

2022

ANNUAL REPORT & STATEMENT OF ACCOUNTS



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CENTRAL BANK
of BELIZE

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Belize City, Belize



CENTRAL BANK

of BELIZE

Submitted to the Minister of Finance, in accordance with Section 58 of the Central Bank of Belize Act, Chapter 262, Revised Edition 2020.

CENTRAL BANK OF BELIZE
FORTY-FIRST ANNUAL REPORT
&
STATEMENT OF ACCOUNTS

FOR THE YEAR ENDING
31 DECEMBER 2022

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MISSION

To promote monetary and financial systems' stability for the wellbeing of Belize.



VISION

To be highly respected for our contributions to the stability of Belize's monetary and financial systems.

LIST OF ACRONYMS AND ABBREVIATIONS

APSSS	Automated Payment and Securities Settlement System	ICTD	Information Technology Department
AML/CFT	Anti-Money Laundering/ Combatting the Financing of Terrorism	IDB	Inter-American Development Bank
BISL	Belize International Services Limited	IFRS 9	International Financial Reporting Standard 9
BPO	Business process outsourcing	IMF	International Monetary Fund
BSI	Belize Sugar Industries Limited/ American Sugar Refining	M1	Narrow money
BTB	Belize Tourism Board	M2	Broad money supply
CAR	Capital adequacy ratio	MOF	Ministry of Finance
CARICOM	Caribbean Community	NFIS	National Financial Inclusion Strategy
CARTAC	Caribbean Regional Technical Assistance Centre	NIC ratio	Net institutional capital to total assets ratio
CDB	Caribbean Development Bank	NPL	Non-performing loan
CFATF	Caribbean Financial Action Task Force	OPEC	Organization of Petroleum Exporting Countries
CFZ	Commercial Free Zone	PGIA	Philip S.W. Goldson International Airport
COVID-19	Coronavirus Disease 2019	RBS	Risk-based supervision
CPI	Consumer price index	ROA	Return on assets
DTIs	Deposit-taking institutions	ROC/Taiwan	Republic of China (Taiwan)
ECU	Evangel Credit Union	ROE	Return on equity
EU	European Union	SDR	Special Drawing Right
FOB	Free on board	SIB	Statistical Institute of Belize
FSI	Financial soundness index	SWIFT	Society for Worldwide Interbank Financial Telecommunications
FY	Fiscal year	T-bills	Treasury bills
GDP	Gross domestic product	T-notes	Treasury notes
IAUD	Internal Audit Department	TRMF	Technical Risk Management Framework
IBRD	International Bank for Reconstruction and Development	UK	United Kingdom
ICAAP	Internal Capital Adequacy Assessment Process	US	United States

Abbreviations:

\$	Belize dollar unless otherwise stated
bn	billion
mn	million
ps	pound solid
RHS	Right hand side
LHS	Left hand side
n.a.	not applicable
n.i.e.	not included elsewhere

Conventions:

1. Since May 1976, the Belize dollar has been fixed to the US dollar at the rate of US\$1.00 = BZ\$2.00.
2. The 2022 figures in this report are provisional and the figures for 2021 have been revised.
3. Unless otherwise indicated, the Central Bank of Belize is the source of all tables and charts.

TABLE OF CONTENTS

ORGANISATIONAL CHART	I
FUNCTIONS OF DEPARTMENTS AND UNITS	II
DIRECTORS AND PRINCIPALS	IV
EXECUTIVE MANAGEMENT	V
MANAGEMENT	VI
I. ECONOMIC REVIEW	1
International Developments	2
Advanced and Emerging Economies	2
Central America and Mexico	3
Caribbean	4
Domestic Overview	5
Economic Prospects	7
Monetary Developments	7
Money Supply	7
Net Foreign Assets	8
Net Domestic Credit	8
Domestic Bank Liquidity	9
Interest Rates	9
Credit Union Lending	10
Development Bank Lending	10
Central Government Operations and Public Debt	12
Central Government Operations	12
Revenue	12
Expenditure	13
Total Public Sector Debt	15
Central Government Domestic Debt	15
Public Sector External Debt	17
Production	24
Real Gross Domestic Product	24
Agriculture	25
Sugarcane	25
Citrus	26
Banana	26
Marine Products	27
Manufacturing	27
Sugar and Molasses	27
Citrus Juices, Citrus Oil, and Pulp	27
Other Manufacturing Production	27
Tourism	28
Employment	29
Prices	30

TABLE OF CONTENTS *(continued)*

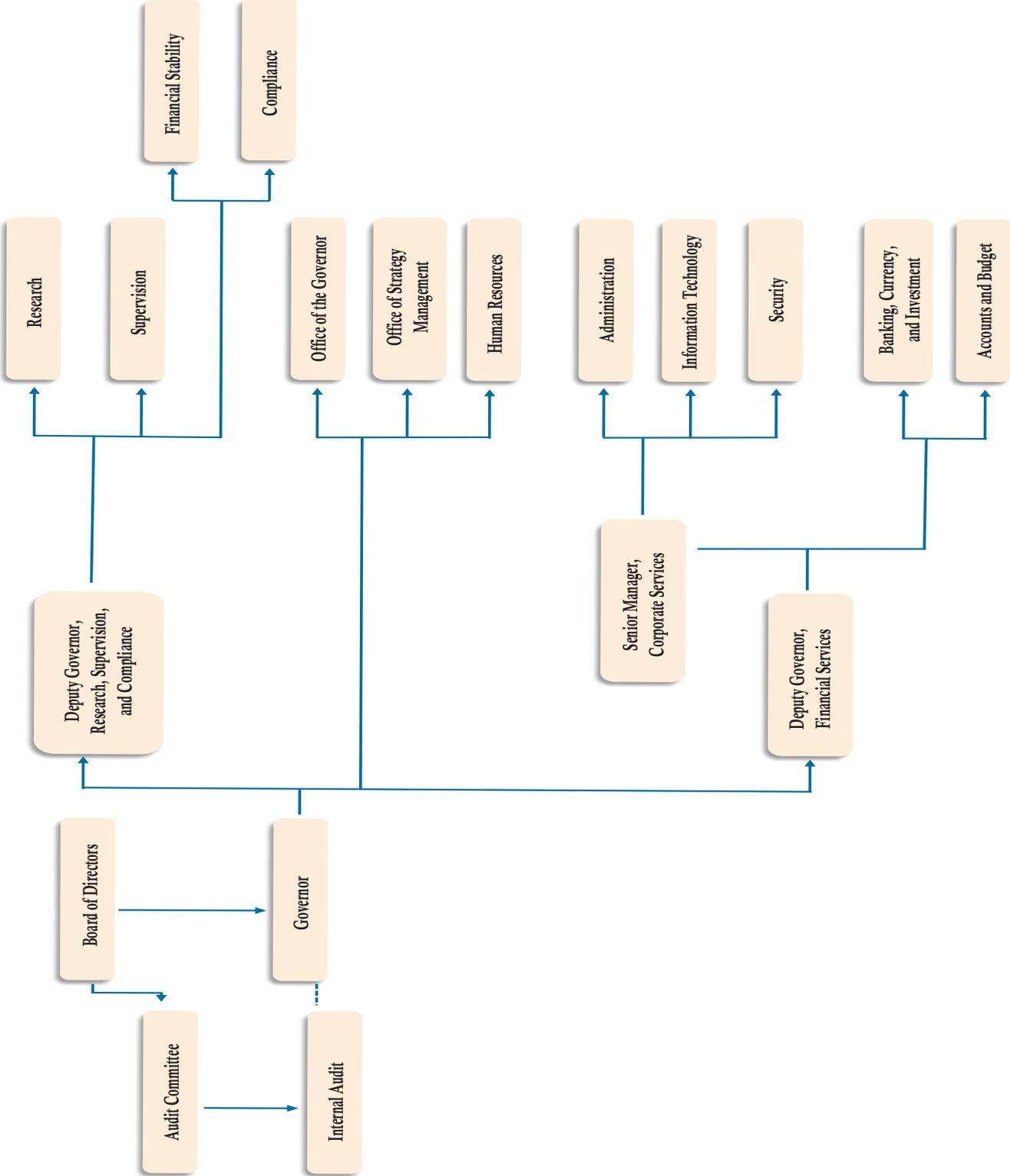
Balance of Payments	30
Merchandise Trade	31
Imports	31
Domestic Exports	31
Re-Exports	33
Direction of Visible Trade	34
Services	34
Primary Income	35
Secondary Income	35
Capital and Financial Accounts	35
International Investment Position	36
II. FINANCIAL SYSTEM OVERSIGHT	41
Financial Supervision	42
Domestic Bank Performance	42
Credit Union Performance	44
International Bank Performance	45
AML/CFT Compliance	46
Regulatory and Supervisory Projects	47
Basel II/III Capital Framework for Banks	47
Risk-Based Supervision	47
International Financial Reporting Standard 9	48
Technology Risk Management Framework	48
III. CENTRAL BANK OPERATIONS	53
Governance	54
Membership	54
Meetings	54
Conduct of Board Members	55
Standing Committees	55
Audit Committee	55
Internal Audit	56
Administration	63
Human Resources	63
40th Anniversary	63
Employee Recognition Ceremony	63
Labour Relations	63
Training and Development	64
Staffing and Employee Relations	65
Community Service and Staff Club Activities	66
Information Technology Department	67
Currency and Foreign Exchange Transactions	68

TABLE OF CONTENTS *(continued)*

Currency Operations	68
External Assets Ratio	69
Foreign Exchange Transactions	69
Relations with Central Government	70
Overdraft Advances	70
Treasury Bills	70
Treasury Notes	71
Relations with Domestic Banks	72
Cash Reserves	72
Automated Payment and Securities Settlement System	72
Central Bank Financial Performance	72
Balance Sheet	72
Income Statement	73
IV. STATISTICAL APPENDIX	75
V. FINANCIAL STATEMENTS	111
Independent Auditor's Report	112
Financial Statements for the Years Ended 31 December 2022 and 2021	
Statements of Financial Position	118
Statements of Comprehensive Income	119
Statements of Changes in Capital and Reserves	120
Statements of Cash Flows	121
Notes to Financial Statements	122
LIST OF BOXES	
1.1 Change in Tax Rate on Net Interest Income Charged to Banks and Financial Institutions	11
1.2 Major Fiscal Initiatives in 2022	14
1.3 Factors Contributing to the Sharp Reduction in the Public Sector Debt-to-GDP Ratio	16
1.4 Restoring Fiscal Sustainability in the Wake of COVID-19	20
1.5 A Chronology of Major COVID-19 Related Events	37
2.1 Update on Exit Strategies of Banks and Credit Unions	43
2.2 The Amalgamation of Evangel Credit Union with Holy Redeemer Credit Union	48
2.3 The Banking Stability Index	49
3.1 A Summary of the 2018-2022 Strategic Cycle	58

