



CENTRAL BANK OF BELIZE

Financial Statements

For the years ended 31 December 2022 and 2021
and Independent Auditor's Report



CENTRAL BANK OF BELIZE

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF THE CENTRAL BANK OF BELIZE

Report on the Audit of the Financial Statements

Opinion on International Financial Reporting Standards

We have audited the accompanying financial statements of **Central Bank of Belize (the Bank)**, which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, the statement of changes in capital and reserves, the statement of cash flows for the year then ended and explanatory notes to the financial statements, comprising a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Emphasis of Matter

We draw attention to the statement of comprehensive income and Note 24 to the financial statements, which show the effects of Section 50 of the Central Bank of Belize Act Revised Edition 2020, which requires the profits or losses from any revaluation of the Bank's net assets or foreign securities as a result of any change in the par value of the Belize dollar, or of any change in the par value of the currency unit of any other country shall be excluded from the computation of the annual profits and losses of the Bank. International Financial Reporting Standards require any foreign exchange gains and losses on monetary assets and liabilities to be recognised in profit or loss contrary to Section 50 of the Central Bank of Belize Act. Our opinion is not modified in respect of this matter.

Other information

Other information consists of the information included in the Annual report 2022, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Moore Belize LLP.

Chartered Accountants
Belize City, Belize, C.A.
25 April 2023

Central Bank of Belize

Statements of financial position as at 31 December 2022 and 2021

(in Belize dollars)

	Notes	2022	2021
Assets			
Approved external assets			
Balances and deposits with foreign banks	2h,2i,3	4,752,621	7,161,082
Reserve Tranche and balances with the International Monetary Fund	2h,2j,4	115,906,800	145,959,387
Other foreign credit instruments	2h,2k,5	349,627,645	437,542,124
Accrued interest and cash-in-transit	2h,2k,6	5,571,012	1,268,509
Marketable securities issued or guaranteed by foreign governments and international financial institutions	2h,2m,7	474,000,678	237,530,547
Total approved external assets		949,858,756	829,461,649
Domestic assets			
Balances with local banks and cash on hand	2h,2n,8	1,511,066	938,617
Government of Belize securities	2h,2o,9	677,460,419	611,245,303
Other assets	10	31,379,790	30,841,645
Equity instruments	2h,2r,11	20,000,000	20,000,000
Property and equipment	2s,2u,12	34,961,991	35,430,056
Intangible assets	2t,2u,13	2,702,678	3,101,910
Total assets		1,717,874,700	1,531,019,180
Liabilities			
Demand liabilities			
Notes and coins in circulation	14	603,843,092	527,779,890
Deposits by licensed financial institutions	2h,2v,15	726,867,763	630,854,923
Deposits by and balances due to Government and Public sector entities in Belize	2h,2v,16	171,049,259	169,838,698
Deposits by international agencies	2h,2v,17	2,553,858	2,324,565
Total demand liabilities		1,504,313,972	1,330,798,076
Balances due to CARICOM central banks	2h,18	181,175	517,090
Other liabilities	19	27,205,675	30,001,080
Defined benefit plan net obligation	2w,20	2,341,500	877,855
International Monetary Fund SDR Allocations	2h,21	116,274,340	121,733,841
Commercial banks' discount fund	2h,22	1,654,033	1,654,033
Total liabilities		1,651,970,695	1,485,581,975
Capital and reserves			
Capital account	2y,23	40,000,000	20,000,000
Revaluation account	2z,24	126,949	1,229,993
Assets revaluation reserve	25	162,349	162,349
Post employment obligation reserve	2w,20	(766,102)	(37,327)
General reserve fund	2aa,26	26,380,809	24,082,191
Total capital and reserves		65,904,005	45,437,205
Total liabilities, capital and reserves		1,717,874,700	1,531,019,180

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

The financial statements on pages 9 to 63 were approved and authorised for issue by the Board of Directors on 25 April 2023 and are signed on its behalf by:


Chairman


Governor


Deputy Governor,
Financial Services

Central Bank of Belize

Statements of comprehensive income for the years ended 31 December 2022 and 2021

(in Belize dollars)

	Notes	2022	2021
Interest income	2ab		
Approved external assets	27	13,105,528	1,991,346
Advances to Government of Belize	2p,16	-	2,011,583
Government of Belize securities	28	16,833,600	16,735,547
		29,939,128	20,738,476
Interest expense	2ab,29	(1,416,830)	(42,706)
Net interest income		28,522,298	20,695,770
Other income			
Discount on Government of Belize securities		1,039,144	367,431
Commissions and other income	30	5,026,909	4,874,245
Dividends on equity instruments	11	520,000	269,600
Total other income		6,586,053	5,511,276
Other expenses			
Printing of notes and minting of coins	31	(2,337,291)	(1,756,905)
Salaries and wages, including superannuation contribution and gratuities	32	(15,773,933)	(15,154,188)
Depreciation and amortisation	2s,2t,12,13	(3,144,608)	(2,768,498)
Administrative and general expenses	2ac,33	(6,190,458)	(6,120,207)
Total other expenses		(27,446,290)	(25,799,798)
Profit for the year		7,662,061	407,248
Transfers			
General reserve fund	2aa,26	2,298,618	40,725
Consolidated revenue fund	2aa	5,363,442	366,523
		7,662,060	407,248
Other comprehensive (loss) income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation	24, 37(ii)	(1,103,044)	(1,292,850)
Post employment obligation reserve	20	(728,775)	-
Artwork	25	-	(1,984)
Other comprehensive (loss) for the year		(1,831,819)	(1,294,834)
Total comprehensive income / (loss) for the year		5,830,241	(887,586)

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

Central Bank of Belize

Statements of changes in capital and reserves for the years ended 31 December 2022 and 2021

(in Belize dollars)

	Capital account	Revaluation account	Asset revaluation reserve	Post employment obligation reserve	General reserve	Total
Balance as at 01 January 2022	20,000,000	1,229,993	162,349	(37,327)	24,082,192	45,437,207
Comprehensive income						
Profit for the year	-	-	-	-	7,662,060	7,662,060
Other comprehensive loss	-	(1,103,044)	-	(728,775)	-	(1,831,819)
Total comprehensive income	-	(1,103,044)	-	(728,775)	7,662,060	5,830,241
Transfer to consolidated revenue fund	-	-	-	-	(5,363,440)	(5,363,440)
Transfer to paid up capital of the Bank	20,000,000	-	-	-	-	20,000,000
Balance as at 31 December 2022	40,000,000	126,949	162,349	(766,102)	26,380,812	65,904,008
Balance as at 01 January 2021	20,000,000	2,522,843	164,333	(37,327)	24,041,467	46,691,316
Comprehensive income						
Profit for the year	-	-	-	-	407,248	407,248
Other comprehensive loss	-	(1,292,850)	(1,984)	-	-	(1,294,834)
Total comprehensive income	-	(1,292,850)	(1,984)	-	407,248	(887,586)
Transfer to consolidated revenue fund	-	-	-	-	(366,523)	(366,523)
Balance as at 31 December 2021	20,000,000	1,229,993	162,349	(37,327)	24,082,192	45,437,207

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

Central Bank of Belize

Statements of cash flows for the years ended 31 December 2022 and 2021

(in Belize dollars)

	Notes	2022	2021
Cash flows from operating activities			
Profit for the year		7,662,060	407,248
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation of property and equipment	12	2,435,768	2,087,390
Amortisation of intangible assets	13	708,840	681,108
(Gain)/loss on disposal of property and equipment		(12,903)	1,378
Revaluation account	*	(1,103,044)	(1,292,850)
Cash provided by operating activities before operating assets and liabilities		9,690,721	1,884,274
Changes in:			
Consolidated revenue fund		-	127,442,050
Government of Belize securities		(18,036,119)	(56,225,158)
Marketable securities issued or guaranteed by foreign governments and international financial institutions		(236,470,130)	(225,691,501)
Reserve tranche in the International Monetary Fund		851,483	503,761
Other assets		(538,145)	1,811,580
Other liabilities		(2,060,535)	(5,436,283)
Net cash used in operating activities		(246,562,725)	(155,711,277)
Cash flows from investing activities			
Acquisition of property and equipment	12	(2,289,625)	(2,617,070)
Acquisition of intangible assets	13	(309,608)	(259,484)
Proceeds from sale of assets		334,827	37,749
Net cash used in investing activities		(2,264,406)	(2,838,805)
Cash flows from financing activities			
Net disbursements made by CARICOM central banks		(335,915)	(51,176)
Proceeds from Development Finance Corporation in regards to Commercial Bank Discount Fund		-	81,183
Net disbursements made by Government and Public sector entities in Belize		(4,152,882)	(41,742,553)
Net deposits (disbursements) made by international agencies		229,294	(83,453)
Net deposits made by licensed financial institutions		96,012,840	82,550,850
Net change in International Monetary Fund SDR Allocations		(5,459,500)	70,179,857
Net change in notes and coins in circularisation		76,063,201	24,437,919
Increase in paid-in capital		20,000,000	-
Net cash provided by financing activities		182,357,038	135,372,627
Cash and cash equivalents at the beginning of the year		1,002,013,867	1,025,191,322
Net decrease in cash and cash equivalents		(66,470,093)	(23,177,454)
Cash and cash equivalents at the end of the year		935,543,774	1,002,013,868
Cash and cash equivalents comprise of the following:			
External assets			
Balances and deposits with foreign banks	3	4,752,621	7,161,082
Other foreign credit institutions	5	349,627,645	437,542,124
Accrued interest	6	5,148,637	876,581
Cash-in-transit	6	422,375	391,929
SDR Holdings	4	99,424,031	128,625,135
		459,375,309	574,596,851
Domestic assets			
Balances with local banks and cash on hand	8	1,511,065	938,617
Current portion of Government of Belize securities		474,657,400	426,478,400
		476,168,465	427,417,017
		935,543,774	1,002,013,868

* Revaluation account was reclassified to adjustments to reconcile profit to net cash provided by operating activities.

