PUBLIC DISCLOSURE AUTHORISED

CARIBBEAN DEVELOPMENT BANK

Draft Statement of Financial Position

For the Year Ended December 31, 2013

(Expressed in thousands of United States Dollars unless otherwise stated)

March 2014

Caribbean Development Bank

Ordinary Capital Resources

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

Index to the Financial Statements
For the year ended December 31, 2013

	Pages
Independent Auditors' Report	1
Statement of Financial Position	2-3
Statement of Changes in Equity	4
Statement of Comprehensive Income	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-83

Independent Auditors' Report

To the Board of Governors of Caribbean Development Bank

We have audited the accompanying financial statements of the **Ordinary Capital Resources** of the **Caribbean Development Bank** (the Bank) which comprise the statement of financial position as of December 31, 2013, statement of changes in equity, statement of comprehensive income, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly in all material respects the financial position of the Ordinary Capital Resources of the Bank as of December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants
Barbados
March 13, 2014

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION
As of December 31, 2013

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

	Notes		2013	Restated 2012	Restated As at January 1, 2012
Assets					
Cash resources					
Cash and cash equivalents	**7**		**$67,723**	$96,401	$79,163
Investments					
Debt securities at fair value through profit or loss	**8**		**289,525**	400,509	244,242
Receivables and prepayments	**9**		**10,779**	10,222	14,625
Loans					
Loans outstanding	**10(a)**		**967,936**	972,332	1,007,537
Receivable from members					
Non-negotiable demand notes	**11**	44,012		43,802	44,363
Maintenance of value on currency holdings	**12**	2,887		2,692	1,121
Subscriptions in arrears	**13**	7,386		11,250	15,975
			54,285	57,744	61,459
Derivative financial instruments					
Cross currency interest rate swaps	**14**		**53,986**	95,312	127,680
Other assets					
Property and equipment	**15**		**8,039**	8,286	8,419
Total assets			**$1,452,273**	$1,640,806	$1,543,125

The accompanying notes form an integral part of these financial statements

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION…*continued*
As of December 31, 2013

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

	Notes	2013	Restated 2012	Restated As at January 1, 2012
Liabilities and Equity				
Liabilities				
Accounts payable and accrued liabilities	**16**	**$2,767**	$4,616	$2,200
Subscriptions in advance	**17**	**13,310**	4,138	5,172
Deferred income	**18**	**800**	875	875
Post-employment obligations	**2, 19**	**9,632**	16,757	10,345
Maintenance of value on currency holdings	**12**	**-**	36	193
Borrowings				
Short term facility	**20**	**-**	20,000	20,000
Long term borrowings	**20**	**675,377**	900,246	837,875
Derivative financial instruments				
Interest rate swap	**14**	**6,797**	-	-
Total Liabilities		**$708,683**	$946,668	$876,660
Equity				
Paid-up capital	**21(a)**	**$360,271**	$341,374	$331,005
Less: subscriptions not yet matured		**(103,897)**	(122,629)	(144,644)
Subscriptions matured	**21(b)**	**256,374**	218,745	186,361
Retained earnings and reserves	**21(d)**	**487,216**	475,393	480,104
Total Equity		**$743,590**	$694,138	$666,465
Total Liabilities and Equity		**$1,452,273**	$1,640,806	$1,543,125

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

W[m.] Warren Smith
President

Nigel Romano
Director, Finance & Corporate Planning

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, 2013

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

	Notes	Capital Stock	Retained Earnings	Reserves	Re-measurements	Total
Balance as of January 1, 2012 as previously stated		$186,361	$473,741	$14,110	$-	$674,212
Change in accounting policy IAS19 Employee Benefits	**2**				(7,747)	(7,747)
Balance as of January 1, 2012 (Restated)		$186,361	$473,741	$14,110	$(7,747)	$666,465
New capital subscriptions		32,384	-	-		32,384
Net income for the year	**2**	-	15,447	-		15,447
Other comprehensive income	**2**	-	-	-	(5,158)	(5,158)
Allocation from net income	**21**	-	(15,000)	-		(15,000)
Balance as of December 31, 2012 (Restated)		**$218,745**	**$474,188**	**$14,110**	**$(12,905)**	**$694,138**
Balance as of January 1, 2013		$218,745	$474,188	$14,110	$(12,905)	$694,138
New capital subscriptions	**21**	37,629	-	-	-	37,629
Net income for the year		-	2,925	-	-	2,925
Transfer from banking reserves	**21**	-	850	(850)	-	-
Other comprehensive income	**2**	-	-	-	8,898	8,898
Balance as of December 31, 2013		**$256,374**	**$477,963**	**$13,260**	**$(4,007)**	**$743,590**

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, 2013

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

	Notes	2013	2012 Restated
Interest and similar income			
Loans	**22(a)**	**$39,107**	$39,639
Investments and cash balances	**22(b)**	**3,909**	3,445
		43,016	43,084
Interest expense and similar charges			
Borrowings		**21,119**	13,173
Other financial income		**(5,534)**	(3,390)
	22(c)	**15,585**	9,783
Net interest income		**27,431**	33,301
Other (income)/expenses			
Other income		**(2,074)**	(1,453)
Realized and unrealized fair value losses/ (gains)		**5,681**	(1,334)
Provision for loan impairment	**10(b)**	**850**	2,538
Administrative expenses	**23**	**10,749**	10,917
Foreign exchange translation		**611**	60
		15,817	10,728
Operating income		**11,614**	22,573
Decrease in fair value of derivatives	**24**	**(47,156)**	(31,129)
Foreign exchange gain in translation on Yen borrowings	**20**	**38,467**	24,003
		(8,689)	(7,126)
Net Income for the year		**2,925**	15,447
Other Comprehensive Income			
Re-measurements – Actuarial gains/(losses)		**8,898**	(5,158)
Total comprehensive income for the year		**$11,823**	**$10,289**

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, 2013

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

	Notes	2013		Restated 2012
Operating activities:				
Net income for the year			**$2,925**	$15,447
Adjustments:				
Unrealized loss/(gain) on debt securities		**5,698**		(705)
Depreciation		**1,306**		1,398
Gain on disposal of fixed assets		**(9)**		-
Decrease in fair value of derivatives		**47,156**		31,129
Interest income		**(43,016)**		(43,084)
Interest expense		**15,585**		9,783
(Net recovery)/ provision for loan losses	**10(b)**	**(2,818)**		2,538
Foreign exchange gain on translation of Yen borrowings	**20**	**(38,467)**		(24,003)
Increase in maintenance of value on currency holdings		**(231)**		(1,768)
Decrease in net interest costs related to post-employment obligations		**-**		(112)
Net foreign exchange difference		**(1)**		(21)
Total cash flows used in operating activities before changes in operating assets and liabilities			**(11,872)**	(9,358)
Changes in operating assets and liabilities:				
(Increase)/decrease in receivables and prepayments		**(557)**		4,403
(Decrease)/increase in accounts payable and accrued liabilities		**(76)**		3,782
Net decrease/(increase) in debt securities at fair value through profit and loss	**8**	**104,834**		(155,449)
Cash provided by/(used in) operating activities			**92,329**	(156,622)
Disbursements on loans			**(84,318)**	(49,481)
Principal Repayments on loans			**90,599**	82,724
Interest received			**44,402**	42,395
Interest paid			**(16,729)**	(8,197)
Net cash provided by/(used in) operating activities			**126,283**	(89,181)
Investing activities:				
Purchase of property and equipment	**15**	**(1,134)**		(1,265)
Proceeds from sale of property and equipment		**9**		-
Net cash used in investing activities			**(1,125)**	(1,265)
Financing activities:				
New borrowings		**-**		338,630
Repayments on borrowings		**(204,290)**		(252,582)
Allocation from net income	**21**	**-**		(15,000)
New capital subscriptions	**21(b)**	**37,629**		32,384
Subscriptions in advance		**9,172**		(1,034)
Decrease in receivables from members		**3,653**		5,286
Net cash (used in)/ provided by financing activities			**(153,836)**	107,684
Net (decrease)/increase in cash and cash equivalents			**(28,678)**	17,238
Cash and cash equivalents at beginning of year			**96,401**	79,163
Cash and cash equivalents at December 31	**7**		**$67,723**	$96,401

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

NOTE 1 – NATURE OF OPERATIONS

The Caribbean Development Bank (CDB or the Bank) is an international organization 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, has been 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 became members of CDB by acceding to the Charter.

CDB was established as a regional financial institution for the purpose of contributing to the harmonious economic growth and development of the member countries in the Caribbean (Region) and to promote economic cooperation and integration among them, with special and urgent regard to the needs of the less developed members of the Region. The Bank's headquarters is located in Wildey in the parish of Saint Michael in the island of Barbados.

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 specialized agencies or of the International Atomic Energy Agency.

The membership of the Bank is comprised of twenty-two (22) regional states and territories and five (5) non-regional states (2012: 21 regional states and territories and 5 non-regional states). A detailed listing of the membership is provided at Note 21 - Equity.

Reducing poverty in the region is CDB's main objective and its lending funding activities are carried out in its Borrowing Member Countries (BMCs). These activities are financed through its shareholder funds comprising paid-in capital and retained earnings which is referred to as its Ordinary Capital Resources (OCR) 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.

Attainment of the Bank's objectives are also supplemented by the Special Development Fund (SDF) and Other Special Funds (OSF) which are separate funds with distinct assets and liabilities and which are subject to different operational, financial and other rules set out by the contributors to these funds and are independently managed from the OCR. There is no recourse to the OCR for obligations in respect of any of the SDF or OSF liabilities.

Mobilizing financial resources is an integral part of CDB's operational activities. CDB, alone or jointly, administers funds restricted for specific uses which include technical assistance, grants and regional programmes on behalf of donors, including members, some of their agencies and other development institutions.

NOTE 2 – CHANGE IN ACCOUNTING POLICY AND DISCLOSURE

In accordance with its policy of preparing its financial statements in accordance with International Financial Reporting Standards (IFRS), the Bank is required to apply the standards issued by the International Accounting Standards Board (IASB) on the dates mandated. The Bank applied, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IAS 19 – *Employee Benefits* (Revised 2011), IFRS 13 *Fair Value Measurement* and amendments to IAS 1 *Presentation of Financial Statements*.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. The requirements under this standard do not change when an entity is required to use fair value, but instead provides guidance on the measurement of fair value which is defined as an exit price. As a result of the guidance contained in the standard the Bank re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. The standard also contains requirements for additional disclosures.

Application of IFRS 13 has not materially impacted the fair value measurements of the Bank. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 4.

IAS 1 *Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 introduce a grouping of items presented in Other Comprehensive Income (OCI). Items that will be reclassified ('recycled') to profit or loss at a future point in time are required to be presented separately from items that will not be reclassified (for example, re-measurement of post-employment obligations). The amendments only affect the presentation of OCI and have no impact on the Bank's financial position or performance.

IAS 1 *Clarification of the requirement for comparative information* (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period.

The amendments clarify that the opening statement of financial position (as at 1 January 2012 in the case of the Bank), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Bank has not included comparative information in respect of the opening statement of financial position as at 1 January 2012. The amendments affect presentation only and have no impact on the Bank's financial position or performance.

IAS19 *Employee Benefits* (Revised 2011)

The Bank has applied IAS19 *Employee Benefits* (Revised 2011) retrospectively in the current period in accordance with the provisions set out in the revised standard. The opening statement of financial position of the earliest comparable period presented (January 1, 2012) and the comparative figures have been accordingly restated.

NOTE 2 – CHANGE IN ACCOUNTING POLICYAND DISCLOSURE … *continued*

IAS19 *Employee Benefits* (Revised 2011) … *continued*

The standard changes, amongst other things, the accounting for defined benefit plans and applicable post-employment benefits and disclosure requirements for defined benefit plans and other applicable post-employment obligations.

The major elements impacting the Bank include the following:-

- Removal of the option to delay the recognition of actuarial variances (the 'corridor' approach). Actuarial variances are recognized as they occur with the result that the surplus or deficit computed is recognized immediately in the asset or liability. As at January 1, 2012 there were unrecognized net actuarial losses of $7,747. Upon transition to this new standard this balance was charged to equity. Unrecognized net actuarial losses of $5,158 were recorded in other comprehensive income (OCI).
- The interest cost and expected return on plan assets used in the previous version of the standard are replaced with a net-interest amount which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual accounting period. In the application of this change, $112 was charged to the Bank's profit and loss for the year ended December 31, 2012 with a consequential increase in net income.

The standard mandates the application of this new policy on a retrospective basis, as a result of which the Bank, in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* is required to apply the policy to transactions, conditions and other events. This requires the Bank to adjust the opening balances of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

The standard has been applied retrospectively, with the following permitted exceptions:

- The carrying amount of other assets has not been adjusted for changes in employee benefit costs that were included before 1 January, 2012.
- Sensitivity disclosures for the defined benefit obligation for the comparative period (year ended December 31, 2012) have not been provided.

IAS19 also requires more extensive disclosures and these are provided in Note 19 to the financial statements.

The effects of the change in accounting policy are:

- Amounts recognized in profit or loss will comprise of current service costs, any past service costs and gain or loss on settlement , and net interest on the net defined liability/(asset), and
- Amounts recognized in other comprehensive income as re-measurements of the net defined liability/(asset) will comprise actuarial gains and losses, return on plan assets (excluding amounts included in net interest on the net liability/(asset), and any change in the effect of the asset ceiling if applicable.

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

NOTE 2 – CHANGE IN ACCOUNTING POLICYAND DISCLOSURE … *continued*

Impact on statement of financial position

	2013	2012
Liabilities		
Increase in pensions and other post-employment obligations	$-	$12,793
Net increase in total liabilities	**$-**	**$12,793**

Equity

	2013	2012	As at January 1, 2012
Re-measurement gain/(loss)	$8,898	$(5,046)	$(7,747)
Net increase/(decrease) in total Equity	**$8,898**	**$(5,046)**	**$(7,747)**

Impact on statement of comprehensive income

Statement of profit or loss	2013	2012
Increase/(decrease) in administrative expenses	$-	$(112)
Net increase in operating income	**$-**	**$(112)**
Re-measurement gain/(loss) on defined benefit obligations	$8,898	$(5,158)
Net increase/(decrease) in other comprehensive income for the year	**$8,898**	**$(5,158)**
Net increase/(decrease) in total comprehensive income for the year	**$8,898**	**$(5,046)**

Impact on the statement of cash flows

The net income for the period ended December 31, 2012 increased by $112 which was offset in the non-cash adjusting items. Total cash flows used in operating activities was therefore unaffected.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except where otherwise stated. Prior year comparatives have been adjusted or amended to conform with the presentations in the current year where applicable (See Note 2: Change in Accounting Policy and Disclosure – IAS 19 *Employee Benefits*).

Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are prepared under the historical cost basis, except as modified by the revaluation of debt securities at fair value through profit or loss and derivative financial instruments (cross currency interest rate swaps and interest rate swaps) which are reflected at fair value. The financial statements are presented in United States dollars and all values are rounded to the nearest thousand ($000), except where otherwise indicated.

The financial statements comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year ended December 31, 2013 (the reporting date).

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within twelve (12) months after the reporting date (current) and more than twelve months after the reporting date (non-current) is presented in Note 4 - Risk Management -“Liquidity risk”.

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 represents the results upon which the Bank’s financial, liquidity, capital adequacy, efficiency and other performance ratios and measures are determined.

The preparation of financial statements in conformity with IFRS requires management to make estimates. It also requires management to exercise its judgment in the process of applying the Bank’s accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Bank’s financial statements, therefore, present its financial position fairly. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5: “Critical accounting estimates and judgments”.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*…continued*

New and amended standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended December 31, 2012, except for the adoption of new standards and interpretations noted below:

- IAS 1- *Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (effective July 1, 2012)*
- IAS 19 (Revised) – *Employee Benefits (Revised) (effective January 1, 2013*
- IFRS 7 – *Disclosures – Offsetting Financial Assets and Financial Liabilities (effective January 1, 2013)*
- IFRS 13 – *Fair Value Measurement (effective January 1, 2013)*

Improvements to IFRSs applicable to annual periods beginning on or after January 1, 2013

- IFRS 1 – *First-time Adoption of International Financial Reporting Standards*
- IAS 1 – *Presentation of Financial Statements*
- IAS 16 – *Property, Plant and Equipment*
- IAS 32 – *Financial Instruments: Presentation*
- IAS 34 – *Interim Financial Reporting*

Standards in issue not yet effective

The following is a list of standards that and interpretations issued that are not yet effective up to the date of the issuance of the Bank's financial statements. The Bank reasonably expects these standards and interpretations to be applicable at a future date and intends to adopt those standards and interpretations when they become effective. The Bank is currently assessing the impact of adopting these standards and interpretations and since the impact of adoption depends on the assets held by the Bank at the date of adoption, it is not practical to quantify the effect at this time.

- IAS 32 - *Offsetting Financial Assets and Financial Liabilities – Amendments to* IAS 32 *(Effective January 1, 2014): January 1, 2014*
- IAS 36 - *Recoverable Amount Disclosures for Non-Financial Asset – Amendments to* IAS 36 *(effective January 1, 2014)*
- IFRS 9 – *Financial Instruments: Classification and Measurement* ((*Phase 1) (mandatory effective date deferred until the issue date of the completed version of* IFRS 9 *is known*)

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Standards, amendments and interpretations effective on or after January 1, 2013 and which are not relevant to the Bank

- IFRS 1 – *First-time Adoption of International Financial Reporting Standards* - *Government Loans (Amendment) (effective January 1, 2013)*
- IFRS 10 - *Consolidated Financial Statements*, IAS 27 *Separate Financial Statements (effective January 1, 2013)*
- IFRS 11 - Joint Arrangements, IAS 28 *Investments in Associates and Joint Ventures (effective January 1, 2013)*
- IFRS 12 - Disclosure of Involvement with Other Entities (effective January 1, 2013)
- IAS 39 – *Novation of Derivatives and Continuation of Hedge Accounting – Amendments to* IAS 39 *(effective January 1, 2014)*
- IFRS 10, IFRS 12 and IAS 27 – *Investment Entities (Amendments) (effective January 1, 2014)*
- IFRIC 20 - *Stripping Costs in the Production Phase of a Surface Mine(effective January 1, 2013)*
- IFRIC 21 – Levies(effective January 1, 2014)

Foreign currency translation

Functional and presentation currency

The functional and presentation currency of the Bank is the United States dollar. Monetary assets and liabilities in currencies other than United States dollars are translated into United States dollars 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 United States dollars 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 determination of net income for the year.

Taxation

Under the provisions of Article 55 of the Charter the Bank's assets, property, income and its operations and transactions are exempt from all direct taxation and from all custom duties on goods imported for its official use.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Financial instruments

In accordance with IAS 39, the Bank categorizes its assets as follows: financial assets at fair value through profit or loss or loans and receivables. Financial liabilities are measured at amortized cost. Financial assets and financial liabilities are recognized on the statement of financial position when the Bank assumes related contractual rights or obligations. Financial assets are de-recognized when the rights to secure cash flows from the financial asset expire or when all risks and rewards of ownership have been substantially transferred. Financial liabilities are de-recognized when the obligation under the liability is discharged, cancelled or expires. Management determines the classification of its financial instruments at initial recognition.

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

(a) Initial measurement of Financial instruments

All financial assets are recognized initially at fair value plus, in the case of loans and receivables, transaction costs which are attributable to the acquisition of the financial asset.

Financial liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed for the year in the statement of comprehensive income. All other financial liabilities are initially measured at fair value net of transaction costs.

(b) Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are categorized as held for trading unless they are designated as hedging instruments.