ORGANISATIONAL CHART

At 31 December 2022



FUNCTIONS OF DEPARTMENTS AND UNITS

At 31 December 2022

Internal Audit Department Mr. Benedict Terry	<ul style="list-style-type: none"> • Provides objective assurance and consultation services designed to add value and improve the Central Bank's operations
Research Department Mr. Emory Ford	<ul style="list-style-type: none"> • Supports monetary policy operations • Conducts periodic reviews of Belize's economy • Writes research papers and prepares other analytical pieces • Compiles, stores, and disseminates monetary, financial, private and public debt, balance of payments, and other economic statistics • Administrates exchange controls • Manages the library's resources
Supervision Department Mrs. Diane Gongora	<ul style="list-style-type: none"> • Supervises and regulates domestic and international banks, credit unions, financial institutions, moneylenders, and remittance service providers • Conducts on-site examination of financial institutions • Conducts off-site surveillance of financial institutions • Conducts oversight of the payment and settlement system
Office of the Governor, Legal Unit Vacant	<ul style="list-style-type: none"> • Provides legal advice • Provides strategic policy support • Provides corporate secretariat services
Office of Strategy Management Dr. Sheree Smiling Craig	<ul style="list-style-type: none"> • Manages strategy implementation • Oversees brand management • Implements change management • Manages Central Bank's communications and public relations • Manages content • Oversees and administrates enterprise risk management • Oversees the National Financial Inclusion Strategy • Supports and executes project management
Banking, Currency, and Investment Department Ms. Michelle Estell	<ul style="list-style-type: none"> • Manages the issuance of the Central Bank's notes and coins • Provides payment services • Supports the management of the Central Bank's foreign reserves • Facilitates and administrates the trading of Government's securities
Accounts and Budget Department Ms. Wendy Gillett	<ul style="list-style-type: none"> • Advises the Board on the state of the Central Bank's finances • Produces all financial statements in accordance with IFRS • Prepares and monitors the Central Bank's budget in a risk management framework • Manages all fixed and intangible assets, procurement, and payment services

FUNCTIONS OF DEPARTMENTS AND UNITS *(continued)*

At 31 December 2022

Information Technology Department Mr. Marcos Marin	<ul style="list-style-type: none"> • Manages the information technology infrastructure services • Provides protection of information and information systems against unauthorised access or modification of information • Provides business application support • Provides information technology support services
Human Resources Department Mr. Timothy Grant	<ul style="list-style-type: none"> • Administrates compensation and benefits for staff • Oversees employee and organisational development • Provides talent acquisition and planning services • Provides employee services • Oversees labour relations • Administrates staff-related policies • Oversees human resources management
Administration Department Ms. Angela Wagner	<ul style="list-style-type: none"> • Provides records management services • Oversees management of the Central Bank's facilities • Provides general service support • Manages the Central Bank's collectible coins
Security Department Mr. Francis Thomas	<ul style="list-style-type: none"> • Ensures security of the Central Bank's staff, premises, and lawful visitors • Provides security intelligence
Compliance Unit Mrs. Carolyn Morris	<ul style="list-style-type: none"> • Conducts AML/CFT on-site examination of financial institutions • Conducts AML/CFT off-site surveillance of financial institutions • Provides oversight of the Central Bank's internal AML/CFT compliance function • Provides AML/CFT training
Financial Stability Unit Mr. Barrington Sutherland	<ul style="list-style-type: none"> • Conducts macroprudential surveillance • Monitors and mitigates systemic risks

DIRECTORS AND PRINCIPALS

At 31 December 2022

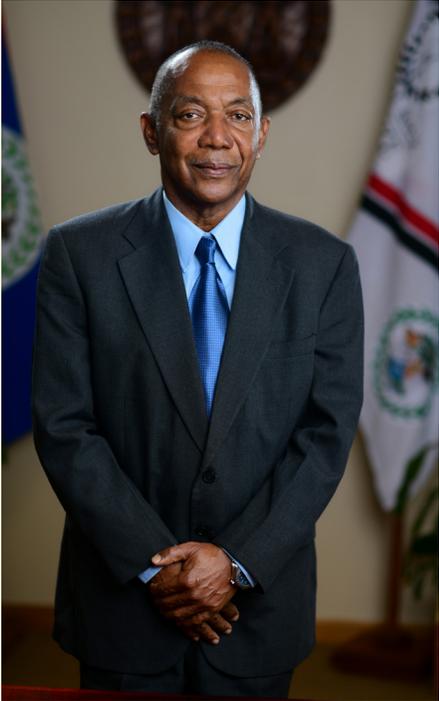
Board of Directors

Mr. Sydney Campbell - Executive Chairman
Mr. Joseph Waight - Vice-Chairman/Financial Secretary (*ex officio*)
Mr. Giacomo Sanchez - Member
Mrs. Sol Espejo-Molina - Member
Mrs. Neri Matus - Member
Mr. Kareem Michael - Governor (*ex officio*)
Mr. Hollis Parham - Deputy Governor (*ex officio*)
Mrs. M. Laetitia Murillo - Deputy Governor (alternate)
Dr. Sheree Smiling Craig - Board Secretary

Principal Officers

Mr. Kareem Michael - Governor
Mr. Hollis Parham - Deputy Governor, Financial Services
Mrs. M. Laetitia Murillo - Deputy Governor Research, Supervision, and Compliance
Mr. I. Rabey Cruz - Senior Manager, Corporate Services
Mr. Benedict Terry - Chief Internal Auditor
Mr. Emory Ford - Manager, Research
Mrs. Diane Gongora - Manager, Supervision
Dr. Sheree Smiling Craig - Manager, Office of Strategy Management
Ms. Michelle Estell - Manager, Banking, Currency, and Investment
Ms. Wendy Gillett - Manager, Accounts and Budget
Mr. Marcos Marin- Acting Manager, Information Technology
Mr. Timothy Grant - Manager, Human Resources
Ms. Angela Wagner - Manager, Administration
Mr. Francis Thomas - Manager, Security

EXECUTIVE MANAGEMENT



SYDNEY CAMPBELL
EXECUTIVE CHAIRMAN



KAREEM MICHAEL
GOVERNOR



HOLLIS PARHAM
DEPUTY GOVERNOR
FINANCIAL SERVICES



M. LAETITIA MURILLO
DEPUTY GOVERNOR
RESEARCH, SUPERVISION,
AND COMPLIANCE



I. RABEY CRUZ
SENIOR MANAGER
CORPORATE SERVICES

MANAGEMENT



BENEDICT TERRY
CHIEF INTERNAL AUDITOR
INTERNAL AUDIT



EMORY FORD
MANAGER
RESEARCH



DIANE GONGORA
MANAGER
SUPERVISION



**SHEREE SMILING
CRAIG**
MANAGER
OFFICE OF STRATEGY
MANAGEMENT



MICHELLE ESTELL
MANAGER
BANKING, CURRENCY, AND
INVESTMENT



WENDY GILLETT
MANAGER
ACCOUNTS AND BUDGET



MARCOS MARIN
ACTING MANAGER
INFORMATION TECHNOLOGY



TIMOTHY GRANT
MANAGER
HUMAN RESOURCES



ANGELA WAGNER
MANAGER
ADMINISTRATION



FRANCIS THOMAS
MANAGER
SECURITY





I. ECONOMIC REVIEW

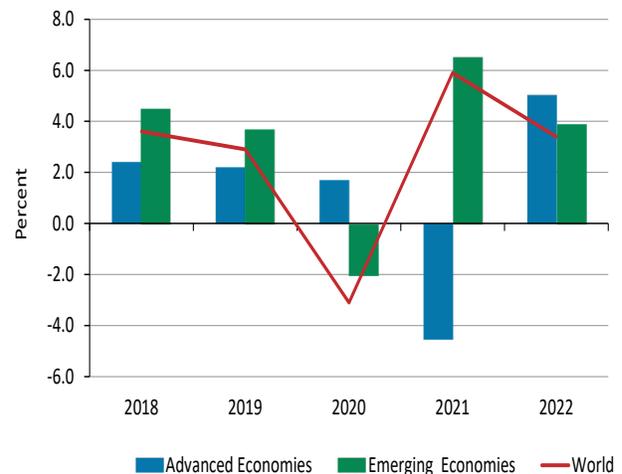
INTERNATIONAL DEVELOPMENTS

According to the International Monetary Fund (IMF), world output slowed from 6.3% in 2021 to 3.4% in 2022. Growth was weakened by Russia's invasion of Ukraine on 24 February 2022, causing negative spill-over effects globally by boosting commodity prices, raising geopolitical tension, and increasing uncertainty. Inflation spiralled worldwide, spurred largely by heightened food and energy prices. In response, major central banks in advanced and key emerging market economies raised interest rates aggressively and synchronously to rein in inflation, tightening global financial conditions in the process. Furthermore, the lingering effects of the coronavirus disease 2019 (COVID-19) exacerbated pandemic-related supply-side disruptions, particularly in China. While these factors slowed growth markedly in advanced countries and emerging markets, the Caribbean region made significant progress in rebounding from the pandemic-induced shock, driven by the return in international travel and heightened commodity production.

Advanced and Emerging Economies

Advanced economies grew by 2.7% in 2022, falling from a 5.4% expansion in 2021. The United States (US) economy grew by 2.1%, following the 5.9% rebound in 2021. The significant slowdown resulted from declines in residential fixed investment and federal government spending. For the 12 months ending December, US consumer prices rose by 6.5%, reaching highs not observed in almost four decades. In an effort to return inflation to the 2.0% target over the long run, the Federal Reserve raised the federal funds rate by 425 basis points over seven consecutive meetings to a range of 4.25% to 4.50%.

Chart 1.1: Global GDP Growth Rate



Source: IMF

The United Kingdom's (UK's) output expanded by 4.1% in 2022, following a 7.6% recovery the year before, as disruptions from the pandemic shock eased. The outturn was driven by the strong performance of services, construction, and manufacturing activities in the first half of the year, as the resurgence in viral infections abated and household consumption strengthened. However, in the second half of the year, the growth momentum was moderated by supply chain fragilities, higher fuel import costs, and the bank holiday in September for the State Funeral of Her Majesty Queen Elizabeth II. Similarly, the euro area expanded by a lesser 3.5% in 2022, relative to the 5.3% improvement recorded in 2021. Output was underpinned by government support amid the energy crisis to buoy consumption and investment after the European Central Bank raised rates at an unprecedented pace. Japan recorded a marginal 1.1% growth in 2022, reflecting a pick-up in domestic demand and a rebound in tourism later in the year as the country relaxed its pandemic-related containment measures.

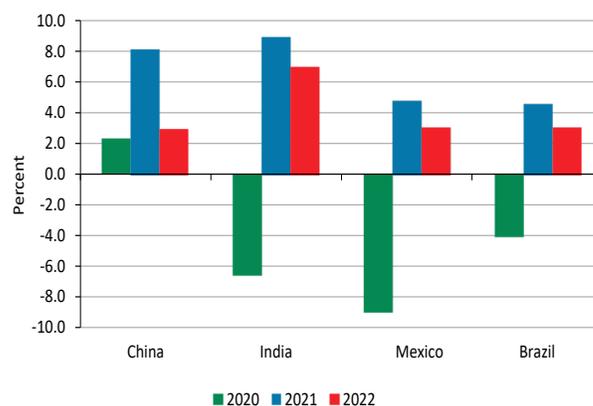
Chart 1.2: Select Advanced Economies: GDP Growth Rate



Source: IMF

Growth among emerging economies averaged 3.9% in 2022, decelerating from the 6.7% achieved in 2021. After a strong start, the Chinese economy was hard-hit by recurring outbreaks of the more highly transmissible COVID-19 variant, Omicron, while the real estate crisis remained unresolved amid intensifying financial stress among developers. Accordingly, the country's growth slowed to 3.0% in 2022, the lowest growth pace recorded since the 1970s, excluding the pandemic-induced 2.2% outturn in 2020. India's economy, the fourth largest in the world, showed more resilience, having expanded by 7.0% and retaining its position as one of the fastest growing economies in the world. Brazil, the largest Latin American country, grew by 3.1%, buoyed by a strengthening in the service sector and robust private sector-financed investment. Meanwhile, Russian output fell by 2.5% because of sanctions imposed in response to its invasion of Ukraine, which scarred its financial markets and eroded private investment. Notably, despite re-routing oil exports to alternative Asian markets, price caps on oil significantly reduced the country's export earnings.

Chart 1.3: Select Emerging Economies: GDP Growth Rate



Sources: National Bureau of Statistics of China, India Central Statistics Office, Mexican National Institute of Statistics and Geography, and the Brazilian Institute of Geography and Statistics.

