**2,237**	497
Management fees	**(52)**	(55)
Cash and cash equivalents		
Cash	**647**	(58)
Cash collateral balance	**92**	143
Interest and similar income	**$81,616**	$64,330

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

NOTE 20 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES…*continued*

(a) Interest and similar income…*continued*

Interest income earned under the effective interest method was as follows:

	2023	2022
Loans outstanding – amortised cost		
Interest income	**$66,400**	$50,970
Debt securities - FVOCI		
Bonds	**7,820**	7,054
US Treasuries	**639**	195
Time deposits	**2,237**	497
	$77,096	$58,716

(b) Interest expense and similar charges

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

	2023	2022
Financial liabilities carried at amortised cost (borrowings)		
Gross interest expense	**$ 26,826**	$27,071
Other finance charges	**2,645**	1,668
Borrowings	**$29,471**	$28,739
Financial assets at fair value through profit or loss (derivatives)		
Interest income from derivative financial instruments	**$(17,990)**	$(11,893)
Interest expense from derivative financial instruments	**49,251**	23,433
Adjustment – hedge accounting	**(18,513)**	(4,245)
Net interest expense from derivatives	**$12,748**	$7,295
Interest expense and similar charges	**$42,219**	$36,034

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

NOTE 21 – OPERATING EXPENSE

Administrative expenses
Administrative expenses incurred by the Bank are allocated to the OCR and the SFR in accordance with a methodology approved by the Board of Directors.

Other operating expenses
Other operating expenses result from realized fair value losses/gains on debt securities at fair value through OCI and foreign exchange losses/gains as a result of daily transactions.

Operating expenses are broken down as follows:

	2023	2022
Net realised fair value losses	**$-**	$136
Foreign exchange translation	**(1,704)**	(6,036)
Administrative expenses:		
Employee related	**10,853**	10,526
Professional fees and consultancies	**1,542**	1,054
Travel	**1,034**	618
Depreciation	**2,737**	740
Other expenses	**498**	337
Utilities and maintenance	**413**	429
Training and seminars	**204**	187
Supplies and printing	**20**	17
Board of Governors and Directors	**204**	390
Computer services	**1,105**	1,182
Communications	**476**	330
Bank charges	**125**	87
Insurance	**52**	52
Revaluation deficit	**-**	35
	$17,559	$10,084

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

NOTE 21 – OPERATING EXPENSE…*continued*

Employee costs charged to the OCR were as follows:

	2023	2022
Salaries and allowances	**$7,501**	$6,668
Pension costs – hybrid scheme[1/]	**161**	99
Pension costs – defined benefit plan[1/]	**2,037**	2,884
Medical costs	**258**	274
Other benefits	**896**	601
	$10,853	$10,526

[1/]This represents the allocation of the net pension costs to the OCR. The full pension expense for the hybrid scheme amounted to $374 (2022: $270), for the defined benefit new pension plan it amounted to $4,731(2022: $6,677) and for the medical plan it was $321(2022: $272).

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

NOTE 22 – IMPAIRMENT (RECOVERY)/CHARGE (ECL)

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

	2023			
	Stage 1 12month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Impaired**	**Total**
Loans outstanding	**$(2,417)**	**$(99)**	**$(41)**	**$(2,557)**
Debt Securities	**(8)**	**-**	**-**	**(8)**
Receivables	**-**	**-**	**(68)**	**(68)**
Receivable from members				
Non-negotiable demand notes	**(120)**	**-**	**-**	**(120)**
Maintenance of value on currency holdings	**-**	**-**	**-**	**-**
Subscription in arrears	**(56)**	**-**	**-**	**(56)**
Total impairment (recovery)/charge	**$(2,601)**	**$(99)**	**$(109)**	**$(2,809)**

	2022			
	Stage 1 12month ECL	Stage 2 Lifetime ECL	Stage 3 Impaired	Total
Loans outstanding	$(245)	$22	$-	$(223)
Debt Securities	(2)	(2)	-	(4)
Receivables	-	-	(142)	(142)
Receivable from members				
Non-negotiable demand notes	(3)	-	-	(3)
Maintenance of value on currency holdings	-	-	-	-
Subscription in arrears	67	-	-	67
Total impairment (recovery)/charge	$(183)	$20	$(142)	$(305)

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

NOTE 23 – ALLOCATION FROM NET INCOME

In accordance with Article 39 of the Charter, the Board of Governors shall determine at least annually the disposition of the net income of the Bank arising from its OCR ("operating income"). The OCR net income is typically allocated to the Ordinary Reserves. These reserves are available to meet possible future losses on loans and guarantees made by the Bank in its Ordinary operations and possible future losses from currency devaluations.

NOTE 24 – DERIVATIVE AND FOREIGN DENOMINATED BORROWING ADJUSTMENTS

The revaluation of the derivative financial instruments (cross currency and interest rate swaps) gave rise to a gain of $10,591 (2022: loss of $132,513). This was offset by the cross-currency basis adjustment of $553 (2022: $210) which was recorded in the cost of hedging reserve. The foreign exchange effect thereon was $(20,527) (2022: $24,048). The fair value adjustment as a result of the application of hedge accounting was $(6,680) (2022: $15,364).

NOTE 25 – RELATED PARTY TRANSACTIONS

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

	2023	2022
Balance at January 1	**$24,223**	$12,907
Advances	**22,307**	49,951
Allocation of administrative expenses	**25,474**	20,335
Repayments	**(47,494)**	(58,970)
Inter-fund receivable December 31	**$24,510**	$24,223

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.

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

NOTE 25 – RELATED PARTY TRANSACTIONS…*continued*

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

The composition of the balances (*included in "Receivables and prepaid assets")* as at December 31 was as follows:

	2023	2022
Due from SDF	**$8,876**	$16,008
Due from OSF	**$10,159**	$4,545
Due from Pension schemes	**$5,478**	$3,670
Due to Others	**$(3)**	$-
	$24,510	$24,223

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

	2023	2022
Salaries, benefits and allowances	**$2,799**	$3,035
	$2,799	$3,035

(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 $54 in interest (2022: $240) was received from the OSF on behalf of the borrowers. The fund balance is included in Receivable and prepaid assets in the statement of financial position.

NOTE 26 – COMMITMENTS AND GUARANTEES

Legal claims are recognised when the Bank has a present legal or constructive obligation as a result of past events, and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The Bank recognises no provisions for future operating expenses.

Commitments
The Bank's commitments are represented by loan disbursement obligations to its borrowers up to the approved amount of these loans (*Note 3(c)(iii) and Note 10)*.

Guarantees
Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

At its two hundred and forty-ninth meeting held on December 8, 2011, the Bank issued a guarantee in an amount not exceeding the equivalent of $12 million with respect to Bonds issued by the Government of St. Kitts and Nevis (GOSKN) on a rolling, re-instatable and non-accelerable basis.

The guarantee contains a Counter Guarantee and Indemnity clause whereby the GOSKN undertakes irrevocably, and unconditionally agrees to reimburse the Bank for any amount paid under the guarantee together with interest and other charges at a rate specified by the Bank. Where reimbursement to the Bank is not made (in whole or in part) within a period of 90 days of such amounts being paid the Bank such unreimbursed amounts shall be converted to a loan due by the GOSKN to the Bank's OCR.

NOTE 27 – SUBSEQUENT EVENTS

On February 21, 2024 Fitch Ratings affirmed the Bank's Long-Term IDR of 'AA+' with a stable outlook.

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 **Special Development Fund** ("the Fund") of the **Caribbean Development Bank** ("the Bank"), which comprise the statement of financial position as of 31 December 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as of 31 December 2023 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 Bank in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 2023 Annual Report
Management is responsible for the other information. Other information consists of *Management's Discussion and Analysis* included in the Bank's 2023 Annual Report but does not include the financial statements and our auditor's report thereon.

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

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

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INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

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.

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)

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

We communicate with the Oversight and Assurance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

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 26 January 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
19 March 2024

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	2023			2022		
	Unified	**Other**	**Total**	Unified	Other	Total
Assets						
Cash and cash equivalents – Note 3	**$34,467**	**$6,339**	**$40,806**	$18,584	$4,540	$23,124
Debt securities at fair value through profit or loss (Schedule 1)	**254,720**	**16,593**	**271,313**	258,885	17,027	275,912
Loans outstanding (Schedule 2)	**628,181**	**17,719**	**645,900**	630,365	19,251	649,616
Accounts receivable	**232**	**-**	**232**	202	-	202
	917,600	**40,651**	**958,251**	908,036	40,818	948,854
Receivable from contributors						
Non-negotiable demand notes (Schedule 3)	**86,366**	**-**	**86,366**	85,245	-	85,245
Contribution in arrears	**32,548**	**-**	**32,548**	14,859	-	14,859
	118,914	**-**	**118,914**	100,104	-	100,104
Total assets	**$1,036,514**	**$40,651**	**$1,077,165**	$1,008,140	$40,818	$1,048,958
Liabilities and Funds						
Accounts payable – Note 9	**$56,682**	**$2,152**	**$58,834**	$54,013	$1,779	$55,792
Subscriptions in advance	**443**	**-**	**443**	1,330	-	1,330
	$57,125	**$2,152**	**$59,277**	$55,343	$1,779	$57,122

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF FINANCIAL POSITION…*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	2023			2022		
	Unified	**Other**	**Total**	Unified	Other	Total
Funds – Note 5						
Contributed resources (Schedule 3)						
Contributions	**$1,491,756**	**$38,121**	**$1,529,877**	$1,419,670	$38,046	$1,457,716
Less amounts not yet made Available	**(41,614)**	**-**	**(41,614)**	(18,347)	-	(18,347)
Amounts made available	**1,450,142**	**38,121**	**1,488,263**	1,401,323	38,046	1,439,369
Allocation to technical assistance and grant resources	**(673,600)**	**(10,000)**	**(683,600)**	(640,600)	(10,000)	(650,600)
	776,542	**28,121**	**804,663**	760,723	28,046	788,769
Accumulated net income (Schedule 4)	**39,534**	**9,453**	**48,987**	34,734	10,068	44,802
Technical assistance and grant resources – Note 7	**163,313**	**925**	**164,238**	157,340	925	158,265
	979,389	**38,499**	**1,017,888**	952,797	39,039	991,836
Total liabilities and funds	**$1,036,514**	**$40,651**	**$1,077,165**	$1,008,140	$40,818	$1,048,958