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

Gains and losses arising from changes in the fair value of financial assets through profit or loss are included in the net income for the year in the statement of comprehensive income in the period in which they arise.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Financial instruments…*continued*

(c) Loans and receivables

Loans and receivables and prepayments 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 and prepayments are subsequently measured at amortized cost using the effective interest rate method less any impairment. Interest income is recognized by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

(d) Derivatives recorded at fair value through profit and loss

The Bank uses derivatives such as cross currency interest rate swaps and forward exchange contracts in its borrowing and liability management activities to lower its funding costs and to align the interest rate profiles on its borrowings with that of its lending activities. 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. Changes in the fair value of derivatives are reflected as "Decrease/(increase) in fair value of Derivatives" in the statement of comprehensive income.

(e) Financial liabilities

Financial liabilities consist of long term borrowings, for which the fair value option is not applied, and are measured at amortized cost. Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; with transaction costs, premiums or discounts recognized in the profit or loss over the period of the borrowings using the straight line amortization method.

Fair value measurement

For financial instruments traded in active markets, the determination of fair value is the price that would be received to sell an asset or transfer a liability 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 or transfer the liability takes place either in the principal market for the asset or liability 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 or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants are acting in their economic best interest.

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Fair value measurement … *continued*

The Bank uses widely recognized valuation models for determining fair values of non-standardized financial instruments such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described in Note 4 – Risk Management – “Fair value of financial assets and liabilities”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 minimizing the use of unobservable inputs.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (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

CDB assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has/have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or groups of financial assets is/are impaired includes observable data that comes to the attention of the Bank about the following loss events including:

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the Bank granting to the borrower, for economic or legal reasons relating to the borrower’s financial difficulty, a concession that the Bank would not otherwise consider;
(iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
(v) the disappearance of an active financial market for that financial asset because of financial difficulties; or

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Impairment of financial assets…*continued*

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including:

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

A provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due according to the original contractual terms of loans (the "incurred loss" basis).

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 recognized in the statement of comprehensive income.

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

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

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Interest income and expense

Interest income and expense are recognized in the statement of comprehensive income for all interest-bearing instruments using the effective interest rate method based on the actual purchase price.

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.

Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income is recognized 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.

Commitment fees and other income

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

Renegotiated loans

It is not the Bank's policy to renegotiate public sector loans. In respect of its private sector portfolio the Bank seeks to restructure loans in preference to taking possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once terms have been renegotiated any impairment is measured using the original effective interest rate as calculated before the modification of terms and the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

Exceptional financial assistance

The Board approved the conversion of the outstanding balances of some OCR portions of loans of a member country into loans from CDB's Special Fund Resources as part of a package of exceptional financial assistance. These conversions became effective on July 11, 2013.

Property and equipment

Except for donated land which is stated at fair value, Property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized 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 other operating expenses during the financial year in which they are incurred.

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Property and equipment

Depreciation of other assets is provided on the straight-line basis at rates considered adequate to write-off the cost of the 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 the 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 other (income)/expenses in the statement of comprehensive income.

Deferred income

The deferred income relates to a Government grant of property and is stated at fair value. This property is freehold land with indefinite life and is therefore not subject to depreciation. The grant was recorded using the income approach and will be recognized in profit and loss in line with the useful life of the assets scheduled for construction on the property.

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, including cash, treasury bills and other eligible bills, amounts due from other banks and short-term government securities.

Commitments and contingencies

Provisions for restructuring costs and legal claims are recognized when the Bank has a present legal or constructive obligation as a result of past events; 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 recognizes no provisions for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*…continued*

Commitments and contingencies*…continued*

Provisions are measured at the present value of the expenditures expected to settle the obligation using the rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Pension and other post-employment obligations

(a) Pension obligations

CDB has both a contributory defined benefit New Pension Plan (the Plan) and a hybrid Old Pension Scheme (the Scheme) for securing pensions and other benefits for eligible employees of the Bank. Both the Plan and the Scheme are final salary defined benefit and are managed by independent Trustees which are appointed by the management and staff representatives of the Bank and operated under the rules of 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.

The cost of providing benefits under the defined plan is determined using the projected unit credit method.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for actuarial gains or losses and past service costs. Independent actuaries are engaged to calculate the defined benefit obligation using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid, and terms to maturity approximating the terms of the related pension liability.

Current service costs, past service costs and gain or loss on settlement, and net interest on the net defined liability are recognized immediately in profit and loss.

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 recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*…continued*

Pension and other post-employment obligations*…continued*

(b) 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.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the reporting date are discounted to their present value.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognized as a liability in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm’s length terms and the value of the premium agreed corresponds to the value of the guarantee obligation.

Valuation of Capital Stock

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 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Valuation of Capital Stock…*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. This has no effect on the financial position or results of the operations of the Bank.

The Charter permits the Bank to accept from a member non-negotiable, non-interest-bearing demand notes in place of part of the member's subscription to the paid-up capital which shall be payable in the member's currency and maintenance of value in respect of such part. This is provided that that such currency is not required for the conduct of the operations of the Bank.

Maintenance of value (MOV)

In order to ensure that capital receipts due in 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 and consisting of or derived as repayments of principal from currencies originally paid to the Bank by the member in respect of capital subscriptions. In the opinion of the Bank, where 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.

Segment reporting

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

In accordance with IFRS 8, the Bank has one operating segment, its Ordinary Capital Resources (OCR).

NOTE 4 – RISK MANAGEMENT

The nature of the Bank's activities necessitates the analysis, evaluation, acceptance and management of some degree of financial risk. The most important types of risk faced by CDB are associated with the borrowing member countries (country credit risk), concentration risk, market risk, liquidity risk, and operational risk. Market risk includes currency, interest rate and other price risks. The ability to manage these risks is supported by an enterprise wide risk management framework which was approved by the Board of Directors in March 2013. Operationally, CDB seeks to minimize its risks via the implementation of robust mitigating controls aimed at reducing exposure to achieve adherence to approved Risk Appetite portfolio limits. The Bank's risk mitigation approaches include adopting sound processes, systems, policies, guidelines and practices which are reviewed and modified periodically in line with the institution's changing circumstances.

During the year the Bank established an Office of Risk Management (ORM) to manage, coordinate, monitor and report on the mitigation of all risks that the Bank faces including 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 in the Bank's operations and among the Bank's employees. CDB's risk management framework is built around its governance, policies and processes. The risk management governance structure supports the Bank's senior management in their oversight function in the coordination of different aspects of risk management.

The Bank's governance is built around the following committees:

(i) The Enterprise Risk Committee;
(ii) Loans Committee;
(iii) The Audit and Post-Evaluation Committee; and
(iv) The Advisory Management Team.

Credit risk

The major risk to CDB as a multilateral development bank is its exposure to country credit risk. This risk relates to potential losses in the event that a borrowing member is unable or unwilling to service its obligations to the Bank. CDB manages its country credit risk through its financial policies and lending strategies, including individual country exposure limits and overall creditworthiness. Individual BMC exposure to the Bank on outstanding loans as at December 31, 2013 is reported in Note 6.

The Bank manages its credit risk on liquid funds and derivative financial instruments by ensuring that all individual investments have a minimum credit rating of A-/A3 (by Standard & Poor's Rating Agency and Moody's Investors Service respectively) for commercial bank obligations and AA-/ Aa3 for government obligations. However, 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 addition, in relation to derivative transactions, all counterparties must have a minimum rating of A/A2 at the commencement of the transactions.

NOTE 4 – RISK MANAGEMENT*…continued*

Credit risk measurement

Loans and advances
CDB's capital adequacy methodology is used in measuring its loan portfolio credit risk and is constructed around three components:

(i) the 'probability of default' by the counterparty on its contractual obligations;
(ii) current exposures to the borrowers from which the Bank derives the 'exposure at default'; and
(iii) the historical five year loss ratio (the loss given default).

The Bank's capital adequacy model assesses the probability of default of individual borrowers on the basis of external ratings. For borrowers without an external rating, judgment and bench-marking against similar credits are used to assign an appropriate internal rating. Borrowers are segmented into four rating classes. The rating scale, shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures can migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary.

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

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

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

Risk limit control and mitigation measures

The Bank manages limits and controls concentration of credit risk. The financial policies limit the amount of exposure in relation to a single borrower and to groups of borrowers. These risks are monitored on a monthly basis. 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.

NOTE 4 – RISK MANAGEMENT…*continued*

Collateral

CDB does not take collateral on its public sector loans. The Loans (CDB) Acts or other applicable legislation are enacted in the various BMCs and authorize the governments to raise loans from CDB or guarantee loans by CDB to statutory authorities. It also provides 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. This provision 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 by its BMCs, who are themselves members of the Bank.

For non-sovereign loans, CDB requires its commitments to be secured, the nature and extent of which will be determined on a case-by-case basis. The securities against the non-sovereign loans comprise a Government guarantee and sub-loans assigned to trusts (to be managed at no cost to CDB by the borrower) and the Bank has recourse against these sub-loans in the event of the default of the borrower. The fair value of the pool is the future expected cash flows of the sub-loans discounted by their interest rate. Marketable assets secure direct loans to the non-sovereign, while the fair value is the observable market price of the asset.

The fair value of the collateral on the impaired non-sovereign loans was estimated at $4,661 (2012: $7,649). This is comprised of the fair value of sub loans and the Bank's portion of the estimated realizable value of a property.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees and standby letters of credit represent irrevocable assurances that the Bank will make payment. The Bank currently has a guarantee not exceeding the equivalent of $12 million with respect to bonds issued by the Government of St. Kitts and Nevis.

Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it may undertake a significant volume of transactions. Master netting arrangements do not generally result in an offset of statement of financial position assets and liabilities as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period since it is affected by each transaction subject to the arrangement. CDB currently does not have more than one swap with any counterparty.

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

NOTE 4 – RISK MANAGEMENT…*continued*

Impairment and provisioning policies

Impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the reporting date based on objective evidence of impairment (the "incurred loss" model). The impairment provision in the statement of financial position at year-end includes an assessment of collateral held and anticipated receipts for that asset. It also includes a collective assessment of risk based on the external credit ratings of the borrowers, the probability of default related to those ratings, the loss given default based on CDB's historical loss experience (if any) and the exposure at default. The following table provides an analysis of the internal rating categories of the Bank's loans and the associated impairment provision made within:

Bank's rating

As at December 31	**2013**		**2012**	
	Loans	Impairment Provision (%)	Loans	Impairment Provision (%)
Basic monitoring	$23,100	-	$30,268	-
Standard monitoring	556,996	-	467,760	-
Special monitoring	358,928	-	397,970	-
Sub-standard	28,912	16.48	76,334	9.94
Total (inclusive of accrued interest)	$967,936		$972,332	

As at December 31, 2013 one loan in the non-sovereign loan portfolio was assessed as impaired (2012: 2).

As at December 31, 2013 and 2012, based on the assessment and methodology as applied to the public sector loan portfolio, no impairment was required.

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

NOTE 4 – RISK MANAGEMENT*…continued*

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

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

As at December 31	**2013**	**2012**
Cash and cash equivalents	$67,723	$96,401
Debt securities at fair value through profit or loss	289,525	400,509
Public sector loans outstanding	924,322	924,714
Non-sovereign loans outstanding	43,615	47,618
Cross currency interest rate swaps	53,987	95,312
Non-negotiable demand notes	44,013	43,802
Maintenance of value on currency holdings	2,887	2,692
Subscriptions in arrears	7,386	11,250
Receivables and prepayments	10,779	10,222
	$1,444,237	$1,632,520
Undisbursed loan balances		
Public sector	272,023	261,349
Non-sovereign	17,791	23,925
	$1,734,051	$1,917,794

The above table represents a worst case scenario of credit risk exposure as at December 31, 2013 and 2012, without taking account of any collateral held or other credit enhancements attached.

For assets included on the statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position. As shown, the total maximum exposure derived from loans and commitments to the public sector was 69.0% (2012: 61.8%), and to the non-sovereign was 3.5% (2012: 3.7%).

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

NOTE 4 – RISK MANAGEMENT*…continued*

Loans and advances

Loans are summarized as follows:

	December 31, 2013		**December 31, 2012**	
	Public Sector	Non-sovereign	Public Sector	Non-sovereign
Neither past due nor impaired	$924,322	$43,179	$889,283	$43,867
Past due but not impaired	-	-	35,431	-
Impaired	-	5,202	-	11,335
Gross	924,322	48,381	924,714	55,202
Less: allowance for impairment	-	(4,766)	-	(7,584)
Net	$924,322	$43,615	$924,714	$47,618

As of December 31, 2013, loans that were neither past due nor impaired represented 99.9% (2012: 96.0%) of loans outstanding.

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

	Loans at December 31, 2013		
	Public Sector	Non-sovereign	Total Loans
Basic monitoring	$23,100	$-	$23,100
Standard monitoring	556,996	-	556,996
Special monitoring	315,749	43,179	358,928
Sub-standard	28,477	-	28,477
	$924,322	$43,179	$967,501

	Loans at December 31, 2012		
	Public Sector	Non-sovereign	Total Loans
Basci monitoring	$30,268	$-	$30,268
Standard monitoring	467,760	-	467,760
Special monitoring	318,672	43,867	362,539
Sub-standard	72,583	-	72,583
	$889,283	$43,867	$933,150

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

NOTE 4 – RISK MANAGEMENT…*continued*

Loans and advances…*continued*

The Bank also maintains a General Banking Reserve of $7,006 (2012: $7,856) – See Note 21.

Loans and advances past due but not impaired
As at December 31, 2013 there were no gross loans and advances by class to customers that were past due but not impaired.

	Loans at December 31, 2012		
	Public Sector	Non-sovereign	Total Loans
Past due up to 30 days	$-	$-	$-
Past due 30 – 60 days	14,439	-	14,439
Past due 60 – 90 days	20,992	-	20,992
Over 90 days	-	-	-
	$35,431	$-	$35,431

Non-negotiable demand notes

At December 31, 2013, no non-negotiable demand notes are considered to be impaired.

Debt securities, treasury bills and other eligible bills

The main investment management objectives are to maintain capital preservation and liquidity. Subject to these parameters, CDB seeks the highest possible return on its investments. CDB's Investment Policy restricts its investments to government and government-related debt instruments and time deposits. Investments may also be made in unconditional obligations issued or guaranteed by commercial banks rated A-/A3, or better, AAA rated asset-backed securities, and AAA-rated mortgage-backed securities. Adherence to the investment policy guidelines is monitored on a monthly basis by the Enterprise Risk Committee.

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

NOTE 4 – RISK MANAGEMENT…*continued*

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

The following tables present an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at December 31, 2013 and 2012, based on Standard & Poor's Rating Agency ratings or their equivalent:

	2013				
	Ratings				
Type	AAA	AA+ to AA-	A+ to A-	Unrated	Total
Obligations guaranteed by Governments[1]	$84,876	$90,556	$-	$-	$175,432
Time Deposits	-	4,812	1,798	-	6,610
Sovereign Bonds	10,261	25,698	-	-	35,959
Supranational Bonds	66,456	5,068	-	-	71,524
	$161,593	$126,134	$1,798		$289,525

	2012				
	Ratings				
Type	AAA	AA+ to AA-	A+ to A-	Unrated	Total
Obligations guaranteed by Governments[2]	$73,592	$127,764	$-	$-	$201,356
Euro Commercial Paper	9,995	-	-	-	9,995
Time Deposits	-	4,774	-	1,267	6,041
Sovereign Bonds	10,423	26,265	-	-	36,688
Supranational Bonds	141,324	5,105	-	-	146,429
	$235,334	**$163,908**	**$-**	**$1,267**	**$400,509**

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

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

NOTE 4 – RISK MANAGEMENT…*continued*

Concentration of risks of financial assets with credit risk exposure

The following table breaks down CDB's main credit exposures at their carrying amounts, as categorized by Borrowing Member Countries and non-regional members, USA, and other countries. For this table, the exposures are allocated to regions based on the country of domicile of the counterparties. A further analysis of the Bank's exposure to loans by geographical region is provided at Note 9.

	2013				
	Borrowing Member Countries	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$8,331	$6,232	$51,980	$1,180	$67,723
Debt securities at fair value through profit or loss	1,297	70,136	114,833	103,259	289,525
Public sector loans outstanding	924,322	-	-	-	924,322
Non-sovereign loans outstanding	43,612	-	-	-	43,612
Cross currency interest rate swaps	-	33,425	20,561	-	53,986
Maintenance of value on currency holdings	1,209	1,678	-	-	2,887
Non-negotiable demand notes	35,554	8,458	-	-	44,012
Subscriptions in arrears	7,386	-	-	-	7,386
Receivables and prepayments	10,779	-	-	-	10,779
	$1,032,490	$119,929	$187,374	$104,439	$1,444,232

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

NOTE 4 – RISK MANAGEMENT…*continued*

Concentration of risks of financial assets with credit risk exposure…*continued*

	2012				
	Borrowing Member Countries	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$6,762	$882	$88,757	$-	$96,401
Debt securities at fair value through profit or loss	1,266	54,203	146,364	198,676	400,509
Public sector loans outstanding	924,714	-	-	-	924,714
Non-sovereign loans outstanding	47,618	-	-	-	47,618
Cross currency interest rate swaps	-	61,570	33,742	-	95,312
Maintenance of value on currency holdings	563	2,129	-	-	2,692
Non-negotiable demand notes	35,378	8,424	-	-	43,802
Subscriptions in arrears	11,250	-	-	-	11,250
Receivables and prepayments	10,222	-	-	-	10,222
	$1,037,773	$127,208	$268,863	$198,676	$1,632,520

CDB's membership is classified into regional and non-regional members. Except for three, the regional members are members of CARICOM and are further sub-divided into borrowing and non-borrowing members.

Non-regional members are shareholders from outside of the Caribbean region and comprise Canada, United Kingdom, Germany, Italy and China.

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: (i) foreign exchange risk; and (ii) interest rate risk.

Foreign exchange risk

The Bank manages exchange 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. The following table summarizes the exposure to foreign currency exchange rate risk. Included in the table are the financial instruments at carrying amounts, categorized by currency. As at December 31, 2013 and 2012, all loans are denominated in United States dollars.

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

NOTE 4 – RISK MANAGEMENT*…continued*

Concentrations of currency risk

		2013		
As at December 31	**US$**	**Yen**	**Other**	**Total**
Assets				
Cash and cash equivalents	$58,166	$-	$9,557	$67,723
Debt securities at fair value through profit and loss	266,143	-	23,382	289,525
Loans outstanding	967,936	-	-	967,936
Cross currency interest rate swaps	53,986	-	-	53,986
Receivable from members	38,181	-	16,105	54,286
Receivables and prepayments	8,893	-	1,886	10,779
Total financial assets	$1,393,305	$-	$50,930	$1,444,235
Liabilities				
Maintenance of value on currency holdings	$-	$-	$-	$-
Accounts payable	2,669	-	98	2,767
Subscriptions in advance	13,310	-	-	13,310
Borrowings	494,569	180,808	-	675,377
Interest rate swap	6,797	-	-	6,797
Total financial liabilities	$517,345	$180,808	$98	$698,251
Net on-balance sheet financial position	$875,960	$(180,808)	$50,832	$745,984
Credit commitments	$289,814	$-	$-	$289,814

		2012		
As at December 31	**US$**	**Yen**	**Other**	**Total**
Assets				
Cash and cash equivalents	$88,794	$-	$7,607	$96,401
Debt securities at fair value through profit and loss	377,119	-	23,390	400,509
Loans outstanding	972,332	-	-	972,332
Cross currency interest rate swaps	95,312	-	-	95,312
Receivable from members	41,024	-	16,720	57,744
Receivables and prepayments	2,404	-	7,818	10,222
Total financial assets	$1,576,985	$-	$55,535	$1,632,520
Liabilities				
Maintenance of value on currency holdings	$36	$-	$-	$36
Accounts payable	4,616	-	-	4,616
Subscriptions in advance	4,138	-	-	4,138
Borrowings	700,001	220,245	-	920,246
Total financial liabilities	$708,791	$220,245	$-	$929,036
Net on-balance sheet financial position	$868,194	$(220,245)	$55,535	$703,484
Credit commitments	$285,274	$-	$-	$285,274

NOTE 4 – RISK MANAGEMENT…*continued*

Concentrations of currency risk

The Bank has entered into currency swap agreements by which proceeds of two borrowings were converted into US dollars in order to hedge against ongoing operational currency risks.