Central America and Mexico

Central America's output moderated from 5.5% in 2021 to 4.2% in 2022. Growth was supported in the first half of the year by the reopening of contact-intensive sectors, unleashed post-pandemic demand, and strong remittance flows from the US. However, the momentum weakened in late 2022, subdued by lingering COVID-19 shocks, the impact of the Russia-Ukraine war, and rising global interest rates. Over the year, all Central American countries grew, albeit at varied paces.

El Salvador grew by 2.8% at year end, underpinned by family remittances, foreign direct investments, tourism, and the development of electricity generation capacities. The government stabilised food and fuel prices and raised the minimum wage in targeted sectors to mitigate the adverse effects of inflation. Nonetheless, growth was tempered by the volatility of Bitcoin, which became legal tender in 2021, and a 7.3% year-on-year inflation rate that curbed aggregate household consumption.

Costa Rica and Honduras expanded by 3.3% and 3.5%, respectively. Growth was stimulated by remittances and higher tourism receipts, spilling over into ancillary services. Strong rebounds in the manufacturing industry and strengthened commodity prices in key international markets boosted earnings. However, tightened fiscal conditions dampened growth, while soaring food and fuel costs led to a 7.9% inflation rate in Costa Rica and 8.6% in Honduras. In other developments, Honduras inaugurated Xiomara Castro as its first female president in January 2022.

Guatemala's economic performance weakened in 2022. The country's GDP outturn was 4.0%, down from 8.0% in 2021. Growth was hindered by a 9.2% price level increase and lingering COVID-19 effects, as only 29.0% of the population was fully vaccinated at year end. However, heightened remittances and an expansion in manufacturing activities contributed to the overall growth.

Nicaragua grew by 4.1%, dampened by a 9.9% inflation rate. Growth was supported mainly by increased tourism activities as well as strong performances in the transport, communications, and manufacturing industries. However, the deployment of Russian military forces on Nicaraguan soil tempered growth as the country faced increased sanctions.

Panama was among the strongest performers in the region, although its growth slowed from 15.2% in 2021 to 9.5% in 2022. Output was driven by a rebound in domestic demand, elevated copper exports, and higher contributions from the Panama Canal and Colón Free Zone. However, civil protests stemming from the high cost of

living stifled economic activity. Notwithstanding, Panama's inflation rate was one of the lowest in Central America, at only 3.5%.

Closer to home, Mexico registered a 2.5% growth in 2022, compared with 4.8% in 2021. Weaker US growth and demand slowed the economic performance amid increased fuel subsidies to tame mounting inflationary pressures and remittances to help households. Inflation stood at 7.8%, forcing Banco de México to raise interest rates to a record high 9.25%.

Caribbean

The Caribbean Development Bank (CDB) reported that the Caribbean region grew by 10.3% in 2022, more than double the 4.5% outturn for 2021. This growth was fuelled mainly by the 20.6% improvement registered in commodity-exporting countries due to elevated global oil prices. In comparison, the partial recovery in visitor arrivals led to a smaller 4.6% growth in tourism-dependent territories. Many regional governments acted to stymie the continued upward momentum in commodity and energy prices, while some central banks adjusted their monetary policies to temper inflation. Notwithstanding, the region's average primary fiscal balance improved from a deficit of 1.1% of GDP in 2021 to a surplus of 0.2% in 2022, positioning debt-to-GDP ratios on a downward path.

In a turnaround from last year's 0.3% contraction, Barbados was among the top-performing tourism-dependent nations in 2022, registering a 10.0% expansion. This recovery was spurred by the relaxation of COVID-19 restrictions, which allowed visitor arrivals to climb to 62.0% of their 2019 pre-pandemic levels, producing positive

spill-over effects in auxiliary service sectors. Furthermore, manufacturing and agricultural output increased by 3.4% and 1.2%, respectively, supported by the resurgence in domestic demand, exports, and tourist consumption.

The Eastern Caribbean Currency Union grew by 8.9% in 2022, compared to a 5.8% expansion in the previous year. Similarly, much of the growth impetus arose from gains in tourism and related service industries, while increased agricultural production, alongside the recovery from the La Soufrière volcano eruptions in 2021, supported growth. The bloc's trade deficit widened with the rise in commodity prices, weakening the central bank's international reserves.

The Bahamian economy expanded by 8.0% in 2022, down from 13.7% in 2021. The improvement was underpinned by services exports and foreign investment projects, moderated by diminished domestic investments and imported inflation. The economic recovery led to a reduction of the government's fiscal deficit and an improvement in international reserves.

Jamaica had the lowest growth among tourism-dependent economies, improving by a modest 2.8% compared to a 4.6% increase the year before. Sustained inflationary pressures prompted the central bank to increase its policy rate by 450 basis points during the year. The country's international reserves also dipped, while the unemployment rate fell to 6.5% from 8.4% in 2021, and the government maintained a fiscal surplus.

Guyana is projected to attain the highest annual growth in the region, boasting a 56.0%

improvement in 2022, owing primarily to heightened oil production. To a lesser extent, the solid outturn was also supported by increased agricultural production, manufacturing activities, and tourism. Accordingly, the country recorded a current account surplus, despite higher outlays on imports.

Growth among other commodity exporters was more subdued. Trinidad and Tobago reported a 4.1% economic expansion, while Suriname churned out a 2.1% growth, reversing the respective 1.0% and 2.7% contractions weathered last year. For Trinidad and Tobago, growth was more robust in the non-energy sector, which helped to lower unemployment and improve the fiscal deficit to just 2.4% of GDP compared to last year's 12.4%. For Suriname, growth outcomes were further eroded by spiralling inflation, skyrocketing to 52.4% in 2022 after peaking at 59.1% in 2021. Nonetheless, economic activity expanded, while remaining below pre-pandemic levels.

DOMESTIC OVERVIEW

Belize's GDP grew by 12.1% in 2022 after increasing by 15.2% in 2021. The robust performance was due to increased output in the tertiary and secondary sectors, which was partly offset by a contraction in primary production. The primary sector contracted by 6.3%, reflecting declines in major crop production, cattle exports, and crude oil extraction. Meanwhile, the secondary sector expanded by 7.3%, owing to increased energy production from renewable resources alongside upturns in manufacturing, water supply, and construction activities. The tertiary sector was the largest contributor to the overall rise in GDP. Services expanded by 14.8%, underpinned by

increased output in the “*Accommodation and Food Services*” (76.8%) and “*Transportation*” (41.8%) industries tied to the 62.6% and 191.4% growth in overnight arrivals and cruise ship disembarkations, respectively. The strong rise in aggregate demand also led to notable expansions in “*Wholesale and Retail Trade*” (22.1%) and “*Public Administration and Defence*” (18.7%).

Boosted by the upswing in economic activities, the unemployment rate fell to an unprecedented 5.0% in October 2022 compared to 9.2% in September 2021. Over the period, the economy added 7,847 more jobs, while the labour force participation rate dipped. The consumer price index (CPI) increased to a near-record high 6.3% in 2022. The price surge was mainly attributable to increased energy and food costs due primarily to external factors, particularly Russia’s recent invasion of Ukraine and lingering COVID-19-related imbalances.

In the fiscal sector, Central Government operations yielded a primary surplus of 1.2% of GDP (\$71.0mn) in 2022, further improving the 0.1% of GDP (\$2.8mn) surplus attained in 2021. The strengthened fiscal position resulted as revenues outpaced expenditures. Total revenue and grants expanded by 20.8% (\$229.0mn) to \$1,329.9mn, reflecting increased tax collections arising from the boost in economic activities and multilateral grants to help finance major infrastructural works. Meanwhile, total expenditure grew by 16.1% (\$187.9mn) to \$1,356.0mn, with increased outlays on workers’ emoluments, goods and services, and interests, plus an arbitral settlement payment to Belize International Services Limited (BISL). Consequently, the overall deficit narrowed to 0.4% of GDP in 2022, down from 1.3% of GDP in 2021. The marginal deficit was financed from

external sources. The external debt stock rose by 1.8% (\$49.3mn) to \$2,726.2mn (46.2% of GDP), lifting the outstanding total public sector debt to \$4,041.8mn (68.5% of GDP). Central Government’s domestic debt inched down by \$0.2mn to \$1,315.6mn (22.3% of GDP).

In the external sector, the current account deficit on the balance of payments widened by 8.8% of GDP in 2022 compared to 6.3% of GDP in 2021. This increase was due to a larger trade deficit, increased profit repatriation, and payment of the foreign currency component of the arbitral settlement with BISL. Increased inflows from tourism, business process outsourcing (BPO) services, and remittances partly offset the rise in outward payments. Capital and financial inflows were buoyed by increases in capital grants from the CDB, net foreign direct investments, net external public sector borrowings, and drawdowns of domestic banks’ foreign balances. As a result, the gross international reserves grew by \$116.9mn to \$964.9mn, the equivalent of 4.1 months of merchandise imports.

Turning to monetary developments, broad money supply (M2) growth decelerated to 4.7% in 2022 compared to the marked expansions in the previous two years. The change in M2 reflected modest increases in the banking system’s net foreign assets and net domestic credit. The net foreign assets rose by 5.2% due to a 14.1% upturn in the Central Bank of Belize’s (Central Bank’s) holdings to \$966.7mn. This increase was partly offset by a 7.3% downturn in domestic banks’ balances to \$552.8mn. Concurrently, heightened lending to private sector entities (\$104.0mn), public corporations (\$43.4mn), and Central Government (\$26.0mn) supported a 5.7% boost in net domestic

credit. Credit growth from other financial institutions also strengthened, with lending from credit unions and the Development Finance Corporation expanding by 3.4% (\$21.7mn) and 12.0% (\$14.4mn), respectively.

Domestic bank liquidity further expanded, albeit at a slower pace. In 2022, domestic banks' holdings of excess liquid assets rose by \$4.6mn to 91.9% above the secondary reserve requirements, while their aggregate excess cash balances grew by \$83.7mn to 211.0% above the primary reserve requirement. The boost in excess cash reserves resulted from a marked reduction in domestic banks' Treasury bill (T-bill) holdings. During the year, the Central Bank dominated roll-over auctions, putting downward pressure on T-bill yields. As a result, the Central Bank increased its T-bill acquisitions, injecting substantial liquidity into the system in the process. Flushed liquidity conditions caused the 12-month (rolling) weighted average interest rates on new loans and deposits to fall by two basis points to 8.62% and 15 basis points to 1.90%, respectively. Consequently, the weighted average interest rate spread widened by 12 basis points to 6.71%.

Economic Prospects

The IMF projected that global growth would decelerate to 2.8% in 2023. World output is expected to be weakened by the ongoing financial turmoil, high inflation, tightened financial conditions, the ongoing effects of Russia's invasion of Ukraine, and remnants of COVID-19-related supply chain disruptions.

Similarly, Belize's GDP growth is projected to slow to 3.5% in 2023 as gains from the pandemic-induced rebound subside. Output

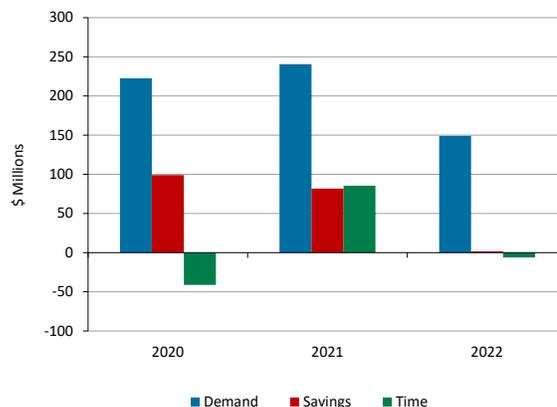
is expected to grow across sectors. Primary production should benefit from turnarounds in sugarcane deliveries and livestock production coupled with an expansion in grain output for export markets. Meanwhile, increased electricity generation, manufacturing, and water production are expected to boost secondary activities. The tertiary sector should provide the largest contribution to overall growth. The continued recovery in tourism, as well as further expansions in BPO, distributive, and government services, should support the sector's outturn. On the external front, the current account is projected to improve due to a simultaneous increase in tourism receipts and a reduction in profit outflows. Consequently, the gross international reserves should remain around 4.0 months of merchandise imports.