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

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

1. General information

Central Bank of Belize (the Bank), was established under the Central Bank of Belize Act (the Act), Chapter 262 of the Substantive Laws of Belize. Legislation covering the Bank's operations were revised in 2020 and includes the Central Bank of Belize Act and its related amendments, the Domestic Banks and Financial Institutions Act, the International Banking Act, Credit Unions Act, the Money Laundering and Terrorism (Prevention) Act, Treasury Bills Act, the Financial Intelligence Unit Act along with associated Statutory Instruments, Circulars and Guidance Notes, the Exchange Control Regulations Act, the National Payment Systems Act along with associated Practice Directions, Circulars, Requirements and Statutory Instruments. The principal objectives of the Bank are to foster monetary stability, especially regarding the exchange rate, and to promote banking, credit and exchange conditions conducive to the growth of the economy of Belize. The address of the Bank's registered office is Gabourel Lane, Belize City, Belize, C.A.

2. Summary of significant accounting policies

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the financial reporting provisions of the Central Bank of Belize Act. These and any amendments thereto have been used as a model for the presentation and disclosure framework to provide additional information and analysis of key items in the financial statements.

b. Basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of investments. All amounts are rounded to the nearest dollar unless otherwise indicated.

c. Functional and presentation currency

The financial statements are presented in Belize dollars, which is the Bank's functional currency and is being represented throughout these financial statements with the symbol \$.

d. Foreign currency transactions and translations

Transactions in foreign currencies are translated into Belize dollars at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of other comprehensive income. Non-monetary items are not retranslated at year-end and are measured at historical cost, except for non-monetary items measured at fair value which are translated using the exchange rates when fair value was determined.

e. Foreign investment policy

Section 25(1) of the Act requires that the Bank shall, at all times, hold assets of an amount in value sufficient to cover the value of the total amount if its notes and coins fully for the time being in circulation. As at 31 December 2022, the value of total assets was \$1,717,874,700 (2021: \$1,531,019,182) while the value of notes and coins in circulation was \$603,843,092 (2021: \$527,779,890).

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

2. Summary of significant accounting policies (continued)

e. Foreign investment policy (continued)

Section 25(2) of the Act requires that the Bank maintains at all times a reserve of external assets of not less than 40.0% of the aggregate amount of notes and coins in circulation and of the Bank's liabilities to customers in respect of its sights and time deposits. As at 31 December 2022, total approved external assets approximated 63.2% of such liabilities (2021: 62.4%).

Section 25(3) of the Act requires that the reserve shall consist of any of the following:

- Gold in any form and at such a valuation as may be determined by the Bank;
- Foreign exchange in the form of demand or time deposits with foreign central banks, agents and correspondents, documents and instruments customarily used for making payments or transfers in international transactions;
- Notes and coins;
- Securities of, or guaranteed by foreign governments or international financial institutions;
- Belize's drawing facility equivalent to its reserve position in the International Monetary Fund;
- Belize's holdings of special drawing rights in the International Monetary Fund.

f. Significant accounting judgments and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, 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 revenues and expenses during the reported period. Actual results could differ materially from those estimates.

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Defined benefit obligation (DBO)

The estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change information technology equipment and software.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

2. Summary of significant accounting policies (continued)

g. Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year except that the Bank has adopted the following standards, amendments and interpretations which did not have a significant effect on the financial performance or position of the Bank. Some, however, may give rise to additional disclosures or changes to the presentation of the financial statements in future periods.

The following amendments to IFRSs have become effective for the annual periods commencing on or after 01 January 2022 and have been adopted:

- Amendments to IFRS 16 Leases- Covid-19-Related Rent Concessions beyond 30 June 2021;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets- Onerous Contracts -Cost of Fulfilling a Contract;
- Amendments to IAS 16 Property, Plant and Equipment-Proceeds before Intended Use;
- Amendments to IFRS 3 Business Combinations- Reference to Conceptual Framework;
- Annual Improvements to IFRS Standards 2018-2020 Cycle.

The adoption of amendments stated above has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The following standard and amendments will become effective for the annual periods beginning on or after 01 January 2023:

- IFRS 17 Insurance Contracts;
- Amendments to IAS 1 Presentation of Financial Statements-Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of accounting policies;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Accounting Estimates;
- Amendments to IAS 12 Income Taxes- Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The standard and amendments will be adopted when they become effective. Their effects, if any, will be quantified at that time.

h. Financial instruments

Recognition and derecognition of financial assets:

Financial assets are recognised when the Bank becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

2. Summary of significant accounting policies (continued)

h. Financial instruments (continued)

Classification and initial measurement of financial assets:

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through other comprehensive income (FVOCI).
- fair value through profit or loss (FVTPL);

All income and expenses relating to financial assets that are recognised in profit or loss are presented within administrative and general expenses.

Subsequent measurement of financial assets:

Financial assets at amortised cost (AC)

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Fair value of assets stated at amortised cost is close to their carrying value as at the reporting date.

Financial assets at fair value through other comprehensive income (FVTOCI)

A debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

2. Summary of significant accounting policies (continued)

h. Financial instruments (continued)

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

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Impairment of financial assets:

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Bank uses forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. The Bank considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

$ECL = EAD \times LGD \times PD$. See also Note 37(i).

EAD – The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

PD – The Probability of Default is an estimate of the likelihood of default over a given period of time.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Bank recognises loss allowances for ECL on the following financial instruments that are not measure at the fair value through profit or loss:

- financial assets that are debt instruments;

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

2. Summary of significant accounting policies (continued)

h. Financial instruments (continued)

Financial assets at fair value through profit or loss (FVTPL) (continued)

Impairment of financial assets (continued):

- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

For regular receivables, the Bank applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally as a provision;
- debt instruments measured at fair value through other comprehensive income: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Recognition and derecognition of financial liabilities:

Financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial liabilities:

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities, which are measured at amortised cost.

Financial liabilities are classified at fair value through profit or loss if they are either held for trading or they are otherwise designated within this classification. Gains and losses on such financial liabilities are recognised in the statement of comprehensive income.

A financial liability is classified as held for trading if (a) it has been acquired principally for the purposes of subsequent short-term repurchase; (b) on initial recognition it is part of a portfolio of identified financial instruments which have a pattern of short-term profit taking; or (c) it is a derivative financial instrument that is not designated and effective as a hedging instrument.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using effective interest method, with interest expense recognised on an effective yield basis in the statement of comprehensive income.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

2. Summary of significant accounting policies (continued)

h. Financial instruments (continued)

Presentation of allowance for ECL in the statement of financial position (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

i. Bank balances and deposits with foreign bankers

Comprises of cash at overseas correspondent banks and demand deposits including highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

j. Reserve tranche and balances with the International Monetary Fund (IMF)

The Reserve Tranche represents the difference between the assigned quota and the IMF currency holdings. The Reserve Tranche can be accessed at any time without fees or economic reform conditions. The remainder of the quota is held in Special Drawing Rights (SDR) which is a supplementary international reserve asset.

The SDR interest rate provides the basis for calculating the interest charged and the interest paid to members of the IMF for the use of their resources for regular (nonconcessional) IMF loans. It is also the interest paid to members on their SDR holdings and charged on their SDR allocation. The SDR interest rate is determined weekly and is based on a weighted average of representative interest rates on short-term debt instruments in the money markets of the SDR basket currencies.

k. Other foreign credit instruments

Comprises of short-term financial assets including fixed deposits and overnight deposits held at overseas financial institutions with maturities of a year or less. The Bank's intention is to hold these until maturity.

Other foreign credit instruments are measured at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, by reference to external credit ratings, the instrument is then measured at the present value of its estimated future cash flows.

l. Accrued interest and cash in transit

Comprises of interest earned but not yet received on other foreign credit instruments and marketable securities issued or guaranteed by foreign governments and international financial institutions along with and cash on hand held for shipment and in transit.

m. Marketable securities issued or guaranteed by foreign governments and international financial institutions

Comprises of short-term financial assets including bonds, debentures and US Treasury notes with maturities beyond a year.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

2. Summary of significant accounting policies (continued)

n. Balances with local banks and cash on hand

Comprises of cash on hand and deposits held at local financial institutions that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

o. Government of Belize securities

Comprises of locally held financial assets including treasury bills and treasury notes issued and guaranteed by the Government of Belize.

Section 35 of the Act permits the Bank to purchase or sell treasury bills or notes issued or guaranteed by the Government of Belize for a period of maturity not exceeding 10 years. The Central Bank of Belize Amendment Act No. 28 of 2017 amended Section 35(2) of the principal Act on 31 March 2017 to stipulate that the Bank shall not at any time hold Government of Belize securities in an aggregate amount exceeding thirty times the aggregate amount at that time of the paid-up capital and general reserves of the Bank. As at 31 December 2022 the Bank's aggregate holding of these Government of Belize securities approximated 10.21 times (2021: 13.87 times), respectively, the amount of paid-up capital and general reserves of the Bank.

p. Advances to Government of Belize

Comprises of advances made to the Government of Belize as governed by section 33 and 34 of the Act. During 2022, GOB's current account remained as a deposit account, and continued to operate as a deposit account.

q. Other assets

Loans and other receivables

Loans are recognised when cash is advanced. It is stated at amortised cost using the effective interest method. Loans receivable are derecognised when the rights to receive cash flows from the financial assets have expired or extinguished. Their net carrying value is considered a reasonable approximation of fair value as these financial assets are callable.

Inventory of notes and coins

Inventory of notes and coins are measured at cost upon initial recognition. After initial recognition, they are measured at the lower of cost and net realisable value. Cost is determined on the weighted average cost method.

Supplies

Stationary, computer, building, kitchen and administrative supplies are held at cost expensed when used.

Collectible coins inventory

Collectible coins, which are minted or packaged as collector items, are legal tender. However, no liability is recorded in respect of these coins since they are not expected to be placed in circulation as currency. Minting cost is charged against income in the year incurred. Income is recognised when sales are made. As of 01 January 2011, new purchases of special coins are held as inventory and are charged against income when they are sold.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

2. Summary of significant accounting policies (continued)

r. Equity instruments

Equity instruments are measured at FVTPL. Fair value of equity instruments held by the Bank cannot currently be measured reliably; thus, the cost is considered the best estimate of fair value. Impairment charges are recognised in profit or loss.

s. Property and equipment

Land

Land held for use in the ordinary course of business is stated at costs. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

Property (buildings), equipment, vehicles

Buildings, equipment and vehicles are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Bank's management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing items and restoring the site on which they are located. The cost of software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Buildings, equipment and vehicles are subsequently carried at cost less accumulated depreciation and impairments. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of the asset. The following rates are applied:

Category	Percentage
Property	1% – 5%
Furniture	10%
Equipment	10% – 25%
Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to depreciation are reviewed at each reporting date to assess whether there is any indication that an asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value (less costs to sell) and value in use. Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

t. Intangible assets

Application software and licenses

Costs that are directly attributable to acquiring application software and licenses asset are recognised as intangible assets, provided they meet the following recognition requirements:

Category	Percentage
Application Software	33.3% – 10%
Application License	33.3% – 10%
Website	20%

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

2. Summary of significant accounting policies (continued)

t. Intangible assets (continued)

Initial recognition of other intangible assets

- the costs can be measured reliably;
- the asset is technically and commercially feasible;
- the Bank intends to and has sufficient resources to complete the asset and the Bank has the ability to use or sell the application or licenses;
- the software will generate probable future economic benefits.