If the Japanese Yen exchange rate had been 10% higher, CDB's comprehensive income for the year ended December 31, 2013, would have decreased by $16,729. If the Japanese Yen exchange rate had been 10% lower, CDB's comprehensive income would have increased by $19,798 for the year ended December 31, 2013.

Interest rate risk

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

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

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

NOTE 4 – RISK MANAGEMENT…*continued*

Interest rate risk…*continued*

	2013					
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	$67,723	$-	$-	$-	$-	$67,723
Debt securities at fair value through profit and loss	20,702	42,339	189,210	37,274	-	289,525
Loans outstanding	967,936	-	-	-	-	967,936
Cross currency interest rate swaps	53,986	-	-	-	-	53,986
Receivable from members	-	-	-	-	54,286	54,286
Receivables and prepayments	-	-	-	-	10,779	10,779
Total Assets	$1,110,347	$42,339	$189,210	$37,274	$65,065	$1,444,235
Liabilities						
Accounts payable	$-	$-	$-	$-	$2,767	$2,767
Subscriptions in advance	-	-	-	-	13,310	13,310
Payable to members	-	-	-	-	-	-
Borrowings	159,089	7,611	16,599	492,078	-	675,377
Interest rate swap	6,797	-	-	-	-	6,797
Total Liabilities	$165,886	$7,611	$16,599	$492,078	$16,077	$698,251
Total interest sensitivity Gap	$944,461	$34,728	$172,611	$(454,804)		

	2012					
At December 31						
Assets						
Cash and cash equivalents	$96,401	$-	$-	$-	$-	$96,401
Debt securities at fair value through profit and loss	47,221	61,345	221,811	70,132	-	400,509
Loans outstanding	972,332	-	-	-	-	972,332
Cross currency interest rate swaps	95,312	-	-	-	-	95,312
Receivable from members	-	-	-	-	57,744	57,744
Receivables and prepayments	-	-	-	-	10,222	10,222
Total Assets	$1,211,266	$61,345	$221,811	$70,132	$67,966	$1,632,520
Liabilities						
Accounts payable	$-	$-	$-	$-	$4,616	$4,616
Subscriptions in advance	-	-	-	-	4,138	4,138
Payable to members	-	-	-	-	36	36
Borrowings	355,722	9,783	16,539	538,202	-	920,246
Total Liabilities	$355,722	$9,783	$16,539	$538,202	$8,790	$929,036
Total interest sensitivity Gap	$855,544	$51,562	$205,272	$(468,070)		

NOTE 4 – RISK MANAGEMENT…*continued*

Interest rate risk…*continued*

If interest rates had been 50 bps higher or lower and all other variables were held constant, CDB's net income for the year ended December 31, 2013, would have increased or decreased by $6,104 (inclusive of derivative instruments). In 2012, an increase of 50 bps would have resulted in a decrease of $12,795 and a decrease of 50bps would have resulted in an increase of $12,035.

The sensitivity analyses are inclusive of 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. A 50 bps increase or decrease is used and represents management's assessment of a reasonable possible change in interest rates.

Liquidity risk

Liquidity risk relates to the probability that the Bank will be unable to meet the payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations or to disburse on its commitments. This risk is managed by conformity to the Bank's policy of maintaining a net three years' funding requirement or 40% of undisbursed commitments, whichever is greater.

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

NOTE 4 – RISK MANAGEMENT…*continued*

Liquidity risk…*continued*

Non-derivative cash flows

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

			2013		
At December 31	**0 – 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets					
Cash and cash equivalents	$67,723	$-	$-	$-	$67,723
Debt securities at fair value through profit and loss	14,083	36,837	211,063	42,015	303,998
Loans outstanding	43,310	90,292	454,836	636,228	1,224,666
Receivable from members	-	7,386	-	46,900	54,286
Receivables and prepayments	9,037	527	1,064	151	10,779
Total Assets	$134,153	$135,042	$666,963	$725,294	$1,661,452
Liabilities					
Accounts payable	$1,637	$1,107	$18	$5	$2,767
Borrowings	10,703	167,741	110,660	615,573	904,677
Total Liabilities	$12,340	$168,848	$110,678	$615,578	$907,444

			2012		
At December 31	**0 - 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets					
Cash and cash equivalents	$96,401	$-	$-	$-	$96,401
Debt securities at fair value	47,993	63,977	227,446	72,937	412,353
Loans outstanding	46,918	84,860	438,726	654,495	1,224,999
Receivable from members	-	11,250	-	46,494	57,744
Receivables and prepayments	169	8,608	1,260	185	10,222
Total Assets	$191,481	$168,695	$667,432	$774,111	$1,801,719
Liabilities					
Accounts payable	$2,718	$1,809	$32	$57	$4,616
Maintenance of value on currency holdings	-	-	-	36	36
Borrowings	30,581	197,704	273,455	684,191	1,185,931
Total Liabilities	$33,299	$199,513	$273,487	$684,284	$1,190,583

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

NOTE 4 – RISK MANAGEMENT…*continued*

Liquidity risk…*continued*

Assets held for managing liquidity risk

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

- Cash and balances with commercial banks;
- Time deposits;
- Government bonds and other securities that are easily traded; and
- Secondary sources of liquidity including a line of credit with a commercial bank.

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 balance sheet date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	2013				
At December 31	**0 - 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivative asset:					
- Cross currency interest rate swaps	$3,508	$705	$6,257	$70,404	**$80,874**
Derivative liability					
- Interest rate swap	$-	$3,996	$3,006	($19,440)	**$12,438**

	2012				
At December 31					
Derivative asset:					
- Cross currency interest rate swaps	$3,243	$614	$13,144	$60,029	$77,030

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

NOTE 4 – RISK MANAGEMENT*…continued*

Liquidity risk*…continued*

Commitments, guarantees and contingent liabilities

Loan and capital commitments

The table below summarizes the amounts of the Bank's commitments and guarantees to which it has committed for the extension of credit to its BMCs. Capital commitments represent obligations in respect of ongoing capital projects. There were no capital commitments as at December 31, 2013.

	2013		
At December 31	**0-12 months**	**1-5 years**	**Total**
Loan commitments	$90,000	$199,814	$289,814
	$90,000	$199,814	$289,814

	2012		
At December 31			
Loan commitments	$100,000	$185,424	$285,424
	$100,000	$185,424	$285,424

Fair value of financial assets and liabilities

(a) *Fair value hierarchy*

IFRS 7 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. This level includes listed equity securities and debt instruments on exchanges (for example, the New York Stock Exchange, NASDAQ).

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. This level includes derivative contracts. Bloomberg is the source of input parameters like the LIBOR yield curves or counterparty credit risks.

Level 3 – Inputs for the asset or liability for which the lowest level input that is significant to the fair value measurement is unobservable. This level includes equity investments and debt instruments with significant unobservable components.

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

NOTE 4 – RISK MANAGEMENT…*continued*

Fair value of financial assets and liabilities…*continued*

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

Assets and liabilities measured at fair value:

	2013			
December 31	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
- Cross currency interest rate swaps	$-	$53,986	$-	$53,986
Financial assets designated at fair value through profit or loss				
- Debt securities	-	289,525	-	289,525
	$-	$343,511	$-	$343,511
Financial liabilities at fair value through profit or loss				
- Interest rate swap	$-	$6,797	$-	$6,797
	$-	$6,797	$-	$6,797

	2012			
December 31	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
- Cross currency interest rate swaps	$-	$95,312	$-	$95,312
Financial assets designated at fair value through profit or loss	-			
- Debt securities	-	400,509	-	400,509
	$-	$495,821	$-	$495,821

(b) Financial instruments measured at fair value using a valuation technique

The total amount of the change in fair value estimated using Level 2 valuation techniques that was recognized in profit and loss during the year was a loss of $47,156 (2012: loss of $31,129).

NOTE 4 – RISK MANAGEMENT*…continued*

Fair value of financial assets and liabilities*…continued*

(c) *Financial instruments not measured at fair value*

The carrying amounts and the fair value of those financial assets and liabilities not presented in the statement of financial position at their fair value are summarized below.

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

(ii) *Loans*
The Bank's loan portfolio comprises loans granted to, or guaranteed by, its Borrowing Member Countries. Amounts disbursed on loans are repayable in the currency or currencies disbursed by the Bank or in other freely convertible currencies approved by the Bank. The amount repayable in each of these currencies shall be equal to the amount disbursed in the original currency. Loans are granted for a maximum period of twenty-two years, including a grace period, which is typically the period of project implementation. Loans are for the purpose of financing development projects and programmes and are not intended for sale. Management also does not believe that there is a comparable secondary market for the type of loans made by the Bank.

For 2013 and 2012, the estimated fair values are based on discounted cash flow models using an estimated yield curve appropriate for the remaining term to maturity.

(iii) *Non-negotiable demand notes*
These are non-interest bearing demand notes with no conditions for repayment. Therefore the fair value is estimated to be the carrying value.

(iv) *Receivables and prepayments*
Due to the short-term nature of these assets, fair value is assumed to be equal to carrying value.

(v) *Accounts payable*
The estimated fair value of current liabilities with no stated maturity is the amount payable on demand.

(vi) *Borrowings*
The aggregate fair values are based on discounted cash flow models using a current yield curve appropriate for the remaining term to maturity.

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

NOTE 4 – RISK MANAGEMENT*…continued*

Fair value of financial assets and liabilities*…continued*

The following table summarizes the carrying amounts and fair values of financial assets and liabilities presented on the Bank's statement of financial position which are not recorded at fair value.

	Carrying value		Fair value	
	2013	**2012**	**2013**	**2012**
Financial assets				
Cash and cash equivalents	$67,723	$96,401	$67,723	$96,401
Loans outstanding	967,936	972,332	855,888	765,737
Non-negotiable demand notes	44,013	43,802	44,013	43,802
Subscriptions in arrears	7,386	11,250	7,386	11,250
Receivables and prepayments	10,779	10,222	10,779	10,222
Maintenance of value	2,887	2,692	2,887	2,692
Financial liabilities				
Maintenance of value	-	36	-	36
Borrowings	675,377	920,246	707,246	1,050,923
Accounts payable & accrued liabilities	2,767	4,616	2,767	4,616

Derivatives

The Bank uses derivatives in its borrowing and liability management activities to lower its funding costs and to align the interest rate profiles on its borrowings with that of its lending activities The Bank has entered into currency swap agreements with major international banks by which proceeds of a borrowing are converted into a different currency and simultaneously a forward exchange agreement is executed providing for the future exchange of the two currencies in order to recover the currency converted. The Bank has also entered into interest rate swaps, which transform a floating rate payment obligation in a particular currency into a fixed rate payment obligation or vice-versa. Other financial expenses relate to expenses derived from the net swap expenses.

During the year the Bank entered into an interest rate swap agreement with a commercial bank for the notional sum of $150 million against its fixed rate borrowing of $300 million. This was effective from August 2013 and expires in May 2027. The determination of the fair value of financial instruments is disclosed in Note 3 "Financial assets – Fair value measurement".

NOTE 4 – RISK MANAGEMENT…*continued*

Capital Management

At its two hundred and fifty-fifth meeting held on March 21, 2013 the BOD approved an enhanced capital adequacy framework on the basis of a formal independent assessment by an international consultancy firm leading to the establishment of the Office of Risk Management.

The enhanced capital adequacy framework is supported by an income targeting policy that would enable the Bank, not only to safeguard, but also to strengthen its level of capitalization and to meet its commitments. The new policy requires the Bank to maintain available capital (as defined) at a minimum level of 150% of baseline economic capital and replaces the previous policy of a Total Equity to Exposure Ratio (TEER) in the range of 50% - 55%.

As at December 31, 2013 the Bank's available capital was 191.2% of its economical capital.

Further details on the CDB's risk management framework are contained in the Annual Report for the year ended December 31, 2013 in Part V – "Risk Management".

NOTE 5 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Bank's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of the preparation of its financial statements.

CDB makes estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Accounting policies and management's judgment for certain items that are especially critical for the Bank's results and financial situation due to their materiality are as follows:

Loan impairment provisions

The Bank reviews its loan portfolios on an annual basis, at a minimum, to assess impairment. In determining whether an impairment provision is required the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans based on current events. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers singly or in a group, or national or local economic conditions that correlate with defaults on assets held by the Bank. For public sector loans the assessment is done on an individual portfolio basis while for the non-sovereign loans, the

NOTE 5 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS…*continued*

Loan impairment provisions*…continued*

assessment is done on individual loans. Due to the fact that the non-sovereign portfolio is immaterial, all loans are assessed individually therefore there is no requirement for collective assessment. The Bank's method for determining the level of impairment of loans is described in Note 4 'Impairment of financial assets' and further explained in Note 4 – Risk Management – "Impairment and provisioning policies".

Because of the nature of its borrowers and guarantors, the Bank expects that each of its OCR sovereign guaranteed loans will be repaid in full. The Bank has had a fully performing sovereign guaranteed loan portfolio since its inception in 1970.

Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques, for example, models. 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 management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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

NOTE 5 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS … *continued*

Fair value measurement

The fair value measurement of the Bank's assets and liabilities are as follows:

Quantitative disclosures of fair value measurement hierarchy for assets as at December 31, 2013 and with a valuation date of December 31, 2013 (unless otherwise stated)

	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value				
Debt securities at fair value through profit & loss	$289,525	$-	$289,525	$-
Cross currency interest rate swaps	53,986	-	53,986	-
Assets for which fair values are disclosed				
Loans outstanding	855,888	-	855,888	-
Receivables & prepayments	10,779	-		10,779
Receivables from members	54,286	-		54,286
	$1,264,464	**$-**	**$1,199,399**	**$65,065**

There were no transfers between Level 2 and Level 3 during the period

Quantitative disclosures of fair value measurement hierarchy for liabilities as at December 31, 2013 and with a valuation date of December 31, 2013 (unless otherwise stated)

	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value				
Interest rate swap	$6,797	$-	$6,797	$-
Post-employment obligations	9,632	-	9,632	-
Liabilities for which fair values are disclosed				
Borrowings	707,246	-	707,246	-
Accounts payable & accrued liabilities	2,767	-		2,767
Subscriptions in advance	13,310	-		13,310
Deferred income	800			800
	$739,566	**$-**	**$722,689**	**$16,877**

There were no transfers between Level 2 and Level 3 during the period

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

NOTE 5 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS … *continued*

Pensions and post-employment benefit obligations

The present values of the retirement benefit obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension and other post-employment obligations.

The assumptions used in determining the net cost/ (income) for pensions include the discount rate, the expected rate of return on assets, future salary increases, mortality rates, and future pension increases. The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. The Bank considers the interest rates of high-quality instruments that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions.

NOTE 6 – SEGMENT ANALYSIS

The Bank is a multilateral financial institution dedicated to the development of the economies of, and poverty reduction in its regional member countries. In management's opinion the Bank has one reportable segment since CDB does not manage its operations by allocating resources based on a determination of the contribution of the net income from individual borrowers.

The following table presents CDB's outstanding loan balances inclusive of accrued interest and net of impairment provisions, and associated interest income by countries which generated in excess of 10% in loan interest income as of and for the years ended December 31, 2013 and 2012:

	Interest income		Loans outstanding	
Country	**2013**	**2012**	**2013**	**2012**
Jamaica	$9,397	$9,189	$240,028	$235,030
Barbados	5,539	5,198	135,762	120,932
St. Vincent and the Grenadines	3,994	3,861	102,597	101,456
Other	20,177	21,391	489,549	514,914
	$39,107	$39,639	$967,936	$972,332

NOTE 7 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following balances:

	2013	**2012**
Due from banks	$22,032	$21,354
Time deposits	45,691	75,047
	$67,723	$96,401

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

NOTE 8 – DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

A summary of the Bank's debt securities at fair value through profit or loss are as follows:

	2013				
	USD	EUR	CAD	Other	All Currencies
December 31					
Obligations guaranteed by Governments[1]	$196,615	$5,653	$8,591	$-	$210,859
Multilateral organizations	68,211	2,870	-	-	71,081
Time Deposits	501	-	-	6,105	6,606
Euro Commercial Paper	-	-	-	-	-
Sub-total	265,327	8,523	8,591	6,105	288,546
Accrued interest	850	113	12	4	979
	$266,177	**$8,636**	**$8,603**	**$6,109**	**$289,525**

	2012				
	USD	EUR	CAD	Other	All Currencies
December 31					
Obligations guaranteed by Governments[1]	$227,824	$5,111	$4,463	$ -	$237,398
Multilateral organizations	138,104	2,833	4,722	-	145,659
Time Deposits	-	-	-	6,025	6,025
Euro Commercial Paper	9,995	-	-	-	9,995
Sub-total	375,923	7,944	9,185	6,025	399,077
Accrued interest	1,196	206	15	15	1,432
	$377,119	**$8,150**	**$9,200**	**$6,040**	**$400,509**

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

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

NOTE 9 – RECEIVABLES AND PREPAYMENTS

	2013	**2012**
Interfund receivable – Note 25	$8,407	$-
Staff loans and other receivables	1,011	802
VAT receivable	838	776
Institutional receivables	172	8,558
Prepayments	-	86
Other	351	-
	$10,779	$10,222
Current	$9,548	$4,922
Non-current	$1,231	$5,300

During the year, no provision (2012: nil) was required as no receivables were considered to be impaired.

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

NOTE 10 – LOANS OUTSTANDING

(a) The following tables disclose the Bank's main credit exposures at their carrying amounts, as categorized by Borrowing Member Countries, regional institutions and to the non-sovereign as of December 31, 2013.