MONETARY DEVELOPMENTS

Money Supply

Driven by a resurgence in domestic bank lending to the private sector and a sharp accumulation of foreign assets at the Central Bank, M2 rose by 4.7% or \$186.1mn in 2022 to \$4,154.6mn. Money growth was fuelled by a \$190.5mn or 8.5% increase in narrow money (M1), which

Chart 1.4: Deposit Growth



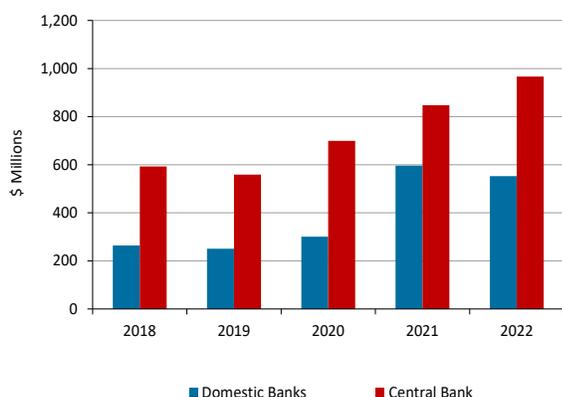
was partly offset by a \$4.4mn contraction in quasi-money. In M1, demand deposits grew by \$149.0mn, as savings and savings/chequing deposits were reclassified into demand deposits category and Social Security Board's deposits doubled. Meanwhile, currency held with the public, the other component of M1, rose by \$66.2mn as the demand for transactional balances soared due in part to the solid economic recovery and persistent rise in the price level. Dragged down by the abovementioned reclassification, savings/chequing deposits declined by \$24.8mn. Furthermore, quasi-money, which comprised time and savings deposits, contracted by \$4.4mn as the former fell by \$6.1mn, while the latter contracted by \$1.7mn.

Net Foreign Assets

The net foreign assets of the banking system grew by 5.2% in 2022 to \$1,519.4mn, marking the third consecutive annual increase, starting in 2020. A solid 14.1% expansion in the Central Bank's net foreign asset holdings underpinned 2022's outcome, as domestic banks' holdings contracted by 7.3%.

The Central Bank's net foreign assets rose by

Chart 1.5: Net Foreign Assets



\$119.2mn to \$966.7mn as inflows trumped outflows. Gross foreign currency inflows grew by 14.5% or \$51.6mn to \$406.2mn relative to 2021. Foreign currency inflows stemmed from external loan disbursements (\$105.5mn), sugar export receipts (\$97.8mn), international grants (\$57.6mn), foreign currency purchases from a domestic bank (\$40.0mn), and other miscellaneous sources (\$105.4mn).

On the other hand, gross foreign currency outflows increased by 40.6% or \$83.1mn to \$287.7mn. Central Government accounted for 87.5% of total outflows, used to service its external debt and pay for other expenses, including the BISL settlement.

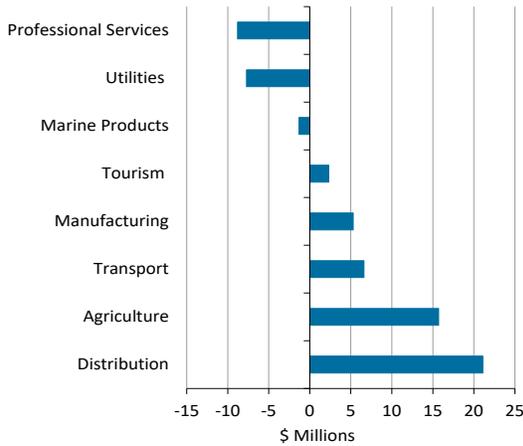
In contrast, the domestic banks' net foreign assets contracted by \$43.7mn to \$552.8mn—a sharp turnaround from the extraordinary \$295.7mn accumulated in 2021. Increases in aggregate demand, global commodity prices, profit repatriation, and transfers to the Central Bank contributed to the reduction in domestic banks' foreign balances.

Net Domestic Credit

Net domestic credit of the banking system increased by \$173.4mn or 5.7% in 2022, reflecting a marked improvement compared to the \$7.5mn or 0.2% increase in 2021. Credit growth strengthened with heightened lending to the private sector, public sector entities, Central Government.

Net credit to Central Government rose by \$26.0mn to \$713.2mn, as Central Government borrowed an additional \$72.3mn from the Central Bank while reducing its liabilities to domestic banks by \$46.2mn. The boost in net Central Bank financing largely reflected its acquisition of \$66.3mn in

Chart 1.6: Annual Change in Domestic Bank Lending



additional Treasury securities. Meanwhile, net financing from domestic banks contracted as domestic banks reduced their Treasury securities holdings by \$72.2mn, while Central Government reduced its bank deposits by \$26.0mn.

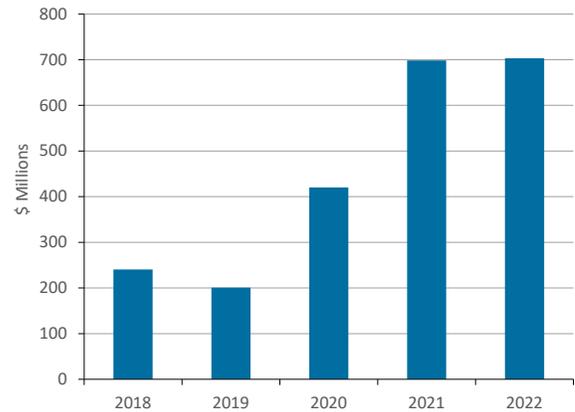
Credit to other public sector entities almost doubled to \$87.3mn, rising by \$43.3mn after domestic banks purchased \$45.2mn worth of one public utility’s debentures and extended \$4.1mn in new loans to local governments. However, the overall credit increase to public sector entities was partly offset by principal repayments of \$6.0mn by a utility company.

Credit to the private sector rebounded strongly, rising by \$104.0mn or 4.5%, representing the second-largest annual increase between 2013 and 2022, behind 2019’s 5.6% expansion. New disbursements were mainly directed to merchandise trading (\$21.1mn), agriculture (\$15.7mn), and transport (\$6.6mn) activities.

Domestic Bank Liquidity

The pace of liquidity build-up in the banking

Chart 1.7: Excess Statutory Liquidity



system decelerated significantly. Domestic banks’ excess liquid asset holdings grew by only \$4.6mn to \$702.9mn in 2022, compared to an average increase of \$248.8mn in 2020 and 2021. This marginal expansion reflected an upsurge in domestic banks’ balances at the Central Bank, which was largely due to reductions in their Treasury securities holdings and foreign asset balances. At year end, domestic banks’ excess liquid assets climbed to 91.9% above the secondary reserve requirement. Meanwhile, excess cash reserves grew by \$83.7mn to \$499.3mn, as domestic banks’ cash balances rose with the reduction in their T-bill holdings. Consequently, excess cash reserves increased to 211.0% above the primary (cash) requirement at year end. Notwithstanding, the distribution of cash liquidity in the banking system remained highly skewed with one bank holding over three-fourths of the amount.

Interest Rates

Interest rates trended downwards as lending and deposit rates fell. Over the year, the 12-month weighted (rolling) average rate on new loans

declined by two basis points to 8.62%. The average lending rate was weighed down by the 77 and 11 basis-point reductions on “*other*” and commercial loans, respectively. These rate declines outweighed upticks of six and three basis points on personal and residential construction loans to households.

Meanwhile, the 12-month weighted (rolling) average rate on new deposits fell by 15 basis points to 1.90% over the year. This outcome was attributable to the 45 and two basis-point rate declines on time and savings deposits, respectively, as the savings/chequing deposits rate rose by 17 basis points, and the demand deposit rate remained at 0.0%. Accordingly, the weighted average interest rate spread widened by 12 basis points to 6.71%.

Credit Union Lending

Credit unions’ aggregate loan portfolio expanded by \$22.0mn (3.4%) to \$659.4mn, the first annual increase since the onset of the pandemic. New lending was channelled mainly for real estate (\$8.9mn), personal consumption (\$8.5mn), and manufacturing (\$4.4mn) activities.

Development Bank Lending

In other credit developments, the Development Finance Corporation’s loan portfolio grew by \$14.4mn (or 12.0%) to \$134.8mn. This annual outturn was more than twice the average growth recorded during the last decade from 2013 to 2022 (\$6.4mn). New loans and advances were distributed primarily to the construction (\$8.3mn), agriculture (\$3.1mn), and professional service (\$2.9mn) industries.

Chart 1.8: Annualised Interest Rates on New Loans and Deposits



Chart 1.9: Annual Change in Credit Union Lending

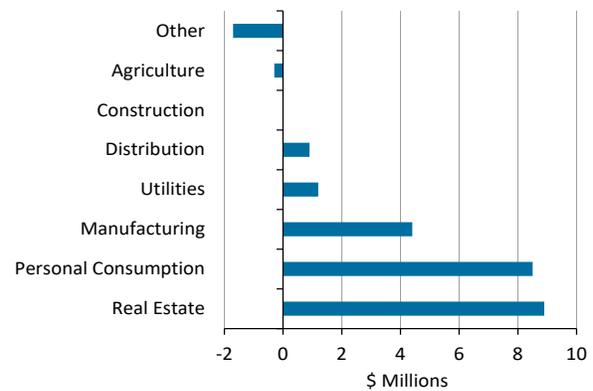
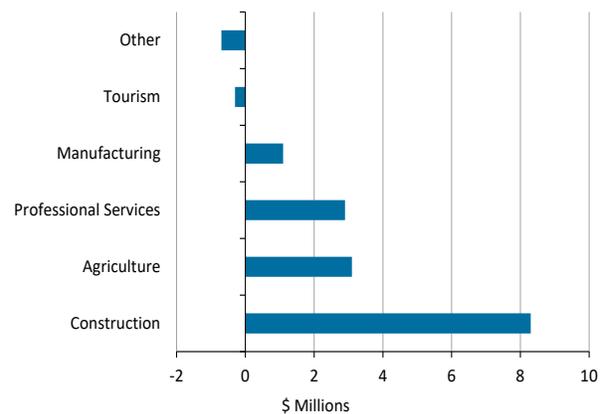


Chart 1.10: Annual Change in Development Bank Lending



Box 1.1 | Change in Tax Rate on Net Interest Income Charged to Banks and Financial Institutions

The Income and Business Tax Act was amended to adjust the business tax rates on net interest income charged to domestic banks and other financial institutions. The objective of this amendment, which took effect on 1 April 2022, was to incentivise lending in strategic foreign exchange earning sectors, including the tourism, agriculture, and BPO subsectors. Consequently, the Government of Belize lowered the tax rate on net interest income charged on loans to the foreign exchange earning sectors by three percentage points from 15.0% to 12.0%. In addition, it kept the tax rate on net interest income charged on real estate, building and construction, and manufacturing loans at 15.0%. Meanwhile, Government increased the tax rates on net interest income charged on personal, distribution, and other loans by three, two, and one percentage point to 18.0%, 17.0%, and 16.0%, respectively.