Costs not meeting these criteria for capitalisation are expensed as incurred.

Subsequent measurement

All finite-lived intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing annually.

Application software are amortised over a useful life of 3-10 years. Application licenses are amortised over the period the license is granted. Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

u. Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those non-financial assets have suffered an impairment loss. If any such indication exists, the recoverable of the non-financial asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increase carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant non-financial asset is carried at a revalued amount, in which case the reversal of the impairment loss will be treated as an increase in the revaluation.

v. Deposits

Comprised of deposits accepted on behalf of licensed banks, other licensed financial institutions including Government of Belize and Public Sector entities. Their carrying value is considered a reasonable approximation of fair value.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

2. Summary of significant accounting policies (continued)

v. Deposits (continued)

Under the revised provisions of Domestic Banks and Financial Institutions Act (No. 11 of 2012), it stipulates that every licensed bank shall maintain on account in its name with the Central Bank a minimum balance which on average shall be equivalent to at least five per centum of its average deposit liabilities represented by demand deposits, plus at least three per centum of its average deposit liabilities not represented by demand deposits, or such higher proportion of such demand deposits or other deposit liabilities as may from time to time be prescribed or specified by the Central Bank.

w. Defined benefit plan

Under the Bank's defined benefit plan, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Bank, even if plan assets for funding the defined benefit plan have been set aside.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO every 3 years with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality.

x. Short-term employee benefits

Gratuity - the Bank is liable to pay gratuity for contract employees who are not eligible to participate in the pension scheme. In order to meet this liability, a provision is carried forward in the statements of financial position equivalent to an amount calculated on 20% of the annual salary for each completed year of service, commencing from the first year of service.

The resulting difference between the brought forward provision at the beginning of a year and the carried forward provision at the end of a year is dealt within the statement of income. The gratuity liability is neither funded nor actuarially valued.

Severance benefits payable – severance obligations are recognised at the point of not being able to withdraw from provision of the benefit to qualifying employees. The provision is calculated in accordance with the Labour Act of Belize Chapter 297.

Other short-term employee benefits – short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Bank expects to pay as a result of the unused entitlement.

y. Capital account

In 2022, amendment was made to the Central Bank of Belize Act, approved on 31 March 2022 and gazetted on 02 April 2022. In accordance with Section 8, 'Capital of the Bank', the authorised capital was increased to \$50,000,000 and the paid-up capital was increased to \$40,000,000 (2021: \$20,000,000).

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

2. Summary of significant accounting policies (continued)

z. Revaluation account

Section 50 of the Act permits the Bank to exclude profits or losses from any revaluation of the Bank's net assets or liabilities from the computation of the annual profits and losses of the Bank. All such profits or losses are carried in a special account called the revaluation account.

The Act also requires that no profits shall be credited to the General Reserve Fund or paid to Government of Belize under section 9 of the Act whenever the Revaluation Account shows a net loss. Such profits shall be credited to the Revaluation Account in an amount sufficient to cover the loss.

aa. General reserve fund

The profits of the Bank shall be distributed in accordance with the Central Bank of Belize Act, Chapter 262, Section 8(4) (Amendment 2016) and Section 9(1).

As at 31 December 2022, the Bank's General Reserve Fund was at \$26,380,809 which exceeded the paid-up capital of \$20,000,000. In 2022, amendment was made to the Central Bank of Belize Act, approved on 31 March 2022 and gazetted on 02 April 2022. Section 9, on General Reserve Fund was amended to indicate that 30% of the Bank's profit will be paid into the General Reserve Fund and the remainder to the Consolidated Revenue Fund.

ab. Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised in the statement of profit or loss at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. 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. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest to discount the future cash flows for the purpose of measuring the impairment loss.

ac. Administrative and general expense

Administrative and general expense are recognised in the profit or loss upon utilisation of the service or as incurred.

ad. Taxation

In accordance with Section 52 of the Central Bank of Belize Act, the Bank is exempt from the provision of any law relating to income tax or customs duties and from the payment of stamp duty.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

2. Summary of significant accounting policies (continued)

ae. 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. The Bank has determined the Board of Directors as its chief operating decision maker. The Bank has one operating segment for financial reporting purposes.

af. Change in presentation

Belize City Municipal Bonds – Sinking Fund account is being presented as Deposits by and balances due to Government and Public sector entities in Belize. In 2021, it was presented as Other Liabilities.

3. Bank balances and deposits with foreign banks

	<u>2022</u>	<u>2021</u>
Balances with other central banks and foreign banks	4,486,227	6,947,458
Foreign currency notes	266,394	213,624
	<u>4,752,621</u>	<u>7,161,082</u>

4. Reserve tranche and balances with the International Monetary Fund

Belize joined the International Monetary Fund (IMF) on 16 March 1982. As at 31 December its financial position in the IMF was as follows:

	<u>2022</u>	<u>2021</u>
SDR Holdings	99,424,031	128,625,135
Reserve Tranche	16,482,769	17,334,252
	<u>115,906,800</u>	<u>145,959,387</u>

SDRs are converted at an exchange rate of BZD 2.661688 to SDR 1.0 at 31 December 2022 (2021: BZD 2.799188 to SDR 1.0).

5. Other foreign credit instruments

	<u>2022</u>	<u>2021</u>
Fixed deposits	303,834,880	389,100,020
Overnight deposits	45,831,450	48,490,795
Expected credit losses	(38,684)	(48,691)
	<u>349,627,646</u>	<u>437,542,124</u>

Other foreign credit instruments are held with foreign banks and other foreign financial institutions.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

5. Other foreign credit instruments

Movements in expected credit losses on other foreign credit instruments were as follows:

	2022	2021
At the beginning of the year	(48,691)	(49,044)
Release/(charge) during the year	10,006	353
At the end of the year	(38,685)	(48,691)

6. Accrued interest and cash-in-transit

	2022	2021
Accrued interest on foreign credit instruments	2,658,349	248,844
Accrued interest on marketable securities issued and guaranteed by foreign governments and foreign financial institutions	1,968,584	614,594
Accrued interest on balances with the International Monetary Fund	521,704	13,142
Cash-in-transit	422,375	391,929
	5,571,012	1,268,509

Due to short-term nature of the accrued interest, its carrying amount is considered a reasonable approximation of fair value.

7. Marketable securities issued or guaranteed by foreign governments and foreign financial institutions

Amounts comprise debt securities at amortised cost:

	2022	2021
US Treasury notes	472,490,826	225,851,637
Bonds	-	10,000,000
Debenture	1,520,000	1,680,000
Expected credit losses	(10,148)	(1,090)
	474,000,678	237,530,547

The presentation of US Treasury Notes has been changed due to a misclassification made as at 31 December 2021. US Treasury notes were classified at fair value through other comprehensive income instead of at amortized cost. This misclassification didn't have significant impact on financial position and financial performance of the Bank.

Debenture represents a foreign government debenture that bears an interest of 3.5% and matures in 2034.

Bonds represented bonds of a foreign financial institution that bore an interest of 1.6% and matured in 2022.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

7. Marketable securities issued or guaranteed by foreign governments and foreign financial institutions (continued)

US Treasury Notes represent securities issued by the government of the United States of America that bear a weighted average interest of 2.15% (2021: 0.98%) and mature through 2031.

Movements in expected credit losses on marketable securities issued or guaranteed by foreign governments and foreign financial institutions were as follows:

	2022	2021
At the beginning of the year	(1,091)	(953)
(Charge) during the year	(9,058)	(138)
At the end of the year	(10,149)	(1,091)

8. Balances with local banks and cash on hand

	2022	2021
Balances with local financial institutions	1,313,803	674,340
Cash on hand	197,263	264,277
	1,511,066	938,617

9. Government of Belize securities

Amounts comprise debt securities at amortised cost:

	2022	2021
Treasury notes	554,755,000	546,515,000
Treasury bills	122,705,419	64,730,303
	677,460,419	611,245,303

10. Other assets

	2022	2021
<u>Financial assets</u>		
Staff loans receivable	6,959,815	4,756,195
Accounts receivable	303,075	426,030
Expected credit losses (Note 2h)	(2,613)	(476)
	7,260,277	5,181,750
Escrow accounts (Note 19)	9,564,320	9,564,320
Accrued interest on Government of Belize treasury notes	4,929,807	5,080,043
Accrued discount on Government of Belize treasury bills	220,865	200,347
	14,714,992	14,844,710

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

10. Other assets (continued)

<u>Non-financial assets</u>		
Inventory of circulation notes and coins	6,387,302	5,304,422
Prepayments	1,144,951	3,785,675
Collectible coins inventory	1,072,816	1,084,846
Supplies	337,355	247,400
Artwork	166,505	163,148
Other assets	295,592	229,694
	9,404,521	10,815,185
	31,379,790	30,841,645

Movements in expected credit losses on accounts receivable and staff loans receivable were as follows:

	2022	2021
At the beginning of the year	(476)	(5,043)
(Charge)/release during the year	(2,137)	4,567
At the end of the year	(2,613)	(476)

11. Equity instruments

	2022	2021
Belize Telemedia Limited	20,000,000	20,000,000

The equity instruments represent the Bank's investment of 4,000,000 shares in Belize Telemedia Limited at a value of \$5.00 per share totaling \$20,000,000. Share certificates numbered 3165, 3166, 3167, 2668 and 2669 dated 17 June 2011 for 800,000 shares each have been received by the Bank. The Bank is committed not to dispose of the shares for at least four years after the date of purchase under a "Share Purchase" agreement. Thereafter the Bank can dispose of the shares at the rate of one million shares per annum. If the Bank chooses to sell the shares, it shall offer the Government of Belize the right of first refusal and the right to object to any buyer before concluding the sale of any of the shares.