	2013			
Borrowers	Loans not yet effective	Undisbursed	Outstanding	% of Loans outstanding
Anguilla	$ 3,215	$-	$63,272	6.6
Antigua and Barbuda	13,383	17,518	51,087	5.3
Bahamas	-	4,281	6,306	0.7
Barbados	6,659	101,207	134,561	14.0
Belize	11,231	31,966	71,351	7.4
British Virgin Islands	-	19,417	11,610	1.2
Cayman Islands	-	-	3,271	0.3
Dominica	-	8,252	21,512	2.2
Grenada	-	5,682	28,197	2.9
Guyana	2,900	11,442	28,887	3.0
Jamaica	-	24,498	237,535	24.7
Montserrat	-	-	-	-
St. Kitts and Nevis	-	13,695	43,578	4.5
St. Lucia	-	18,561	79,364	8.3
St. Vincent and the Grenadines	-	15,504	101,558	10.6
Trinidad and Tobago	-	-	19,604	2.0
Turks and Caicos Islands	-	-	5,033	0.5
Regional	6,624	-	8,246	0.9
Non-sovereign	-	17,791	47,463	4.9
Sub-total	44,012	289,814	962,435	100.0
Provision for impairment	-	-	(4,766)	
Accrued interest and other charges	-	-	10,267	
	$44,012	**$289,814**	**$967,936**	

	2013
Current	$91,936
Non-current	$876,000

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

NOTE 10 – LOANS OUTSTANDING…*continued*

	2012			
Borrowers	Loans not yet effective	Undisbursed	Outstanding	% of Loans Outstanding
Anguilla	$-	$103	$64,744	6.6
Antigua and Barbuda	-	10,000	39,713	4.1
Bahamas	-	4,997	6,607	0.7
Barbados	-	100,949	120,066	12.4
Belize	5,362	33,223	71,756	7.4
British Virgin Islands	-	20,091	13,072	1.4
Cayman Islands	-	-	4,112	0.4
Dominica	3,939	4,635	21,128	2.2
Grenada	-	7,632	29,026	3.0
Guyana	9,200	3,350	29,757	3.1
Jamaica	10,000	29,300	236,403	24.4
St. Kitts and Nevis	-	15,030	54,054	5.5
St. Lucia	-	20,698	84,911	8.7
St. Vincent and the Grenadines	6,522	9,554	100,531	10.4
Trinidad and Tobago	-	-	25,886	2.7
Turks and Caicos Islands	-	1,787	5,730	0.6
Regional	-	-	8,315	0.9
Non-sovereign	-	23,925	52,905	5.5
Sub-total	35,023	285,274	968,716	100.0
Provision for impairment	-	-	(7,584)	
Accrued interest and other charges	-	-	11,200	
	$35,023	**$285,274**	**$972,332**	

	2012
Current	$93,906
Non-current	$878,426

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

NOTE 10 – LOANS OUTSTANDING … *continued*

An analysis of the composition of outstanding loans was as follows:

	2013						
Currencies receivable	Loans out-standing 2012	Net Interest earned	Disbursements	Sub-Total	Repayments	Provision for Losses	Loans out-standing 2013
United States dollars	$968,716	$-	$84,318	$1,053,034	$(90,599)	$-	$962,435
Sub-total	968,716	-	84,318	1,053,034	(90,599)	-	962,435
Provision for impairment	(7,584)	-	-	(7,584)	-	2,818	(4,766)
Accrued interest	11,200	(933)	-	10,267	-	-	10,267
Total – December 31	**$972,332**	**$(933)**	**$84,318**	**$1,055,717**	**$(90,599)**	**$2,818**	**$967,936**

	2012						
Currencies receivable	Loans out-standing 2011	Net Interest earned	Disbursements	Sub-Total	Repayments	Provision for Losses	Loans out-standing 2012
United States dollars	$1,001,959	$-	$49,481	$1,051,440	$(82,724)	$ -	$968,716
Sub-total	1,001,959	-	49,481	1,051,440	(82,724)	-	968,716
Provision for impairment	(5,046)	-	-	(5,046)	-	(2,538)	(7,584)
Accrued interest	10,624	576	-	11,200	-	-	11,200
Total – December 31	**$1,007,537**	**$576**	**$49,481**	**$1,057,594**	**$(82,724)**	**$(2,538)**	**$972,332**

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

NOTE 10 – LOANS OUTSTANDING *… continued*

(b) An additional provision of $850 (2012: $2,538) was recognized during 2013 in respect of non-sovereign loans. The accumulated balance was $4,766 as at December 31, 2013 (2012: $7,584). No provision for the impairment of sovereign loans was recognized as at December 31, 2013 (2012: Nil).

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

	2013	**2012**
Balance at January 1	$7,584	$5,046
Increase in specific impairment provision	-	2,538
Collective impairment provision	850	-
Write back of previous specific impairment provision	(3,668)	-
Balance at December 31	$4,766	$7,584

During the year one non-sovereign loan for which there was an impairment provision, was settled.

NOTE 11 – NON-NEGOTIABLE DEMAND NOTES

The Charter permits the Bank to accept from a member non-negotiable, non-interest-bearing demand notes in place of part of the member's subscription to the paid-up capital which shall be payable in the member's currency and maintenance of value in respect of such part, provided that such currency is not required for the conduct of the operations of the Bank. A member that has issued such demand notes may, at the request of the Bank, convert any of them into interest-bearing notes or into cash to be invested in government securities of that member.

All of the non-negotiable demand notes are considered non-current as there is no expectation that they will be called within the next twelve months. As at December 31, 2013 the non-negotiable demand notes amounted to $44,012 (2012: $43,802).

NOTE 12 – MAINTENANCE OF VALUE ON CURRENCY HOLDINGS

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.

As at December 31, 2013, $2,887 were due by certain members (2012: $2,692), at the reporting date, no amounts were due by the Bank (2012: $36).

NOTE 13 – SUBSCRIPTIONS IN ARREARS

Member countries are required to meet their obligations for paid in shares over a period determined in advance which comprises six installments. The amount of $7,386 (2012: $11,250) represents amounts that are due and not yet paid by certain members.

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

NOTE 14 – DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of derivative financial instruments held at December 31, 2013 and 2012, were as follows:

	Notional Amount	2013 Fair values	2012 Fair values
Derivative financial asset			
Cross currency interest rate swaps	$163,220	$53,986	$95,312
Derivative financial liability			
Interest rate swap	$150,000	$6,797	$-

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates or a combination of all these (e.g. cross-currency interest rate swaps). The Bank's credit risk represents the potential cost to replace the swap contracts if the counterparties fail to fulfill their obligations.

The Bank has two dual currency interest rate swaps. These swaps were derived by changing underlying fixed rate borrowings in Japanese Yen to floating rate borrowings in United States dollars. The two fixed rate Japanese Yen notes which mature in 2022 and 2030 carry an interest rate of 2.75% and 4.35%, respectively. The principal amounts due on maturity are in Japanese Yen, while the interest payments are in United States dollars.

During the year the Bank also entered into a fixed for floating interest rate swap which became effective in August 2013 up to May 2027 for a notional amount of $150 million with a commercial bank. This swap is related to the Bank's fixed rate borrowing of $300 million.

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

NOTE 15 – PROPERTY AND EQUIPMENT

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

The carrying values of property and equipment were as follows:

	2013					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
At January 1						
Cost	$2,122	$11,112	$7,512	$4,997	$325	$26,068
Accumulated depreciation	-	(6,729)	(6,978)	(3,836)	(239)	(17,782)
Closing net book amount	$2,122	$4,383	$534	$1,161	$86	$8,286
Year ended December 31						
Opening net book amount	$2,122	$4,383	$534	$1,161	$86	$8,286
Additions	664	10	103	326	31	1,134
Transfer from Furniture & Equipment	18	-	-	(18)	-	-
Transfers from projects in progress	(514)	-	514	-	-	-
Change in valuation of donated land	-	(75)	-	-	-	(75)
Disposals – cost	-	-	-	(26)	(29)	(55)
Disposals - accumulated depreciation	-	-	-	26	29	55
Depreciation expense	-	(261)	(619)	(380)	(46)	(1,306)
Closing net book amount	$2,290	$4,057	$532	$1,089	$71	$8,039
At December 31						
Cost	$2,290	$11,047	$8,129	$5,279	$327	$27,072
Accumulated depreciation	-	(6,990)	(7,597)	(4,190)	(256)	(19,033)
Closing net book amount	**$2,290**	**$4,057**	**$532**	**$1,089**	**$71**	**$8,039**

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

NOTE 15 – PROPERTY AND EQUIPMENT…*continued*

	2012					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
At January 1						
Cost	$1,639	$11,112	$7,280	$4,491	$325	$24,847
Accumulated depreciation	-	(6,467)	(6,303)	(3,458)	(200)	(16,428)
Closing net book amount	$1,639	$4,645	$977	$1,033	$125	$8,419
Year ended December 31						
Opening net book amount	$1,639	$4,645	$977	$1,033	$125	$8,419
Additions	621	-	138	506	-	1,265
Transfers from projects in progress	(138)	-	138	-	-	-
Disposals – cost	-	-	(44)	-	-	(44)
Disposals - accumulated depreciation	-	-	44	-	-	44
Depreciation expense	-	(262)	(719)	(378)	(39)	(1,398)
Closing net book amount	$2,122	$4,383	$534	$1,161	$86	$8,286
At December 31						
Cost	$2,122	$11,112	$7,512	$4,997	$325	$26,068
Accumulated depreciation	-	(6,729)	(6,978)	(3,836)	(239)	(17,782)
Closing net book amount	**$2,122**	**$4,383**	**$534**	**$1,161**	**$86**	**$8,286**

NOTE 16 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013	2012
Accounts payable	$128	$102
Accrued liabilities	2,639	3,961
Interfund payable – Note 25	-	553
	$2,767	$4,616
Current portion	$2,744	$4,529
Non-current portion	23	$87

NOTE 17 – SUBSCRIPTIONS IN ADVANCE

Payment of the amount due in respect of paid-up shares initially subscribed by a State or Territory which becomes a member of the Bank shall be made in six installments. The amount of $13,310 (2012: $4,138) represents amounts paid in advance of the due dates by two members.

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

NOTE 18 – DEFERRED INCOME

The amount of $800 (2012: $875) represents the fair value of freehold land donated to the Bank by the host country.

NOTE 19 – PENSIONS AND POST-EMPLOYMENT OBLIGATIONS

The Bank operates a defined benefit new pension plan and a hybrid old pension scheme based on the employee pensionable remuneration and length of service.

The plans are established under Trust Deeds. Management of the funds rest in the Trustees who perform their duties under the provisions of these Trust Deeds and they are responsible for the administration of the plan assets and for the definition of the investment strategy. The plans aim to achieve an appropriate balance between risk and return by adopting an appropriate mix of measures to mitigate the various types of risks to which they are exposed. These measures include a variety of policies, guidelines and practices that together make up the plans' risk management framework.

The plans require contributions to be made to independent investment managers under respective management agreements and they are authorized 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 plans are valued by independent actuaries every three year using the projected unit cost method. The last actuarial valuation was performed as at January 1, 2011.

The financial statements of the plans are audited annually by independent external auditors and every three years a professional firm is engaged to conduct an actuarial review of the plans and the Trustees decide on the level of contributions necessary to meet future obligations.

While administrative expenses are allocated to the special funds resources, the post-employment benefit obligations reflected are those of the OCR as the OCR has no recourse to the special funds resources with respect to this obligation.

	2013	**Restated 2012**
Defined Benefit Pension (Asset)/Liability	$2,456	$9,638
Hybrid Pension Liability	4,304	4,666
Post-Retirement Medical Obligations	2,872	2,453
	$9,632	$16,757

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

NOTE 19 – PENSIONS AND POST-EMPLOYMENT OBLIGATIONS…*continued*

(a) Defined Benefit Pension Plan

The amounts recognized in the statement of financial position are determined as follows:

	Pensions	
		Restated
	2013	2012
Present value of funded obligations	$44,366	$45,888
Fair value of Plan assets	(41,910)	(36,250)
(Asset)/Liability	$2,456	$9,638

The amounts recognized in the statement of comprehensive income are as follows:

	Pensions	
		Restated
	2013	2012
Current service costs	$3,156	$2,874
Net Interest on Net Defined Benefit Liability	347	290
Net Pension cost	$3,503	$3,164
Re-measurement recognized in other Comprehensive Income		
Experienced (gains)/losses	(8,341)	1,499
Total amount recognized in other comprehensive income	(8,341)	1,499

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

NOTE 19 – PENSIONS AND POST-EMPLOYMENT OBLIGATIONS*…continued*

Defined Benefit Pension Plan*…continued*

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

	Pensions	
	2013	**Restated 2012**
Defined Benefit Liability/(Asset) at prior year end	$9,638	$318
Unrecognized loss charged to retained earnings	-	6,854
January 1	9,638	7,172
Net Pension cost	3,503	3,164
Re-measurements recognized in other comprehensive Income	(8,341)	1,499
Bank Contribution Paid	(2,344)	(2,197)
Balance at December 31	$2,456	$9,638

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

	Pensions	
	2013	**Restated 2012**
Balance at January 1	$45,888	$39,189
Current service costs	3,156	2,874
Net interest costs	1,898	1,928
Members' contributions	632	591
Experience adjustments	(128)	2,683
Actuarial (gains)/losses from changes in Financial assumptions	(4,604)	(89)
Benefits paid	(2,476)	(1,288)
Balance at December 31	$44,366	$45,888

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

NOTE 19 – PENSIONS AND POST-EMPLOYMENT OBLIGATIONS*…continued*

Defined Benefit Pension Plan*…continued*

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

	Pensions	
		Restated
	2013	**2012**
Balance at January 1	$36,250	$32,017
Interest income	1,551	1,638
Return on Plan assets, excluding interest	3,609	1,095
Bank contributions	2,344	2,197
Members' contributions	632	591
Benefits paid	(2,476)	(1,288)
Balance at December 31	$41,910	$36,250

The principal actuarial assumptions used for accounting purposes are:

	Pensions	
	2013	**2012**
	%	**%**
Discount rate	5.0	4.25
Expected return on plan assets	5.0	4.75
Future salary increases	4.0	3.75
Future pension increases	2.25	2.25

Mortality rate

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

The average life expectancy in years of a pensioner retiring at age 62 on the reporting date is as follows:

	2013	**2012**
Male	19.3	19.3
Female	23.3	23.3

Asset allocation as at December 31 – Defined Benefit Pension Plan

	2013	**2012**
Equity securities	56%	56%
Debt securities	37%	38%
Other	7%	6%
	100%	100%

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

NOTE 19 – PENSIONS AND POST-EMPLOYMENT OBLIGATIONS*…continued*

Defined Benefit Pension Plan*…continued*

CDB's contribution to the Defined Benefit Pension Plan in 2014 is estimated at $2,387 (2013: $2,320).

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date, while equity returns reflect long-term real rates of return experienced in respective markets.

As at December 31

	2013	**2012**	**2011**	**2010**	**2009**
Present value of defined benefit obligation	$44,366	$45,888	$39,189	$34,652	$29,239
Fair value of Plan assets	(41,910)	(36,250)	(32,017)	(30,540)	(25,673)
	$2,456	$9,638	$7,172	$4,112	$3,566

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at December 31, 2013 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	$(5,439)	$6,790	$1,238	$(1,060)	$4,416	$(3,733)

	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	$535	$(544)	$556	$(566)

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 19 – PENSIONS AND POST-EMPLOYMENT OBLIGATIONS…*continued*

Defined Benefit Pension Plan…*continued*

Sensitivity analysis…*continued*

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

	2013	2012
Within the next 12 months (annual reporting period)	$3,184	$2,866
Between 1 year and 2 years	$3,283	$3,403

(b) Hybrid Pension Scheme

The amounts recognized in the statement of financial position are determined as follows:

	Pensions	
		Restated
	2013	**2012**
Present value of funded obligations	$24,630	$27,302
Fair value of Plan assets	(20,326)	(22,636)
Net Defined Benefit Liability	$4,304	$4,666

The amounts recognized in the statement of comprehensive income are as follows:

	Pensions	
		Restated
	2013	**2012**
Current service costs	$226	$234
Asset	188	44
Net Pension cost	$414	$278
Re-measurement recognized in other comprehensive income		
Expense (gains)/losses	(582)	3,445
Total amount recognized in other comprehensive income	(582)	(3,445)

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

NOTE 19 – PENSIONS AND POST-EMPLOYMENT OBLIGATIONS*…continued*

(b) Hybrid Pension Scheme*…continued*

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

	Pensions	
		Restated
	2013	**2012**
Defined Benefit Liability/(Asset) at prior year end	$4,666	$19
Unrecognized loss charged to retained earnings	-	1,116
January 1	4,666	1,135
Net Pension cost	417	278
Re-measurement recognized in other comprehensive income	(582)	3,445
Employer contribution paid	(197)	(192)
Balance at December 31	$4,304	$4,666

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

	Pensions	
		Restated
	2013	**2012**
Balance at January 1	$27,302	$23,698
Current service costs	230	234
Net interest costs	1,107	1,156
Employees' contributions	349	302
Re-measurements		
Experience adjustments	111	(161)
Actuarial (gains)/losses from changes in Demographic assumptions	-	1,786
Actuarial (gains)/losses from changes in Financial assumptions	(1,916)	1,451
Benefits paid	(2,553)	(1,164)
Balance at December 31	$24,630	$27,302

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

NOTE 19 – PENSIONS AND POST-EMPLOYMENT OBLIGATIONS…*continued*

(b) Hybrid Pension Scheme…*continued*

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

	Pensions 2013	Pensions Restated 2012
Balance at January 1	$22,636	$22,563
Interest Income	920	1,112
Return on Plan assets excluding interest income	(1,223)	(369)
Employer's contributions	197	192
Employees' contributions	349	302
Benefits paid	(2,553)	(1,164)
Balance at December 31	$20,326	$22,636

The principal actuarial assumptions used for accounting purposes are:

	Pensions 2013 %	Pensions 2012 %
Discount rate	5.0	4.25
Expected return on plan assets	5.0	4.25
Future salary increases	3.75	3.75

Mortality rate

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

The average life expectancy in years of a pensioner retiring at age 62 on the reporting date is as follows:

	2013	2012
Male	19.3	19.3
Female	23.3	23.3

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

NOTE 19 – PENSIONS AND POST-EMPLOYMENT OBLIGATIONS*…continued*

Hybrid Pension Scheme*…continued*

Asset allocation as at December 31 – Pension Scheme

	2013	2012
Debt securities	98%	96%
Other	2%	4%
	100%	100%

CDB's contribution to the hybrid pension scheme in 2014 is estimated at $184 (2013: $195).

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date, while equity returns reflect long-term real rates of return experienced in respective markets.

As at December 31

	2013	2012	2011	2010	2009
Present value of defined benefit obligation	$24,630	$27,302	$23,698	$23,150	$22,751
Fair value of plan assets	(20,326)	(22,636)	(22,563)	(23,150)	(22,751)
Liability	$4,304	$4,666	$1,135	$-	$-

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at December 31, 2013 is as shown below:

	Discount rate		Future salary increases		Life expectancy
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease	Increase by 1 year
Impact on Defined benefit obligation	(2,015)	2,726	64	(176)	(454)

	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	$179	$(178)	$275	$(283)

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

NOTE 19 – PENSIONS AND POST-EMPLOYMENT OBLIGATIONS*…continued*

Sensitivity analysis*…continued*

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

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

	2013	2012
Within the next 12 months (annual reporting period)	$178	$186
Between 1 year and 2 years	$180	$195

(c) Post-Retirement Medical Plan

The amounts recognized in the statement of financial position (liability) are determined as follows:

	Post-employment medical obligation	
		Restated
	2013	**2012**
Post-employment medical obligations	$2,872	$2,453

The amounts recognized in the statement of comprehensive income were as follows:

	Post-employment medical obligation	
		Restated
	2013	**2012**
Current service costs	$104	$92
Net Interest on Net Defined Benefit Liability/ (Asset)	182	156
Past Service cost/(credit)	134	-
	$420	$248

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

NOTE 19 – PENSIONS AND POST EMPLOYMENT OBLIGATIONS*…continued*

(c) Post-Retirement Medical Plan*…continued*

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

	Post-employment medical obligation	
	2013	**Restated 2012**
Defined Benefit Liability/(Asset) at prior year end	$2,453	$2,261
Unrecognized loss charged to retained earnings	-	(223)
January 1	2,453	2,038
Net Pension cost	420	248
Re-measurements recognized in other Comprehensive income	58	214
Bank contribution paid	(59)	(47)
December 31	$2,872	$2,453

Movement in the post-retirement medical obligation over the year was as follows:

	Post-employment medical obligation	
	2013	**Restated 2012**
Balance at January 1	$2,453	$2,038
Current service costs	104	92
Net interest cost	182	156
Past service cost/(credit)	134	-
Re-measurements		
Experience adjustments	58	329
Actuarial (gains)/losses from changes in Financial assumptions	-	(115)
Benefits paid	(59)	(47)
Balance at December 31	$2,872	$2,453

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

NOTE 19 – PENSIONS AND POST EMPLOYMENT OBLIGATIONS…*continued*

(c) Post-Retirement Medical Plan…*continued*

The principal actuarial assumptions used for accounting purposes are:

	Post-employment medical obligation	
	2013 %	2012 %
Discount rate	7.75	7.50
Annual increase in benefit	7.00	7.00

As at December 31

	2013	2012	2011	2010	2009
Post-employment medical obligation	$2,872	$(2,452)	$(2,038)	$(1,916)	$(1,933)
Deficit	$2,872	$(2,452)	$(2,038)	$(1,916)	$(1,933)

CDB's contribution to the post-retirement medical plan in 2014 is estimated at $68 (2013: $59).

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at December 31, 2013 is as shown below:

	Discount rate		Medical cost increases		Life expectancy
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease	Increase by 1 year
Impact on Defined benefit obligation	(396)	499	496	(400)	(121)

NOTE 20 – BORROWINGS

It is the Bank's policy to limit borrowing and guarantees chargeable to the Bank's Ordinary Capital Resources to 100 percent 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). At December 31, 2013, total borrowings amounted to $675,377 (2012: $920,246).