Table 1.1: New Business Tax Rates on Financial Institutions' Net Interest Income

Sector	Previous Rate	Amended Rate
Foreign exchange earning sectors, including the tourism, agriculture, and BPO subsectors	15.0%	12.0%
Real estate, building and construction, and manufacturing	15.0%	15.0%
Personal loans	15.0%	18.0%
Distribution	15.0%	17.0%
Other	15.0%	16.0%



CENTRAL GOVERNMENT OPERATIONS AND PUBLIC DEBT

Central Government Operations

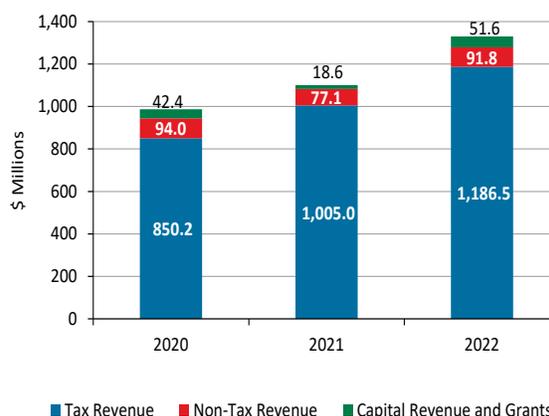
Central Government’s fiscal position strengthened in 2022, as the growth in revenues more than compensated for additional spending pressures. Revenues were boosted by the strong rebound in tax receipts and capital grants after COVID-19 restrictions were lifted. However, spending rose due to the full restoration of public officers’ wages, a step-up in interest costs, payment of a long-standing arbitral award, subsidies implemented to mitigate inflation, and expenses to cover Hurricane Lisa’s damages. As a result, Central Government’s primary surplus widened to 1.2% of GDP (\$71.0mn) in 2022 from 0.1% of GDP (\$2.8mn) in 2021. Further, the overall deficit narrowed to \$26.1mn (0.4% of GDP) in 2022 from \$67.2mn (1.3% of GDP) in 2021.

Revenue

Central Government’s revenue and grants rose by 20.8% (\$229.0mn) to \$1,329.9mn or 22.6% of GDP in 2022. Heightened tax receipts arising from an expansion in economic activity and, to a lesser extent, increases in international grants and non-tax revenue underpinned the upsurge in revenues.

Tax revenue increased by 18.1% (\$181.5mn) to \$1,186.5mn in 2022, accounting for 89.2% of total revenue and grants. Three of the four major tax subcategories recorded higher receipts. “*Taxes on Income and Profits*” led all major revenue headings, rebounding by 36.3% or \$88.7mn to \$332.9mn, owing to significant expansions in business tax (\$41.4mn) and personal income tax (\$37.1mn) revenues. Business and personal income tax collections grew as the pace of

Chart 1.11: Central Government Revenue



Source: MOF and Central Bank

economic activity and employment in the tertiary sector rebounded after the severe disruption to contact-sensitive industries in the wake of the pandemic. “*Taxes on Goods and Services*” grew by 8.9% or \$51.9mn to \$633.3mn, as the rise in general sales tax collections (\$70.7mn) was partially offset by reduced intakes of stamp duty (\$17.5mn) and excise duty (\$9.9mn). Notably, the fall-off in excise duties was attributable to the implementation of temporary tax cuts on fuels to control inflation. Finally, taxes on “*International Trade and Transactions*” rose by 24.6% or \$42.0mn to \$213.1mn, boosted by higher import duties and environmental tax receipts linked to record-high imports. On the downside, “*Taxes on Property*” dipped by 13.5% or \$1.1mn to \$7.2mn.

Non-tax revenue rose by 19.0% (\$14.7mn) to \$91.8mn, representing 6.9% of total revenues in 2022. An upsurge in income transfers, primarily from Belize Telemedia Limited, coupled with an uptick in licenses—stemming from increased collections of departure fees with the upturn in international travel—contributed to the overall expansion in non-tax revenue. Additionally,

grants more than tripled to \$45.9mn, attributable to sizeable capital donations from international organisations and foreign governments to fund major road projects and, to a lesser degree, relief efforts related to Hurricane Lisa’s damages. The CDB remained the largest grant donor, contributing 76.6% of the total, followed by the Republic of China (Taiwan) [ROC/Taiwan] with 14.5% and other multilateral partners with 8.9%.

Expenditure

Total government expenditure surged by 16.1% (\$187.9mn) to \$1,356.0mn (23.0% of GDP), following significant increases in recurrent and capital spending.

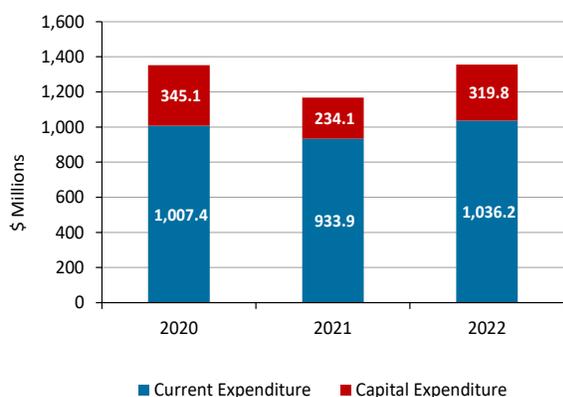
Accounting for 76.4% of total government outlays, current expenditure rose by 11.0% or \$102.3mn to \$1,036.2mn, with heightened spending in four of the five major expense categories. Purchases of “Goods and Services” increased by 22.1% or \$42.7mn to \$235.6mn, with increased outlays on medical supplies, fuel, general maintenance of equipment, and non-residential structures, including roads, bridges, and drains. The full restoration of public officers’ emoluments after

the 10.0% reduction implemented between 1 June 2021 and 30 June 2022 boosted “Wages and Salaries” by 3.1% or \$13.1mn to \$436.2mn. Outlays on “Subsidies and Current Transfers” expanded by 20.0% or \$30.1mn to \$181.0mn, buoyed by increased transfers to expand the National Health Insurance programme (\$16.0mn), fund the Karl Heusner Memorial Hospital (\$2.5mn), and restore teachers’ wages (\$3.3mn). Furthermore, “Interest Payments” rose by \$27.1mn due mainly to the commencement of interest payments on the Blue Loan.

Representing 23.6% of total government outlays, capital expenditure and net lending grew by 36.6% or \$85.6mn to \$319.8mn, as a surge in Capital II spending eclipsed a decline in Capital III.

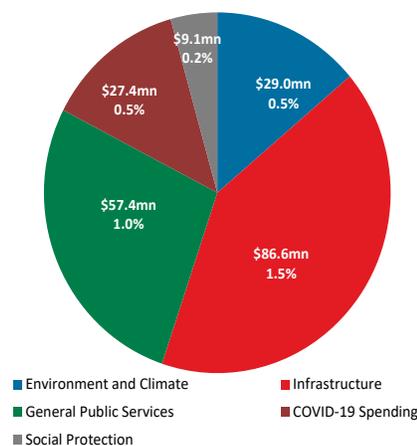
Capital II outlays increased by \$116.1mn to \$246.5mn because of the payment of the arbitral award settlement with BISL (\$76.5mn) in September and the financing of numerous activities from domestic resources. In contrast, Capital III outlays contracted by \$30.0mn to \$72.9mn, with allocations primarily for road infrastructure, climate risk, and environmental

Chart 1.12: Current and Capital Expenditure



Source: MOF and Central Bank

Chart 1.13: Main Development Spending Categories as Percent of GDP



Source: MOF and Central Bank

Box 1.2 | Major Fiscal Initiatives in 2022

26 March 2022 – The Central Bank of Belize (Amendment) Act, 2022 increased the authorised capital of the Central Bank of Belize to \$50.0mn. Additionally, the amount paid into the General Reserve Fund was increased to 30.0% of the net profits made by the Central Bank during each financial year. The reserve of external assets held by the Central Bank was also expanded to include AA investment-grade securities or higher, marketable in money and capital markets abroad. Furthermore, the Central Bank was granted discretionary power to accept a wider range of collateral pledged by domestic banks.

9 April 2022 – Supplies Control Regulations (No. 19) (Statutory Instrument No. 66 of 2022) implemented a cap on diesel and regular gasoline pump prices at \$13.41 per gallon and \$13.50 per gallon, respectively, to control inflation.

28 July 2022 – Public Sector Emoluments and Allowances Reduction Act, 2022 reinstated the 10.0% salary withheld on account of a salary reduction imposed on the majority of public officers from 1 June 2021 to 30 June 2022.

1 September 2022 – Belize International Services Limited (Settlement) Act, 2022 provided the terms of a deed of settlement between the Government of Belize and Belize International Services Limited.

12 September 2022 – Hotels and Tourist Accommodation (Amendment) Act, 2022 authorised the Minister to impose different accommodation tax rates for different categories of guests to encourage tourism.

23 September 2022 – Digital Government Act, 2022 established the E-Governance and Digitalization Department to promote and regulate electronic government (e-government) services and to enhance service delivery, citizen's access, and Government's administrative procedures.

22 December 2022 – Wages Council (Amendment) Order increased the minimum wage for workers to \$5.00 per hour from \$3.30 per hour, effective 1 January 2023.

projects; general public services costs; and education and health initiatives.

Central Government’s financing requirements (the sum of the overall deficit and principal loan repayments) summed to \$107.6mn or 1.8% of GDP for 2022. Financing came mainly from external sources and, to a lesser extent, deposit withdrawals from the banking system.

Total Public Sector Debt

In 2022, Belize’s total public sector debt rose by 1.2% or \$49.1mn to \$4,041.8mn. This increase was due to a \$49.3mn rise in external borrowings to finance ongoing and new development projects, which was partially offset by a slight contraction in Central Government’s domestic debt. As a result, the share of external debt in the public debt portfolio climbed by 0.5 percentage points to 67.5%, and, in turn, the portion of domestic debt contracted by the same to 32.5%. However, the strong economic recovery caused the public debt-to-GDP ratio to fall by 11.6 percentage points from 80.1% of GDP in 2021 to 68.5% of GDP in 2022, after peaking at 101.4% of GDP in 2020, owing to the pandemic fall-out.

Central Government's Domestic Debt

Central Government’s domestic debt dipped by \$0.2mn to \$1,315.6mn, equivalent to 22.3% of GDP. The marginal debt reduction reflected small loan repayments, which outweighed a modest disbursement to Fort Street Tourism Village for dredging services.

Notwithstanding, domestic debt service payments (interest and principal repayments) increased by 3.2% or \$1.3mn to \$42.6mn. Interest payments amounted to \$41.7mn, \$0.9mn more than in 2021. Despite Government’s strategy to lower its yield curve, the average annual effective interest rate increased from 3.1% in 2021 to 3.2% in 2022, owing to the issuance of \$40.0mn worth of T-notes in 2021.

Central Bank, the principal holder of Central Government’s domestic debt, received \$18.2mn in interest income on its Treasury holdings. Concurrently, non-bank entities and domestic banks earned \$15.5mn and \$8.0mn, respectively. Meanwhile, amortisation payments on small loans summed to \$1.0mn.