These instruments are secured by the Government of Belize with no valuation exposure to the Bank. As at 31 December 2022, BTL had declared dividends for the fiscal year 2022 at \$0.13 (2021: \$0.062) per share for a total of \$520,000 (2021: \$269,600).

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

12. Property and equipment

	Property	Furniture	Equipment	Vehicle	Work in progress	Total
Cost						
Balance at 01 January 2022	32,675,497	1,961,569	16,508,291	533,982	2,584,306	54,263,645
Additions	937,725	89,768	504,100	505,423	252,609	2,289,625
Disposals	(334,919)	(64,861)	(390,813)	(476,493)	-	(1,267,086)
Transfers	1,962,969	3,665	454,365	163,307	(2,584,306)	-
Balance as at 31 December 2022	35,241,272	1,990,141	17,075,943	726,219	252,609	55,286,184
Accumulated depreciation						
Balance at 01 January 2022	7,138,794	1,453,766	9,900,663	340,366	-	18,833,589
Charge for the year	637,480	91,551	1,581,192	125,545	-	2,435,768
Disposals	(334,919)	(63,884)	(385,832)	(160,528)	-	(945,163)
Balance as at 31 December 2022	7,441,355	1,481,433	11,096,023	305,383	-	20,324,194
Net book value as at 31 December 2022	27,799,917	508,708	5,979,920	420,836	252,609	34,961,991
Cost						
Balance at 01 January 2021	32,013,042	1,970,357	16,013,726	560,319	2,107,183	52,664,627
Additions	193,304	119,062	921,347	119,000	1,264,357	2,617,070
Disposals	-	(127,850)	(744,865)	(145,337)	-	(1,018,052)
Transfers	469,151	-	318,083	-	(787,234)	-
Balance as at 31 December 2021	32,675,497	1,961,569	16,508,291	533,982	2,584,306	54,263,645
Accumulated depreciation						
Balance at 01 January 2021	6,654,076	1,471,155	9,189,962	409,933	-	17,725,126
Charge for the year	484,718	89,139	1,437,764	75,769	-	2,087,390
Disposals	-	(106,528)	(727,063)	(145,336)	-	(978,927)
Balance as at 31 December 2021	7,138,794	1,453,766	9,900,663	340,366	-	18,833,589
Net book value						
31 December 2021	25,536,703	507,803	6,607,628	193,616	2,584,306	35,430,056

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

13. Intangible assets

	Application software and licenses	Work in progress	Total
Cost			
Balance at 01 January 2022	6,957,442	266,516	7,223,958
Additions	133,540	176,068	309,608
Transfers	266,516	(266,516)	-
Balance as at 31 December	7,357,498	176,068	7,533,566
Accumulated amortisation			
Balance at 01 January 2022	(4,122,048)	-	(4,122,048)
Charge for the year	(708,840)	-	(708,840)
Balance as at 31 December	(4,830,888)	-	(4,830,888)
Net book value as at 31 December 2022	2,526,610	176,068	2,702,678
Cost			
Balance at 01 January 2021	6,832,649	131,825	6,964,474
Additions	7,032	252,452	259,484
Transfers	117,761	(117,761)	-
Balance as at 31 December 2021	6,957,442	266,516	7,223,958
Accumulated amortisation			
Balance at 01 January 2021	(3,440,940)	-	(3,440,940)
Charge for the year	(681,108)	-	(681,108)
Balance as at 31 December 2021	(4,122,048)	-	(4,122,048)
Net book value as at 31 December 2021	2,835,394	266,516	3,101,910

14. Notes and coins in circulation

	2022	2021
Notes in circulation	563,770,976	490,396,349
Coins in circulation	40,072,116	37,383,541
	603,843,092	527,779,890

15. Deposits by licensed financial institutions

Due to the merger of two of the largest banks, as at 31 December 2022 deposits by local financial institutions comprised deposits of four compared to five in 2021 licensed financial institutions located in Belize.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

16. Deposits by and balances due to Government and Public sector entities of Belize

	2022	2021
Government of Belize accounts	158,665,340	158,289,865
Public sector entities accounts	12,383,920	11,548,833
	171,049,260	169,838,698

17. Deposits by international agencies

The Bank acts as an agent for and accepts deposits from international financial agencies.

	2022	2021
Caribbean Development Bank	2,343,970	1,633,054
International Monetary Fund	180,148	189,455
International Bank for Reconstruction and Development	29,740	29,740
Inter-American Development Bank	-	472,316
	2,553,858	2,324,565

18. Balances due to CARICOM central banks

	2022	2021
Bank of Jamaica	99,160	419,661
Central Bank of Barbados	50,562	86,999
Bank of Guyana	28,766	8,030
Central Bank of Trinidad and Tobago	2,688	2,400
	181,176	517,090

19. Other liabilities

	2022	2021
<u>Financial liabilities</u>		
Escrow accounts (Note 10)	9,564,320	9,564,320
Abandoned property	6,482,785	9,894,498
Deposits by licensed international offshore financial institutions (i)	3,851,329	3,942,993
Contribution (deposit insurance) (ii)	1,000,000	1,000,000
Accounts payable	326,273	370,100
Corozal Freezone Municipals Bonds – Sinking Fund	207,820	120,520
Unclaimed balances of Belize Unit Trust	46,089	46,089
Bond discount	-	1,201
	21,478,616	24,939,722

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

19. Other liabilities (continued)

	<u>2022</u>	<u>2021</u>
<u>Non-financial liabilities</u>		
Severance and gratuities	4,111,687	3,766,314
Other staff costs payable	893,353	864,410
Deferred income	722,019	430,634
	<u>5,727,059</u>	<u>5,061,358</u>
	<u>27,205,675</u>	<u>30,001,080</u>

- (i) Under Section 21 A (1) of the International Banking Act, licensed international offshore financial institutions are required to maintain an account of a minimum balance of \$200,000 with the Bank. At 31 December 2022 total amount of such deposits included \$3,187,167 (2021: \$3,312,993) that relate to balances with international offshore financial institutions with active licenses and \$664,161 (2021: \$630,000) that relate to the Bank's liabilities in respect of minimal balances of such financial institutions, whose licenses have been revoked/surrendered by the Bank.
- (ii) In accordance with Section 19 of the Deposit Insurance Act, 2020, the Central Bank is holding in escrow its contribution due on the commencement of the Deposit Insurance Corporation.

20. Defined benefit plan net obligation

The Bank operates a defined benefit pension scheme that receives contributions from the Bank and its eligible employees. The scheme is financially separate from the Bank and is managed by a Board of Trustees. Under the plan, the employees are entitled to annual retirement benefits capped at a maximum of 66 percent of the final pensionable salary on attaining the retirement age of 60. In addition, the Bank provides an optional post-retirement medical benefit. During the year under review, the Bank contributed \$616,564 (2021: \$591,920) to the scheme.

Significant actuarial assumptions used in the valuation were:	<u>2021</u>	<u>2016</u>
I. Discount rate at the end of the year (pa)	6.0%	5.0%
II. Future salary increases (pa)	3.5%	3.5%
III. Future pension increases (pa)	0.0%	0.0%

The Bank has performed an actuarial valuation on its defined benefit pension scheme for the year ended 31 December 2021. The results of the valuation are captured below:

Reconciliation of actuarial losses as at 31 December 2020

Deficit as at December 31, 2016	(877,855)
Fair value of the plan assets	24,775,300
Present value of defined benefit obligation	<u>(26,380,700)</u>
Non-current pension liability as at 31 December 2020	<u>(1,605,400)</u>
Actuarial losses as at 31 December 2020	(727,545)

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Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

20. Defined benefit plan net obligation (continued)

Presentation of actuarial losses as at 31 December 2016

Amounts to recognise in statement of financial position:

Non-current pension liability as at 31 December 2020 (1,605,400)

Amounts to recognise in statement of other comprehensive income:

Remeasurement losses (727,545)

Reconciliation of actuarial losses as at 31 December 2021

Present value of the obligation at the start of the year	26,380,700
Interest cost	1,633,089
Current service cost	1,346,000
Benefits paid	(1,017,105)
Remeasurement gain on obligation through other comprehensive income	(376,284)
Present value of the obligation at the end of the year	<u>27,966,400</u>

Fair value of the plain assets at the start of the year	24,775,300
Interest income on plan assets	1,478,205
Administrative expense	(26,009)
Contributions	766,014
Benefits paid	(1,017,105)
Remeasurement gain on assets through other comprehensive income	(351,505)
Fair value of the plain assets at the end of the year	<u>25,624,900</u>
Net change in non-current pension liability for the year ended 31 December 2021	<u>2,341,500</u>

Non-current pension liability 01 January 2021	1,605,400
Net interest cost	154,884
Administrative expense	26,009
Current service cost	1,171,906
Contributions to the pension as per actuarial report	(591,920)
Remeasurement gain on obligation through other comprehensive income	(376,284)
Remeasurement loss on assets through other comprehensive income	351,505
Non-current pension liability 31 December 2021	<u>2,341,500</u>

Revaluation of the pension plan is done on a 3-year rotation. An IAS 19 evaluation was done during 2022 for the 2021 fiscal year, which shows a defined benefit plan net obligation of the plan of \$2,341,500. Full revaluation of the plan will be done in the 2023 fiscal year.

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Notes to the financial statements for the years ended 31 December 2022 and 2021

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20. Defined benefit plan net obligation (continued)

Reconciliation of pension reserve

Reserve as at 31 December 2016	(37,327)
Actuarial losses 31 December 2020	(727,545)
Administrative expense	(26,009)
Remeasurement gain on obligation through other comprehensive income	376,284
Remeasurement loss on assets through other comprehensive income	(351,505)
	<u>(728,775)</u>
Reserve as at 31 December 2021	<u>(766,102)</u>

21. International Monetary Fund SDR Allocations

	<u>2022</u>	<u>2021</u>
IMF SDR Allocations	115,743,513	121,722,701
Interest payable	530,827	11,140
	<u>116,274,340</u>	<u>121,733,841</u>

A general allocation of Special Drawing Rights (SDRs) equivalent to approximately USD 250 billion became effective on 28 August 2009. The allocation is designed to provide liquidity to the global economic system by supplementing the Fund's member countries' foreign exchange reserves. The general SDR allocation was made to IMF members that are participants in the Special Drawing Rights Department (currently all 186 members) in proportion to their existing quotas in the Fund, which are based broadly on their relative size in the global economy. The Quota for the country of Belize is SDR 26,700,000 (2021: SDR 26,700,000) based on this Quota, the allocation for the country of Belize stood at SDR 43,485,004 (2021: SDR 43,845,004). At 31 December 2022, the SDR's were revalued at SDR 2.661688 to BZD 1.00 (2021: 2.799188 to BZD 1.00).