Also at December 31, 2013, the ratio of total outstanding borrowings and undrawn commitments to the borrowing limit of $1,156,850 (2012: $1,103,225) was 65.2% (2012: 89.3%).

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

NOTE 20 – BORROWINGS*…continued*

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

	2013						
	Original amounts[1/]	**Translation adjustments**	**Repayments to date**	**Currency swap[2/]**	**Undrawn**	**Outstanding**	**Due dates**
CDB Market Borrowings							
4.35% Notes – Yen	$60,000	$1,692	$-	$-	$-	$61,692	2030
2.75% Notes – Yen	100,000	11,147	-	7,969	-	119,116	2022
Floating Rate Note – US$	175,000	-	(175,000)	-	-	-	2013
Floating Rate Note – US$	150,000	-	-	-	-	150,000	2014
4.375% Bonds – US$	300,000	-	-	-	-	300,000	2027
Unamortized transaction costs	(2,037)	-	-	-	-	(2,037)	
	782,963	12,838	(175,000)	7,969	-	628,771	
European Investment Bank							
Global Loan 11I - US$	51,157	-	(14,700)	-	-	36,457	2023
Climate Action Credit – US$	65,320	-	-	-	(65,320)	-	
	116,477	-	(14,700)	-	(65,320)	36,457	
Inter-American Development Bank							
Loan 926/OC-RG-US$	22,539	-	(14,194)	-	-	8,345	2021
Loan 2798/BL-RG	14,000	-	-	-	(14,000)	-	2043
Sub-total	935,909	12,838	(203,894)	7,969	(79,320)	673,573	
Accrued interest[3]	1,804	-	-	-	-	1,804	
Total – December 31	**$937,713**	**$12,838**	**$(203,894)**	**$7,969**	**$(79,320)**	**$675,377**	

[1/] Net of cancellations and borrowings fully paid.
[2/] Unwinding of fair value hedge.
[3/] Relates to amounts withdrawn and outstanding

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

NOTE 20 – BORROWINGS…*continued*

	2012						
	Original amounts[1/]	**Translation adjustments**	**Repayments to date**	**Currency swap[2/]**	**Undrawn**	**Outstanding**	**Due dates**
Short term Borrowing							
Floating Rate Note – US$	$20,000	$-	$-	$-	$-	$20,000	2013
	20,000	-	-	-	-	20,000	
CDB Market Borrowings							
4.35% Notes – Yen	60,000	15,147	-	-	-	75,147	2030
2.75% Notes – Yen	100,000	36,160	-	8,937	-	145,097	2022
1.12% Two Year Bonds – US$	75,000	-	(75,000)	-	-	-	2012
One Year Discount Note – US$	9,925	-	(9,925)	-	-	-	2012
Floating Rate Note – US$	175,000	-	-	-	-	175,000	2013
Floating Rate Note – US$	150,000	-	-	-	-	150,000	2014
Floating Rate Note – US$	120,000	-	(120,000)	-	-	-	2012
4.375% Bonds – US$	300,000	-	-	-	-	300,000	2027
Unamortized transaction costs	(2,041)					(2,041)	
	987,884	51,307	(204,925)	8,937	-	843,203	
European Investment Bank							
Global Loan 11I - US$	51,157	-	(6,520)	-	-	44,637	2014/2023
Climate Action Credit – US$	65,320	-	-	-	(65,320)	-	
	116,477	-	(6,520)	-	(65,320)	44,637	
Inter-American Development Bank Loan 926/OC-RG-US$	22,491	-	(13,033)	-	-	9,458	2021
Sub-total	1,146,852	51,307	(224,478)	8,937	(65,320)	917,298	
Accrued interest[3]	2,948	-	-	-	-	2,948	
Total – December 31	**$1,149,800**	**$51,307**	**$(224,478)**	**$8,937**	**$(65,320)**	**$920,246**	

1/Net of cancellations and borrowings fully paid.

2/Unwinding of fair value hedge.

3/ Relates to amounts withdrawn and outstanding

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

NOTE 20 – BORROWINGS…*continued*

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

2013

Currencies Repayable	Outstanding at December 2012	Translation Adjustment	Net Interest expense/ paid	Draw-downs	Currency swap amortisation[1/]	Repayments	Outstanding at December 2013
United States Dollars	$698,314	$-	$-	$-	$-	$(204,290)	$494,024
Japanese Yen	218,984	(38,467)	-	-	(968)	-	179,549
Sub-total	917,298	(38,467)	-	-	(968)	(204,290)	673,573
Accrued interest[2]	2,948	-	(1,144)	-	-	-	1,804
Total – December 31	**$920,246**	**$(38,467)**	**$(1,144)**	**$-**	**$(968)**	**$(204,290)**	**$675,377**

2012

Currencies Repayable	Outstanding at December 2011	Translation Adjustment	Net Interest expense/ paid	Draw-downs	Currency swap amortisation	Repayments	Outstanding at December 2012
United States Dollars	$612,266	$-	$-	$338,630	$-	$(252,582)	$698,314
Japanese Yen	244,247	(24,003)	-	-	(1,260)	-	218,984
Sub-total	856,513	(24,003)	-	338,630	(1,260)	(252,582)	917,298
Accrued interest[2]	1,362	-	1,586	-	-	-	2,948
Total – December 31	**$857,875**	**$(24,003)**	**$1,586**	**$338,630**	**$(1,260)**	**$(252,582)**	**$920,246**

The current and non-current portions of borrowings as at December 31 were as follows:

	2013	2012
Current	$5,698	$208,165
Non-current	669,679	712,081
	$675,377	$920,246

[1/] Unwinding of fair value hedge
[2/] Relates to amounts withdrawn and outstanding

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

NOTE 20 – BORROWINGS*…continued*

On December 12, 2012 Standard & Poor’s Rating Services lowered the Bank’s long term foreign currency issuer rating to ‘AA’ from ‘AA+’ with a negative outlook. The Bank’s short term foreign currency rating was affirmed at ‘A-1+’. This downgrade had no material impact on current operations, nor did it have any impact on debt covenants.

On July 19, 2013 Standard & Poor’s affirmed its 'AA' long-term issuer credit rating and 'A-1+' short-term credit rating. The outlook remained negative.

On November 19, 2013 Moody’s Investors Service affirmed the Bank’s long term issuer rating at Aa1 and changed the outlook from negative to stable.

NOTE 21 – EQUITY

Equity is comprised of capital, retained earnings and reserves and are detailed below:.

(a) Capital stock

At the fortieth meeting of the Board of Governors in May 2010 in the Bahamas, a general capital increase of 150% was approved. The Bank’s capital as at December 31 was as follows:

		2013	2012
Authorized capital: 312,971	(2012: 312,971) shares		
Subscribed capital: 259,650	(2012: 247,455) shares	$1,635,133	$1,549,012
Less callable capital: 202,643	(2012: 193,125) shares	(1,274,862)	(1,207,638)
Paid-up capital: 57,007	(2012: 54,330) shares	$360,271	$341,374

Movements in the Bank’s paid-up capital during the year were as follows:

	2013	2012
	No. of shares	**No. of shares**
Balance at January 1	54,330	52,611
Regional States & Territories		
Subscribed capital	7,518	7,812
Callable capital	(5,870)	(6,093)
Non-Regional States & Territories		
Subscribed capital	4,677	-
Callable capital	(3,648)	-
Balance at December 31	57,007	54,330

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

NOTE 21 – EQUITY

(b) Movements in subscriptions matured during the year were as follows:

	2013	2012
Balance at January 1	**$218,745**	$186,361
Regional States & Territories		
Subscriptions maturing during the year	**22,454**	21,346
Non-Regional States & Territories		
Subscriptions maturing during the year	**15,175**	11,038
Balance at December 31	**$256,374**	$218,745

The determination of the par value of the Bank's shares is disclosed in Note 3 - "Summary of Significant Accounting Policies – Valuation of capital stock".

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

NOTE 21 – EQUITY…*continued*
Capital…*continued*

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

2013

							Voting Power		
Member	**No. of Shares**	**% of Total**	**Total subscribed capital**	**Callable capital**	**Paid-up capital**	**Subscriptions Matured**	**No. of votes**	**% of total votes**	**Receivable from members. Non-negotiable Demand Notes**
Regional States and Territories:									
Jamaica	48,354	18.62	$291,659	$227,614	$64,045	$44,795	48,504	18.44	$12,628
Trinidad and Tobago	48,354	18.62	291,659	227,614	64,045	44,795	48,504	18.44	10,904
Bahamas	14,258	5.49	86,001	67,115	18,886	13,210	14,408	5.48	1,612
Guyana	10,417	4.01	62,833	49,038	13,795	9,648	10,567	4.02	3,157
Colombia	7,795	3.00	47,017	36,691	10,326	7,223	7,945	3.02	627
Mexico	3,118	1.20	18,807	14,687	4,120	4,120	3,268	1.24	-
Venezuela	7,795	3.00	47,017	36,691	10,326	7,223	7,945	3.02	3,203
Barbados	9,074	3.49	54,732	42,717	12,015	8,404	9,224	3.51	1,070
Suriname	4,166	1.60	25,128	19,627	5,501	1,100	4,316	1.64	825
Belize	2,148	0.83	12,956	10,109	2,847	1,990	2,298	0.87	-
Dominica	2,148	0.83	12,956	10,109	2,847	1,990	2,298	0.87	286
Grenada	1,839	0.70	11,093	8,661	2,432	1,701	1,989	0.76	213
St. Lucia	2,148	0.83	12,956	10,109	2,847	1,990	2,298	0.87	360
St. Vincent and the Grenadines	2,148	0.83	12,956	10,109	2,847	1,990	2,298	0.87	97
Antigua and Barbuda	2,148	0.83	12,956	10,109	2,847	1,990	2,298	0.87	296
St. Kitts and Nevis	859	0.33	5,181	4,047	1,134	1,134	1,009	0.38	255
Anguilla /1	455	0.17	2,744	2,141	603	422			14
Montserrat /1	533	0.21	3,215	2,509	706	495			-
British Virgin Islands /1	533	0.21	3,215	2,509	706	495	2,737	1.04	-
Cayman Islands /1	533	0.21	3,215	2,509	706	495			8
Turks and Caicos Islands /1	533	0.21	3,215	2,509	706	495			-
Haiti	875	0.34	5,278	4,120	1,158	1,158	1,025	0.39	-
	170,231	65.56	1,026,789	801,344	225,445	156,863	172,931	65.73	35,555

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

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

NOTE 21 – EQUITY…*continued*

Capital…*continued*

	2013								
							Voting Power		
Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	No. of votes	% of total votes	Receivable from members. Non-negotiable Demand Notes
Non-Regional States:									
Canada	26,004	10.02	156,849	122,408	34,441	24,090	26,154	9.94	-
United Kingdom	26,004	10.02	156,849	122,408	34,441	24,090	26,154	9.94	2,150
Italy	6,235	2.40	37,608	29,375	8,233	8,234	6,385	2.43	758
Germany	15,588	6.00	94,023	73,376	20,647	14,440	15,738	5.98	5,550
China	15,588	6.00	94,023	73,376	20,647	14,440	15,738	5.98	-
	89,419	34.44	539,352	420,943	118,409	85,294	90,169	34.27	8,458
Sub-total	259,650	100.0	1,566,141	1,222,287	343,854	242,157	263,100	100.0	44,013
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	550			
Sub-total	-	-	68,992	52,575	16,417	14,217	-	-	-
	259,650	**100.0**	**$1,635,133**	**$1,274,862**	**$360,271**	**$256,374**	**263,100**	**100.0**	**$44,013**

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

NOTE 21 – EQUITY…*continued*

Capital…*continued*

2012

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power: No. of votes	Voting Power: % of total votes	Receivable from members. Non-negotiable Demand Notes
Regional States and Territories:									
Jamaica	48,354	19.54	$291,659	$227,614	$64,045	$38,378	48,504	19.34	$13,243
Trinidad and Tobago	48,354	19.54	291,659	227,614	64,045	38,378	48,504	19.34	10,888
Bahamas	14,258	5.76	86,001	67,115	18,886	11,317	14,408	5.75	1,612
Guyana	10,417	4.20	62,833	49,038	13,795	8,265	10,567	4.21	3,205
Colombia	7,795	3.15	47,017	36,691	10,326	6,188	7,945	3.17	627
Mexico	3,118	1.26	18,807	14,687	4,120	4,120	3,268	1.30	-
Venezuela	3,118	1.26	18,807	14,687	4,120	4,120	3,268	1.30	3,204
Barbados	9,074	3.67	54,732	42,717	12,015	7,202	9,224	3.68	1,070
Belize	2,148	0.87	12,956	10,109	2,847	1,705	2,298	0.92	-
Dominica	2,148	0.87	12,956	10,109	2,847	1,705	2,298	0.92	286
Grenada	736	0.30	4,439	3,468	971	971	886	0.35	213
St. Lucia	2,148	0.87	12,956	10,109	2,847	1,705	2,298	0.92	360
St. Vincent and the Grenadines	2,148	0.87	12,956	10,109	2,847	1,705	2,298	0.92	97
Antigua and Barbuda	859	0.35	5,181	4,047	1,134	1,134	1,009	0.40	296
St. Kitts and Nevis	859	0.35	5,181	4,047	1,134	1,134	1,009	0.40	255
Anguilla /1	455	0.18	2,744	2,141	603	362			14
Montserrat /1	213	0.09	1,285	1,001	284	283			-
British Virgin Islands /1	213	0.09	1,285	1,001	284	283	1,777	0.71	-
Cayman Islands /1	213	0.09	1,285	1,001	284	283			8
Turks and Caicos Islands /1	533	0.22	3,215	2,509	706	424			-
Haiti	875	0.35	5,278	4,120	1,158	1,158	1,025	0.41	-
	158,036	63.85	953,232	743,934	209,298	130,820	160,586	64.04	35,378

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

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

NOTE 21 – EQUITY…*continued*
Capital…*continued*

	2012							Voting Power		
Member	**No. of Shares**	**% of Total**	**Total subscribed capital**	**Callable capital**	**Paid-up capital**	**Subscriptions Matured**	**No. of votes**	**% of total votes**	**Receivable from members. Non-negotiable Demand Notes**
Non-Regional States:									
Canada	26,004	10.51	156,849	122,408	34,441	20,640	26,154	10.43	-
United Kingdom	26,004	10.51	156,849	122,408	34,441	20,640	26,154	10.43	2,150
Italy	6,235	2.52	37,608	29,375	8,233	8,234	6,385	2.55	725
Germany	15,588	6.30	94,023	73,376	20,647	12,372	15,738	6.28	5,549
China	15,588	6.30	94,023	73,376	20,647	12,372	15,738	6.28	-
	89,419	36.15	539,352	420,943	118,409	74,258	90,169	35.96	8,424
Sub-total	247,455	100.00	1,492,584	1,164,877	327,707	205,078	250,755	100.00	43,802
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			
Sub-total	-	-	56,428	42,761	13,667	13,667	-	-	-
Total - December 31	**247,455**	**100.00**	**$1,549,012**	**$1,207,638**	**$341,374**	**$218,745**	**250,755**	**100.00**	**$43,802**

NOTE 21 – EQUITY…*continued*

(c) Members' subscriptions

The Bank's capital stock is divided into paid-in shares and callable shares. Payment for paid-in shares subscribed by its members is made over a period of years determined in advance. Subscriptions that are not yet payable are presented as subscriptions not yet matured on the statement of financial position. 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 Borrowing Member Countries 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 could defer payment until the risk had 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.

Under the Charter, payment for the paid-in shares of the original capital stock subscribed to by members is made in installments. 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.

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

NOTE 21 – EQUITY*…continued*

(d) Retained earnings and reserves

The elements comprising Retained earnings are shown in the Statements of Changes in Equity.

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 Ordinary Operations (operating income). The Banks' 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.

In 2012 the Board of Governors of the Bank upon the recommendation of the Board of Directors and acting under Article 39 of the Bank's Charter, approved an allocation of $15,000 from the net income (operating income) of the Ordinary Capital Resources to the Special Development Fund – Unified.

(e) Special reserve

In accordance with Article 18 of the Charter, commissions and guarantee fees received on loans made out of the Ordinary Capital Resources of the Bank 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 Board of Directors 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.

(f) General banking reserve

The General banking reserve has been deemed a reserve for asset impairments. An amount of $850 (2012 : Nil) was transferred to Retained earnings in relation to the recognition of an additional impairment provision in respect of non-sovereign loans.

(g) Re-measurements

Re-measurements is comprised as follows:

	2013	**2012**
Experience (gains)/losses	**$(4,007)**	$(12,905)
	$(4,007)	$(12,905)

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

NOTE 22 – INCOME FROM LOANS, INVESTMENTS AND CASH BALANCES

(a) Income from loans

Income from loans was as follows:

	2013	2012
Interest income	$36,074	$36,572
Other fees and charges	3,033	3,067
	$39,107	$39,639

(b) Income from investments and cash balances

Interest income was earned from the following categories of investments and cash balances as follows:-

	2013	2012
Cash and cash equivalents	$17	$18
Bonds	3,450	2,935
US Treasuries	244	244
Time deposits	178	214
Euro commercial paper	15	32
Treasury Bills	5	2
	$3,909	$3,445

(c) Interest expense and similar charges

These are comprised as follows:-

	2013	2012
Gross interest expense	$21,119	$13,173
Other finance charges	332	326
Income from cross currency interest rate swaps	(8,251)	(5,385)
Expenses incurred from cross currency interest rate swaps	2,385	1,669
	$15,585	$9,783

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

NOTE 23 – ADMINISTRATIVE EXPENSES

Administrative expenses incurred by the Bank are allocated to the Ordinary Capital Resources and the Special funds resources in accordance with a methodology approved by the Board of Directors.

Administrative expenses allocated to the OCR were as follows:

	2013	**Restated 2012**
Employee related	$7,251	$6,638
Professional fees and consultancies	516	1,258
Travel	493	555
Depreciation	526	562
Other expenses	362	295
Utilities and maintenance	446	444
Training and seminars	330	222
Supplies and printing	85	89
Board of Governors and Directors	125	255
Computer services	307	328
Communications	219	204
Bank charges	58	39
Insurance	31	28
	$10,749	$10,917

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

NOTE 23 – ADMINISTRATIVE EXPENSES…*continued*

Employee costs charged to the OCR were as follows:

	2013	Restated 2012
Salaries and allowances	$4,886	$4,726
Pension costs – hybrid scheme[1/]	165	112
Pension costs – defined benefit plan[1/]	1,419	1,235
Medical expenses	301	237
Other benefits	480	328
	$7,251	$6,638

[1/]This represents the allocation of the net pension costs to the OCR. The full pension expense for the hybrid scheme amounted to $414 and $3,513 for the defined benefit plan.

NOTE 24 – DERIVATIVE FAIR VALUE ADJUSTMENT

The derivative fair value adjustment of $(47,156) [2012: ($31,129)] included in the statement of comprehensive income is derived as a result of the revaluation of the cross currency interest rate swaps.

NOTE 25 – RELATED PARTY TRANSACTIONS

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

	2013	2012
Balance at January 1	$(553)	$8,235
Advances	76,945	75,815
Allocation of administrative expenses	15,934	16,391
Repayments	(83,919)	(100,994)
Due by/(to) OCR December 31	$8,407	$(553)

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

NOTE 25 – RELATED PARTY TRANSACTIONS…*continued*

The interfund receivable/payable account represents 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. Interfund balances are settled in cash on a quarterly basis and the balances are not subject to impairment evaluation based on their nature.