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, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	2023			2022		
	Unified	**Other**	**Total**	Unified	Other	Total
Interest and similar income						
Loans	**$12,498**	**$270**	**$12,768**	$12,694	$299	$12,993
Investments and cash balances	**6,127**	**209**	**6,336**	4,911	218	5,129
	18,625	**479**	**19,104**	17,605	517	18,122
Net realised and unrealised gains/(losses) on investments	**7,855**	**542**	**8,397**	(23,139)	(1,014)	(24,153)
	26,480	**1,021**	**27,501**	(5,534)	(497)	(6,031)
Expenses						
Administrative expenses	**20,482**	**1,543**	**22,025**	16,999	1,252	18,251
Foreign exchange translation	**1,198**	**93**	**1,291**	(570)	(396)	(966)
	21,680	**1,636**	**23,316**	16,429	856	17,285
Total comprehensive income /(loss) for the Year	**$4,800**	**$(615)**	**$4,185**	$(21,963)	$(1,353)	$(23,316)
Accumulated net income						
Accumulated net income – beginning of year	**$34,734**	**$10,068**	**$44,802**	$56,697	$11,421	$68,118
Total comprehensive income/(loss) for the year	**4,800**	**(615)**	**4,185**	(21,963)	(1,353)	(23,316)
Accumulated net income – end of year	**$39,534**	**$9,453**	**$48,987**	$34,734	$10,068	$44,802

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)
STATEMENT OF CASH FLOWS
For the year ended December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	2023	2022
Operating activities		
Total comprehensive income/(loss) for the year	**$4,800**	$(21,963)
Adjustments for non-cash items		
Unrealised (gain)/loss on debt securities at fair value through profit or loss	**(7,845)**	23,090
Interest income	**(18,625)**	(17,605)
Unrealised net foreign exchange loss/(gain)	**1,413**	(1,869)
Total cash flows used in operating activities before changes in operating assets and liabilities	**(20,257)**	(18,347)
Changes in operating assets and liabilities		
Increase in accounts receivable	**(30)**	(3)
Increase/(decrease) in accounts payable	**2,669**	(4,916)
Cash used in operating activities	**(17,618)**	(23,266)
Disbursements on loans	**(35,763)**	(47,937)
Principal repayments to the Bank on loans	**37,883**	35,850
Interest received	**18,815**	17,640
Net decrease in debt securities at fair value through profit or loss	**11,884**	1,078
Technical assistance disbursements	**(17,027)**	(14,312)
Net cash used in operating activities	**(1,826)**	(30,947)
Financing activities		
Increase in contributions to be on-lent to BMCs	**14,406**	8,668
Increase in receivables from contributors	**(18,810)**	(1,659)
Decrease in subscriptions in advance	**(887)**	-
Technical assistance allocation	**23,000**	22,999
Net cash provided by financing activities	**17,709**	30,008
Net increase/(decrease) in cash and cash equivalents	**15,883**	(939)
Cash and cash equivalents - beginning of year	**18,584**	19,523
Cash and cash equivalents - end of year	**$34,467**	$18,584

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)
STATEMENT OF CASH FLOWS...*continued*
For the year ended December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	2023	2022
Operating activities		
Total comprehensive loss for the year	**$(615)**	$(1,353)
Adjustments for non-cash items		
Unrealised (gain)/loss on debt securities at fair value through profit or loss	**(542)**	1,014
Interest income	**(479)**	(517)
Unrealised net foreign exchange loss/(gain)	**75**	(364)
Total cash flows used in operating activities before changes in operating assets and liabilities	**(1,561)**	(1,220)
Changes in operating assets and liabilities		
Increase in accounts payable	**373**	572
Cash used in operating activities	**(1,188)**	(648)
Principal repayments to the Bank on loans	**1,522**	1,150
Interest received	**488**	497
Net increase/(decrease) in debt securities at fair value through profit or loss	**977**	(5,604)
Net cash provided by/(used in) operating activities	**1,799**	(4,605)
Net increase/(decrease) in cash and cash equivalents	**1,799**	(4,605)
Cash and cash equivalents – beginning of year	**4,540**	9,145
Net cash and cash equivalents - end of year	**$6,339**	4,540

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 at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

Debt securities at fair value through profit or loss – Note 4 **SCHEDULE 1**

	2023			2022		
	Market value			**Market value**		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Government and Agency Obligations	**$144,985**	**$12,328**	**$157,313**	$140,884	$12,904	$153,788
Supranationals	**51,130**	**1,929**	**53,059**	44,944	1,885	46,829
Corporate Bonds	**57,344**	**2,285**	**59,629**	71,670	2,188	73,858
Sub-total	**253,459**	**16,542**	**270,001**	257,498	16,977	274,475
Accrued interest	**1,261**	**51**	**1,312**	1,387	50	1,437
Total – December 31	**$254,720**	**$16,593**	**$271,313**	$258,885	$17,027	$275,912

Residual term to contractual maturity

	2023	2022
One month to three months	**$6,282**	$19,626
Over three months to one year	**37,429**	18,384
From one year to five years	**157,229**	182,426
From five years to ten years	**65,122**	52,076
From ten years to twenty years	**5,251**	3,400
Total – December 31	**$271,313**	$275,912

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)
SUMMARY STATEMENT OF LOANS
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2023			
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Anguilla	$-	$-	$663	0.1
Antigua and Barbuda	-	3,947	14,928	2.4
Belize	-	32,108	83,720	13.4
British Virgin Islands	-	5,000	1,275	0.2
Dominica	-	10,218	60,265	9.6
Grenada	-	21,751	74,000	11.8
Guyana	11,440	23,270	120,652	19.3
Jamaica	30,000	4,684	70,184	11.2
Montserrat	-	-	2,625	0.4
St. Kitts and Nevis	-	76	29,484	4.7
St. Lucia	11,765	13,303	79,147	12.7
St. Vincent and the Grenadines	-	27,191	67,807	10.9
Suriname	-	3,996	14,190	2.3
Turks and Caicos Islands	-	-	392	0.1
Regional	-	2,000	5,776	0.9
Sub-total	53,205	147,544	625,108	100.0
Accrued interest	-	-	3,073	
Total – December 31	$53,205	$147,544	$628,181	

1/ There are no overdue installments of principal (2022 - nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2022				
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Anguilla	$-	$-	$849	0.1
Antigua and Barbuda	-	4,222	15,018	2.4
Bahamas	-	-	62	0.0
Belize	8,762	26,004	73,496	11.7
British Virgin Islands	-	5,000	2,191	0.3
Dominica	-	14,889	59,312	9.5
Grenada	-	26,398	74,192	11.8
Guyana	-	26,118	126,591	20.2
Jamaica	30,000	4,684	76,993	12.3
Montserrat	-	-	2,877	0.5
St. Kitts and Nevis	-	1,121	31,190	5.0
St. Lucia	3,998	7,762	79,182	12.6
St. Vincent and the Grenadines	-	32,752	65,340	10.4
Suriname	-	5,290	13,242	2.1
Turks and Caicos Islands	-	-	478	0.1
Regional	-	2,000	6,215	1.0
Sub-total	42,760	156,240	627,228	100.0
Accrued interest	-	-	3,137	
Total – December 31	$42,760	$156,240	$630,365	

1/ There are no overdue installments of principal.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2023

Member countries in which loans have been made	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Antigua and Barbuda	$-	$11,513	65.2
Belize	-	2,556	14.5
British Virgin Islands	2	1	0.0
Dominica	-	900	5.1
Grenada	-	82	0.4
Jamaica	-	100	0.6
St. Kitts and Nevis	-	1,994	11.3
St. Lucia	-	54	0.3
St. Vincent and the Grenadines	-	457	2.6
Sub-total	2	17,657	100.0
Accrued interest		62	
Total	$2	$17,719	

1/ There were no overdue installments of principal (2022 - Nil). There were no loans approved but not yet effective at December 31, 2023 (2022 – Nil).

2022

Member countries in which loans have been made	Outstanding[1/]	% of Total Loans Outstanding
Antigua and Barbuda	$11,984	62.5
Belize	2,937	15.3
Dominica	1,006	5.2
Grenada	90	0.5
Jamaica	233	1.2
St. Kitts and Nevis	2,302	12.0
St. Lucia	97	0.5
St. Vincent and the Grenadines	530	2.8
Sub-total	19,179	100.0
Accrued interest	72	
Total	$19,251	

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2023			
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Out-standing[1/]**	**% of total loans outstanding**
Special Development Fund (Unified)				
Members/Contributors	$53,205	$147,544	$625,108	100.0
Accrued interest	-	-	3,073	
Total - Special Development Fund (Unified)	$53,205	$147,544	$628,181	
Special Development Fund (Other)				
Members				
Columbia	-	2	-	-
Germany	-	-	65	0.4
Mexico	-	-	685	3.9
Venezuela	-	-	5,532	31.3
	-	2	6,282	
Other contributors				
Sweden	-	-	16	0.1
United States of America	-	-	11,359	64.3
Sub-total – SDF (Other)	-	2	17,657	100.0
Accrued interest	-	-	62	
Total – Special Development Fund (Other)	$-	$2	$17,719	
Total Special Development Fund	$53,205	$147,546	$645,900	

1/There were no overdue installments of principal (2022- nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS…*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

2022

Analysis by Contributor	Loans approved but not yet effective	Undisbursed	Out-standing[1/]	% of total loans outstanding
Special Development Fund (Unified)				
Members/Contributors	$42,760	$156,240	$627,228	100.0
Accrued interest	-	-	3,137	
Total - Special Development Fund (Unified)	$42,760	$156,240	$630,365	
Special Development Fund (Other)				
Members				
Germany	$-	$-	$72	0.4
Mexico	-	-	815	4.2
Venezuela	-	-	6,474	33.8
	-	-	7,361	
Other contributors				
Sweden	-	-	18	0.1
United States of America	-	-	11,800	61.5
Sub-total – SDF (Other)	-	-	19,179	100.0
Accrued interest	-	-	72	
Total – Special Development Fund (Other)	$-	$-	$19,251	
Total Special Development Fund	$42,760	$156,240	$649,616	