Chart 1.14: Public Sector Debt-to-GDP Ratio

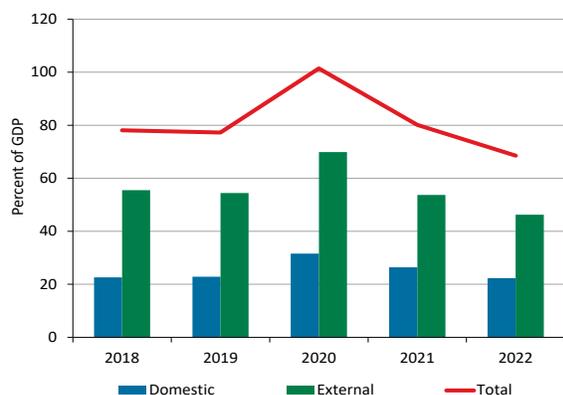
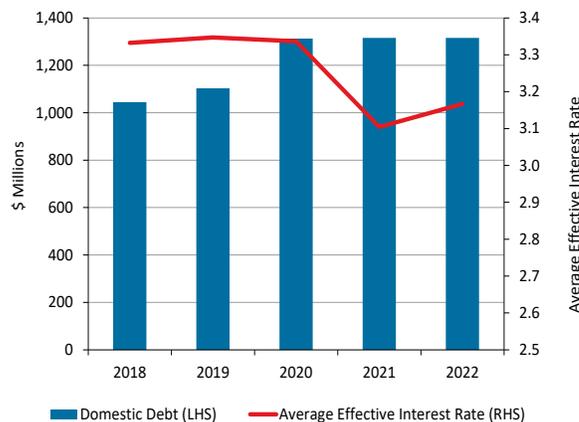


Chart 1.15: Domestic Debt and Average Effective Interest Rates



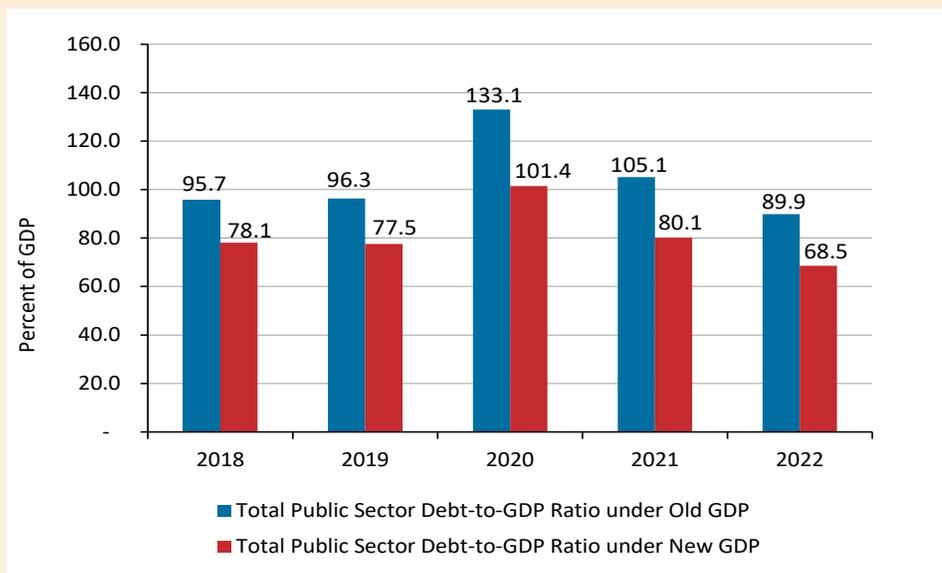
Box 1.3 | Factors Contributing to the Sharp Reduction in the Public Sector Debt-to-GDP Ratio

Between 2021 and 2022, Belize’s total public sector debt-to-GDP ratio was cut by almost one-third from the record high level in 2020, resulting from the additional spending to tackle health and social priorities and forgone revenues in response to the COVID-19 pandemic. Several factors contributed to the sharp reduction in the public sector debt ratio, including:

- i. the GDP rebasing exercise in June 2022,
- ii. the debt-for-marine-conservation swap in November 2021,
- iii. the implementation of expenditure-based fiscal consolidation measures in FY 2021/22 and FY 2022/23, and
- iv. the strong rebound in GDP in 2021 and 2022.

On 29 June 2022, the Statistical Institute of Belize (SIB) released an updated series of national accounts, using 2014 as the new reference year. This new series replaced national account statistics that utilised 2000 as the reference year. Subsequently, the measure of the current market value of all goods and services produced and sold in 2014 rose to \$4,275.9mn, up 27.5% (\$923.1mn) when compared to the outturn using the 2000 base-year prices. This GDP rebasing exercise exerted a sizeable denominator effect on the public debt-to-GDP ratio, reducing it in 2020 from 133.1% of the old GDP to 101.4% of the new GDP.

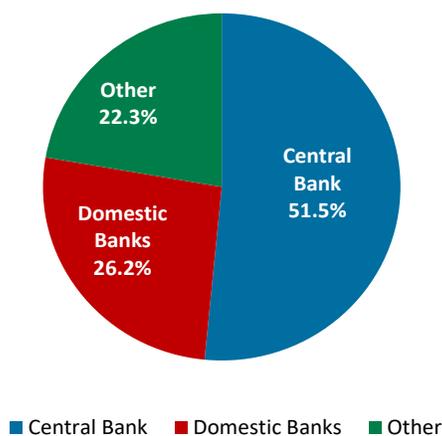
Chart 1.16: Comparison of Total Public Sector Debt-to-GDP Ratios under the old (2000 base) and new (2014 base) GDP



Box 1.3 | Factors Contributing to the Sharp Reduction in the Public Sector Debt-to-GDP Ratio (*continued*)

The public debt-to-GDP ratio fell even further to 80.1% in 2021 due to the debt-for-marine-conservation swap, the sharp economic rebound, and the implementation of expenditure-based consolidation measures in FY 2021/22, which were extended in FY 2022/23. The ratio continued its downward trajectory in 2022, declining by 11.6 percentage points to 68.5% as a result of the continued expenditure containment measures, alongside the solid rebound in revenue collections linked to the robust GDP performance.

Chart 1.17: Holders of Domestic Debt



Regarding the time structure of Central Government's domestic debt by original maturity, 48.0% will mature in 2023, comprising the three-month and six-month T-bills and one-year Treasury notes (T-notes). When viewed by remaining maturity, which measures the time left until the redemption date, 52.1% should mature in 2023. Furthermore, the weighted average maturity of the domestic debt portfolio shortened modestly from 4.3 years in 2021 to 3.9 years in 2022.

Public Sector External Debt

The public sector's external debt stock increased by 1.8% (\$49.3mn) to \$2,726.2mn (46.2% of GDP) in 2022, as loan proceeds from development partners outweighed principal payments and downward valuation adjustments.

External loan disbursements to the public sector totalled \$137.0mn, the lowest amount since 2016. Central Government received \$126.2mn or 92.1% of total disbursements from bilateral and multilateral sources. Bilateral lenders disbursed \$11.3mn, comprising \$8.7mn from the ROC/Taiwan for upgrading the Sarteneja Road and constructing the Laguna Seca Bridge, alongside \$2.6mn from the Government of Kuwait for the Caracol Road Upgrading Project. Multilateral institutions, including CDB (\$52.2mn), the Inter-American Development Bank (IDB, \$28.9mn), and OPEC Fund for International Development (\$28.5mn), provided \$114.9mn.

Table 1.2: Use of External Disbursement Proceeds in 2022

	\$mn
Disbursements to Central Government	126.1
Coastal Highway Upgrading	25.1
Caracol Road Upgrading	22.6
Philip Goldson Highway and Remate Bypass Upgrading	15.4
Upgrading of Corozal Sarteneja Road and Construction of Laguna Seca Bridge	8.7
Haulover Bridge Replacement	7.4
George Price Highway Rehabilitation	7.0
Climate Vulnerability Reduction	6.0
Natural Disaster Management	4.9
Social Investment Fund III	4.2
Strengthening of Tax Administration	4.0
Education Quality Improvement	3.8
Sustainable Tourism Program	3.6
Country Assistance Program	3.0
Support to Health Sector to Contain Coronavirus	2.3
Belize Education Sector Reform Program	2.1
Solid Waste Management	2.0
Resilient Rural Belize	1.6
COVID-19 Response Project	1.5
Miscellaneous Projects	0.9
Disbursements to Non-Financial Public Sector	1.3
Electricity System Upgrade and Expansion	1.3
Disbursements to Financial Public Sector	9.5
CDB 8th Consolidated Line of Credit	3.8
Safeguarding the Productive Sector and Employment Program	5.7
TOTAL PUBLIC SECTOR DISBURSEMENTS	137.0

Central Government allocated 68.3% or \$86.2mn of its loan proceeds to infrastructural projects to rehabilitate highways and upgrade roads and bridges. Central Government also spent 4.8% on climate adaptation, 3.4% on disaster-risk financing, 4.7% on education reform, 3.8% on social protection programmes, and 15.0% on health, government, and tourism initiatives.

Loan disbursements to the non-financial public sector totalled \$1.3mn. The entire amount went to Belize Electricity Limited to fund its ongoing Electricity System Upgrade and Expansion Project. In the financial public sector, the Development Finance Corporation received \$9.5mn to support its loan programme to the productive sector and shore up its consolidated line of credit.

External debt service payments amounted to \$143.9mn in 2022, with principal repayments of \$82.0mn alongside interest and other costs of \$61.9mn. Central Government’s amortisation payments totalled \$71.2mn. Principal repayments to multilateral lenders summed to \$67.5mn, including \$23.7mn to the CDB and \$24.4mn to the IDB, Belize’s major multilateral creditors. Meanwhile, \$1.1mn and \$2.6mn went to the

Chart 1.18: External Debt by Major Creditors

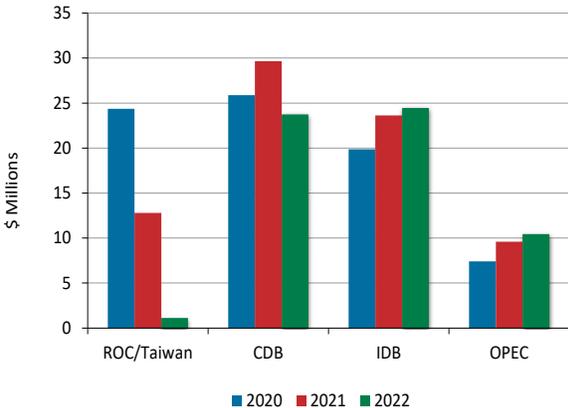
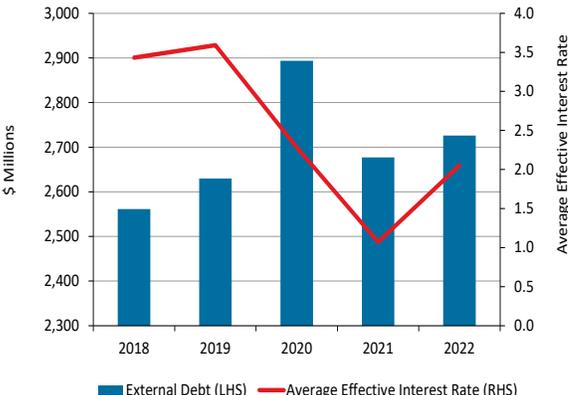


Chart 1.19: External Debt and Average Effective Interest Rates



ROC/Taiwan and the Government of Kuwait, respectively. The non-financial and financial public sectors repaid \$8.4mn and \$2.4mn, respectively.

Interest and other payments amounted to \$61.9mn or 1.0% of GDP in 2022, 82.3% higher than the \$33.9mn recorded in 2021. This increase mainly reflected the resumption of bi-annual interest payments on Belize’s commercial debt after last year’s suspension of coupon payments during the debt reorganisation exercise. Consequently, the year-on-year effective interest rate averaged 2.1%, almost doubling from 1.1% in 2021. Central Government accounted for 92.1% of total interest payments after paying \$21.0mn on the Blue Loan, \$7.3mn to bilateral creditors, and \$24.7mn to multilateral creditors. The financial and non-financial public sectors paid \$2.0mn and \$3.1mn, respectively, to their creditors.

At year end, Central Government held 91.3% of total public debt, while the financial and non-financial public sectors accounted for 6.5% and 2.3%, respectively. As for creditor composition, 72.0% is due to multilateral and bilateral lenders combined, while the remaining 28.0% is payable to commercial lenders. About \$97.1mn is scheduled for repayment in 2023.

Box 1.4 | Restoring Fiscal Sustainability in the Wake of COVID-19

At the onset of the COVID-19 crisis in March 2020, Belize had limited fiscal space to sustainably provide resources to mitigate the effects of the pandemic, bolster the health sector, and provide relief to households. To cover COVID-19-induced expenditures, Central Government undertook several measures to finance its operations, contain expenditures, and generate fiscal savings to reduce the risk of debt distress. The measures included:

- i. Increasing domestic borrowings to cover fiscal shortfalls, while reprioritising expenditures;
- ii. Accessing concessional financing and grants from external sources to address health and social welfare priorities, while reprioritising the use of external debt flows;
- iii. Participating in sovereign debt service suspension initiatives to free-up resources to increase spending to fight the pandemic and safeguard lives and livelihoods; and
- iv. Restructuring high-cost commercial debt to improve debt sustainability.