22. Commercial banks' discount fund

	<u>2022</u>	<u>2021</u>
Interest paid to United States Agency for International Development	(2,311,316)	(2,311,316)
Interest received by the Bank	3,965,350	3,965,350
	<u>1,654,034</u>	<u>1,654,034</u>

Commercial Bank Discount Fund (Fund) is a facility which was established by an agreement signed in March 1983 by the Government of Belize and the United States of America, providing for a discount fund to be operated through the Bank. The United States Government acting through United States Agency for International Development (USAID) earmarked USD 5 million in loan funds up to 30 June 1987 to finance this facility. The facility enabled commercial banks in Belize to discount with the Bank up to 100% of loans made to sub-borrowers for projects approved by the Bank and USAID. The Bank is expected to accumulate significant net interest earnings over the repayment term of the USAID loan to form a permanent fund. In 1993, USAID and the Bank agreed that \$2 million and \$1.5 million from the reflows to the Discount Fund could be used as a line of credit to National Development Foundation of Belize and Development Finance Corporation, respectively.

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Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

22. Commercial banks' discount fund (continued)

The USAID loan had the following terms:

Interest rate of 2% for the first ten years and 3% thereafter. The loan was repayable within 25 years with a grace period of 9-12 years and 31 equal semi-annual principal payments for 15 ½ years. The final payment to USAID was made in 2009.

23. Capital account

	<u>2022</u>	<u>2021</u>
Authorised capital	50,000,000	20,000,000
Paid-up capital	40,000,000	20,000,000

In 2022, amendment was made to the Central Bank of Belize Act, approved on 31 March 2022 and gazetted on 02 April 2022. In accordance with Section 8, 'Capital of the Bank', the authorised capital was increased to \$50,000,000 and the paid-up capital was increased to \$40,000,000.

24. Revaluation account

	<u>2022</u>	<u>2021</u>
At the beginning of the year	1,229,993	2,522,843
Revaluation of foreign funds and marketable securities	(1,103,044)	(1,292,850)
At the end of the year	126,949	1,229,993

25. Assets revaluation reserve

Historical and contemporary pictures and paintings were revaluated in 2009 by independent appraiser, Carlos Bardalez, of Belize City whose report is dated 09 November 2009.

26. General reserve fund

	<u>2022</u>	<u>2021</u>
At the beginning of the year	24,082,191	24,041,467
Transfer from net profit	2,298,618	40,724
At the end of the year	26,380,809	24,082,191

Amendment to Section 9 of the Central Bank of Belize Act provides for the establishment of a General Reserve Fund into which is paid 20 percent of the net profit of the Bank in each financial year until the fund is equal to the amount of the Bank's paid up capital. Thereafter, 10 percent of the net profit of the Bank in each financial year is paid into the Fund. In 2022, Section 9 on was amended to indicate that 30 percent of the Bank's profit shall be paid into the General Reserve Fund and the remainder to the Accountant General for the Consolidated Revenue Fund.

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Notes to the financial statements for the years ended 31 December 2022 and 2021

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27. Interest on approved external assets

	2022	2021
Marketable securities issued or guaranteed by foreign government or foreign financial institutions	6,220,523	921,225
Fixed deposits with foreign financial institutions	4,388,444	986,704
International Monetary Fund' facilities	1,378,216	53,224
Overnight deposits with foreign financial institutions	1,105,080	29,968
Other balances with foreign financial institutions	13,265	225
	13,105,528	1,991,346

28. Interest on Government of Belize securities

	2022	2021
Treasury notes	16,833,600	16,735,547

29. Interest expense

	2022	2021
International Monetary Fund facilities	1,381,219	42,129
Other interest expense	35,611	577
	1,416,830	42,706

30. Commissions and other income

	2022	2021
Cash shipment income	1,316,323	477,156
Automated Payment and Securities Settlement System (APSSS) transaction fees	1,265,677	1,192,182
Commissions	1,188,136	841,497
License and examination fees	961,818	908,916
Interest on staff loans	132,905	199,366
Miscellaneous income	117,778	480,775
Sales of collectible coins	26,905	3,971
Gain on sale/purchase of financial instruments	11,866	290,383
Penalty fees	5,500	480,000
	5,026,908	4,874,246

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

31. Printing of notes and minting of coins

	2022	2021
Minting of circulation coins	1,385,569	865,563
Printing of currency notes	935,275	864,680
Currency publicity campaign expenses	16,448	26,661
	2,337,291	1,756,905

32. Salaries and wages, including superannuation contribution and gratuities

	2022	2021
Salaries and wages	9,801,302	10,322,561
Employee benefits expenses	4,327,941	3,976,139
Pension actuarial cost	734,870	-
Pension contributions	616,564	591,920
Social security costs	293,256	263,568
	15,773,933	15,154,188

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

33. Administrative and general expenses

	2022	2021
Computer software licenses	958,510	1,032,046
Utilities	879,217	973,099
Professional services and technical support	775,203	1,401,626
Repairs and maintenance	707,631	679,243
Supplies and small equipment	579,720	443,703
Other miscellaneous	508,888	289,538
Legal fees	402,276	506,094
Meetings and conferences	237,458	-
Membership fees	208,239	164,688
Directors' fees	152,428	86,665
Insurance	127,845	119,911
Donations	104,267	8,067
Audit fees	101,230	94,537
Advertising	87,382	54,379
Travel	79,421	11,174
Bank charges	56,516	47,532
Subscriptions	50,585	65,543
Freight charges	43,952	53,836
Books and publications	38,280	45,153
Business continuity	32,481	5,506
Firearm license and ammunition	19,606	19,208
Entertainment	17,709	18,521
Surveys	12,420	-
Expected credit losses on financial instruments	9,192	138
	6,190,456	6,120,207

34. Related party transactions

The Bank considers a party to be related if control or significant influence over the Bank is exercised. The Bank's related parties include The Governor of the Central Bank, members of the Board of Directors, key management personnel, Government of Belize and other related public sector entities and the Bank's Defined Benefit Plan. Unless otherwise stated, none of the transactions include special terms and conditions and no guarantees were given or received.

Transactions with key management personnel

Transactions with key management personnel includes short-term benefits, post employment benefits and termination benefits. The following is an analysis of these amounts.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

34. Related party transactions (continued)

	<u>2022</u>	<u>2021</u>
Short-term benefits	2,431,150	3,252,422
Termination benefits	229,237	332,195
Post-employment benefits	60,465	61,518
	<u>2,720,852</u>	<u>3,646,135</u>

Transactions with the members of the Board of Directors

Transactions with key management personnel includes short-term benefits.

	<u>2022</u>	<u>2021</u>
Short-term benefits	174,098	78,409
Termination benefits	14,400	-
	<u>188,498</u>	<u>78,409</u>

As part of its normal operations, the Bank also makes loans and advances to key management personnel who are not members of the Board of Directors. As at 31 December 2022, an amount of \$462,815 (2021: \$481,043) was receivable from key management personnel as approved advances made by the Bank. No expected credit losses have been recognised in respect of loans given to related parties. The amount of collateral in respect of loans to related parties as at 31 December 2022 \$1,071,090 (2021: \$1,126,346). The Bank has a residential mortgage loan program for qualifying permanent staff. This facility is available for a maximum period of 25 years with a variable interest rate initially set at 2.0% (2021: 4.5%).

Transactions with the Government of Belize and public sector entities in Belize

Receivables and payables to the Government of Belize and other related public sector entities arise mainly from the Bank carrying out one of its key functions as a fiscal agent for all transactions with International financial institutions (Section 31, 33, 34 and 35 of the Central Bank of Belize Act Revised Edition 2011). Section 24 also permits the Bank to make direct advances to the Government of Belize. Below is an analysis of the transactions with the Government and other related public sector entities:

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

34. Related party transactions (continued)

Transactions with the Government of Belize and public sector entities in Belize (continued)

	01 January 2022	Disburse- ments	Deposits	31 December 2022
Social Security Board	(39,167)	33,233	(70,554)	(76,488)
Development Finance Corporation	(5,393,059)	14,730,697	(11,090,370)	(1,752,732)
Financial Intelligence Unit	(51,686)	2,369,870	(2,799,811)	(481,627)
Belize Tourism Board	(930,405)	7,114,794	(8,665,361)	(2,480,972)
Belize Electricity Limited	(24,925)	2,930,081	(2,930,081)	(24,925)
Belize City Council Sinking Fund	(1,404,553)	8,928,333	(10,276,962)	(2,753,182)
Belize Water Services Limited Sinking Fund	(378,833)	4,478,027	(6,127,002)	(2,027,808)
Financial Services Commission	(3,326,185)	540,000	-	(2,786,185)
Government of Belize (current account)	(69,022,678)	722,124,732	(713,825,923)	(60,723,869)
	(80,571,491)	763,249,767	(755,786,064)	(73,107,788)
	01 January 2021	Disburse- ments	Deposits	31 December 2021
Social Security Board	(94,705)	166,092	(110,554)	(39,167)
Development Finance Corporation	(357,416)	6,848,059	(11,883,701)	(5,393,058)
Financial Intelligence Unit	(112,415)	1,870,732	(1,810,003)	(51,686)
Belize Tourism Board	(57,606)	653,933	(1,526,732)	(930,405)
Belize Electricity Limited	(24,925)	1,182,007	(1,182,007)	(24,925)
Belize City Council Sinking Fund	(1,138,315)	7,712,453	(7,978,692)	(1,404,554)
Belize Water Services Limited Sinking Fund	-	3,986,566	(4,365,398)	(378,832)
International Financial Services Commission	(3,326,185)	-	-	(3,326,185)
Government of Belize (current account)	61,843,616	486,159,278	(617,392,095)	(69,389,201)
	56,732,049	508,579,120	(646,249,182)	(80,938,013)

* With the passage of the Securities Industry Act, No. 46 of 2021, effective 01 January 2022, the International Financial Services Commission was renamed to the Financial Services Commission.