1/There were no overdue installments of principal.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2023				
Currencies Receivable	**Loans outstanding 2022**	**Net interest earned**	**Disbursements**	**Repayments**	**Loans outstanding 2023**
(a) Special Development Fund (Unified)					
United States dollars	**$627,228**	**$-**	**$35,763**	**$(37,883)**	**$625,108**
Accrued interest	**3,137**	**(64)**	**-**	**-**	**3,073**
Total – December 31	**$630,365**	**$(64)**	**$35,763**	**$(37,883)**	**$628,181**
(b) Special Development Fund (Other)					
United States dollars	**$ 19,179**	**$-**	**$-**	**$(1,522)**	**$17,657**
Accrued interest	**72**	**(10)**	**-**	**-**	**62**
Total – December 31	**$19,251**	**$(10)**	**$-**	**$(1,522)**	**$17,719**

Maturity structure of loans outstanding

January 1, 2024 to December 31, 2024	**$43,729**
January 1, 2025 to December 31, 2025	**42,136**
January 1, 2026 to December 31, 2026	**45,954**
January 1, 2027 to December 31, 2027	**45,885**
January 1, 2028 to December 31, 2028	**44,613**
January 1, 2029 to December 31, 2033	**192,072**
January 1, 2034 to December 31, 2038	**134,512**
January 1, 2039 to December 31, 2043	**81,043**
January 1, 2044 to December 31, 2048	**15,956**
Total – December 31	**$645,900**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

			2022		
Currencies Receivable	**Loans outstanding 2021**	**Net interest earned**	**Disbursements**	**Repayments**	**Loans outstanding 2022**
(c) Special Development Fund (Unified)					
United States dollars	$615,141	$ -	$ 47,937	$(35,850)	$627,228
Accrued interest	3,113	24	-	-	3,137
Total – December 31	$618,254	$24	$47,937	$(35,850)	$630,365
(d) Special Development Fund (Other)					
United States dollars	$20,329	$-	$-	$(1,150)	$ 19,179
Accrued interest	79	(7)	-	-	72
Total – December 31	$20,408	$(7)	$	$(1,150)	$19,251

Maturity structure of loans outstanding

January 1, 2023 to December 31, 2023	$42,063
January 1, 2024 to December 31, 2024	39,481
January 1, 2025 to December 31, 2025	41,072
January 1, 2026 to December 31, 2026	44,516
January 1, 2027 to December 31, 2027	44,234
January 1, 2028 to December 31, 2032	193,495
January 1, 2033 to December 31, 2037	135,371
January 1, 2038 to December 31, 2042	87,458
January 1, 2043 to December 31, 2047	21,926
Total – December 31	$649,616

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2023				
Contributors	**Total approved[1/]**	**Approved but not yet effective[2/]**	**Total contribution agreed**	**Amounts made available**	**Receivable from members non-negotiable demand notes**
Special Development Fund (Unified) Members					
Trinidad and Tobago	$68,305	$-	$68,305	$65,482	$25,635
Bahamas	39,086	-	39,086	37,278	14,908
Barbados	35,851	10,170	25,681	25,681	2,833
Brazil	5,000	-	5,000	5,000	-
Jamaica	67,818	-	67,818	64,572	19,570
Guyana	39,087	-	39,087	37,279	-
Antigua and Barbuda	5,326	2,437	2,889	2,889	777
Belize	9,861	1,773	8,088	8,088	3,788
Dominica	9,601	1,773	7,828	7,828	2,065
St. Kitts and Nevis	9,861	4,727	5,134	5,134	-
St. Lucia	9,861	-	9,861	9,418	2,263
St. Vincent and the Grenadines	9,874	-	9,874	9,431	-
Grenada	7,263	-	7,263	6,820	3,410
Montserrat	4,119	-	4,119	3,925	-
British Virgin Islands	4,119	-	4,119	3,925	-
Turks and Caicos Islands	4,119	-	4,119	4,119	-
Cayman Islands	4,019	2,679	1,340	1,340	-
Anguilla	4,119	2,074	2,045	2,045	571
Colombia	37,657	-	37,657	36,782	-
Venezuela	37,124	15,142	21,982	21,982	-
Canada	438,513	-	438,513	423,144	-
United Kingdom	309,229	-	309,229	302,545	6,684
Germany	124,162	-	124,162	120,740	1,104
Italy	71,959	-	71,959	71,959	-
China	61,632	-	61,632	59,871	-
Haiti	4,660	-	4,660	4,369	-
Suriname	15,561	7,231	8,330	8,330	2,758
Mexico	27,591	10,591	17,000	17,000	-
	1,465,377	58,597	1,406,780	1,366,976	86,366
Other contributors					
France	58,254	-	58,254	58,254	-
Chile	10	-	10	10	-
Netherlands	24,902	-	24,902	24,902	-
	1,548,543	58,597	1,489,946	1,450,142	86,366
Technical assistance allocation	(673,600)	-	(673,600)	(673,600)	-
	$874,943	$58,597	$816,346	$776,542	$86,366

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2023				
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	**$874,943**	**$58,597**	**$816,346**	**$776,542**	**$86,366**
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	2,581	-	2,581	2,581	-
	2,581	-	2,581	2,581	-
Technical Assistance Allocation	(10,000)	-	(10,000)	(10,000)	-
Sub-total – SDF - Other	28,121	-	28,121	28,121	-
Total SDF	$903,064	$58,597	$844,467	$804,663	$86,366
Summary					
Members	$817,317	$58,597	$758,720	$718,916	$86,366
Other contributors	85,747	-	85,747	85,747	-
Total SDF	$903,064	$58,597	$844,467	$804,663	$86,366

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

2022

Contributors	Total approved[1/]	Approved but not yet effective[2/]	Total contribution agreed	Amounts made available	Receivable from members non-negotiable demand notes
Special Development Fund (Unified) Members					
Trinidad and Tobago	$68,305	$-	$68,305	$63,789	$23,380
Bahamas	39,086	7,231	31,855	31,855	14,908
Barbados	35,851	10,170	25,681	25,681	2,833
Brazil	5,000	-	5,000	5,000	-
Jamaica	67,818	-	67,818	61,326	19,113
Guyana	39,087	-	39,087	34,471	-
Antigua and Barbuda	5,326	2,437	2,889	2,889	777
Belize	9,861	1,773	8,088	8,088	3,788
Dominica	9,601	1,773	7,828	7,828	2,065
St. Kitts and Nevis	9,861	4,727	5,134	5,134	-
St. Lucia	9,861	-	9,861	8,974	1,819
St. Vincent and the Grenadines	9,874	1,773	8,101	8,101	923
Grenada	7,263	-	7,263	5,933	3,853
Montserrat	4,119	778	3,341	3,341	-
British Virgin Islands	4,119	-	4,119	3,730	-
Turks and Caicos Islands	4,119	-	4,119	4,119	-
Cayman Islands	4,019	2,679	1,340	1,340	-
Anguilla	4,119	2,074	2,045	2,045	571
Colombia	37,657	-	37,657	35,324	-
Venezuela	37,125	15,142	21,983	21,983	-
Canada	396,279	-	396,279	408,153	-
United Kingdom	290,387	-	290,387	295,106	6,322
Germany	126,122	-	126,122	117,093	2,135
Italy	73,884	-	73,884	71,806	-
China	61,428	-	61,428	58,158	-
Haiti	4,660	3,100	1,560	1,560	-
Suriname	15,561	7,231	8,330	8,330	2,758
Mexico	27,591	10,591	17,000	17,000	-
	1,407,983	71,479	1,336,504	1,318,157	85,245
Other contributors					
France	58,254	-	58,254	58,254	-
Chile	10	-	10	10	-
Netherlands	24,902	-	24,902	24,902	-
	1,491,149	71,479	$1,419,670	1,401,323	85,245
Technical assistance allocation	(640,600)	-	(640,600)	(640,600)	-
	$850,549	$71,479	$779,070	$760,723	$85,245

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

2022

Contributors	Total approved 1/	Approved but not yet effective 2/	Total contribution agreed	Amounts made available 3/	Receivable from members non-negotiable demand notes
Sub-total brought forward – SDF –Unified	$850,549	$71,479	$779,070	$760,723	$85,245
Special Development Fund – Other					
Members					
Colombia	5,000	-	5,000	5,000	-
Mexico	13,067	-	13,067	13,067	-
Venezuela	17,473	-	17,473	17,473	-
	35,540	-	35,540	35,540	-
Other contributors					
Sweden	2,506	-	2,506	2,506	-
	38,046	-	38,046	38,046	-
Technical Assistance Allocation	(10,000)	-	(10,000)	(10,000)	-
Sub-total – SDF - Other	28,046	-	28,046	28,046	-
Total SDF	$878,595	$71,479	$807,116	$788,769	$85,245
Summary					
Members	$802,923	71,479	$731,444	$713,097	$85,245
Other contributors	75,672	-	75,672	75,672	-
Total SDF	$878,595	$71,479	$807,116	$788,769	$85,245

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2023				
Currencies	**Amounts made available 2022**	**Translation adjustment**	**Drawdowns/ appropriations from capital[1/]**	**Repayments**	**Amounts made available 2023**
(a) Special Development Fund (Unified)					
Euros	**$ 11,147**	**$378**	**$3,422**	**$-**	**$14,947**
Pounds sterling	**18,061**	**1,035**	**-**	**-**	**19,096**
United States dollar	**731,515**	**-**	**10,984**	**-**	**742,499**
	$760,723	**$1,413**	**$14,406**	**$-**	**$776,542**
(b) Special Development Fund (Other)					
Swedish krona	**$ 2,506**	**$75**	**$-**	**$-**	**$2,581**
United States dollars	**25,540**	**$-**	**$-**	**$-**	**25,540**
	$28,046	**$75**	**$-**	**$-**	**$28,121**

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

2022

Currencies	Amounts made available 2021	Translation adjustment	Drawdowns/ appropriations from capital[1/]	Repayments	Amounts made available 2022
(c) Special Development Fund (Unified)					
Euros	$ 8,308	$(471)	$3,310	$-	$ 11,147
Pounds sterling	13,138	(1,398)	6,321	-	18,061
United States dollar	732,478	-	(963)	-	731,515
	$753,924	$(1,869)	$8,668	$-	$760,723
(d) Special Development Fund (Other)					
Swedish krona	$2,870	(364)	$-	$-	$ 2,506
United States dollars	25,540	-	-	-	25,540
	$28,410	$(364)	$-	$-	$28,046