Table 1.3 summarises the various channels through which Central Government raised funds and obtained cash-flow relief during the pandemic.

Table 1.3: Fiscal Measures Undertaken in the Wake of COVID-19

(I) Domestic Borrowings and Reprioritisation of Expenditures	
Treasury Notes Issuance	<p>In 2020, Central Government raised \$252.4mn in T-notes from the domestic market.</p> <ul style="list-style-type: none"> • April 2020 – Central Government issued five tranches of one-year notes, which summed to \$135.0mn, for budgetary support and one \$75.0mn issue of various maturities to finance its emergency response to COVID-19. • June 2020 – Central Government issued five-year T-notes denominated in US currency with a face value of US\$30.0mn. These were sold on the domestic market and raised US\$21.2mn for balance of payments support.
Reprioritisation of Expenditures	<p>30 June 2020 – Central Government implemented the following fiscal consolidation measures to contain spending and generate savings of about 3.0% of GDP for FY 2020/21:</p> <ul style="list-style-type: none"> • A freeze on all new hires and the elimination of salary increments for the FY 2020/21; • Cuts in allowances for senior public officers; • Reductions in the number of officers on contract; • A 25.0% reduction in the budget for goods and services for FY 2020/21; and • Capital expenditure deferrals, amounting up to \$30.0mn.

Box 1.4 | Restoring Fiscal Sustainability in the Wake of COVID-19 (continued)

Table 1.3: Fiscal Measures Undertaken in the Wake of COVID-19 (continued)

Reprioritisation of Expenditures (continued)	<p>7 July 2021 – The Public Sector Emoluments and Allowances Reduction Act, 2021 was passed to reduce the salaries and allowances of certain public officers from 1 June 2021 to 31 March 2024, subject to an annual review. The Act proposed that:</p> <ul style="list-style-type: none"> • Emoluments equal to or greater than \$12,000 per annum were reduced by 10.0%; • Entertainment allowance paid to Heads of Departments and persons holding senior positions remained reduced by 25.0%; • No salary increments would accrue for FY2021/22 and FY2022/23; • Emoluments paid to Ministers of Government remained reduced by 15.0%; and • Allowances paid to Ministers of Government were reduced by 50.0%. 																																				
(II) Obtaining Concessional External Financing, Repurposing Existing External Debt Flows, and Obtaining International Grants																																					
New and Repurposed Loans from Multilateral Partners	<p>External loan disbursements to increase health, social, and economic spending and to shore up foreign reserves totalled \$110.6mn, while international grants amounted to \$28.4mn in response to COVID-19.</p>																																				
	<table border="1"> <thead> <tr> <th data-bbox="443 1045 548 1077">Creditor</th> <th data-bbox="865 1045 1011 1077">Description</th> <th data-bbox="1157 1003 1304 1077">Funds Committed</th> <th data-bbox="1336 1003 1455 1077">Amount Disbursed</th> </tr> </thead> <tbody> <tr> <td data-bbox="443 1087 548 1119">IDB New</td> <td data-bbox="719 1087 1157 1161">COVID-19 Safety Net for Vulnerable Population</td> <td data-bbox="1157 1087 1304 1119">\$24.0mn</td> <td data-bbox="1336 1087 1455 1119">\$24.0mn</td> </tr> <tr> <td data-bbox="443 1171 548 1203">IDB Repurposed</td> <td data-bbox="719 1171 1157 1203">COVID-19 Immediate Response</td> <td data-bbox="1157 1171 1304 1203">\$12.4mn</td> <td data-bbox="1336 1171 1455 1203">\$12.4mn</td> </tr> <tr> <td data-bbox="443 1213 548 1245">IDB New</td> <td data-bbox="719 1213 1157 1245">COVID-19 Support Health Sector</td> <td data-bbox="1157 1213 1304 1245">\$5.7mn</td> <td data-bbox="1336 1213 1455 1245">\$3.5mn</td> </tr> <tr> <td data-bbox="443 1255 548 1287">IBRD Repurposed</td> <td data-bbox="719 1255 1157 1287">COVID-19 Relief</td> <td data-bbox="1157 1255 1304 1287">\$42.0mn</td> <td data-bbox="1336 1255 1455 1287">\$39.3mn</td> </tr> <tr> <td data-bbox="443 1297 548 1371">IBRD Repurposed</td> <td data-bbox="719 1297 1157 1371">COVID-19 Emergency Response Support</td> <td data-bbox="1157 1297 1304 1329">\$12.4mn</td> <td data-bbox="1336 1297 1455 1329">\$1.5mn</td> </tr> <tr> <td data-bbox="443 1381 548 1413">OFID Repurposed</td> <td data-bbox="719 1381 1157 1455">COVID-19 Assistance Food Programme</td> <td data-bbox="1157 1381 1304 1413">\$20.0mn</td> <td data-bbox="1336 1381 1455 1413">\$19.9mn</td> </tr> <tr> <td data-bbox="443 1465 548 1497">Grants Repurposed</td> <td data-bbox="719 1465 1157 1497">COVID-19 Support/Budget Support</td> <td data-bbox="1157 1465 1304 1497">\$15.8mn</td> <td data-bbox="1336 1465 1455 1497">\$15.8mn</td> </tr> <tr> <td data-bbox="443 1507 548 1539">Grants New</td> <td data-bbox="719 1507 1157 1539">COVID-19 Support</td> <td data-bbox="1157 1507 1304 1539">\$12.6mn</td> <td data-bbox="1336 1507 1455 1539">\$12.6mn</td> </tr> </tbody> </table>	Creditor	Description	Funds Committed	Amount Disbursed	IDB New	COVID-19 Safety Net for Vulnerable Population	\$24.0mn	\$24.0mn	IDB Repurposed	COVID-19 Immediate Response	\$12.4mn	\$12.4mn	IDB New	COVID-19 Support Health Sector	\$5.7mn	\$3.5mn	IBRD Repurposed	COVID-19 Relief	\$42.0mn	\$39.3mn	IBRD Repurposed	COVID-19 Emergency Response Support	\$12.4mn	\$1.5mn	OFID Repurposed	COVID-19 Assistance Food Programme	\$20.0mn	\$19.9mn	Grants Repurposed	COVID-19 Support/Budget Support	\$15.8mn	\$15.8mn	Grants New	COVID-19 Support	\$12.6mn	\$12.6mn
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New SDR Allocation	<p>August 2021 – The international reserves were bolstered by the IMF’s general allocation of 25.6mn in Special Drawing Rights (SDRs), equivalent to \$72.6mn to cope with the COVID-19 crisis.</p>																																				

Box 1.4 | Restoring Fiscal Sustainability in the Wake of COVID-19 (*continued*)

Table 1.3: Fiscal Measures Undertaken in the Wake of COVID-19 (*continued*)

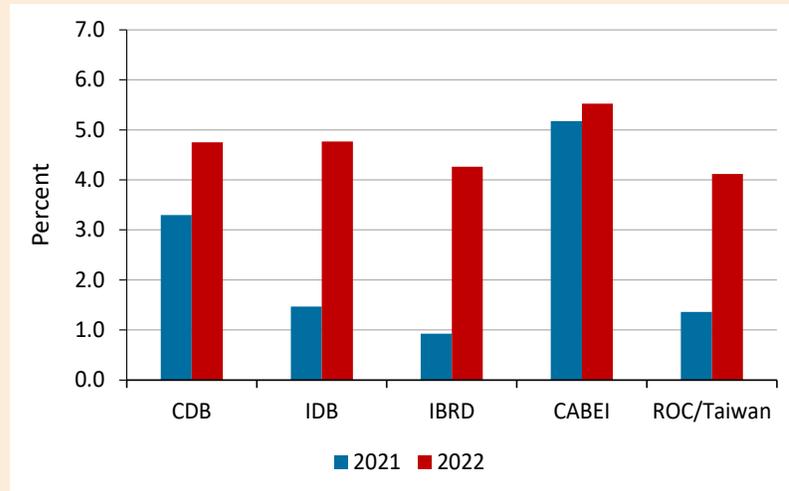
(III) Debt-Service-Suspension Initiatives	
Interest Deferral	17 July 2020 – Central Government sought and obtained the consent of the 2034 bondholders to capitalise \$52.5mn in interest payments on the 2034 US Dollar Bond for the quarters ending August 2020, November 2020, and February 2021.
New Money Facility	1 July 2020 – CDB provided a new facility totalling US\$15.0mn at 1.0% interest to pay existing debt service obligations owed on CDB loans from 1 July 2020 to 1 April 2021.
Principal Moratorium	April 2021 – ROC/Taiwan provided a principal moratorium on nine loan facilities. This moratorium would have provided \$58.0mn in cash-flow relief through December 2023.
(IV) Debt-Reorganisation Initiatives	
Debt Buy-back /Debt-for-Marine-Conservation Swap	14 September 2021 – The Government launched a cash tender offer to purchase, redeem, and cancel the outstanding 2034 US Dollar Bond. November 2021 – Belize financed the 2034 US Dollar Bond purchase with funds from The Nature Conservancy’s “Blue Bonds for Ocean Conservation” programme. The restructured facility provided a 34.2% haircut, yielding \$377.8mn in savings.
Debt Forgiveness	November 2022 – Central Government negotiated with the Bolivarian Republic of Venezuela to reduce its Petrocaribe debt obligation. The nominal haircut is expected to be between US\$129.0mn and US\$164.0mn.

Over the medium term, Central Government’s debt service payments are projected to rise due to the following factors:

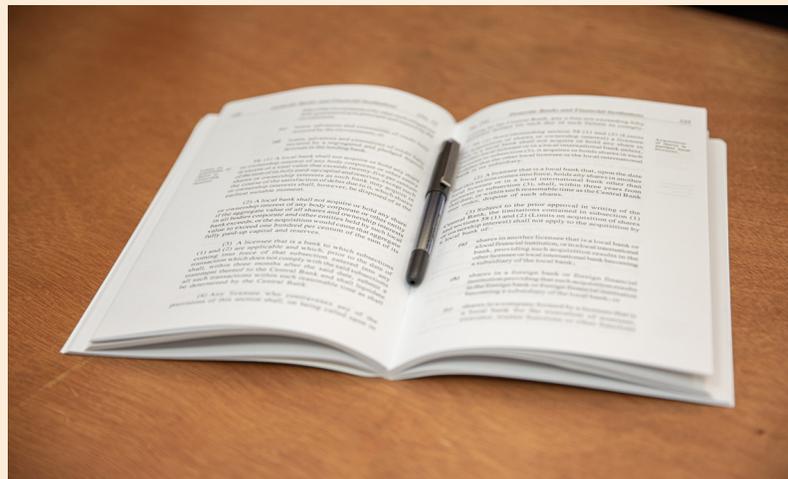
- i. The end of ROC/Taiwan’s principal moratorium in December 2023 would add almost \$30.0mn annually to Central Government’s debt service costs.
- ii. The step-up in interest rates on the Blue Loan from 3.0% in 2022 to 3.55% in 2023, then to 5.15% in 2024-2025, and finally to 6.04% in 2026 until maturity.
- iii. The rise in global interest rates, which has already visibly impacted 33.1% of Central Government’s external loan portfolio with variable interest rate structures, as shown in Chart 1.19.
- iv. The recommencement of debt service payments, which had been suspended since October 2017 due to US sanctions, after the restructuring of the Petrocaribe loans.
- v. An increase in the stock of outstanding external loans to fund public investments.