Transactions with the Central Bank of Belize Pension Scheme

The Bank accumulates the pension contributions for the Scheme's members and remits it to the Scheme on a monthly basis along with its own contributions. In addition, the Bank acts as an intermediary for payments of benefits to the Scheme's members and payment of professional fees. The Scheme periodically reimburses the Bank for such expenses.

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Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

34. Related party transactions (continued)

Transactions with the Central Bank of Belize Pension Scheme (continued)

	01 January 2022	Contributions paid by the Bank to the Scheme	Contributions due to the scheme	31 December 2022
Contributions to the scheme	-	616,564	(616,564)	-
	-	616,564	(616,564)	-

	01 January 2021	Contributions paid by the Bank to the Scheme	Contributions due to the scheme	31 December 2021
Contributions to the scheme	-	591,920	(591,920)	-
	-	591,920	(591,920)	-

35. Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies on Note 2h describes how financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

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(in Belize dollars)

35. Analysis of financial assets and liabilities by measurement basis (continued)

As at 31 December 2022	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other compre- hensive income	Total
<u>Financial assets</u>				
Balances and deposits with foreign banks	-	4,752,621	-	4,752,621
Reserve Tranche and balances with the International Monetary	-	-	115,906,800	115,906,800
Other foreign credit instruments	-	349,627,645	-	349,627,645
Accrued interest and cash-in-transit	-	5,571,013	-	5,571,013
Marketable securities issued or guaranteed by foreign governments and international financial	-	474,000,678	-	474,000,678
Balances with local banks and cash on hand	-	1,511,066	-	1,511,066
Government of Belize securities	-	677,460,419	-	677,460,419
Consolidated revenue fund	-	-	-	-
Other assets	-	21,975,269	-	21,975,269
Equity instruments	20,000,000	-	-	20,000,000
Total financial assets	20,000,000	1,534,898,711	115,906,800	1,670,805,511
<u>Financial liabilities</u>				
Notes and coins in circulation	-	-	603,843,092	603,843,092
Deposits by licensed financial institutions	-	-	726,867,763	726,867,763
Deposits by and balances due to Government and Public sector entities in Belize	-	-	171,049,258	171,049,258
Deposits by international agencies	-	-	2,553,859	2,553,859
Balances due to CARICOM central banks	-	-	181,175	181,175
Other liabilities	-	-	21,478,616	21,478,616
International Monetary Fund' SDR Allocations	-	-	116,274,340	116,274,340
Commercial banks' discount fund	-	-	1,654,033	1,654,033
Total financial liabilities	-	-	1,643,902,136	1,643,902,136

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Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

35. Analysis of financial assets and liabilities by measurement basis (continued)

As at 31 December 2021	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
<u>Financial assets</u>				
Bank balances and deposits with foreign banks	-	7,161,082	-	7,161,082
Reserve Tranche and balances with the International Monetary	-	-	145,959,387	145,959,387
Other foreign credit instruments	-	437,542,124	-	437,542,124
Accrued interest and cash-in-transit	-	1,268,509	-	1,268,509
Marketable securities issued or guaranteed by foreign governments and international financial	-	237,530,548	-	237,530,548
Balances with local banks and cash on hand	-	938,617	-	938,617
Government of Belize securities	-	611,245,303	-	611,245,303
Other assets	-	20,026,459	-	20,026,459
Equity instruments	20,000,000	-	-	20,000,000
Total financial assets	20,000,000	1,315,712,642	145,959,387	1,481,672,029
<u>Financial liabilities</u>				
Notes and coins in circulation	-	-	527,779,890	527,779,890
Deposits by licensed financial institutions	-	-	630,854,923	630,854,923
Deposits by and balances due to Government and Public sector entities in Belize	-	-	169,838,698	169,838,698
Deposits by international agencies	-	-	2,324,565	2,324,565
Balances due to CARICOM central banks	-	-	517,090	517,090
Other liabilities	-	-	24,939,722	24,939,722
International Monetary Fund' SDR Allocations	-	-	121,733,841	121,733,841
Commercial banks' discount fund	-	-	1,654,033	1,654,033
Total financial liabilities	-	-	1,479,642,762	1,479,642,762

36. Fair value measurement

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing their fair value of financial instruments by valuation technique:

Level 1: quotes (unadjusted prices in active markets for identical assets or liabilities).

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Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

36. Fair value measurement (continued)

Determination of fair value and fair value hierarchy (continued)

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

As at 31 December 2022	Notes	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVOCI</u>					
Reserve Tranche and balances with the International Monetary Fund	4	115,906,800	-	-	115,906,800
<u>Financial assets at FVTPL</u>					
Equity instruments	11	-	-	20,000,000	20,000,000
Total financial assets measured at fair value		115,906,800	-	20,000,000	135,906,800
As at 31 December 2021	Notes	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVOCI</u>					
Reserve Tranche and balances with the International Monetary Fund	4	145,959,387	-	-	145,959,387
<u>Financial assets at FVTPL</u>					
Equity instruments	11	-	-	20,000,000	20,000,000
Total financial assets measured at fair value		145,959,387	-	20,000,000	165,959,387

Fair value of financial instruments carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Financial assets and liabilities with carrying values that approximate fair value

For financial assets and liabilities that are liquid or have a short-term maturity, it is assumed that the carrying amounts approximate to their fair value. For all other financial instruments, it is assumed that the carrying amounts also approximate to their fair value.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management

By its nature, the Bank's activities are principally related to the use of financial instruments. The strategy for using these financial instruments is embedded in the mission of the Bank to foster an economic and financial environment conducive to sustainable economic growth and development.

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Currency risk
- Liquidity risk
- Interest rate risk
- Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. It has established two committees for this purpose:

- (i) Investment Committee, which is responsible for providing oversight on the conversion of investment strategy into performance, risk exposure for the Bank's Foreign Reserves, financial structure, and performance of the portfolio and investments.
- (ii) Audit Committee, which is responsible for monitoring compliance with the Bank's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee is assisted in these functions by the Internal Audit Department. This department undertakes both regular and ad hoc reviews of management controls and procedures, the results of which are reported to the Board of Directors and the Audit Committee.

(i) Credit risk

The Bank is exposed to credit risk, which is the risk of loss arising from the failure of a borrower, issuer, counterparty or customer to meet its financial obligations to the Bank. Credit risk arises in the Bank's management of its financial assets, for example in the investment of the Bank's own funds and in the course of the banking services it provides to its customers and employees.

Credit risk is managed on a portfolio basis consisting of both foreign, local and internal designations. Credit risk in respect of foreign designations, are managed via diversification of investments and held by major reputable financial institutions. In respect of local securities, the Bank transacts primarily with or investments related to the Government of Belize. Internal designations are managed using internal policies of eligibility and security for employee loans.

Central Bank of Belize**Notes to the financial statements for the years ended 31 December 2022 and 2021****(in Belize dollars)****37. Financial risk management (continued)****(i) Credit risk (continued)**

In measuring the expected credit losses, the Bank's foreign and local investments are considered to have low credit risk and the loss allowance recognised is based on the 12 months expected loss. Low credit risk are those with high-quality external credit ratings. The Bank has developed a model utilising external credit ratings to develop the probability of default (PD) against a loss given default of 25%.

Security

The Bank holds collaterals in respect of its internally designated financial assets as follows:

At 31 December 2022	Maximum exposure	Stamped value	Appraised value
Mortgage loans	4,892,279	6,456,205	9,470,694
Consumer loans (bills of sale)	429,269	642,709	673,400
Consumer loans (regular)	47,912	150,000	150,000
	5,369,460	7,248,914	10,294,094

At 31 December 2021	Maximum exposure	Stamped value	Appraised value
Mortgage loans	3,089,709	4,515,115	6,753,358
Consumer loans (bills of sale)	317,617	545,250	627,263
Consumer loans (regular)	1,348,868	150,000	150,000
	4,756,195	5,210,365	7,530,621

Significant increase in credit risk

The Bank continuously monitors all assets subject to ECL's. The Bank assesses whether there has been a significant increase in credit risk since initial recognition to determine whether a financial instrument is subject to 12 months ECL or life-time ECL.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(i) Credit risk (continued)

Significant increase in credit risk (continued)

The following table details the gross carrying amounts and the corresponding ECL's by stage:

As at 31 December 2022	Notes	Level 1	Level 2	Level 3	Total
Other foreign credit instruments		349,666,329	-	-	349,666,329
Expected credit loss	5	(38,684)	-	-	(38,684)
		349,627,645	-	-	349,627,645
Marketable securities issued or guaranteed by foreign governments and foreign financial institutions		474,010,826	-	-	474,010,826
Expected credit loss	7	(10,148)	-	-	(10,148)
		474,000,678	-	-	474,000,678
Other assets		7,262,890	-	-	7,262,890
Expected credit loss	10	(2,613)	-	-	(2,613)
		7,260,277	-	-	7,260,277
Total net amounts		830,888,600	-	-	830,888,600
ECL as a % of carrying amounts		0.01%	-	-	0.01%

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(i) Credit risk (continued)

Significant increase in credit risk (continued)

As at 31 December 2021	Notes	Level 1	Level 2	Level 3	Total
Other foreign credit instruments		437,590,815	-	-	437,590,815
Expected credit loss	5	(48,691)	-	-	(48,691)
		437,542,124	-	-	437,542,124
Marketable securities issued or guaranteed by foreign governments and foreign financial institutions		237,531,638	-	-	237,531,638
Expected credit loss	7	(1,090)	-	-	(1,090)
		237,530,548	-	-	237,530,548
Other assets		5,182,225	-	-	5,182,225
Expected credit loss	10	(476)	-	-	(476)
		5,181,749	-	-	5,181,749
Total net amounts		680,254,421	-	-	680,254,421
ECL as a % of carrying amounts		0.01%	-	-	0.01%

Geographical concentration

The following tables break down the Bank's main credit exposure at their carrying amounts, as categorised by geographical regions as of 31 December 2022 and 31 December 2021. The Bank has allocated exposure to regions based on the country of domicile of the counterparties.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(i) Credit risk (continued)

Geographical concentration (continued)