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF ACCUMULATED NET INCOME
For the year ended December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 4

2023			
Contributors	**Brought forward 2022**	**Net income 2023**	**Carried forward 2023**
Special Development Fund (Unified)	**$34,734**	**$4,800**	**$39,534**
Special Development Fund (Other)			
Members			
Colombia	987	202	1,189
Germany	(2,046)	(196)	(2,242)
Mexico	(117)	(78)	(195)
Venezuela	(1,636)	(296)	(1,932)
	$(2,812)	$(368)	$(3,180)
Other contributors			
Sweden	$1,822	(131)	1,691
United States of America	11,058	(116)	10,942
	12,880	(247)	12,633
Sub-total – SDF - Other	10,068	(615)	9,453
Total Special Development Fund	$44,802	$4,185	$48,987
Summary			
Members	$31,922	$4,432	$36,354
Other contributors	12,880	(247)	12,633
Total Special Development Fund	$44,802	$4,185	$48,987

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF ACCUMULATED NET INCOME…*continued*
For the year ended December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 4

2022			
Contributors	**Brought forward 2021**	**Net income 2022**	**Carried forward 2022**
Special Development Fund (Unified)	$56,697	$(21,963)	$34,734
Special Development Fund (Other)			
Members			
Colombia	1,375	(388)	987
Germany	(1,949)	(97)	(2,046)
Mexico	239	(356)	(117)
Venezuela	(1,227)	(409)	(1,636)
	$(1,562)	$(1,250)	$(2,812)
Other contributors			
Sweden	$1,748	$74	$1,822
United States of America	11,235	(177)	11,058
	12,983	(103)	12,880
Sub-total – SDF - Other	11,421	(1,353)	10,068
Total Special Development Fund	$68,118	$(23,316)	$44,802
Summary			
Members	$55,135	$(23,213)	$31,922
Other contributors	12,983	(103)	12,880
Total Special Development Fund	$68,118	$(23,316)	$44,802

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 MATERIAL 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 MATERIAL 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. Unrealised 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, floating rate 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 MATERIAL 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.

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 MATERIAL ACCOUNTING POLICIES…*continued*

Administrative expenses

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

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	SDF Unified		**SDF Other**	
	2023	2022	**2023**	2022
Due to Banks	**$-**	$-	**$(3,582)**	$(5,381)
Due from banks	**5,492**	7,206	**-**	-
Time deposits	**28,975**	11,378	**9,921**	9,921
	$34,467	$18,584	**$6,339**	$4,540

4. DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

As part of its overall portfolio management strategy, the Bank invests in Government, agency, supranational and bank obligations, including time deposits and euro commercial paper as well as corporate bonds. The Bank limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Bank.

The annualised rate of return on the average investments held during the year, including realised and unrealised gains and losses was a gain of 3.98% (2022: loss of 5.83%). Net realised gains on investments traded during 2023 for the Unified and Other funds amounted to $10 (2022: Losses of $49) and net unrealised gains were $7,845 (2022: Losses of $24,104).

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

	2023	2022
Contributions (as per Schedule 3)	**$776,542**	$760,723

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

	2023	2022
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*

	2023	2022
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.

	2023	2022
Venezuela		
First contribution	**$10,000**	$10,000
Less technical assistance	**(177)**	(177)
	9,823	9,823
Second contribution	**7,650**	7,650
Sub-total (as per Schedule 3)	**$17,473**	$17,473

The contributions are interest-free and were not subject to call before 1999 and 2006, respectively. The agreement with the contributor provides that up to 10% of the first contribution may be used to finance technical assistance on the basis of contingent recovery.

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

5. FUNDS…*continued*

(ii) Special Development Fund – Other…*continued*

	2023	2022
Sweden (as per Schedule 3)	**$2,581**	$2,506

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

	2023	2022
United States of America		
First contribution	**$10,000**	$10,000
Less repayments	**(10,000)**	(10,000)
	$-	$-
Second contribution	**12,000**	12,000
Less repayments	**(12,000)**	(12,000)
	$-	$-
Technical Assistance	**$302**	$302

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

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

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

7. TECHNICAL ASSISTANCE AND GRANT RESOURCES – UNIFIED AND OTHER

In accordance with paragraph 4.9.2 of the Rules for the Special Development Fund, allocations/appropriations of income and capital of the Fund may be made for the purpose of the Bank's technical assistance and grant operations. The movements during the years ended December 31, 2023 and 2022 were as follows:

Balance at December 31, 2021	$149,578
Allocations for the year	22,999
Expenditure for the year	(14,312)
Balance at December 31, 2022	**$158,265**
Allocations for the year	**23,000**
Expenditure for the year	**(17,027)**
Balance at December 31, 2023	**$164,238**

8. LOANS OUTSTANDING – UNIFIED AND OTHER

The average interest rate earned on loans outstanding was 1.76% (2022: 1.80%). There were no impaired loans at or during the financial years ended December 31, 2023 and 2022.

9. ACCOUNTS PAYABLE – UNIFIED AND OTHER

	2023	2022
Accounts payable – general	**$51,993**	$39,828
Interfund payables	**6,841**	15,964
	$58,834	$55,792

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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 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as of 31 December 2023 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 Bank in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 2023 Annual Report
Management is responsible for the other information. Other information consists of *Management's Discussion and Analysis* included in the Bank's 2023 Annual Report but does not include the financial statements and our auditor's report thereon.

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

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

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INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

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.

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INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE BOARD OF GOVERNORS OF CARIBBEAN DEVELOPMENT BANK

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
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 Matter
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 26 January 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
19 March 2024

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS
STATEMENT OF FINANCIAL POSITION
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	2023	2022
Assets		
Cash and cash equivalents – Note 3	**$41,795**	$10,125
Investments (Schedule 1)	**50,105**	52,366
Loans outstanding (Schedule 2)	**100,406**	95,845
Receivable from members		
Non-negotiable demand notes – Note 8	**78,390**	155,102
Accounts receivable – Note 9	**39,252**	34,703
Total assets	**$309,948**	$348,141
Liabilities and Funds		
Liabilities		
Accounts payable	**$226**	$130
Accrued charges on contributions repayable	**311**	211
	537	341
Funds		
Contributed resources (Schedule 3)	**103,373**	69,515
Accumulated net income (Schedule 4)	**62,495**	59,798
	165,868	129,313
Technical assistance and other grant resources (Schedule 5)	**143,543**	218,487
Total liabilities and funds	**$309,948**	$348,141

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, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	2023	2022
Interest and similar income		
Loans	**$2,829**	$2,005
Investments and cash balances	**2,525**	1,758
	5,354	3,763
Unrealised gains/(losses) on investments	**1,510**	(1,322)
Total income	**6,864**	2,441
Expenses		
Administrative expenses	**3,452**	2,083
Charges on contributions repayable	**2,631**	1,461
Foreign exchange translation	**(1,916)**	5,893
Total expenses	**4,167**	9,437
Total comprehensive income/ (loss) for the year	**$2,697**	$(6,996)
Accumulated net income		
Accumulated net income – beginning of year	**$59,798**	$66,794
Total comprehensive income/(loss) for the year	**2,697**	(6,996)
Accumulated net income – end of year	**$62,495**	$59,798

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, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

	2023	2023	2022	2022
Operating activities:				
Total comprehensive income/(loss) for the year		**$2,697**	$(6,996)	
Adjustments for non-cash items:				
Net unrealised (gain)/loss on investments	**(1,510)**		1,322	
Interest income	**(5,354)**		(3,763)	
Interest expense	**2,631**		1,461	
Unrealised net foreign exchange gain	**28**		(184)	
Total cash flow used in operating activities before changes in operating assets and liabilities		**(1,508)**		(8,160)
Changes in operating assets and liabilities				
(Increase)/ decrease in accounts receivable	**(4,549)**		13,407	
Decrease in non-negotiable demand notes	**76,712**		65,298	
Increase in accounts payable	**96**		50	
Cash provided by operating activities		**70,751**		70,595
Disbursements on loans		**(11,151)**		(19,016)
Principal repayments to the Bank on loans		**6,757**		6,820
Technical assistance disbursements		**(108,323)**		(90,861)
Interest received		**5,249**		3,453
Net decrease in investments		**3,765**		2,364
Net cash used in operating activities		**(32,952)**		(26,645)
Financing activities:				
Interest paid	**(2,531)**		(1,433)	
Contributions:				
Increase in contributions to fund loans	**36,285**		19,376	
Reimbursement of repayable contributions	**(2,511)**		(2,398)	
Technical assistance contributions	**33,379**		(6,924)	
Net cash provided by financing activities		**64,622**		8,621
Net increase/(decrease) in cash and cash equivalents		**31,670**		(18,024)
Cash and cash equivalents at beginning of year		**10,125**		28,149
Cash and cash equivalents at end of year		**$41,795**		$10,125

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF INVESTMENTS
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 1

Investments	**2023**	2022
Debt securities at fair value through profit or loss – Note 4		
Government and Agency obligations	**$9,004**	$11,721
Supranationals	**13,140**	16,718
Other securities		
Mutual Funds	**11,550**	10,579
Equity Investments	**13,465**	13,155
Time Deposit	**2,759**	-
Sub-total	**49,918**	52,173
Accrued interest	**187**	193
	$50,105	$52,366

Residual Term to Contractual Maturity

	2023	2022
1 – 3 months	**$29,460**	$26,917
3 months - 1 year	**400**	3,844
1 year - 5 years	**20,245**	21,605
	$50,105	$52,366

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2023			
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Antigua and Barbuda	-	3,577	3,208	3.2
Barbados	-	-	7,951	8.0
Dominica	-	2,370	18,910	19.0
Grenada	-	-	21,894	22.0
Guyana	38,110	-	1,265	1.3
Jamaica	-		15,382	15.4
St. Kitts and Nevis	-	631	4,090	4.1
St. Lucia	-	6,450	13,851	13.9
St. Vincent and the Grenadines	-	1,357	13,138	13.2
Sub-total	38,110	14,385	99,689	100.0
Accrued interest	-	-	717	
	38,110	14,385	100,406	

[1/]There were no overdue installments of principal at December 31, 2023 (2022 - nil).