The composition of the balances as at December 31, 2013 and 2012 was as follows:

	2013	2012
Due from SDF	$3,362	$1,246
Due from OSF	5,148	7,542
Due from Pension schemes	519	24
Due from Others	3	15
Due to SDF	-	(7,383)
Due to OSF	(536)	(1,997)
Due to Others	(89)	-
	$8,407	$(553)

The net balance at December 31, 2013 is included in Receivables -Other in the statement of financial position.

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

	2013	2012
Salaries and allowances	$2,003	$1,332
Post-employment benefits	316	1,374
	$2,319	$2,706

(c) Interest subsidy fund

In 2008, the interest subsidy fund was established by the Board of Directors of the Bank to subsidize part of the interest payments for which certain borrowers are liable on loans from the OCR. During the reporting period, $580 (2012: $586) was received from the Other Special Funds in interest on behalf of the borrowers.

NOTE 26 – COMMITMENTS AND GUARANTEES

At December 31, 2013, CDB had undisbursed loan balances of $289,814 (2012: $285,274). There were no approved capital expenditure commitments for the 2013 financial year (2012: Nil).

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.

Caribbean Development Bank
Special Funds Resources – Special Development Fund

Independent Auditors' Report

To the Board of Governors of Caribbean Development Bank

We have audited the accompanying financial statements of the **Special Development Fund** of the **Caribbean Development Bank** (the Bank) which comprise the statement of financial position as at December 31, 2013, statement of comprehensive income and accumulated net income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared using the basis of accounting described in Note A.

Management's responsibility for the special purpose financial statements
Management is responsible for the preparation and fair presentation of these financial statements using the basis of accounting described in Note A, 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.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements of the Special Development Fund for the year ended December 31, 2013 are prepared, in all material respects, in accordance with the basis of accounting set out in Note A.

Basis of accounting
Without modifying our opinion, we draw attention to Note A 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.

Chartered Accountants
Barbados
March 13, 2014

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION
As of December 31, 2013

(expressed in thousands of United States dollars)

	2013			2012		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Assets						
Cash and cash equivalents – Note 1	**$22,878**	**$2,163**	**$25,041**	$11,699	$2,239	$13,938
Debt securities at fair value through profit or loss (Schedule 1)	**255,396**	**55,376**	**310,772**	274,791	57,905	332,696
Loans outstanding Note 6& Schedule 2	**503,518**	**18,117**	**521,635**	463,518	19,449	482,967
Receivables						
Accounts receivable – Note 7	**1**	**-**	**1**	7,854	-	7,854
	$781,793	**$75,656**	**$857,449**	$757,862	$79,593	$837,455
Receivable from contributors						
Non-negotiable demand notes (Schedule 3)	**60,044**	**-**	**60,044**	61,213	-	61,213
Contribution in arrears	**6,797**	**-**	**6,797**	9,597	-	9,597
	66,841	**-**	**66,841**	70,810	-	70,810
Total assets	**$848,634**	**$75,656**	**$924,290**	$828,672	$79,593	$908,265
Liabilities and Funds						
Liabilities						
Accounts payable– Note 8	**67,349**	**1,327**	**68,676**	**70,702**	**1,185**	**71,887**
Accrued charges on contributions	**-**	**2**	**2**	**-**	**5**	**5**
	$67,349	**$1,329**	**$68,678**	**$70,702**	**$1,190**	**$71,892**

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION (CONT'D)
As of December 31, 2013

(expressed in thousands of United States dollars)

	2013			2012		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Funds – Note 3						
Contributed resources (Schedule 3)						
Contributions	**$1,131,083**	**$42,434**	**$1,173,517**	$967,672	$42,962	$1,010,634
Less amounts not yet made available	**(113,429)**	**-**	**(113,429)**	(4,249)	-	(4,249)
Amounts made available	**1,017,654**	**42,434**	**1,060,088**	963,423	42,962	1,006,385
Allocation to technical assistance and grant resources	**(349,897)**	**(2,266)**	**(352,163)**	(324,897)	(2,266)	(327,163)
	667,757	**40,168**	**707,925**	638,526	40,696	679,222
Accumulated net income Note 4 & Schedule 4	**54,978**	**33,253**	**88,231**	56,730	36,801	93,531
Technical assistance and grant resources – Note 5	**58,550**	**906**	**59,456**	62,714	906	63,620
	$781,285	**$74,327**	**$855,612**	$757,970	$78,403	$836,373
Total liabilities and funds	**$848,634**	**$75,656**	**$924,290**	$828,672	$79,593	$908,265

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, 2013

(expressed in thousands of United States dollars)

	2013			2012		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Interest and similar income						
Loans	**$11,631**	**$434**	**$12,065**	$10,369	$466	$10,835
Investments and cash balances	**534**	**69**	**603**	3,485	840	4,325
	12,165	**503**	**12,668**	13,854	1,306	15,160
Expenses						
Administrative expenses	**13,696**	**950**	**14,646**	13,950	1,017	14,967
Charges on contributions	**-**	**28**	**28**	-	55	55
Foreign exchange translation	**221**	**(30)**	**191**	6	(124)	(118)
	13,917	**948**	**14,865**	13,956	948	14,904
Total comprehensive (loss)/income for the year	**$(1,752)**	**$(445)**	**$(2,197)**	($102)	$358	$256

Accumulated net income						
Accumulated net income – beginning of year	**$56,730**	**$36,801**	**$93,531**	$41,832	$37,343	$79,175
Appropriations for technical assistance	**-**	**(3,103)**	**(3,103)**	-	(900)	(900)
Total comprehensive (loss)/income for the year	**(1,752)**	**(445)**	**(2,197)**	(102)	358	256
Appropriation from OCR retained earnings	**-**	**-**	**-**	15,000	-	15,000
Accumulated net income – end of year	**$54,978**	**$33,253**	**$88,231**	$56,730	$36,801	$93,531

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, 2013

(expressed in thousands of United States dollars)

		2013	2012
Operating activities			
Total comprehensive loss		**$(1,752)**	($102)
Adjustments for non-cash items			
Unrealized loss on debt securities at fair value through profit or loss	**(1,692)**		(163)
Interest income	**(13,833)**		(13,561)
Net foreign exchange difference	**564**		735
Total cash flows used in operating activities before changes in operating assets and liabilities		**(16,713)**	(13,091)
Changes in operating assets and liabilities			
(Decrease)/increase in accounts receivable	**7,853**		(7,853)
Decrease in accounts payable	**(3,353)**		(61)
Cash used in operating activities		**(12,213)**	(21,005)
Disbursements on loans		**(62,743)**	(32,792)
Principal repayments to the Bank on loans		**22,326**	18,477
Interest received		**14,657**	12,961
Net decrease/(increase) in debt securities at fair value through profit or loss		**20,680**	(33,952)
Technical assistance disbursements		**(25,664)**	(16,204)
Net cash used in operating activities		**(42,957)**	(72,515)
Financing activities			
Contributions			
Increase in contributions for loans	**28,667**		42,394
Decrease in receivables from contributors	**3,969**		724
Technical assistance allocation	**21,500**		(7,550)
Allocation of OCR net income	**-**		15,000
Net cash provided by financing activities		**54,136**	50,568
Net increase/ (decrease) in cash and cash equivalents		**11,179**	(21,947)
Cash and cash equivalents - beginning of year		**11,699**	33,646
Cash and cash equivalents - end of year		**$22,878**	$11,699

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
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

	2013		2012
Operating activities			
Total comprehensive income for the year		**$(445)**	$358
Adjustments for non-cash items			
Unrealized loss/ (gain) on debt securities at fair value through profit or Loss	**540**		(208)
Interest income	**(1,046)**		(1,095)
Interest expense	**28**		55
Net foreign exchange difference	**46**		222
Total cash flows used in operating activities before changes in operating assets and liabilities		**(877)**	(668)
Changes in operating assets and liabilities			
Increase in accounts payable		**142**	246
Cash used in operating activities		**(735)**	(422)
Disbursements on loans		**-**	(31)
Principal repayments to the Bank on loans		**1,311**	1,158
Interest received		**1,108**	1,099
Interest paid		**(31)**	(59)
Net decrease/ (increase) in debt securities at fair value through profit and loss		**1,948**	(21,108)
Net cash provided by/ (used in) operating activities		**3,601**	(19,363)
Financing activities:			
Contributions			
Repayments of contributions	**(574)**		(1,046)
Appropriations of accumulated net income	**(3,103)**		(900)
Net cash used in financing activities		**(3,677)**	(1,946)
Net decrease in cash and cash equivalents		**(76)**	(21,309)
Cash and cash equivalents – beginning of year		**2,239**	23,548
Cash and cash equivalents - end of year		**$2,163**	$2,239

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUND RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF INVESTMENTS
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 1

Debt securities at fair value through Profit or Loss – Note 2	2013 Market value			2012 Market value		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Government and Agency Obligations	**$195,434**	**$44,472**	**$239,906**	$192,424	$44,931	$237,355
Supranationals	**42,357**	**10,727**	**53,084**	81,345	12,756	94,101
Time Deposits	**7,501**	**-**	**7,501**	-	-	-
Euro Commercial Paper	**9,489**	**-**	**9,489**	-	-	-
Sub-total	**254,781**	**55,199**	**309,980**	273,769	57,687	331,456
Accrued interest	**615**	**177**	**792**	1,022	218	1,240
	$255,396	**$55,376**	**$310,772**	$274,791	$57,905	$332,696

Residual term to contractual maturity

	2013	**2012**
One month to three months	**$43,837**	$15,275
Over three months to one year	**76,627**	70,664
From one year to five years	**174,894**	225,017
From five years to ten years	**15,414**	21,740
	$310,772	$332,696

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)

SUMMARY STATEMENT OF LOANS
As of December 31, 2013
(expressed in thousands of United States dollars)

SCHEDULE 2

2013				
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Anguilla	$425	$112	$2,874	0.6
Antigua and Barbuda	-	-	2,539	0.5
Bahamas	-	750	-	-
Barbados	-	-	406	0.1
Belize	-	17,736	40,556	8.1
British Virgin Islands	-	300	1,508	0.3
Cayman Islands	-	-	-	-
Dominica	-	17,665	55,150	11.0
Grenada	-	13,393	70,607	14.1
Guyana	22,100	27,878	107,218	21.4
Jamaica	-	24,406	93,187	18.6
Montserrat	-	2,500	2,505	0.5
St. Kitts and Nevis	-	1,289	49,389	9.9
St. Lucia	-	41,014	37,203	7.5
St. Vincent and the Grenadines	-	23,239	28,710	5.7
Trinidad and Tobago	1,000	-	-	-
Turks and Caicos Islands	-	-	5,239	1.0
Regional	6,375	-	3,563	0.7
Sub-total	$29,900	$170,282	$500,654	100.0
Accrued interest	-	-	2,864	
	$29,900	**$170,282**	**$503,518**	

1/ There are no overdue installments of principal (2012 - nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)

SUMMARY STATEMENT OF LOANS…*continued*
As of December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 2

	2012			
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Anguilla	$425	$112	$ 3,145	0.7
Antigua and Barbuda	-	-	2,937	0.6
Barbados	-	-	469	0.1
Belize	7,086	14,715	38,777	8.4
British Virgin Islands	-	300	1,654	0.4
Dominica	2,166	18,430	53,798	11.7
Grenada	-	18,895	68,395	14.9
Guyana	25,000	6,922	106,031	23.0
Jamaica	10,000	38,513	73,263	15.9
Montserrat	-	2,500	2,691	0.6
St. Kitts and Nevis	17,760	1,792	34,192	7.4
St. Lucia	6,862	38,205	36,214	7.9
St. Vincent and the Grenadines	7,106	19,265	29,070	6.3
Trinidad and Tobago	1,000	-	-	0.0
Turks and Caicos Islands	-	-	5,857	1.3
Regional	-	-	3,744	0.8
Sub-total	$77,405	$159,649	$460,237	100.0
Accrued interest	-	-	3,281	
	$77,405	**$159,649**	**$463,518**	

1/ There are no overdue installments of principal (2011 - nil).

.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)

SUMMARY STATEMENT OF LOANS…*continued*
As of December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 2

Member countries in which loans have been made	**2013 Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Antigua and Barbuda	$-	$438	2.4
Belize	-	7,180	39.9
Dominica	-	1,934	10.7
Grenada	-	166	0.9
Jamaica	-	1,551	8.6
St. Kitts and Nevis	-	5,079	28.2
St. Lucia	437	488	2.7
St. Vincent and the Grenadines	-	1,176	6.6
Sub-total	$437	$18,012	100.0
Accrued interest	-	105	
	$437	**$18,117**	

1/ There were no overdue installments of principal (2012 - nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)

SUMMARY STATEMENT OF LOANS…*continued*
As of December 31, 2013

(expressed in thousands of United States dollars)

2012			
Member countries in which loans have been made	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Antigua and Barbuda	$-	$480	2.5
Belize	-	7,654	39.6
British Virgin Islands	-	105	0.5
Dominica	-	1,999	10.3
Grenada	-	168	0.9
Jamaica	-	1,701	8.8
St. Kitts and Nevis	-	5,436	28.1
St. Lucia	437	531	2.8
St. Vincent and the Grenadines	-	1,249	6.5
Sub-total	$437	$19,323	100.0
Accrued interest	-	126	
	$437	**$19,449**	

1/ There were no overdue installments of principal (2011 – nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS…*continued*
As of December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 2

	2013			
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of total loans outstanding**
Special Development Fund (Unified)				
Members/Contributors	$29,900	$170,282	$500,654	100.0
Accrued interest	-	-	2,864	
Total Special Development Fund (Unified)	**$29,900**	**$170,282**	**$503,518**	
Special Development Fund (Other)				
Members				
Colombia	-	-	132	0.7
Germany	-	-	122	0.7
Mexico	-	-	1,990	11.0
Venezuela	-	437	15,736	87.4
	-	437	17,980	99.8
Other contributors				
Sweden	-	-	32	0.2
	-	-	32	0.2
Sub-total	-	$437	$18,012	100.0
Accrued interest	-	-	105	
Total – Special Development Fund (Other)	**$-**	**$437**	**$18,117**	
Total Special Development Fund – December 31	**$29,900**	**$170,719**	**$521,635**	

1/There were no overdue installments of principal (2012- nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)

SUMMARY STATEMENT OF LOANS…*continued*
As of December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 2

2012				
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of total loans outstanding**
Special Development Fund (Unified)				
Members/Contributors	$77,405	$159,649	$460,237	100.00
Accrued interest	-	-	3,281	
Total Special Development Fund (Unified)	**$77,405**	**$159,649**	**$463,518**	
Special Development Fund (Other)				
Members				
Colombia	-	-	255	1.3
Germany	-	-	122	0.6
Mexico	-	-	2,121	11.0
Venezuela	-	437	16,794	86.9
	-	437	19,292	99.8
Other contributors				
Sweden	-	-	31	0.2
	-	-	31	0.2
Sub-total	-	$437	$19,323	100.0
Accrued interest	-	-	126	
Total – Special Development Fund (Other)	**-**	**$437**	**$19,449**	
Total Special Development Fund – December 31	**$77,405**	**$160,086**	**$482,967**	

1/There were no overdue installments of principal (2011- nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)

SUMMARY STATEMENT OF LOANS…*continued*
As of December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 2

Currencies Receivable		2013					
		Loans out-standing 2012	Net interest earned	Disburse-ments	Sub-total	Repay-ments	Loans out-standing 2013
(a)	**Special Development Fund (Unified)**						
	United States dollars	$460,237	$-	$62,581	$522,818	$(22,164)	$500,654
	Accrued interest	3,281	(417)	-	2,864	-	2,864
	Total – December 31	**$463,518**	**$(417)**	**$62,581**	**$525,682**	**$(22,164)**	**$503,518**
(b)	**Special Development Fund (Other)**						
	United States dollars	19,323	-	-	19,323	(1,311)	18,012
	Accrued interest[1]	126	(21)	-	105	-	105
	Total – December 31	**$19,449**	**$(21)**	**$-**	**$19,428**	**$(1,311)**	**$18,117**

Maturity structure of loans outstanding

January 1, 2014 to December 31, 2014	$26,783
January 1, 2015 to December 31, 2015	26,759
January 1, 2016 to December 31, 2016	27,698
January 1, 2017 to December 31, 2017	28,850
January 1, 2018 to December 31, 2022	140,823
January 1, 2023 to December 31, 2027	122,484
January 1, 2028 to December 31, 2032	94,242
January 1, 2033 to December 31, 2037	42,291
January 1, 2038 to December 31, 2042	11,705
	$521,635

1/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)

SUMMARY STATEMENT OF LOANS…*continued*
As of December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 2

	2012					
Currencies Receivable	**Loans out-standing 2011**	**Net interest earned**	**Disburse-ments**	**Sub-total**	**Repay-ments**	**Loans out-standing 2012**
(c) Special Development Fund (Unified)						
United States dollars	$445,922	$-	$32,792	$478,714	($18,477)	$460,237
Accrued interest	2,529	752	-	3,281	-	3,281
	$448,451	**$752**	**$32,792**	**$481,995**	**($18,477)**	**$463,518**
(d) Special Development Fund (Other)						
United States dollars	20,450	-	31	20,481	(1,158)	19,323
Accrued interest[1]	120	6	-	126	-	126
	$20,570	**$6**	**$31**	**$20,607**	**($1,158)**	**$19,449**

Maturity structure of loans outstanding

January 1, 2013 to December 31, 2013	$25,674
January 1, 2014 to December 31, 2014	23,232
January 1, 2015 to December 31, 2015	25,921
January 1, 2016 to December 31, 2016	26,684
January 1, 2017 to December 31, 2017	27,180
January 1, 2018 to December 31, 2022	127,030
January 1, 2023 to December 31, 2027	106,443
January 1, 2028 to December 31, 2032	79,649
January 1, 2033 to December 31, 2042	41,154
	$482,967

1/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 3

	2013					
Contributors	**Total approved** [1/]	**Approved but not yet effective** [2/]	**Total contribution agreed**	**Amounts not yet made available**	**Amounts made available**	**Receivable from members non-negotiable demand notes**
Special Development Fund (Unified)						
Members						
Trinidad and Tobago	$45,935	$10,551	$35,384	-	$35,384	$9,057
Bahamas	25,685	5,876	19,809	-	19,809	8,826
Barbados	25,681	-	25,681	4,407	21,274	2,832
Jamaica	43,755	10,551	33,204	-	33,204	7,638
Guyana	25,686	5,876	19,810	-	19,810	-
Antigua and Barbuda	2,889	632	2,257	-	2,257	777
Belize	6,575	-	6,575	1,081	5,494	2,166
Dominica	6,315	1,441	4,874	-	4,874	2,327
St. Kitts and Nevis	6,575	1,441	5,134	-	5,134	2,494
St. Lucia	6,575	-	6,575	1,081	5,494	2,167
St. Vincent and the Grenadines	6,588	-	6,588	1,081	5,507	2,579
Grenada	3,977	632	3,345	-	3,345	2,712
Montserrat	2,677	632	2,045	-	2,045	-
British Virgin Islands	2,677	632	2,045	-	2,045	-
Turks and Caicos Islands	2,677	1,237	1,440	-	1,440	-
Cayman Islands	2,577	1,237	1,340	-	1,340	-
Anguilla	2,677	632	2,045	-	2,045	1,051
Colombia	30,657	-	30,657	-	30,657	-
Venezuela	25,506	3,524	21,982	-	21,982	-
Canada	330,489	-	330,489	49,826	280,663	-
United Kingdom	258,657	-	258,657	33,123	225,534	14,878
Germany	98,574	-	98,574	15,960	82,614	-
Italy	66,633	3,244	63,389	-	63,389	-
China	48,298	-	48,298	5,250	43,048	-
Haiti	2,505	945	1,560	-	1,560	-
Suriname	2,160	-	2,160	1,620	540	540
Mexico	20,524	6,524	14,000	-	14,000	-
	1,103,524	55,607	1,047,917	113,429	934,488	60,044
Other contributors						
France	58,254	-	58,254	-	58,254	-
Chile	10	-	10	-	10	
Netherlands	24,902	-	24,902	-	24,902	
	1,186,690	55,607	1,131,083	113,429	1,017,654	60,044
Technical assistance allocation	(349,897)	-	(349,897)	-	(349,897)	-
	$836,793	$55,607	$781,186	$113,429	$667,757	$60,044