As at 31 December 2022

Financial assets	Belize	USA	Canada	UK	Europe	Dominica	Total
Balances and deposits with foreign banks	266,394	2,526,282	70,433	700,211	1,189,301	-	4,752,621
Reserve Tranche and balances with the International Monetary Fund	-	115,906,800	-	-	-	-	115,906,800
Other foreign credit instruments	-	291,317,607	-	58,310,038	-	-	349,627,645
Accrued interest and cash-in-transit	-	5,047,835	-	497,879	-	25,299	5,571,013
Marketable securities issued or guaranteed by foreign Governments and international institutions	-	472,481,211	-	-	-	1,519,466	474,000,678
Balances with local banks and cash on hand	1,511,066	-	-	-	-	-	1,511,066
Government of Belize securities	677,460,419	-	-	-	-	-	677,460,419
Other assets	21,975,269	-	-	-	-	-	21,975,269
Equity instruments	20,000,000	-	-	-	-	-	20,000,000
	721,213,148	887,279,736	70,433	59,508,128	1,189,301	1,544,765	1,670,805,510

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(i) Credit risk (continued)

Geographical concentration (continued)

As at 31 December 2022 (continued)

Financial liabilities	Belize	USA	Barbados	Jamaica	Guyana	Trinidad & Tobago	Total
Notes and coins in circulation	603,843,092	-	-	-	-	-	603,843,092
Deposits by licensed financial institutions	726,867,763	-	-	-	-	-	726,867,763
Deposits by and balances due to Government and Public sector entities in Belize	171,049,258	-	-	-	-	-	171,049,258
Deposits by international agencies	-	209,889	2,343,970	-	-	-	2,553,859
Balances due to CARICOM central banks	-	-	50,562	99,160	28,766	2,688	181,176
Other liabilities	21,478,616	-	-	-	-	-	21,478,616
International Monetary Fund' SDR Allocations	-	116,274,340	-	-	-	-	116,274,340
Commercial banks' discount fund	-	1,654,033	-	-	-	-	1,654,033
	1,523,238,729	118,138,262	2,394,532	99,160	28,766	2,688	1,643,902,137

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(i) Credit risk (continued)

Geographical concentration (continued)

As at 31 December 2021

Financial assets	Belize	USA	Canada	UK	Europe	Dominica	Total
Balances and deposits with foreign banks	213,624	2,138,089	60,158	2,599,593	2,149,618	-	7,161,082
Reserve Tranche and balances with the International Monetary Fund	-	145,959,387	-	-	-	-	145,959,387
Other foreign credit instruments	-	243,138,230	-	80,652,992	113,750,902	-	437,542,124
Accrued interest and cash-in-transit	-	1,034,515	-	135,543	70,489	27,962	1,268,509
Marketable securities issued or guaranteed by foreign governments and international financial institutions	-	235,851,137	-	-	-	1,679,410	237,530,547
Balances with local banks and cash on hand	938,617	-	-	-	-	-	938,617
Government of Belize securities	611,245,303	-	-	-	-	-	611,245,303
Other assets	20,026,459	-	-	-	-	-	20,026,459
Equity instruments	20,000,000	-	-	-	-	-	20,000,000
	652,424,003	628,121,358	60,158	83,388,127	115,971,009	1,707,372	1,481,672,028

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(i) Credit risk (continued)

Geographical concentration (continued)

As at 31 December 2021 (continued)

Financial liabilities	Belize	USA	Barbados	Jamaica	Guyana	Trinidad & Tobago	Total
Notes and coins in circulation	527,779,890	-	-	-	-	-	527,779,890
Deposits by licensed financial institutions	630,854,923	-	-	-	-	-	630,854,923
Deposits by and balances due to Government and public sector entities in Belize	169,838,698	-	-	-	-	-	169,838,698
Deposits by international agencies	-	691,511	1,633,054	-	-	-	2,324,565
Balances due to CARICOM central banks	-	-	86,999	419,661	8,030	2,400	517,090
Other liabilities	24,939,722	-	-	-	-	-	24,939,722
International Monetary Fund SDR allocations	-	121,733,841	-	-	-	-	121,733,841
Commercial banks' discount fund	-	1,654,033	-	-	-	-	1,654,033
	1,353,413,233	124,079,385	1,720,053	419,661	8,030	2,400	1,479,642,762

(ii) Currency risk

Currency risk is the risk that the market value of, or cash flow from, financial instruments will vary because of exchange rate fluctuations. The Bank takes on exposure to fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Because of its conservative nature, the Bank's exposure is limited since a significant portion of its external assets are held in US funds and in SDR funds necessary to meet Belize's quota with the IMF and SDR allocations. Other external asset funds are kept at a minimum. Management seeks to manage this risk by monitoring the levels of exposure by currency.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(ii) Currency risk (continued)

As at 31 December 2022

Financial assets	BZD	USD	SDR	EUR	CAD	GBP	Total
Balances and deposits with foreign banks	-	4,088,318	-	513,061	70,433	80,808	4,752,621
Reserve Tranche and balances with the International Monetary Fund	-	-	115,906,800	-	-	-	115,906,800
Other foreign credit instruments	-	349,627,645	-	-	-	-	349,627,645
Accrued interest and cash-in-transit	-	5,049,309	521,704	-	-	-	5,571,013
Marketable securities issued or guaranteed by foreign governments and international financial institutions	-	474,000,678	-	-	-	-	474,000,678
Balances with local banks and cash on hand	1,511,066	-	-	-	-	-	1,511,066
Government of Belize securities	677,460,419	-	-	-	-	-	677,460,419
Other assets	14,780,201	7,195,068	-	-	-	-	21,975,269
Equity instruments	20,000,000	-	-	-	-	-	20,000,000
	713,751,686	839,961,018	116,428,504	513,061	70,433	80,808	1,670,805,510

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(ii) Currency risk (continued)

As at 31 December 2022 (continued)

Financial liabilities	BZD	USD	SDR	EUR	CAD	GBP	Total
Notes and coins in circulation	603,843,092	-	-	-	-	-	603,843,092
Deposits by licensed financial institutions	726,867,763	-	-	-	-	-	726,867,763
Deposits by and balances due to Government and Public sector entities in Belize	165,069,388	5,979,870	-	-	-	-	171,049,258
Deposits by international agencies	-	2,373,711	180,148	-	-	-	2,553,859
Balances due to CARICOM central banks	-	181,175	-	-	-	-	181,175
Other liabilities	14,283,548	7,195,068	-	-	-	-	21,478,616
International Monetary Fund' SDR Allocations	-	-	116,274,340	-	-	-	116,274,340
Commercial banks' discount fund	1,654,033	-	-	-	-	-	1,654,033
	1,511,717,824	15,729,824	116,454,488	-	-	-	1,643,902,136
Net currency position	(797,966,138)	824,231,194	(25,984)	513,061	70,433	80,808	26,903,374

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(ii) Currency risk (continued)

As at 31 December 2021

Financial assets	BZD	USD	SDR	EUR	CAD	GBP	Total
Balances and deposits with foreign banks	-	5,498,800	-	1,484,589	60,158	117,535	7,161,082
Reserve Tranche and balances with the International Monetary Fund	-	-	145,959,387	-	-	-	145,959,387
Other foreign credit instruments	-	437,542,124	-	-	-	-	437,542,124
Accrued interest and cash-in-transit	-	1,139,333	13,142	25,939	85,052	5,043	1,268,509
Marketable securities issued or guaranteed by foreign Governments and international institutions	-	237,530,547	-	-	-	-	237,530,547
Balances with local banks and cash on hand	938,617	-	-	-	-	-	938,617
Government of Belize securities	611,245,303	-	-	-	-	-	611,245,303
Other assets	12,831,392	7,195,068	-	-	-	-	20,026,460
Equity instruments	20,000,000	-	-	-	-	-	20,000,000
	645,015,312	688,905,873	145,972,529	1,510,528	145,210	122,578	1,481,672,029

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(ii) Currency risk (continued)

As at 31 December 2021 (continued)

Financial liabilities	BZD	USD	SDR	EUR	CAD	GBP	Total
Notes and coins in circulation	527,779,890	-	-	-	-	-	527,779,890
Deposits by licensed financial institutions	630,854,923	-	-	-	-	-	630,854,923
Deposits by and balances due to Government and public sector entities in Belize	164,813,087	3,811,100	-	1,214,511	-	-	169,838,698
Deposits by international agencies	-	2,135,110	189,455	-	-	-	2,324,565
Balances due to CARICOM central banks	-	517,090	-	-	-	-	517,090
Other liabilities	17,744,654	7,195,068	-	-	-	-	24,939,722
International Monetary Fund SDR allocations	-	-	121,733,841	-	-	-	121,733,841
Commercial banks' discount fund	1,654,033	-	-	-	-	-	1,654,033
	1,342,846,588	13,658,367	121,923,295	1,214,511	-	-	1,479,642,761
Net currency position	(697,831,276)	675,247,506	24,049,233	296,017	145,210	122,578	2,029,268

Central Bank of Belize**Notes to the financial statements for the years ended 31 December 2022 and 2021****(in Belize dollars)****37. Financial risk management (continued)****(ii) Currency risk (continued)****Statement of revaluation as at 31 December 2022**

	Foreign currency	Year-end rate	Belize dollar value
Euro Dollar Fund	(240,332)	2.13480	(513,061)
Canadian Fund	(47,686)	1.47700	(70,433)
SDR Fund	(43,742,159)	2.66170	(116,428,504)
USD Fund	(416,726,451)	2.00000	(833,452,903)
Sterling Fund	(33,505)	2.41180	(80,808)
Belize Dollar Fund	949,442,665	1.00000	949,442,665
Revaluation gain for the year	-	-	(1,103,044)
Revaluation balance as at 01 January 2022	-	-	1,229,991
Decrease in revaluation	-	-	(1,103,044)
Revaluation balance as at 31 December 2022	-	-	126,947

Central Bank of Belize**Notes to the financial statements for the years ended 31 December 2022 and 2021****(in Belize dollars)****37. Financial risk management (continued)****(ii) Currency risk (continued)****Statement of revaluation as at 31 December 2021**

	Foreign currency	Year-end rate	Belize dollar value
Euro Dollar Fund	(666,782)	2.26540	(1,510,528)
Canadian Fund	(92,314)	1.57300	(145,210)
SDR Fund	(52,143,474)	2.79919	(145,959,387)
USD Fund	(341,199,353)	2.00000	(682,398,707)
Sterling Fund	(45,453)	2.69680	(122,578)
Belize Dollar Fund	829,481,680	1.00000	829,481,680
Revaluation gain for the year	-	-	(654,729)
Revaluation balance as at 01 January 2021	-	-	2,522,843
Loss from change in fair marketable securities	-	-	(638,123)
Increase in revaluation	-	-	(654,729)
Revaluation balance as at 31 December 2021	-	-	1,229,991

The following table demonstrates the sensitivity of profit and equity to a reasonably possible change in the foreign exchange rates, with all other variables held constant.