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

SCHEDULE 2

	2022			
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Antigua and Barbuda	$4,695	$4,083	$3,049	3.2
Barbados	-	-	8,438	8.9
Dominica	-	5,370	16,892	17.7
Grenada	-	-	23,043	24.2
Guyana	-	-	1,485	1.6
Jamaica	-	-	16,909	17.8
St. Kitts and Nevis	-	631	4,453	4.7
St. Lucia	10,437	609	10,400	10.9
St. Vincent and the Grenadines	4,404	1	10,570	11.0
Sub-total	19,536	10,694	95,239	100.0
Accrued interest	-	-	606	
	$19,536	$10,694	$95,845	

[1/]There were no overdue installments of principal at December 31, 2022.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2023			
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Members				
Trinidad and Tobago	**$-**	**$-**	**$2**	**0.0**
Other contributors				
Caribbean Development Bank	**-**	**-**	**33,892**	**34.0**
Nigeria	**38,110**	**1**	**1,273**	**1.3**
Inter-American Development Bank	**-**	**14,384**	**58,669**	**58.8**
International Development Association	**-**	**-**	**5,853**	**5.9**
Sub-total	**38,110**	**14,385**	**99,689**	**100.0**
Accrued interest	**-**	**-**	**717**	
	$38,110	**$14,385**	**$100,406**	

[1/] There were no overdue installments of principal at December 31, 2023 (2022 – nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2022			
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Members				
Trinidad and Tobago	$-	$-	$2	0.0
Other contributors				
Caribbean Development Bank	-	-	37,091	38.9
Nigeria	-	-	1,519	1.6
Inter-American Development Bank	19,536	10,694	49,882	52.4
International Development Association	-	-	6,745	7.1
Sub-total	19,536	10,694	95,239	100.0
Accrued interest	-	-	606	
	$19,536	$10,694	$95,845	

1/ There were no overdue installments of principal at December 31, 2022.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

			2023			
Currencies receivable	**Loans outstanding 2022**	**Translation adjustment**	**Net Interest earned**	**Disbursements**	**Repayments**	**Loans outstanding 2023**
Special Drawing Rights	**$5,368**	**$56**	**$-**	**$-**	**$(751)**	**$4,673**
United States dollars	**89,871**	**-**	**-**	**11,151**	**$(6,006)**	**95,016**
Sub-total	**95,239**	**56**	**-**	**11,151**	**(6,757)**	**99,689**
Accrued interest	**606**	**-**	**111**	**-**	**-**	**717**
	$95,845	**$56**	**$111**	**$11,151**	**$(6,757)**	**$100,406**

Maturity structure of loans outstanding

January 1, 2024 to December 31, 2024	**7,954**
January 1, 2025 to December 31, 2025	**7,729**
January 1, 2026 to December 31, 2026	**7,914**
January 1, 2027 to December 31, 2027	**7,694**
January 1, 2028 to December 31, 2028	**6,876**
January 1, 2029 to December 31, 2033	**31,059**
January 1, 2034 to December 31, 2038	**14,266**
January 1, 2039 to December 31, 2043	**9,546**
January 1, 2044 to December 31, 2047	**1,969**
January 1, 2047 to December 31, 2054	**5,399**
	$100,406

SUMMARY STATEMENT OF LOANS...*continued*

As at December 31, 2023

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

SCHEDULE 2

	2022					
Currencies receivable	**Loans outstanding 2021**	**Translation adjustment**	**Net Interest earned**	**Disbursements**	**Repayments**	**Loans outstanding 2022**
Euros	$242	$(14)	$-	$-	$(228)	$-
Special Drawing Rights	6,426	(315)	-	-	(743)	5,368
United States dollars	76,704	-	-	19,016	(5,849)	89,871
Sub-total	83,372	(329)	-	19,016	(6,820)	95,239
Accrued interest[1]	403	-	203	-	-	606
	$83,775	$(329)	$203	$19,016	$(6,820)	$95,845

1/ Relates to amounts disbursed and outstanding.

Maturity structure of loans outstanding

January 1, 2023 to December 31, 2023	$7,355
January 1, 2024 to December 31, 2024	7,229
January 1, 2025 to December 31, 2025	7,599
January 1, 2026 to December 31, 2026	7,515
January 1, 2027 to December 31, 2027	7,101
January 1, 2028 to December 31, 2032	29,076
January 1, 2033 to December 31, 2037	15,198
January 1, 2038 to December 31, 2042	6,777
January 1, 2043 to December 31, 2046	2,597
January 1, 2047 to December 31, 2054	5,398
	$95,845

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2023	
	Contributions	
Contributors	**Total[1/]**	**Amounts made available**
Members		
Canada	$6,510	$6,510
Other contributors		
Inter-American Development Bank	148	148
Contributed resources	6,658	6,658
Other contributors[1/]		
Inter-American Development Bank	61,348	61,348
Italy	27,597	27,597
European Union	53	53
International Development Association	7,717	7,717
Repayable contributions	96,715	96,715
	$103,373	$103,373

[1/]Net of cancellations and repayments.

Maturity structure of repayable contributions outstanding

January 1, 2024 to December 31, 2024	2,358
January 1, 2025 to December 31, 2025	2,305
January 1, 2026 to December 31, 2026	3,831
January 1, 2027 to December 31, 2027	3,831
January 1, 2028 to December 31, 2028	3,831
January 1, 2029 to December 31, 2033	21,574
January 1, 2034 to December 31, 2038	28,785
January 1, 2039 to December 31, 2042	18,762
January 1, 2043 to December 31, 2053	11,438
	$96,715

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2022	
	Contributions	
Contributors	**Total[1/]**	**Amounts made available**
Members		
Canada	$6,479	$6,479
Other contributors		
Inter-American Development Bank	148	148
Contributed resources	6,627	6,627
Other contributors		
Inter-American Development Bank [1/]	54,195	54,195
European Union	152	152
International Development Association	8,541	8,541
Repayable contributions	62,888	62,888
	$69,515	$69,515

[1/]Net of cancellations and repayments.

Maturity structure of repayable contributions outstanding

January 1, 2023 to December 31, 2023	$2,399
January 1, 2024 to December 31, 2024	2,349
January 1, 2025 to December 31, 2025	2,298
January 1, 2026 to December 31, 2026	3,398
January 1, 2027 to December 31, 2027	3,398
January 1, 2028 to December 31, 2032	15,664
January 1, 2033 to December 31, 2037	12,838
January 1, 2038 to December 31, 2042	10,431
January 1, 2043 to December 31, 2053	10,113
	$62,888

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

2023

Currencies Repayable	Contributions made available 2022	Translation adjustment	Drawdowns /appro-priations from capital	Repayments	Contributions made available 2023
Canadian dollars	**$1,479**	**$31**	**$-**	**$-**	**$1,510**
Euros	**152**	**5**	**27,597**	**(104)**	**$27,650**
Special Drawing Rights	**7,181**	**48**	**-**	**(678)**	**$6,551**
United States dollars	**60,703**	**-**	**8,688**	**(1,729)**	**$67,662**
	$69,515	**$84**	**$36,285**	**$(2,511)**	**$103,373**

2022

Currencies Repayable	Contributions made available 2021	Translation adjustment	Drawdowns /appro-priations from capital	Repayments	Contributions made available 2022
Canadian dollars	$1,570	$(91)	$-	$-	$1,479
Euros	267	(15)	-	(100)	152
Special Drawing Rights	8,286	(407)	-	(698)	7,181
United States dollars	42,927	-	19,376	(1,600)	60,703
	$53,050	$(513)	$19,376	$(2,398)	$69,515

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF ACCUMULATED NET INCOME
For the year ended December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 4

Contributors	Brought forward 2022	Net income/(loss) 2023	Carried forward 2023
General Funds	$61,005	$2,830	$63,835
European Investment Bank	(778)	17	(761)
European Union	2,539	70	2,609
Inter-American Development Bank	(5,681)	(3,387)	(9,068)
International Development Association	371	(13)	358
Nigeria	5,497	(137)	5,360
United States of America	1,828	(41)	1,787
United Kingdom	(4,468)	2,409	(2,059)
Venezuela	49	4	53
European Commission	(621)	642	21
BMZ/ The Federal Government of Germany	2	3	5
Agence Francaise de Developpement	55	(74)	(19)
Italy	-	374	374
	$59,798	$2,697	$62,495

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF ACCUMULATED NET INCOME...*continued*
For the year ended December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 4

Contributors	Brought forward 2021	Net (loss)/income 2022	Carried forward 2022
General Funds	$59,282	$1,723	$61,005
European Investment Bank	(763)	(15)	(778)
European Union	2,574	(35)	2,539
Inter-American Development Bank	(3,651)	(2,030)	(5,681)
International Development Association	299	72	371
Nigeria	5,618	(121)	5,497
United States of America	1,864	(36)	1,828
United Kingdom	1,616	(6,084)	(4,468)
Venezuela	46	3	49
European Commission	(91)	(530)	(621)
BMZ/ The Federal Government of Germany	5	(3)	2
Agence Francaise de Developpement	(5)	60	55
	$66,794	$(6,996)	$59,798

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 5

	2023			
	Contributors			
Contributors	**Total[1/]**	**Amounts made available**	**Amounts utilised**	**Net Amounts available**
Members				
Canada	**$87,467**	**$87,467**	**$76,432**	**$11,035**
United Kingdom	**309,631**	**309,631**	**258,757**	**50,874**
Italy	**1,616**	**1,616**	**595**	**1,021**
China	**677**	**677**	**270**	**407**
Venezuela	**585**	**585**	**-**	**585**
Germany	**463**	**463**	**484**	**(21)**
	400,439	**400,439**	**336,538**	**63,901**
Other contributors				
Caribbean Development Bank	**308,270**	**308,270**	**246,381**	**61,889**
United States of America	**1,407**	**1,407**	**1,407**	**-**
Inter-American Development Bank	**26,455**	**26,455**	**25,231**	**1,224**
Nigeria	**193**	**193**	**193**	**-**
European Commission	**48,833**	**48,833**	**35,152**	**13,681**
European Investment Bank Climate Action Support	**2,184**	**2,184**	**1,338**	**846**
Agence Francaise de Developpement	**2,249**	**2,249**	**1,263**	**986**
United Nations	**9,048**	**9,048**	**8,032**	**1,016**
Improve Public Investment Management through Procurement	**320**	**320**	**320**	**-**
Sub-total	**398,959**	**398,959**	**319,317**	**79,642**
Total – December 31	**$799,398**	**$799,398**	**$655,855**	**$143,543**
Summary				
Basic Needs Trust Fund	**$229,750**	**$229,750**	**$204,066**	**$25,684**
Other resources	**569,648**	**569,648**	**451,789**	**117,859**
	$799,398	**$799,398**	**$655,855**	**$143,543**