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES…*continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 3

	2013					
Contributors	**Total approved** [1/]	**Approved but not yet effective** [2/]	**Total contribution agreed**	**Amounts not yet made available**	**Amounts made available**	**Receivable from members non-negotiable demand notes**
Sub-total b/fwd	$836,793	$55,607	$781,186	$113,429	$667,757	$60,044
Special Development Fund – Other						
Members						
Colombia	5,000	-	5,000	-	5,000	-
Mexico [3/]	13,067	-	13,067	-	13,067	-
Venezuela	17,474	-	17,474	-	17,474	-
	35,541	-	35,541	-	35,541	-
Other contributors						
Sweden	4,037	-	4,037	-	4,037	-
United States of America [4/]	590	-	590	-	590	-
	4,627	-	4,627	-	4,627	-
Sub-total	40,168	-	40,168	-	40,168	-
Total SDF - 2013	**$876,961**	**$55,607**	**$821,354**	**$113,429**	**$707,925**	**$60,044**
Summary						
Members	$789,168	$55,607	$733,561	$113,429	$620,132	$60,044
Other contributors	87,793	-	87,793	-	87,793	-
	$876,961	**$55,607**	**$821,354**	**$113,429**	**$707,925**	**$60,044**

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

3/ Net of appropriation for Technical Assistance of $2,266,000

4/Contribution with fixed repayment dates

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES…*continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 3

	2012					
Contributors	**Total approved** [1/]	**Approved but not yet effective** [2/]	**Total contribution agreed**	**Amounts not yet made available**	**Amounts made available**	**Receivable from members non-negotiable demand notes**
Special Development Fund (Unified)						
Members						
Trinidad and Tobago	$35,384	$-	$35,384	$-	$35,384	$9,057
Bahamas	19,809	-	19,809	(4,249)	15,560	6,931
Barbados	19,805	-	19,805	-	19,805	2,832
Jamaica	33,204	-	33,204	-	33,204	7,638
Guyana	19,810	-	19,810	-	19,810	-
Antigua and Barbuda	2,257	605	1,652	-	1,652	32
Belize	5,134	-	5,134	-	5,134	1,943
Dominica	4,874	-	4,874	-	4,874	2,395
St. Kitts and Nevis	5,134	-	5,134	-	5,134	2,494
St. Lucia	5,134	-	5,134	-	5,134	1,944
St. Vincent and the Grenadines	5,147	-	5,147	-	5,147	2,494
Grenada	3,345	-	3,345	-	3,345	2,712
Montserrat	2,045	605	1,440	-	1,440	-
British Virgin Islands	2,045	-	2,045	-	2,045	-
Turks and Caicos Islands	2,045	605	1,440	-	1,440	-
Cayman Islands	1,945	605	1,340	-	1,340	-
Anguilla	2,045	-	2,045	-	2,045	1,051
Colombia	27,133	3,600	23,533	-	23,533	-
Venezuela	21,982	-	21,982	-	21,982	-
Canada	264,438	-	264,438	-	264,438	-
United Kingdom	211,246	-	211,246	-	211,246	14,287
Germany	82,689	-	82,689	-	82,689	5,403
Italy	64,101	7,083	57,018	-	57,018	-
China	41,298	-	41,298	-	41,298	-
Haiti	1,560	-	1,560	-	1,560	-
Mexico	17,000	3,000	14,000	-	14,000	-
	900,609	16,103	884,506	(4,249)	880,257	61,213
Other contributors						
France	58,254	-	58,254	-	58,254	-
Chile	10	-	10	-	10	-
Netherlands	24,902	-	24,902	-	24,902	-
	983,775	16,103	967,672	(4,249)	963,423	61,213
Technical assistance allocation	(324,897)	-	(324,897)	-	(324,897)	-
	$658,878	$16,103	$642,775	($4,249)	$638,526	$61,213

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES…*continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 3

	2012					
Contributors	**Total approved** [1/]	**Approved but not yet effective** [2/]	**Total contribution agreed**	**Amounts not yet made available**	**Amounts made available**	**Receivable from members non-negotiable demand notes**
Sub-total b/fwd	$658,878	$16,103	$642,775	($4,249)	$638,526	$61,213
Special Development Fund – Other						
Members						
Colombia	5,000	-	5,000	-	5,000	-
Mexico [3/]	13,067	-	13,067	-	13,067	-
Venezuela	17,474	-	17,474	-	17,474	-
	35,541	-	35,541	-	35,541	-
Other contributors						
Sweden	3,992	-	3,992	-	3,992	-
United States of America [4/]	1,163	-	1,163	-	1,163	-
	5,155	-	5,155	-	5,155	-
	40,696	-	40,696	-	40,696	-
	$699,574	**$16,103**	**$683,471**	**($4,249)**	**$679,222**	**$61,213**
Summary						
Members	611,253	16,103	595,150	(4,249)	590,901	61,213
Other contributors	88,321	-	88,321	-	88,321	-
	$699,574	**$16,103**	**$683,471**	**($4,249)**	**$679,222**	**$61,213**

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

3/ Net of appropriation for Technical Assistance of $2,266,000

4/Contribution with fixed repayment dates

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES…*continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 3

	2013					
Currencies	**Amounts made available 2012**	**Translation adjustment**	**Drawdowns/ appropriations from capital** [1/]	**Sub-total**	**Repayments**	**Amounts made available 2013**
(a) Special Development Fund (Unified)						
Euros	$5,407	$239	$724	$6,370	$-	$6,370
Pounds sterling	14,287	325	266	14,878	-	14,878
United States dollars	618,832	-	27,677	646,509	-	646,509
	$638,526	$564	$28,667	$667,757	$-	$667,757
(b) Special Development Fund (Other)						
Swedish kroners	$3,992	$46	$-	$4,038	$-	$4,038
United States dollars	36,704	-	-	36,704	(574)	36,130
	$40,696	**$46**	$-	**$40,742**	**$(574)**	**$40,168**

1/Net of conversion to the United States dollars in accordance with the funding rules of the Unified Special Development Fund..

Maturity structure of repayable contributions outstanding*

January 1, 2014 to December 31, 2014	$590
	$590

* Relates to SDF (O) contributions by the United States of America.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES…*continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 3

\

	2012					
Currencies	**Amounts made available 2011**	**Trans-lation adjust-ment**	**Draw-downs/ appro-priations from capital 1/**	**Sub-total**	**Repay-ments**	**Amounts made available 2012**
(c) Special Development Fund (Unified)						
Euros	$6,628	$131	($1,352)	$5,407	$-	$5,407
Pounds sterling	13,683	604	-	14,287	-	14,287
United States dollars	575,086	-	43,746	618,832	-	618,832
	$595,397	**$735**	**$42,394**	**$638,526**	**-**	**$638,526**
(d) Special Development Fund (Other)						
Swedish kroners	$3,770	$222	$-	$3,992	$-	$3,992
United States dollars	37,750	-	-	37,750	(1,046)	36,704
	$41,520	**$222**	$-	**$41,742**	**($1,046)**	**$40,696**

1/ Net of conversion to the United States dollars in accordance with the funding rules of the Unified Special Development Fund..

Maturity structure of repayable contributions outstanding *

January 1, 2013 to December 31, 2013	$573
January 1, 2014 to December 31, 2014	590
	$1,163

* Relates to SDF (O) contributions by the United States of America.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF ACCUMULATED NET INCOME
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 4

	2013			
Contributors	**Brought forward 2012**	**Net income 2013**	**Allocation/ (Appro-priations)**	**Carried forward 2013**
Special Development Fund (Unified)	$56,730	$(1,752)	$-	$54,978
Special Development Fund (Other)				
Members				
Colombia	2,304	(81)	-	2,223
Germany	(884)	(99)	-	(983)
Mexico	7,232	(22)	-	7,210
Venezuela	14,134	(152)	(3,103)	10,879
	22,786	(354)	(3,103)	19,329
Other contributors				
Sweden	2,816	(2)	-	2,814
United States of America	11,199	(89)	-	11,110
	14,015	(91)	-	13,924
	36,801	(445)	(3,103)	33,253
Total Special Development Fund	$93,531	$(2,197)	$(3,103)	$88,231
Summary				
Members	$79,516	$(2,106)	$(3,103)	$74,307
Other contributors	14,015	(91)	-	13,924
Total SDF – December 31	**$93,531**	**$(2,197)**	**$(3,103)**	**$88,231**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF ACCUMULATED NET INCOME…*continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 4

	2012			
Contributors	**Brought forward 2011**	**Net income 2012**	**Allocation / (Appro-priations)**	**Carried forward 2012**
Special Development Fund (Unified)	$41,832	($102)	$15,000	$56,730
Special Development Fund (Other)				
Members				
Colombia	2,377	(73)	-	2,304
Germany	(782)	(102)	-	(884)
Mexico	7,090	142	-	7,232
Venezuela	14,995	39	(900)	14,134
	23,680	6	(900)	22,786
Other contributors				
Sweden	2,578	238	-	2,816
United States of America	11,085	114	-	11,199
	13,663	352	-	14,015
	37,343	358	(900)	36,801
	$79,175	$256	$14,100	$93,531
Summary				
Members	$65,512	($96)	$14,100	$79,516
Other contributors	13,663	352	-	14,015
Total – December 31	**$79,175**	**$256**	**$14,100**	**$93,531**

1. Nature of operations and summary of significant accounting policies

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.

Summary of significant accounting policies

Due to the nature of the SDF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be presented in accordance with International Financial Reporting Standards (IFRS). 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 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 into United States dollars 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 United States dollars 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 determination 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 profit or loss and reported at fair market value. Securities are recognized on the statement of financial position when the Fund assumes related contractual rights and derecognized when the rights to secure cash flows from the financial asset expire or when all risks and rewards of ownership have been substantially transferred.

1. **Summary of significant accounting policies**…*continued*

Debt securities at fair value through profit or loss…*continued*

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

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

Determination of fair value

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

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

The Fund uses widely recognized valuation models for determining fair values of non-standardized 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 amortized cost using the effective interest rate method net of impairments if any. Interest income is recognized by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

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.

(expressed in thousands of United States dollars)

1. **Summary of significant accounting policies**…*continued*

Loans…*continued*

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

The Fund does not make provisions for losses on impaired loans as any loss that may occur is taken in profit and loss for that year.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition, and comprise:-

	SDF Unified		**SDF Other**	
	2013	**2012**	**2013**	**2012**
Due from banks	**$7,570**	$1,634	**$281**	$361
Time deposits	**15,308**	10,065	**1,882**	1,878
	$22,878	$11,699	**$2,163**	$2,239

1. **Summary of significant accounting policies***…continued*

Technical assistance and grants

Technical assistance and grants for capital projects to borrowing member countries are provided either from 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 recognized when the project is approved and becomes effective.

Interest income and charges on contributions

Interest income and charges on contributions are recognized in the statement of income and total comprehensive income for all interest-bearing instruments using the effective interest rate method based on the actual purchase price.

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, the Other Special Funds and the Special Development Fund in accordance with a method of allocation approved by the Board of Directors.

2. **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. 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 annualized rate of return on the average investments held during the year, including realized and unrealized gains and losses was 0.18% (2012: 1.26%). Net realized gains on investments traded during 2013 for the Unified and Other funds totalled $22 (2012: $132) while net unrealized losses totalled $2,232 (2012: $371).

3. **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, with longer maturities, longer deferred commencement of repayment and lower interest rates than those determined by the Bank for 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**

	2013	**2012**
Contributions (as per Schedule 3)	**$667,757**	$638,526

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, but under the Rules of the Special Development Fund, its contributions are non-reimbursable.

(ii) **Special Development Fund - Other**

	2013	**2012**
Colombia	**$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. To date $39(2012: $39) has been incurred on technical assistance and has been charged against the income from the contribution.

(expressed in thousands of United States dollars)

3. **Funds**…*continued*

(ii) **Special Development Fund – Other** …*continued*

	2013	2012
Mexico		
First contribution	**$7,000**	$7,000
Less technical assistance	**(2,266)**	(2,266)
	4,734	4,734
Second contribution	**5,000**	5,000
Third contribution	**3,333**	3,333
	$13,067	$13,067
Technical assistance resources	**$2,266**	$2,266

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

	2013	2012
Venezuela		
First contribution	**$10,000**	$10,000
Less technical assistance	**(176)**	(176)
	9,824	9,824
Second contribution	**7,650**	7,650
	$17,474	$17,474

The contributions are interest-free and were not subject to calls before 1999 and 2006, respectively. The agreement with the contributor provides that up to 10% of the first contribution may be used to finance technical assistance on the basis of contingent recovery.

(expressed in thousands of United States dollars)

3. **Funds**…*continued*

(ii) **Special Development Fund – Other**…*continued*

	2013	**2012**
Sweden	**$4,038**	$3,992

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

	2013	**2012**
United States of America		
First contribution	**$10,000**	$10,000
Less repayments	**(10,000)**	(10,000)
		-
Second contribution	**12,000**	12,000
Less repayments	**(11,410)**	(10,837)
	$590	$1,163

The contributions are subject to interest at the rate of 2% per annum on the amounts outstanding for the first ten years after first disbursement and thereafter at the rate of 3% per annum. The second contribution is repayable over the period 1984 to 2014.

4. **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.

5. **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 (expressed in thousands of United States dollars) during the years ended December 31, 2013 and 2012 were as follows:

Balance at January 1, 2012	$87,374
Allocations for the year	(7,550)
Expenditure for the year	(16,204)
Balance at December 31, 2012	$63,620
Allocations for the year	21,500
Expenditure for the year	25,644
Balance at December 31, 2013	**$59,456**

6. **Loans outstanding – Unified and Other**

The average interest rate earned on loans outstanding was 2.44 % (2012: 2.30%). There were no impaired loans at December 31, 2013 and 2012.

7. **Accounts receivable – Unified and Other**

	2013	**2012**
Accounts receivable	**$1**	$7,854

8. **Accounts payable - Unified and Other**

	2013	**2012**
Accounts payable	**$65,360**	$70,210
Interfund payables	**3,316**	1,677
	$68,676	$71,887

Caribbean Development Bank

Special Funds Resources - Other Special Funds

Independent Auditors' Report

To the Board of Governors of Caribbean Development Bank

We have audited the accompanying financial statements of the **Other Special Funds** of the **Caribbean Development Bank** (the Bank) which comprise the statement of financial position as of December 31, 2013, statement of comprehensive income and accumulated net income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared using the basis of accounting described in Note 1.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements using the basis of accounting described in Note 1, 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.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements of the Other Special Funds for the year ended December 31, 2013 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

Basis of accounting
Without modifying our opinion, we draw attention to Note 1 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.

Chartered Accountants
Barbados
March 13, 2014

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF FINANCIAL POSITION
As of December 31, 2013

(expressed in thousands of United States dollars)

	2013	2012
Assets		
Cash and cash equivalents – Note 2	**$17,491**	$9,530
Investments (Schedule 1)	**70,775**	76,010
Loans outstanding (Schedule 2)	**119,494**	124,095
Accounts receivable – Note 7	**65,455**	70,212
Total assets	**$273,215**	$279,847
Liabilities and Funds		
Liabilities		
Accounts payable– Note 8	**$6,575**	$7,078
Accrued charges on contributions repayable	**249**	213
	6,824	7,291
Funds		
Contributed resources - (Schedule 3)	**72,923**	76,803
Amounts made available	**72,923**	76,803
Accumulated net income (Schedule 4)	**52,323**	51,407
	125,246	128,210
Technical assistance and other grant resources (Schedule 5)	**141,145**	144,346
	266,391	272,556
Total liabilities and funds	**$273,215**	$279,847

The accompanying schedules and notes and schedules 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, 2013

(expressed in thousands of United States dollars)

	2013	2012
Interest and similar income		
Loans	**$2,682**	$2,677
Investments and cash	**623**	2,178
	3,305	4,855
Expenses		
Administrative expenses	**1,329**	1,442
Charges on contributions repayable	**1,039**	845
Foreign exchange translation	**21**	64
Total expenses	**2,389**	2,351
Total comprehensive income for the year	**$916**	$2,504

Accumulated net income		
Accumulated net income– beginning of year	**$51,407**	$48,903
Total comprehensive income for the year	**916**	2,504
Accumulated net income– end of year	**$52,323**	$51,407

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, 2013

(expressed in thousands of United States dollars)

	2013	2013	2012	2012
Operating activities				
Total comprehensive income for the year		**$916**		$2,504
Adjustments for non-cash items				
Net unrealized loss/(gains) on trading portfolio	**963**		(1,756)	
Interest income	**(3,099)**		(3,247)	
Interest expense	**1,039**		845	
Net foreign exchange (gains)/ losses	**(35)**		109	
Total cash flow used in operating activities before changes in operating assets and liabilities		**(216)**		(1,545)
Changes in operating assets and liabilities				
Decrease/ (increase) in accounts receivable	**4,757**		(1,003)	
Decrease in accounts payable	**(503)**		(1,871)	
Cash provided by/ (used in) operating activities		**4,038**		(4,419)
Disbursements on loans		**(89)**		(2,180)
Principal repayment on loans		**4,643**		3,457
Technical assistance disbursements		**(19,049)**		(15,651)
Interest received		**3,379**		3,059
Interest paid		**(1,004)**		(858)
Net decrease/(increase) in investments		**4,187**		(8,425)
Net cash used in operating activities		**(3,895)**		(25,017)
Financing activities				
Contributions:				
Repayments of contributions	**(3,991)**		(2,968)	
Technical assistance contributions	**15,847**		29,940	
Net cash provided by financing activities		**11,856**		26,972
Net increase in cash and cash equivalents		**7,961**		1,955
Cash and cash equivalents at beginning of year		**9,530**		7,575
Cash and cash equivalents at end of year		**$17,491**		$9,530

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
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 1

	2013 Market value	2012 Market value
Investments		
Debt securities at fair value through profit or loss		
Government and Agency obligations	**$36,844**	$31,720
Supranationals	**4,119**	10,745
Other securities at fair value through profit and loss		
Mutual Funds	**8,776**	8,576
Managed Funds	**11,153**	11,847
Equity investments	**9,769**	12,923
Sub-total	**70,661**	75,811
Accrued interest	**114**	199
Total	**$70,775**	$76,010

Residual Term to Contractual Maturity

	2013	2012
1 – 3 months	**$29,812**	$33,403
3 months - - 1 year	**7,078**	4,411
1 year - 5 years	**29,899**	32,012
5 years - 10 years	**3,986**	6,184
Total	**$70,775**	$76,010

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 2

	2013			
Member countries in which loans have been made	**Principal repaid to Bank**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Anguilla	$444	$-	$56	0.1
Antigua and Barbuda	3,982	-	4,555	3.8
Barbados	19,034	-	7,098	6.0
Belize	9,335	-	-	-
British Virgin Islands	1,920	-	-	-
Cayman Islands	2,989	-	-	-
Dominica	15,958	1,420	19,160	16.1
Grenada	8,553	4	21,968	18.5
Guyana	17,055	-	3,737	3.1
Jamaica	38,018	-	31,095	26.2
Montserrat	1,252	-	-	-
St. Kitts and Nevis	5,246	-	3,219	2.7
St. Lucia	16,853	2,299	18,980	16.0
St. Vincent and the Grenadines	13,911	1,482	7,875	6.6
Trinidad and Tobago	2,515	-	1,088	0.9
Regional	2,232	-	-	-
Sub-total	159,297	5,205	118,831	100.0
Accrued interest	-	-	663	
Total – December 31	**$159,297**	**$5,205**	**$119,494**	

1/There were no overdue installments of principal at December, 2013 (2012 - $540)

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS…*continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 2