A 10% strengthening of the Belize dollar against the following currencies as at 31 December would have increased/(decreased) equity and profit or loss by the following amounts (in BZD'000):

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(ii) Currency risk (continued)

	2022		2021	
	Profit or loss Effect of 10% increase/(decrease)	Equity Effect of 10% increase/(decrease)	Profit or loss Effect of 10% increase/(decrease)	Equity Effect of 10% increase/(decrease)
Financial assets				
SDR	-	50	-	2,406
CAD	-	7	-	15
EUR	-	51	-	30
USD	-	-	-	-
GBP	-	8	-	12
	-	116	-	2,463

(iii) Interest rate risk

Interest rate risk arises from the possibility that changes in market interest rates will affect the future cash flows or fair values of financial instruments. CBB's objective in the management of interest rate risk is to reduce the sensitivity of its earnings and overall portfolio value to variations in interest rates. The strategy employed to achieve this involves keeping a significant portion of all financial assets in Belize and United States dollars. The only other major category is Special Drawing Rights (SDRs) that are necessary to meet Belize's requirements and quota with the IMF. Other financial assets are kept at a minimum.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(iii) Interest rate risk (continued)

The following tables present interest rate gap analysis in BZD'000.

As at 31 December 2022	On demand/less than 1 month	1-3 Months	3-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Rate sensitive assets							
Fixed deposits	-	105.9	81.5	10.6	-	-	198.0
Treasury bills						-	-
Treasury notes	-	-	-	13.3	438.0	337.2	788.5
Bonds	-	-	-	-	-	-	-
Debenture	-	-	-	-	-	1.1	1.1
Reserve Tranche and balances with the International Monetary Fund	-	-	-	-	-	289.8	289.8
Total rate sensitive assets	-	105.9	81.5	23.9	438.0	628.1	1,277.4
Rate sensitive liabilities							
International Monetary Fund' SDR Allocations	-	-	-	-	-	289.4	289.4
Total rate sensitive liabilities	-	-	-	-	-	289.4	289.4
Interest sensitivity surplus	-	105.9	81.5	23.9	438.0	338.7	988.0

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(iii) Interest rate risk (continued)

As at 31 December 2021	On demand/less than 1 month	1-3 Months	3-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Rate sensitive assets							
Fixed deposits	-	67.3	38.7	100.3	-	-	206.3
Treasury notes	-	-	-	-	139.2	238.3	377.5
Bonds	-	8.0	-	-	-	-	8.0
Debenture	-	-	-	-	-	8.4	8.4
Reserve Tranche and balances with the International Monetary Fund	-	-	-	-	-	364.9	364.9
Total rate sensitive assets	-	75.3	38.7	100.3	139.2	611.6	965.1
Rate sensitive liabilities							
International Monetary Fund' SDR Allocations	-	-	-	-	-	304.3	304.3
Total rate sensitive liabilities	-	-	-	-	-	304.3	304.3
Interest sensitivity surplus	-	75.3	38.7	100.3	139.2	307.3	660.8

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(iii) Interest rate risk (continued)

The table below analyses the average interest rates for the Bank's foreign deposit accounts and investments.

	2022	2021
Balances and deposits with foreign banks	1.05%	0.05%
Other foreign credit instruments - fixed deposits	3.49%	0.15%
Other foreign credit instruments - overnight deposits	4.30%	0.05%
Marketable securities - US Treasury notes	2.15%	0.98%
Marketable securities - bonds	-	1.63%
Marketable securities - debentures	3.50%	3.50%

(iv) Liquidity risk

Liquidity risk is the risk that the Bank will not be able to meet its financial liabilities as they fall due. Prudent liquidity management requires maintaining sufficient cash and marketable securities, and ensuring the availability of funding through an adequate amount of committed standby credit facilities to meet commitments.

IFRS 7 requires an analysis of the Bank's assets and liabilities at the Statements of Financial Position date into relevant maturity groupings based on the remaining period to the contractual maturity date. This requirement is not relevant to the Central Bank which is the ultimate source of Belize dollar liquidity. In managing the foreign currency liquidity risk, the Bank makes every effort to hold appropriate cash balances by forecasting and monitoring liquidity through cash flow matching and holding a portfolio of liquid foreign exchange reserves. The table below analyses the Bank's assets into relevant maturity grouping based on the remaining period at the statements of financial position date to the contractual maturity date.

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(iv) Liquidity risk (continued)

As 31 December 2022

Financial assets	On demand/less than 1 month	1-3 Months	4-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Balances and deposits with foreign banks	4,752,621	-	-	-	-	-	4,752,621
Reserve Tranche and balances with the International Monetary Fund	-	-	-	-	-	115,906,800	115,906,800
Other foreign credit instruments	118,053,130	139,465,770	81,502,125	10,606,620	-	-	349,627,645
Accrued interest and cash-in-transit	5,571,013	-	-	-	-	-	5,571,013
Marketable securities issued or guaranteed by foreign governments and international financial institutions	-	-	-	7,936,828	262,113,771	203,950,079	474,000,678
Balances with local banks and cash on hand	1,511,066	-	-	-	-	-	1,511,066
Government of Belize securities	53,016,400	188,690,000	72,008,000	160,632,019	179,071,000	24,043,000	677,460,419
Other assets	-	-	-	21,975,269	-	-	21,975,269
Equity instruments	-	-	-	-	-	20,000,000	20,000,000
Total	182,904,230	328,155,770	153,510,125	201,150,736	441,184,771	363,899,878	1,670,805,510

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(iv) Liquidity risk (continued)

As 31 December 2022 (continued)

Financial liabilities	On demand/less than 1 month	1-3 Months	4-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Notes and coins in circulation	-	-	-	-	-	603,843,092	603,843,092
Deposits by licensed financial institutions	-	-	-	726,867,763	-	-	726,867,763
Deposits by and balances due to Government and public sector entities in Belize	-	171,049,258	-	-	-	-	171,049,258
Deposits by international agencies	-	2,553,859	-	-	-	-	2,553,859
Balances due to CARICOM central banks	181,175	-	-	-	-	-	181,175
Other liabilities	-	-	-	21,478,616	-	-	21,478,616
International Monetary Fund SDR allocations	-	-	-	-	-	116,274,340	116,274,340
Commercial banks' discount fund	-	-	-	-	-	1,654,033	1,654,033
Total	181,175	173,603,117	-	748,346,379	-	721,771,465	1,643,902,136
Net liquidity position	182,723,055	154,552,653	153,510,125	(547,195,643)	441,184,771	(357,871,587)	26,903,374

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(iv) Liquidity risk (continued)

As 31 December 2021

Financial assets	On demand/less than 1 month	1-3 Months	4-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Balances and deposits with foreign banks	7,161,082	-	-	-	-	-	7,161,082
Reserve Tranche and balances with the International Monetary Fund	-	-	-	-	-	145,959,387	145,959,387
Other foreign credit instruments	169,443,779	103,480,898	64,637,822	100,453,698	-	-	438,016,198
Accrued interest and cash-in-transit	1,268,509	-	-	-	-	-	1,268,509
Marketable securities issued or guaranteed by foreign Governments and international institutions	-	9,999,499	-	-	28,109,938	211,558,243	249,667,680
Balances with local banks and cash on hand	938,617	-	-	-	-	-	938,617
Government of Belize securities	48,990,200	139,739,200	66,008,000	171,741,000	171,389,000	13,622,000	611,489,400
Other assets	-	-	-	20,026,459	-	-	20,026,459
Equity instruments	-	-	-	-	-	20,000,000	20,000,000
Total	227,802,187	253,219,597	130,645,822	292,221,157	199,498,938	391,139,630	1,494,527,331

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(iv) Liquidity risk (continued)

As 31 December 2021 (continued)

Financial liabilities	On demand/less than 1 month	1-3 Months	4-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Notes and coins in circulation	-	-	-	-	-	527,779,890	527,779,890
Deposits by licensed financial institutions	-	-	-	630,854,923	-	-	630,854,923
Deposits by and balances due to Government and public sector entities in Belize	-	169,838,698	-	-	-	-	169,838,698
Deposits by international agencies	-	2,324,565	-	-	-	-	2,324,565
Balances due to CARICOM central banks	517,090	-	-	-	-	-	517,090
Other liabilities	-	-	-	24,939,722	-	-	24,939,722
International Monetary Fund SDR allocations	-	-	-	-	-	121,733,841	121,733,841
Commercial banks' discount fund	-	-	-	-	-	1,654,033	1,654,033
Total	517,090	172,163,263	-	655,794,645	-	651,167,765	1,479,642,762
Net liquidity position	227,285,097	81,056,335	130,645,822	(363,573,488)	199,498,938	(260,028,135)	14,884,569

Central Bank of Belize

Notes to the financial statements for the years ended 31 December 2022 and 2021

(in Belize dollars)

37. Financial risk management (continued)

(v) Operational risk

The Bank is exposed to operational risk which can lead to financial losses through error, fraud or inefficiencies. The Bank mitigates this risk by constantly revisiting internal controls, adhering to its fraud policy and reliance on the internal audit function.

38. Commitments and contingencies

(i) Claims and litigations

The Bank is subject to certain legal proceedings and claims that arise in the ordinary course of business operations. Management believes that the amount of liability, if any, from these actions would not have a material effect on the financial statement of the Bank.

(ii) Printing of notes and minting of coins

The Bank commits to order currency from several minters and printers. As at 31 December, the Bank was committed to the following payments for currency:

	<u>2022</u>	<u>2021</u>
Not later than one year	<u>591,251</u>	<u>2,822,324</u>

39. Subsequent events

Subsequent events have been evaluated through 25 April 2023. Management is unaware of any events after that date that they believe would materially and adversely affect these financial statements. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Moore Belize LLP
3 ½ Miles Philip Goldson Highway
Belize City, Belize, C.A.

T +501 223 2144 +501 223 2139
E info@moore-belize.bz
W www.moore-belize-bz