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES RESOURCES...*continued*
As at December 31, 2023
(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 5

	2022			
	Contributors			
Contributors	**Total[1/]**	**Amounts made available**	**Amounts utilised**	**Net Amounts available**
Members				
Canada	$86,987	$86,987	$75,260	$11,727
United Kingdom	292,932	292,932	170,865	122,067
Italy	522	522	522	-
China	677	677	270	407
Venezuela	585	585	-	585
Germany	456	456	476	(20)
	382,159	382,159	247,393	134,766
Other contributors				
Caribbean Development Bank	298,267	298,267	232,297	65,970
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	26,455	26,455	24,765	1,690
Nigeria	193	193	193	-
European Commission	44,469	44,469	32,538	11,931
European Investment Bank Climate Action Support	2,184	2,184	1,074	1,110
Agence Francaise de Developpement	2,175	2,175	1,077	1,098
United Nations	8,390	8,390	6,468	1,922
Improve Public Investment Management through Procurement	320	320	320	-
Sub-total	383,860	383,860	300,139	83,721
Total – December 31	$766,019	$766,019	$547,532	$218,487
Summary				
Basic Needs Trust Fund	$219,750	$219,750	$190,838	$28,912
Other resources	546,269	546,269	356,694	189,575
	$766,019	$766,019	$547,532	$218,487

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

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 MATERIAL ACCOUNTING POLICIES

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

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

Foreign currency translation

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

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

Investments
All investment securities with the exception of equities are in a portfolio designated at fair value through profit or loss and reported at fair market value. Securities are recognised on the statement of financial position when the Fund assumes related contractual rights and de-recognised when the rights to secure cash flows from the financial asset expire or when all risks and rewards of ownership have been substantially transferred. Equity instruments are carried at cost where they do not have a quoted market price in an active market and their fair value cannot be reliably measured.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES…*continued*

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

All securities are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income and accumulated net income in the period during which they arise. Unrealised gains and losses arising from changes in the fair value of securities designated at fair value through profit or loss are included in technical assistance (TA) contributions/expenses for the year based on the terms of the specific fund. Interest or dividend income earned whilst holding securities is reported as "Interest and similar income - investments and cash balances" in the statement of comprehensive income and accumulated net income.

Equity investments are assessed for impairment annually. The impairment assessment is based on the net book value of the underlying asset and adjusted if the carrying value is less than the Fund's proportionate share of net assets. Impairment losses are recorded within "Interest and similar income - investments and cash balances" in the statement of comprehensive income and accumulated net income. Amounts distributed to the Fund are recorded as a return on investment until such investments are disposed and recorded as gains or losses.

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

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

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES…*continued*

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

The Fund does not make provisions for impairment on loans as in the event of any such occurrences, the impairment would be recognised in the statement of comprehensive income and accumulated net income in the year that it occurred.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition.

Technical assistance and grants

Technical assistance and grants for capital projects to borrowing member countries are provided either from non-reimbursable grants received from contributors or from other resources specifically allocated for this purpose. The contributions from donors are included in the financial statements from the date of the contribution agreement. Technical assistance is recognised when the project is approved and becomes effective.

Interest income and charges on contributions

Interest income and charges on contributions are recognised in the statement of comprehensive income and accumulated net income for all interest-bearing instruments carried at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Administrative expenses

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

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2023	**2022**
Due from banks	**$41,795**	$3,618
Time deposits	**-**	6,507
	$41,795	$10,125

4. INVESTMENTS

As part of its overall portfolio management strategy, the Fund invests in Government agency, supranational and bank obligations, including time deposits. The Fund limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Fund.

The annualised rate of return on the average of these investment types held during the year, including realised and unrealised gains and losses was 3.85% (2022: loss of 2.72%). There were no realised gains/losses on investments traded during 2023 or 2022 and net unrealised gains amounted to $539 (2022: loss of $1,236).

Net realised gains on equities and mutual funds were $90 (2022: $901) and net unrealised gains amounted to $971 (2022: loss of $85).

5. FUNDS

In accordance with the Agreement establishing the Bank (the Charter), Special Funds Resources comprise the SDF and OSF established or administered by the Bank, including technical assistance and other grant resources contributed on a non-reimbursable basis. For the purposes of these financial statements, the OSF has been presented separately from the SDF. The OSF was established in accordance with agreements between the Bank and the contributors and is for specific types of projects as agreed between the Bank and the contributors. In accordance with the Agreement, each Special Fund, its resources and accounts are kept entirely separate from other Special Funds, their resources and accounts.

These financial statements reflect the aggregated position of all the funds that comprise the OSF.

Technical assistance and other grant resources include resources for the Basic Needs Trust Fund and other resources established for specific purposes as determined between the Bank and the contributors.

5. FUNDS…*continued*

Details of contributions, loans and technical assistance resources of the OSF are stated at the equivalent in thousands of United States dollars where such contributions, loans and technical assistance grants have been made in currencies other than United States dollars and are as follows:

	2023	2022
Canada		
Agricultural[1/] (Schedule 3)	**$6,510**	$6,479
Technical assistance resources (Schedule 5)	**87,467**	86,987
Italy		
Cassa Depositi e Prestiti[2/] (Schedule 3)	**$27,597**	$-
Technical assistance resources (Schedule 5)	**1,616**	522
China		
Technical assistance resources (Schedule 5)	**$677**	$677
Venezuela		
Technical assistance resources (Schedule 5)	**$585**	$585
Nigeria		
Technical assistance resources (Schedule 5)	**$193**	$193
United Kingdom		
Technical assistance resources (Schedule 5)	**$309,631**	$292,932
Inter-American Development Bank		
975/SF-RG	**$14,212**	$14,212
Less repayments	**(8,975)**	(8,555)
	$5,237	$5,657
1108/SF-RG Global Credit	**$20,000**	$20,000
Less repayments	**(7,540)**	(6,885)
	$12,460	$13,115

[1/] The contributions are interest-free with no date for repayment.
[2/] The loan is subject to a fixed interest rate of 0.4% per annum and is repayable during the period 2032 to 2041.

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

5. FUNDS…*continued*

Inter-American Development Bank…*continued*

	2023	2022
1637/SF-RG Credit	**$9,923**	$9,923
Less repayments	**(2,646)**	(2,315)
	$7,277	$7,608
2798/BL Regional Global Loan – OECS	**$6,000**	$5,821
Less repayments	**(130)**	-
	$5,870	$5,821
5156/OC-RG Global Loan Covid19-OECS	**30,504**	21,994
Repayable contributions (Schedule 3)	**$61,348**	$54,195
Technical assistance resources (Schedule 5)	**$26,455**	$26,455

Loan 975/SF-RG is subject to interest at the rate of 1% per annum until 2006 and thereafter at 2% per annum and is repayable during the period 2003 to 2036.

Global Credit 1108/SF-RG was subject to interest at the rate of 1% for the first ten years and 2% thereafter and is repayable during the period 2012 to 2042.

Grenada Reconstruction 1637/SF-RG is subject to interest at the rate of 1% per annum until 2015 and thereafter at 2% per annum and is repayable during the period 2016 to 2045.

2798/BL Regional Global Loan is subject to interest at the rate of 0.5% fixed and is repayable in 2053.

5156/OC-RG Global Loan Covid19-OECS is subject to interest at the rate of 1.2% per annum and is repayable in full by 2045.

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

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

5. FUNDS...*continued*

	2023	2022
United States of America		
Technical Assistance resources (Schedule 5)	**$1,407**	$1,407

	2023	2022
European Union		
Second Contribution	**1,516**	2,673
Less repayments	**(1,463)**	(2,521)
Repayable contributions (Schedule 3)	**$53**	$152

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

	2023		2022		**Due dates**
Credit No. 960/CRG	**$6,480**		$6,480		1990-2029
Less repayments	**(5,314)**	**1,166**	(5,119)	1,361	
Credit No. 1364/CRG	**7,295**		7,463		
Less repayments	**(5,216)**	**2,079**	(5,189)	2,274	1993-2033
Credit No. 1785/CRG	**6,231**		6,336		
Less repayments	**(3,707)**	**2,524**	(3,654)	2,682	1997-2030
Credit No. 2135/CRG	**7,491**		7,666		
Less repayments	**(5,543)**	**1,948**	(5,442)	2,224	2000-2030
Repayable contributions (Schedule 3)		**$7,717**		$8,541	

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

	2023	2022
Caribbean Development Bank		
Technical assistance resources (Schedule 5)	**$308,270**	$298,267
BMZ/ The Federal Government of Germany		
Technical assistance resources (Schedule 5)	**$463**	$456
European Investment Bank Climate Action Support		
Technical assistance resources (Schedule 5)	**$2,184**	$2,184
European Commission		
Technical assistance resources (Schedule 5)	**$48,833**	$44,469
Agence Francaise de Developpement		
Technical assistance resources (Schedule 5)	**$2,249**	$2,175
United Nations		
Technical assistance resources (Schedule 5)	**$9,048**	$8,390

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

5. FUNDS...*continued*

	2023	2022
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.