	2012			
Member countries in which loans have been made	**Principal repaid to Bank**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Anguilla	$419	$-	$81	0.1
Antigua and Barbuda	3,456	-	5,069	4.1
Barbados	18,470	-	7,601	6.2
Belize	9,659	-	-	-
British Virgin Islands	1,943	-	-	-
Cayman Islands	3,157	-	-	-
Dominica	15,764	-	19,490	15.8
Grenada	7,608	4	22,903	18.6
Guyana	16,777	-	3,973	3.2
Jamaica	37,838	-	31,170	25.3
Montserrat	1,249	-	-	-
St. Kitts and Nevis	4,960	-	3,508	2.9
St. Lucia	16,194	2,388	19,752	16.0
St. Vincent and the Grenadines	13,450	-	8,376	6.8
Trinidad and Tobago	2,299	-	1,152	0.9
Regional	2,066	-	161	0.1
Sub-total	155,309	2,392	123,236	100.0
Accrued interest	-	-	859	
Total – December 31	**$155,309**	**$2,392**	**$124,095**	

1/There were overdue installments of principal of $540 at December 31, 2012 (2011 - nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS…*continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 2

	2013			
Analysis by Contributor	**Principal repaid to Bank**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Members				
Trinidad and Tobago	$1,306	$-	$3	0.0
Other contributors				
Caribbean Development Bank	16,072	2,137	57,470	48.4
Nigeria	5,891	-	3,744	3.1
United States of America	92,951	-	56	0.1
Inter-American Development Bank	19,381	3,068	37,926	31.9
European Union	8,707	-	2,535	2.1
International Development Association	14,989	-	17,097	14.4
Sub-total	159,297	5,205	118,831	100.0
Accrued interest	-	-	663	
Total – December 31	**$159,297**	**$5,205**	**$119,494**	

1/ There were no overdue installments of principal at December 31, 2013 (2012 – 540).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS*…continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 2

	2012			
Analysis by Contributor	**Principal repaid to Bank**	**Undisbursed**	**Outstanding1/**	**% of Total Loans Outstanding**
Members				
Trinidad and Tobago	$1,302	$-	$3	0.0
Other contributors				
Caribbean Development Bank	15,533	2,207	58,550	47.5
Nigeria	5,482	-	4,153	3.4
United States of America	92,926	-	81	0.1
Inter-American Development Bank	18,391	185	39,358	31.9
European Union	8,080	-	2,686	2.2
International Development Association	13,595	-	18,405	14.9
Sub-total	155,309	2,392	123,236	100.0
Accrued interest	-	-	859	
Total – December 31	**$155,309**	**$2,392**	**$124,095**	

1/ There were overdue installments of principal of $540 at December 31, 2012 (2011-nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS*…continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 2

	2013						
Currencies receivable	**Loans out-standing 2012**	**Trans-lation adjust-ment**	**Net interest earned**	**Disburse-ments**	**Sub-total**	**Repay-ments**	**Loans out-standing 2013**
Euros	$2,686	$119	$-	$-	$2,805	$(270)	$2,535
Special Drawing Rights	15,040	30	-	-	15,070	(1,122)	13,948
United States dollars	105,510	-	-	89	105,599	(3,251)	102,348
Sub-total	123,236	149	-	89	123,474	(4,643)	118,831
Accrued interest[1]	859		(196)		663		663
Total – December 31	**$124,095**	**$149**	**$(196)**	**$89**	**$124,137**	**$(4,643)**	**$119,494**

Maturity structure of loans outstanding

January 1, 2014 to December 31, 2014	$6,105
January 1, 2015 to December 31, 2015	6,512
January 1, 2016 to December 31, 2016	6,686
January 1, 2017 to December 31, 2017	6,923
January 1, 2018 to December 31, 2018	6,926
January 1, 2019 to December 31, 2023	34,377
January 1, 2024 to December 31, 2028	28,471
January 1, 2029 to December 31, 2033	18,904
January 1, 2034 to December 31, 2038	3,646
January 1, 2039 t0 December 31, 2047	944
Total – December 31	**$119,494**

1/ Relates to amounts disbursed and outstanding

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS…*continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 2

	2012						
Currencies receivable	**Loans out-standing 2011**	**Trans-lation adjust-ment**	**Net interest earned**	**Disburse-ments**	**Sub-total**	**Repay-ments**	**Loans out-standing 2012**
Euros	$2,881	$57	$-	$-	$2,938	($252)	$2,686
Special Drawing Rights	15,570	64	-	-	15,634	(594)	15,040
United States dollars	105,941	-	-	2,180	108,121	(2,611)	105,510
Sub-total	124,392	121	-	2,180	126,693	(3,457)	123,236
Accrued interest[1]	691	-	168	-	859	-	859
Total – December 31	**$125,083**	**$121**	**$168**	**$2,180**	**$127,552**	**($3,457)**	**$124,095**

Maturity structure of loans outstanding

January 1, 2013 to December 31, 2013	$5,490
January 1, 2014 to December 31, 2014	5,424
January 1, 2015 to December 31, 2015	6,494
January 1, 2016 to December 31, 2016	6,668
January 1, 2017 to December 31, 2017	6,905
January 1, 2018 to December 31, 2022	34,569
January 1, 2023 to December 31, 2027	30,641
January 1, 2028 to December 31, 2032	19,896
January 1, 2033 to December 31, 2037	6,910
January 1, 2038 to December 31, 2046	1,098
Total – December 31	**$124,095**

1/ Relates to amounts disbursed and outstanding

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 3

	2013	
	Contributions	
Contributors	**Total** [1/]	**Amounts made available**
Members		
Canada	$6,880	$6,880
Other contributors		
Inter-American Development Bank	148	148
	7,028	7,028
Other contributors		
Inter-American Development Bank [1/]	38,659	38,659
European Investment Bank [1/]	1,377	1,377
United States of America	3,467	3,467
European Union	3,703	3,703
International Development Association	18,689	18,689
	65,895	65,895
Total – December 31	**$72,923**	**$72,923**

1/Net of cancellations and repayments

Maturity structure of repayable contributions outstanding

January 1, 2014 to December 31, 2014	$3,272
January 1, 2015 to December 31, 2015	3,197
January 1, 2016 to December 31, 2016	3,379
January 1, 2017 to December 31, 2017	3,479
January 1, 2018 to December 31, 2018	3,326
January 1, 2019 to December 31, 2023	14,103
January 1, 2024 to December 31, 2028	12,117
January 1, 2029 to December 31, 2033	9,948
January 1, 2034 to December 31, 2038	6,742
January 1, 2039 to December 31, 2045	13,360
Total – December 31	**$72,923**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS…*continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

	2012 Contributions	
Contributors	**Total** [1/]	**Amounts made available**
Members		
Canada	$7,011	$7,011
Other contributors		
Inter-American Development Bank [1/]	40,427	40,427
European Investment Bank [1/]	1,319	1,319
United States of America	4,456	4,456
European Union	3,932	3,932
International Development Association	19,658	19,658
	69,792	69,792
Total – December 31	**$76,803**	**$76,803**

1/Net of cancellations and repayments

Maturity structure of repayable contributions outstanding

January 1, 2013 to December 31, 2013	$3,666
January 1, 2014 to December 31, 2014	3,273
January 1, 2015 to December 31, 2015	3,192
January 1, 2016 to December 31, 2016	4,433
January 1, 2017 to December 31, 2017	3,468
January 1, 2018 to December 31, 2022	14,843
January 1, 2023 to December 31, 2027	12,273
January 1, 2028 to December 31, 2032	10,646
January 1, 2033 to December 31, 2037	7,540
January 1, 2038 to December 31, 2047	13,469
Total – December 31	**$76,803**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS*…continued*
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 3

	2013					
Currencies Repayable	**Contri-butions made available 2012**	**Trans-lation adjust-ment**	**Draw-downs/ appro-priations from capital**	**Sub-total**	**Repay-ments**	**Contri-butions made available 2013**
Canadian dollars	$2,139	$(139)	$-	$2,000	$(48)	$1,952
Euros	5,251	233	-	5,484	(404)	5,080
Japanese yen	105	(19)	-	86	(34)	52
Pounds sterling	128	2	-	131	(52)	79
Special Drawing Rights	16,353	33	-	16,386	(808)	15,578
Swedish kroners	52	1	-	52	(21)	31
United States dollars	52,775	-	-	52,775	(2,624)	50,151
Total – December 31	**$76,803**	**$111**	**$-**	**$76,914**	**$(3,991)**	**$72,923**

	2012					
Currencies Repayable	**Contri-butions made available 2011**	**Trans-lation adjust-ment**	**Draw-downs/ appro-priations from capital**	**Sub-total**	**Repay-ments**	**Contri-butions made available 2012**
Canadian dollars	$2,134	$56	$-	$ 2,190	($51)	$2,139
Euros	5,526	108	-	5,634	(383)	5,251
Japanese yen	166	(17)	-	149	(44)	105
Pounds sterling	171	8	-	179	(51)	128
Special Drawing Rights	17,088	71	-	17,159	(806)	16,353
Swedish kroners	69	4	-	73	(21)	52
United States dollars	54,387	-	-	54,387	(1,612)	52,775
Total – December 31	**$79,541**	**$230**	**$-**	**$79,771**	**($2,968)**	**$76,803**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF ACCUMULATED INCOME
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 4

2013

Contributors	**Brought forward 2012**	**Net Income/(Loss) 2013**	**Carried forward 2013**
General Funds	$40,783	$1,735	$42,518
European Investment Bank	(944)	(46)	(990)
European Union	2,578	(21)	2,557
Inter-American Development Bank	339	(382)	(43)
International Development Association	228	(14)	214
Nigeria	6,115	(67)	6,048
United States of America	2,308	(289)	2,019
Total – December 31	**$51,407**	**$916**	**$52,323**

2012

Contributors	**Brought forward 2011**	**Net Income/(Loss) 2012**	**Carried forward 2012**
General Funds	$37,838	$2,945	$40,783
European Investment Bank	(783)	(161)	(944)
European Union	2,541	37	2,578
Inter-American Development Bank	482	(143)	339
International Development Association	222	6	228
Nigeria	6,124	(9)	6,115
United States of America	2,479	(171)	2,308
Total – December 31	**$48,903**	**$2,504**	**$51,407**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 5

	2013			
	Contributors			
Contributors	**Total** [1/]	**Amounts made available**	**Amounts utilized**	**Net Amounts available**
Members				
Canada	$54,500	$54,500	$40,348	$14,152
United Kingdom	30,485	30,485	14,471	16,014
Italy	522	522	252	270
	85,507	85,507	55,071	30,436
Other contributors				
Caribbean Development Bank	225,554	225,554	117,898	107,656
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	3,511	3,511	3,349	162
China	677	677	198	479
Venezuela	587	587	-	587
Nigeria	193	193	147	46
European Commission	4,534	4,534	2,795	1,739
Deutsche Gesellshaft für Internationale Zusammenarbeit (GIZ) GmbH	194	194	154	40
Sub-total	236,657	236,657	125,948	110,709
Total – December 31	**$322,164**	**$322,164**	**$181,019**	**$141,145**
Summary				
Basic Needs Trust Fund	$152,250	$152,250	$85,402	$66,848
Other resources	169,914	169,914	95,617	74,297
Total – December 31	**$322,164**	**$322,164**	**$181,019**	**$141,145**

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
For the year ended December 31, 2013

(expressed in thousands of United States dollars)

SCHEDULE 5

	2012			
	Contributors			
Contributors	**Total** [1/]	**Amounts made available**	**Amounts utilized**	**Net Amounts available**
Members				
Canada	$52,890	$52,890	$36,484	$16,406
United Kingdom	22,209	22,209	9,942	12,267
Italy	522	522	252	270
	75,621	75,621	46,678	28,943
Other contributors				
Caribbean Development Bank	223,064	223,064	110,797	112,267
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	3,057	3,057	2,744	313
China	677	677	198	479
Venezuela	587	587	-	587
Nigeria	193	193	147	46
European Commission	1,711	1,711	-	1,711
Sub-total	230,696	230,696	115,293	115,403
Total – December 31	**$306,317**	**$306,317**	**$161,971**	**$144,346**
Summary				
Basic Needs Trust Fund	$149,750	$149,750	$78,881	$70,869
Other resources	156,567	156,567	83,090	73,477
Total – December 31	**$306,317**	**$306,317**	**$161,971**	**$144,346**

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

1. Nature of operations and summary of significant accounting policies

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.

Summary of significant accounting policies

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

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

Foreign currency translation

Functional and presentation currency

The functional and presentation currency of the Fund is the United States dollar 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 into United States dollars 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 United States dollars 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 determination of total comprehensive income for the year.

1. **Summary of significant accounting policies**…*continued*

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 recognized on the statement of financial position when the Fund assumes related contractual rights and de-recognized when the rights to secure cash flows from the financial asset expire or when all risks and rewards of ownership have been substantially transferred.

Equity instruments are carried at cost where they do not have a quoted market price in an active market and their fair value cannot be reliably measured.

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

All securities are initially recognized at fair value, and transaction costs are expensed in the profit for the year in the statement of comprehensive income and accumulated net income. Gains and losses arising from changes in the fair value of securities designated at fair value 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 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 in income from investments and cash balances in the statement of comprehensive income and accumulated net income. Amounts distributed to the Fund are recorded as a return on investment until such investments are written off and are subsequently recorded as income.

Determination of fair value

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

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

1. **Summary of significant accounting policies***…continued*

Investments…*continued*

The Fund uses widely recognized valuation models for determining fair values of non-standardized 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 amortized cost using the effective interest rate method less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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

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

The Fund does not make provisions for impairment on loans as any loss that may occur is taken into profit and loss for that year.

1. **Summary of significant accounting policies***…continued*

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 recognized when the project is approved and becomes effective.

Interest income and charges on contributions

Interest income and charges on contributions are recognized in the statement of income and accumulated income for all interest-bearing instruments 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, the Other Special Funds and the Special Development Fund in accordance with a method of allocation which is approved by the Board of Directors.

2. **Cash and cash equivalents**

Cash and cash equivalents comprise:

	2013	2012
Due from banks	**$192**	$5,596
Time deposits	**17,299**	3,934
	$17,491	$9,530

3. Investments

As part of its overall portfolio management strategy, the Fund invests in Government agency, supranational and bank obligations, including time deposits. The Fund limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Fund.

The annualized rate of return on the average investments held during the year, including realized and unrealized gains and losses was 0.19% (2012: 3.55 %). Net realized gains on investments traded during 2013 amounted to $1,169 (2012: losses of $147), while net unrealized losses amounted to $963 (2012: $1,755).

4. 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. For the purposes of these financial statements, the Other Special Funds have been presented separately from the Special Development Fund. The Other Special Funds are established in accordance with agreements between the Bank and the contributors and are for specific types of projects as agreed between the Bank and the contributors. In accordance with the Agreement, each Special Fund, its resources and accounts are kept entirely separate from other Special Funds, their resources and accounts.

For the purpose of presentation in these financial statements, the financial statements of each of the Other Special Funds have been aggregated.

Technical assistance and other grant resources include resources for the Basic Needs Trust Fund and other resources established for specific purposes as determined between the Bank and contributors.

4. **Funds**…*continued*

Details of contributions, loans and technical assistance resources of the Other Special Funds 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:

	2013	2012
Canada		
Agricultural[1] (Schedule 5)	**$6,880**	$ 7,011
Technical assistance resources (Schedule 5)	**54,500**	52,890
Italy		
Technical assistance resources (Schedule 5)	**$522**	$522
China		
Technical assistance resources (Schedule 5)	**$677**	$677
Venezuela		
Technical assistance resources (Schedule 5)	**$587**	$587
Nigeria		
Technical assistance resources (Schedule 5)	**$193**	$193
United Kingdom		
Technical assistance resources (Schedule 5)	**$30,485**	$22,209
Inter-American Development Bank		
975/SF-RG	**$14,212**	$14,212
Less repayments	**(4,784)**	(4,365)
	9,428	9,847
Second Global Loan	**4,887**	5,077
Less repayments	**(4,447)**	(4,420)
	440	657
1108/SF-RG Global Credit	**20,000**	20,000
Less repayments	**(984)**	-
	19,016	20,000
1637/SF-RG Credit	**9,923**	9,923
Sub total (Schedule 3)	**$38,807**	$40,427
Technical assistance resources (Schedule 5)	**$3,511**	$3,057

[1] The contributions are interest-free with no date for repayment

(expressed in thousands of United States dollars)

4. **Funds***…continued*

Loan 975/SF-RG is subject to interest at the rate of 1% per annum until 2006 and thereafter at 2% per annum and is repayable during the period 2003 to 2036.

The second global loan was subject to interest at the rate of 1% per annum until 1994 and thereafter at 2% per annum and is repayable during the period 1995 to 2015.

Global Credit 1108/SF-RG was subject to interest at the rate of 1% for the first ten years and 2% thereafter and is repayable during the period 2012 to 2042.

Grenada Reconstruction 1637/SF-RG is subject to interest at the rate of 1% per annum until 2015 and thereafter at 2% per annum and is repayable during the period 2016 to 2045.

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

	2013	**2012**
European Investment Bank		
Global loan II – B	**$1,377**	$1,319

Repayable in full in a single installment on September 30, 2016.

(expressed in thousands of United States dollars)

4. **Funds***…continued*

	2013		2012		Due Dates
United States of America					
Contributions					
Agricultural	**$7,052**		$7,052		1988-2018
Less repayments	**(5,570)**	**1,482**	(5,267)	1,785	
Employment Investment Promotion	**6,732**		6,732		1990-2000
Less repayments	**(4,747)**	**1,985**	(4,474)	2,258	
Housing	**8,400**		8,400		1983-2012
Less repayments	**(8,400)**	**-**	(7,987)	413	
(Schedule 3)		**$3,467**		$4,456	
Technical Assistance resources (Schedule 5)		**$1,407**		$1,407	

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

	2013		2012	
European Union				
First Contribution	**$8,056**		$7,715	
Less repayments	**(5,667)**	**2,389**	(5,153)	$2,562
Second Contribution	**3,415**		3,270	
Less repayments	**(2,101)**	**1,314**	(1,900)	1,370
(Schedule 3)		**$3,703**		$3,932

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)

4. **Funds**…*continued*

International Development Association

	2013		2012		Due dates
Credit No. 960/CRG	**$6,480**		$6,480		1990-2029
Less repayments	**(3,370)**	**3,110**	(3,175)	3,305	
Credit No. 1364/CRG	**8,354**		8,337		
Less repayments	**(3,467)**	**4,887**	(3,210)	5,127	1993-2033
Credit No. 1785/CRG	**7,135**		7,121		
Less repayments	**(2,105)**	**5,030**	(1,887)	5,234	1997-2030
Credit No. 2135/CRG	**8,578**		8,560		2000-2030
Less repayments	**(2,916)**	**5,662**	(2,568)	5,992	
(Schedule 3)		**$18,689**		$19,658	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding. In addition, the credits totaling $15,579 (2012: $16,353) are subject to a commitment fee not exceeding 0.5% per annum on amounts eligible for withdrawal but remain undrawn.

	2013	2012
Caribbean Development Bank		
Technical assistance resources (Schedule 5)	**$225,554**	$223,064

(expressed in thousands of United States dollars)

5. **Total accumulated income and total comprehensive income for the year**

It is normal for the Board of Governors to determine the disposition of the accumulated net income and net income for the current year of each of the Other Special Funds, subject to any rules and regulations governing each Fund and any agreement relating thereto.

6. **Loans**

The average interest rate earned on loans outstanding was 2.23 % (2012: 2.16%). There were no impaired loans at December 31, 2013 and 2012.

7. **Accounts receivable**

	2013	**2012**
Institutional receivables	**$65,455**	$70,212

8. **Accounts payable**

	2013	**2012**
Accounts payable - general	**$1,917**	$1,492
Interfund payable	**4,658**	5,586
	$6,575	$7,078