2023

	Approved amount	**Amounts made available**	**Amounts utilised**	**Net Amounts available**
European Union				
Sustainable Energy for the Eastern Caribbean (SEEC)	**€4,450**	**$4,026**	**$2,406**	**$1,620**
Geothermal Risk Mitigation for the Eastern Caribbean (EU-CIF)	**€12,350**	**$8,064**	**$6,280**	**$1,784**
United Kingdom				
Increasing Renewable Energy and Energy Efficiency in the Eastern Caribbean	**£4,305**	**$5,480**	**$5,402**	**$78**
Sustainable Energy for the Eastern Caribbean (SEEC)	**£2,500**	**$2,920**	**$1,615**	**$1,305**
Inter-American Development Bank [Acting as Administrator for the Global Environment Facility (GEF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	**$3,014**	**$1,856**	**$1,981**	**$(125)**
Inter-American Development Bank [Acting as Implementing entity for the Clean Technology Fund (CTF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	**$19,050**	**$19,050**	**$19,050**	**$-**
Canada				
Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C)	**CAD5,000**	**$3,841**	**$3,122**	**$719**

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

5. FUNDS*…continued*

2022

	Approved amount	Amounts made available	Amounts utilised	Net Amounts available
European Union				
Sustainable Energy for the Eastern Caribbean (SEEC)	€4,450	$3,895	$2,060	$1,835
Geothermal Risk Mitigation for the Eastern Caribbean (EU-CIF)	€12,350	$5,957	$6,075	$(118)
United Kingdom				
Increasing Renewable Energy and Energy Efficiency in the Eastern Caribbean	£4,305	$5,183	$5,109	$74
Sustainable Energy for the Eastern Caribbean (SEEC)	£2,500	$1,941	$1,394	$547
Inter-American Development Bank [Acting as Administrator for the Global Environment Facility (GEF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	$3,014	$1,856	$1,684	$172
Inter-American Development Bank [Acting as Implementing entity for the Clean Technology Fund (CTF)]				
Sustainable Energy Facility for the Eastern Caribbean (SEF)	$19,050	$19,050	$19,050	$-
Canada				
Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C)	CAD5,000	$3,841	$2,539	$1,302

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

On an annual basis the Board of Governors determine the disposition of the accumulated net income and net income for the current year of each of the OSF, subject to any rules and regulations governing each Fund and any agreement relating thereto.

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

7. LOANS

The average interest rate earned on loans outstanding was 3.02% (2022: 2.32%). There were no impaired loans at December 31, 2023 and 2022.

8. NON-NEGOTIABLE DEMAND NOTES

The non-negotiable demand notes of $78,390 (2022: $155,102) represent the equivalent of GBP 61,575 million (2022: GBP128.8 million) submitted to the Bank by the UK Department for International Development (DFID) against commitments under the UK Caribbean Infrastructure Fund (UKCIF). The UK Government has committed to donating GBP300 million over an eight (8) year period 2016 - 2024, from which grants are to be provided to build economic infrastructure which have been identified by DFID in countries eligible for overseas development assistance. By amendment letter dated July 26, 2018 the donation commitment from the UK Government under the UKCIF was increased to GBP330 million.

9. ACCOUNTS RECEIVABLE

	2023	2022
Institutional receivables	**$49,300**	$39,300
Interfund payable	**(10,048)**	(4,597)
	$39,252	$34,703

APPENDICES

BOARD OF GOVERNORS AND ALTERNATES 2023

CHAIR AND VICE-CHAIR 2023-2024		
Hon. Ahmed Hussen Hon. Dr. Terrance Michael Drew Hon. Ricardo Bonilla González	Canada St. Kitts and Nevis Colombia	Chair Vice-Chair Vice-Chair

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Island	Dr. The Hon. Natalio Wheatley, Premier British Virgin Islands	Mr. Joseph E. Farrell, Premier Montserrat
Antigua and Barbuda	Hon. Gaston Browne Prime Minister and Minister of Finance and Corporate Governance	Mr. Whitfield Harris, Jr. Special Advisor, Ministry of Finance and Corporate Governance
The Bahamas	Senator Hon. Michael Halkitis Minister of Economic Affairs and Leader of Government Business in the Senate Ministry of Finance	Mr. Simon Wilson Financial Secretary Ministry of Finance
Barbados	Hon. Mia Amor Mottley, QC. MP Prime Minister and Minister of Finance, Economic Affairs and Investment	Mr. Ian St. C. Carrington Director of Finance and Economic Affairs
Belize	Hon. John Antonio Briceño Prime Minister and Minister of Finance Economic Development & Investment	Hon. Christopher Coye Minister of State Ministry of Finance
Brazil	Dr Renata Vargas Amaral Secretary for International Affairs and Development Ministry of Planning and Budget	Mr. João Luis Rossi Director for International Organisations and Development Ministry of Planning and Budget
Canada	Hon. Ahmed Hussen Minister of International Development Ministry of International Development Canada	Mr. Rick Stewart Assistant Deputy Minister International Trade and Finance Branch Department of Finance Canada
Colombia	Hon. Richardo Bonilla González Minister of Finance and Public Credit Ministry of Finance and Public Credit	Mr. Leonardo Villar Gómez Governor Office of the Governor Banco de la Republica

BOARD OF GOVERNORS AND ALTERNATES 2023

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Dominica	Hon. Roosevelt Skerrit Prime Minister and Minister for Finance, Investments, Housing and Lands	
Germany	Mr. Niels Annen Parliamentary State Secretary Federal Ministry for Economic Cooperation and Development	Dr. Rüdiger Wilhelm von Kleist Acting Deputy Director General International Finance Federal Ministry of Finance
Grenada	Hon. Lennox Andrews Minister of Economic Development, Planning, Tourism, ICT, Creative Economy, Agriculture and Lands, Fisheries and Co-operatives	Mr. Mike Sylvester Permanent Secretary, Ministry of Finance
Guyana	Hon. Dr. Bharrat Jagdeo Vice-President	Hon. Dr. Ashni Singh Senior Minister with Responsibility for Finance, Office of the President
Haiti	Hon. Michel Patrick Boisvert Minister of the Economy and Finance	Mr. Jean Baden Dubois Governor Central Bank of Haiti
Italy	Mr. Giancarlo Giorgetti Minister of Economy and Finance	Ms. Francesca Utili Head of International Financial Relations, Treasury Department, Ministry of Economy and Finance
Jamaica	Hon. Nigel Clarke, DPhil, MP Minister of Finance and the Public Service	Ms. Darlene Morrison Financial Secretary (Ag) Ministry of Finance and the Public Service
Mexico	Mr. Rogelio Eduardo Ramírez de la O Minister of Finance and Public Credit of Mexico	Mr. Gabriel Yorio Gonzalez Deputy Minister of Finance and Public Credit of Mexico

BOARD OF GOVERNORS AND ALTERNATES 2023

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
People's Republic of China	Mr. Yi Gang Governor People's Bank of China	
St. Kitts and Nevis	Hon. Dr. Terrance Michael Drew Prime Minister and Minister of Finance National Security, Citizenship and Immigration, Health and Social Security	Mrs. Hilary Hazel Financial Secretary Ministry of Finance
Saint Lucia	Hon. Philip J. Pierre Prime Minister and Minister for Finance, Economic Development and the Youth Economy	Mr. Paul Hilaire Permanent Secretary Department of Economic Development and the Youth Economy
Saint Vincent and the Grenadines	Hon. Camillo Gonsalves Minister of Finance, Economic Planning and Information Technology	
Suriname	Mr. Kermechend Raghoebarsing Minister of Finance and Planning S.M. Jamaludinstraat 26 Paramaribo	
Trinidad and Tobago	Hon. Pennelope Beckles Minister of Planning and Development	Hon. Colm Imbert Minister of Finance
United Kingdom	Hon. Andrew Mitchell, MP Minister of State (Development and Africa), UK Foreign, Commonwealth & Development Office	Mr. David Rutley, MP Parliamentary Under Secretary of State (Americas and Caribbean), UK Foreign, Commonwealth & Development Office
Venezuela	Mr. Simon Zerpa Delgado President Venezuelan Economic and Social Development Bank (BANDES)	Ambassador Raul Licausi Deputy Foreign Minister for Caribbean Affairs Ministry of Popular Power for Foreign Affairs

BOARD OF DIRECTORS LISTING AS AT DECEMBER 2023

DIRECTOR	ALTERNATE DIRECTOR
JAMAICA Ms. Dian Black Principal Director for Debt Management Branch Economic Management Division Ministry of Finance and the Public Service 30 National Heroes Circle P.O. Box 512 Kingston Jamaica	Mr. Trevor Anderson Chief Fiscal Economist Ministry of Finance and the Public Service 30 National Heroes Circle P.O. Box 512 Kingston Jamaica
TRINIDAD AND TOBAGO AND HAITI Ms. Marie Hinds Permanent Secretary (Ag) Ministry of Planning and Development Level 14, Eric Williams Financial Complex Independence Square Port of Spain Trinidad and Tobago **ADVISER** Mr. David J. Mompoint Head, Inter-Ministerial Investment Committee Ministry of the Economy and Finance 9 b Senghor Street, Martin Luther King Avenue Port-au-Prince Haiti	Ms. Suzette Taylor Lee Chee Permanent Secretary Ministry of Finance Level II Eric Williams Finance Building Independence Square Port of Spain Trinidad and Tobago
THE BAHAMAS Mr. Simon Wilson Financial Secretary Ministry of Finance P.O. Box N-3017 Nassau The Bahamas	Ms. Christine Thompson Deputy Director Economic Unit Ministry of Finance P.O.Box N-3017 Nassau The Bahamas
GUYANA Dr. Tarachand Balgobin Director, Project Cycle Management Division Ministry of Finance 49 Main & Urquhart Streets Georgetown Guyana	Mr. Donald De Clou Head Multilateral Financial Institutions Division Ministry of Finance 49 Main & Urquhart Streets Georgetown Guyana

BOARD OF DIRECTORS LISTING AS AT DECEMBER 2023

DIRECTOR	ALTERNATE DIRECTOR
BARBADOS	
Mr. Ian St. C. Carrington Director of Finance and Economic Affairs Ministry of Finance, Economic Affairs and Investment Government Headquarters Bay Street St. Michael, Barbados	Mrs. Nancy Headley Permanent Secretary Ministry of Finance, Economic Affairs and Investment Government Headquarters Bay Street St. Michael Barbados
DOMINICA AND SAINT LUCIA	
Mr. Paul Hilaire Permanent Secretary Department of Economic Development and Youth Economy, Castries Saint Lucia	Mrs. Denise Edwards Financial Secretary Ministry of Finance and Planning, 5th Floor, Financial Centre, Kennedy Avenue, Roseau, Dominica
GRENADA AND SAINT VINCENT AND THE GRENADINES	
Mr. Kendall Alexander Advisor, Economic Development and Planning Ministry of Economic Planning, Tourism, ICT, and Creative Economy Ministerial Complex, Botanical Gardens, The Carenage St. George's Grenada	Mr. Recardo Frederick Director of Economic Planning Ministry of Finance, Economic Planning, Sustainable Development and Information Technology 1st Floor, Administrative Centre Kingstown Saint Vincent and The Grenadines
BELIZE AND ANGUILLA, BRITISH VIRGIN ISLANDS, CAYMAN ISLANDS, MONTSERRAT, AND TURKS AND CAICOS ISLANDS	
Dr Osmond Martinez, Chief Executive Officer, Ministry of Finance, Economic Development and Investment, Belmopan Belize	Mr Kenneth Jefferson JP, Financial Secretary and Chief Officer, Ministry of Finance and Economic Development, Government Administration Building, Grand Cayman, Cayman Islands

BOARD OF DIRECTORS LISTING AS AT DECEMBER 2023

DIRECTOR	ALTERNATE DIRECTOR
ANTIGUA AND BARBUDA AND ST. KITTS AND NEVIS Mr. Whitfield Harris, Jr., Special Advisor Ministry of Finance and Corporate Governance Government Office Complex Parliament Drive St. John's Antigua and Barbuda	Mrs. Hilary Hazel Financial Secretary Ministry of Finance P.O. Box 186 Basseterre St. Kitts and Nevis
SURINAME Mrs. Iris Sandel Director, Development Planning Ministry of Finance Tamarindelaan #3 Paramaribo Suriname	
BRAZIL Dr. Fabio Marvulle Bueno Coordinator for International Organisations, Secretariat for International Affairs and Development (SEAID) Ministry of Planning and Budget Esplanada dos Ministérios Bloco K 8º Andar CEP 70040-906 Brasília-DF Brazil	Ms. Daniele Beche Head of Relations Division with International Organisations Ministry of Planning and Budget Esplanada dos Ministérios Bloco K 8º Andar CEP 70040-906 Brasília-DF Brazil
COLOMBIA Ms. Olga Lucía Moncayo Adviser of the Deputy Director of Financing with Multilaterals and Governments Ministry of Finance and Public Credit Carrera 8 #6-64 Santa Fé Bogotá Colombia	Ms. Dora Lucía Solano Advisor, Sub-directorate for Financing with Multilateral Organizations and Governments Ministry of Finance and Public Credit Carrera 8 #6-64 Santa Fé Bogotá Colombia

BOARD OF DIRECTORS LISTING AS AT DECEMBER 2023

DIRECTOR	ALTERNATE DIRECTOR
VENEZUELA Mr. Augustin Enrique Leon Navas Executive Manager of International Cooperation and Financing Economic and Social Development Bank (BANDES) Avenida Universidad Traposos a Colon Torre Bandes, Caracas 1010 Venezuela	Mrs Mariangelina Urbina, Executive Manager, Economic and Social Development Bank (BANDES) Avenida Universidad, Traposos a Colon, Torre Bandes, Caracas 1010 Venezuela
MEXICO Mr. Manuel Alejandro Orrantia Bustos Director General of International Financial Organizations Secretariat of Finance and Public Credit Av. Insurgentes Sur No. 1971 Torre III Piso 7, Colonia Guadalupe Inn Alcaldia Alvaro Obregon Ciudad de Mexico, C.P. 01020 Mexico	Ms. Dulce María Rivera Maza Director of Politics with the International Financial Organizations Ministry of Finance and Public Credit Av. Insurgentes Sur No. 1971 Torre III Piso 7, Colonia Guadalupe Inn Alcaldia Alvaro Obregon Ciudad de Mexico, C.P. 01020 Mexico
CANADA Ms. Sharon Peake Executive Director Caribbean Regional Program Global Affairs Canada RT-A112, Rideau Pavilion 111 Promenade Sussex Drive Ottawa Canada	Ms. Dorothée Roy First Secretary (Development) High Commission of Canada Bishop's Court Hill Bridgetown Barbados
UNITED KINGDOM Mr. Malcolm Geere Development Director for the Caribbean UK Foreign, Commonwealth & Development Office Lower Collymore Rock PO Box 676 Bridgetown Barbados	Mr. Ian Mills Deputy Head, Growth Team Leader UK Foreign, Commonwealth & Development Office Lower Collymore Rock PO Box 676 Bridgetown Barbados

BOARD OF DIRECTORS LISTING AS AT DECEMBER 2023

DIRECTOR	ALTERNATE DIRECTOR
ITALY Mr. Paolo Cappellacci Senior Advisor Ministry of Economy and Finance Department of the Treasury Directorate for International Financial Relations Via XX Settembre 97 00187 Roma Italy	Mr. Simone Alberto Platania Ministry of Economy and Finance Department of the Treasury Directorate for International Financial Relations Via XX Settembre 97 00187 Rome Italy
GERMANY Dr. Katrin Schroeder Advisor to the Executive Director for Germany c/o World Bank 1818 H Street NW Washington, DC 20433 United States of America	Mr. Timo Mahn Jones Senior Policy Officer, Division of Regional Development Banks Federal Ministry for Economic Cooperation and Development (BMZ) Dahlmannstrasse 4 53113 Bonn Germany
PEOPLE'S REPUBLIC OF CHINA Mr. Jin Zhongxia Director-General International Department The People's Bank of China 32 Cheng Fang Street West District Beijing 100800 China	Mr. Zhao Zhihao Chief Representative of the Liaison Office of the People's Bank of China and CDB's Alternate Director for China Embassy of the People's Republic of China No. 25 Foursquare Rockley Golf & Country Club Golf Club Road Christ Church Barbados

PRINCIPAL OFFICERS OF THE BANK AS AT DECEMBER 31, 2023

OFFICE OF THE PRESIDENT

President	Dr. Hyginus "Gene" Leon*
Chief of Staff	Ms. Andrea Power**
Advisor to the President (Ag)	Ms. Ashaki Goodwin
Chief Risk Officer	Dr. Stefano Capodagli
Head, Internal Audit	Mr. Denis Bergevin
Head, Office of Integrity, Compliance, and Accountability	Dr. Toussant Boyce
Head, Office of Independent Evaluation (Ag.)	Dr. Serena Rossignoli
General Counsel & Bank Secretary	Mrs. Diana Wilson Patrick**
Advisor to the General Counsel	Ms. Frances Okosi
Deputy General Counsel	Mr. Dave Waithe
Chief Strategy and Accountability Officer	Ms. Onika Miller**
Deputy Director, Corporate Strategy	Ms. Ann-Marie Warner

CORPORATE SERVICES

Vice President, Finance & Corporate Services (VPFCS)	Mr. Gregory Hill**
Advisor to the VPFCS	Mrs. Fay Alleyne Kirnon
Director, Human Resources and Administration	Mr. Phillip Brown**
Advisor to the Director, Human Resources & Administration	Mr. Filip Borkowy
Director, Finance and Information Technology	Mr. Earl Estrado**
Deputy Director, Finance	Mrs. Faye Hardy
Chief Information & Technology Officer (Ag)	Mr. Julio Cesar Goncalves Lima**
Head, Corporate Communications	Ms. Camille Taylor

OPERATIONS

Vice President, Operations (VPO)	Mr. Isaac Solomon**
Advisor to the VPO	Dr. Darran Newman
Director, Economics	Mr. Ian Durant**
Deputy Director, Economics	Ms. Christine Dawson
Director, Projects	Mrs. Therese Turner Jones**
Division Chief, Social Sector	Dr. Martin Baptiste
Head, Procurement Policy	Mr. Douglas Fraser
Division Chief, Economic Infrastructure	Mr. L. O'Reilly Lewis
Division Chief, Environmental Sustainability	Ms. Valerie Isaac
Programme Manager, Infrastructure Partnerships	Mrs. Sharon Griffith
Coordinator, Sustainable Energy Unit	Mr. Joseph Williams

*Chair, Strategic Advisory Team
**Member, Strategic Advisory Team

ABBREVIATIONS AND ACRONYMS

$ refers to US Dollars throughout unless otherwise stated.

ASERT	-	Accelerated Sustainable Energy and Resilience Transition
BMC	-	Borrowing Member Country
BNTF	-	Basic Needs Trust Fund
BOD	-	Board of Directors
BOG	-	Board of Governors
CAF	-	Capital Adequacy Framework
CARICOM	-	Caribbean Community
CCRIF	-	Caribbean Catastrophe Risk Insurance Facility
CDB	-	Caribbean Development Bank
CI	-	Cultural Industries
CIIF	-	Cultural and Creative Industries Innovation Fund
CREF	-	Caribbean Renewable Energy Forum
CTCS	-	Caribbean Technological Consultancy Services
ERM	-	Enterprise Risk Management
EU	-	European Union
GCF	-	Green Climate Fund
GDP	-	Gross Domestic Product
GE	-	geothermal energy (GE)
IAD	-	Internal Audit Division
ICA	-	Office of Integrity, Compliance, and Accountability
IDB	-	Inter-American Development Bank
IMF	-	International Monetary Fund
km	-	kilometres
MDB	-	Multilateral Development Bank
mn	-	million
MRF	-	Minimum Regulatory Function
MRV	-	Monitoring, Reporting, and Verification
MSME	-	micro, small and medium enterprise
OCR	-	Ordinary Capital Resources
OECS	-	Organisation of Eastern Caribbean States
OIE	-	Office of Independent Evaluation
ORM	-	Office of Risk Management
PPF	-	Project Preparation Facilities
RAC	-	Risk-Adjusted Capital
RCSA	-	Risk Control Self-Assessment
RE	-	Renewable Energy
SDF	-	Special Development Fund
SDGs	-	Sustainable Development Goals
SDRs	-	Special Drawing Rights
SLBS	-	Saint Lucia Bureau of Standards
SLDB	-	Saint Lucia Development Bank
TA	-	Technical Assistance
TVET	-	Technical and Vocational Education and Training
UKCIF	-	United Kingdom Caribbean Infrastructure Partnership Fund
WARR	-	Weighted Average Risk Rating

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