Box 1.4 | Restoring Fiscal Sustainability in the Wake of COVID-19 (continued)

Chart 1.20: Average Interest Rates for Major Creditors



Although Central Government has made significant progress in reducing its indebtedness, soaring debt service costs in the long term could endanger debt sustainability if debt service payments become exceedingly burdensome.



PRODUCTION

Real Gross Domestic Product

Belize's economy expanded by 12.1%, following growth of 15.2% in 2021. As a result, this year's output surpassed 2019's level at \$4,595.9mn, even though the tourism sector has not yet fully rebounded. The COVID-19 pandemic recovery was attributable to strong rebounds among service and manufacturing industries, which more than compensated for a modest decline in agricultural activities.

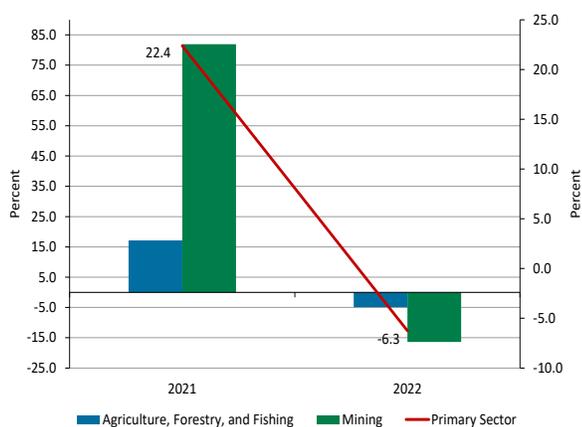
Primary sector output contracted by 6.3% with mixed agricultural and animal production outcomes, alongside a dip in mining activities. Production of the country's primary agrarian commodities (sugarcane, citrus, and banana) fell, inhibited by diseases, high input costs, and farmworker shortages. Meanwhile, the outturns rose for some non-traditional products, such as grains, coconuts, fruits, and vegetables, which supplied domestic and external markets. Regarding animal production, increased poultry and swine output were outweighed by a 16.7% downturn in livestock, as cattle exports reverted to historic levels after the 2021 boom. Fishing output increased as heightened lobster hauls eclipsed

declines in farmed shrimp, conch, and tilapia. Furthermore, a fall-off in crude oil extraction contributed to the 16.4% reduction in mining activities.

Secondary sector output increased by 7.3%, driven by upturns in electricity generation as well as manufacturing and construction activities. Manufacturing expanded by 4.5%, buoyed by heightened beverage production, with strong increases in beer (22.5%), soft drink (11.5%), and rum (89.8%), fuelled by the resurgence in tourism and social activities. Additionally, flour production rose by 20.0% as price controls brought domestic flour prices more in line with the cost of foreign substitutes. Furthermore, electricity generation grew by 33.8%, owing to sharp upturns in electricity generated from hydro and biomass sources. Water supply expanded by 4.8%, partly attributable to a rise in water connections, while construction activities grew by 6.8%, fuelled by heightened private investments.

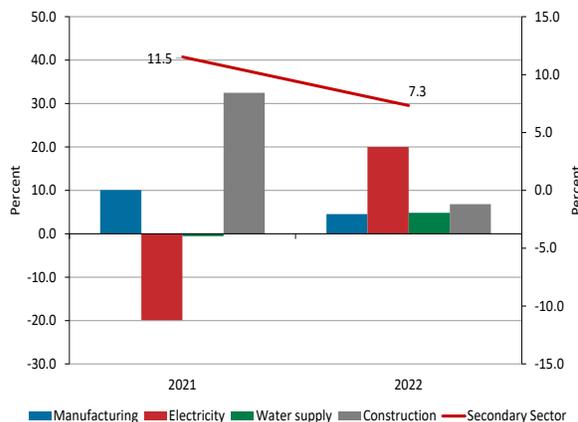
The tertiary sector expanded by 14.8% and was the most significant contributor to overall growth. The strong recovery in tourism and government services from COVID-19-related measures was

Chart 1.21: Percentage Change in Primary Industries



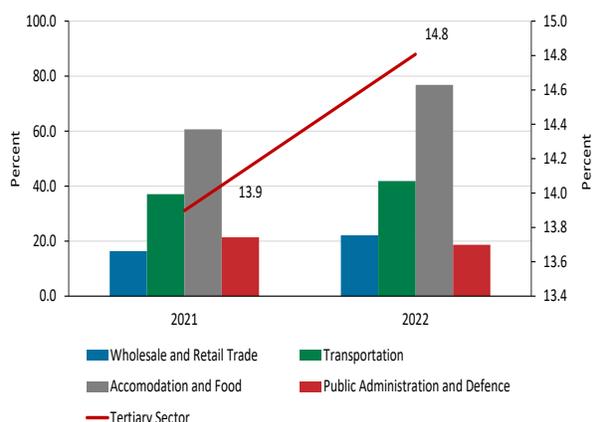
Source: SIB

Chart 1.22: Percentage Change in Secondary Industries



Source: SIB

Chart 1.23: Percentage Change in Select Tertiary Industries



Source: SIB

primarily responsible for the sector’s performance. As a result, the “*Accommodation and Food Services*,” “*Transportation*,” and “*Wholesale and Retail Trade*” industries grew by 76.8%, 41.8%, and 22.1%, respectively. “*Public Administration and Defence*,” which captured Central Government’s current activities, expanded by 18.7% with the rebound in tax collections.

Agriculture

Sugarcane

The 2021/2022 sugarcane crop year ended with deliveries falling by 4.1% to 1,787,488 long tons. Downturns across both productive regions were precipitated by adverse weather conditions, reduced factory time efficiency, increased input costs, and commercial disputes between the miller and farmers in the north, specifically.

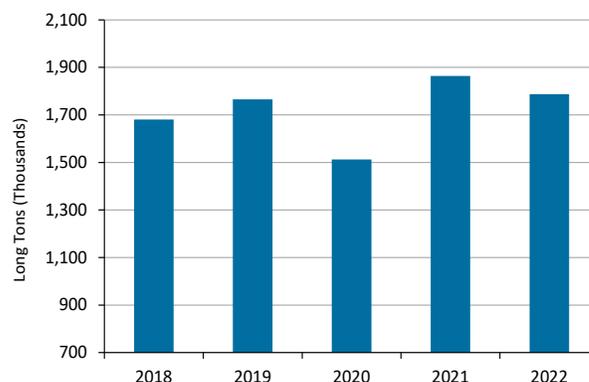
The northern region commenced deliveries for the 2021/2022 season on 27 December 2021, a day earlier than the previous crop year. This was despite a seven-day delay caused by an impasse in resolving commercial disagreements between the miller and farmers. Despite this, the harvest ran two days longer than the previous, concluding after 215 days on 29 July 2022. Sugarcane deliveries to

the mill totalled 1,144,273 long tons, contracting by 4.5%, while the average daily grinding rate fell by a higher 5.4% to 5,322 long tons per day. Weather and mud content issues plagued the season’s early months, further slowing delivery rates and reducing output.

The 2022 sugarcane harvest in the west began on 6 January 2022 and ran until 14 September for 251 days, 80 days more than the previous crop year. Notably, deliveries began 19 days earlier than the last year’s harvest and closed nearly eight weeks later. Despite the extended crop year, deliveries to the factory fell by 3.4% to 643,215 long tons. Reduced factory time efficiency and adverse weather effects slowed the average daily grinding rate by 34.2% to 2,563 long tons.

The final price paid to farmers for sugarcane delivered to the northern mill improved substantially, rising by 29.7% or \$16.22 per long ton, from \$54.56 per long ton to \$70.78 per long ton. A reduction in global sugar inventories, brought on by Brazil’s switch to higher ethanol production, pushed international sugar prices upward.

Chart 1.24: Sugarcane Deliveries



Sources: BSI and Santander Group

Citrus

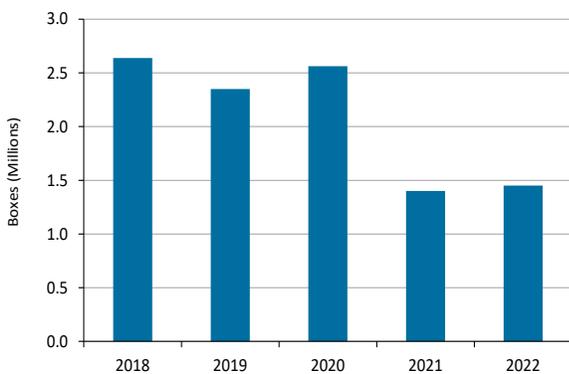
The 2021/2022 citrus harvest began on 1 October 2021, 18 days earlier than the previous crop, and ended eight weeks earlier on 5 August. Though lasting 38 days less than the previous period's record 347 days, the 2021/2022's current 309 days of harvest yielded a 3.6% uptick in total fruit deliveries to 1.5mn boxes. Orange deliveries increased by 1.9% to 1.3mn boxes of fruit, while grapefruit deliveries rose by 21.9% to 0.1mn boxes. The turnaround was spurred by replanted groves producing well under favourable weather conditions.

Better average prices for citrus juice concentrate in the Caribbean compared to other regions pushed the final price paid to farmers for orange juice up by 23.2% or \$0.50 to \$2.64 per pound solid (ps) and by 5.4% or \$0.21 to \$4.01 per ps, in the case of grapefruit juice.

Banana

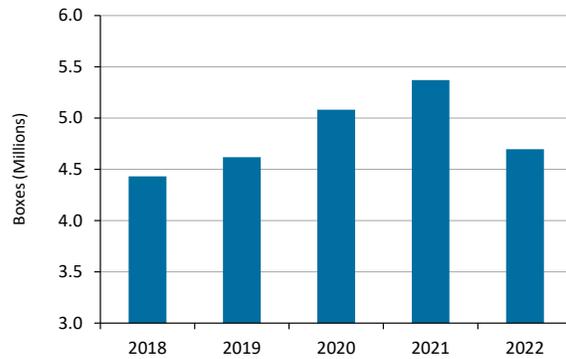
Banana production contracted by 12.6% to 4.7mn boxes in 2022, the largest drop since 2016's 28.5% downturn. However, unlike 2016, at which time a combination of farm closures and severe weather

Chart 1.25: Citrus Fruit Deliveries



Sources: Citrus Products of Belize Limited and Citrus Growers' Association

Chart 1.26: Banana Production



Source: Banana Growers' Association

damage impacted production, the reporting year was plagued by rising input costs, including higher-priced fertilisers, and farmworker shortages. The confluence of factors reduced acreage productivity, which fell by 14.0% to 593 boxes per acre.

Despite the overall downturn (output and productivity), total acreage under production rose by 1.7% to 7,917.6 acres, with harvestable acreage rising marginally by 0.8% to 7,578.4 acres. Meanwhile, acreage under plantilla (trees too young to harvest) almost doubled to 282.2 acres, and the area under rehabilitation halved from 112.7 acres in the previous year to 57.0 acres.

In 2022, the exclusive marketing contract between Fyffes PLC and the Banana Growers' Association completed its fourth year out of five. The average price per 40-pound box of bananas remained fixed during the year.

Marine Products

Declines in output for three of the four major marine commodities forced total marine production to edge down by 1.3% to 2.3mn pounds.

Output from commercially farmed commodities fared poorly, as the early mortality syndrome in the farmed shrimp industry remained a factor throughout the year. As a result, farmed shrimp output fell by 11.5% to 0.3mn pounds for the year. Meanwhile, farmed tilapia production nosedived by 52.4% to just 0.02mn pounds.

Wild-caught commodities fared better, as conducive weather patterns throughout the lobster and conch harvesting period propped up output. Wild lobster catches rose by 4.7% to 1.0mn pounds, the highest volume recorded since 2017. However, conch hauls edged down marginally by 0.7% to 1.0mn pounds, but still came in as the second-highest annual output on record.

Manufacturing

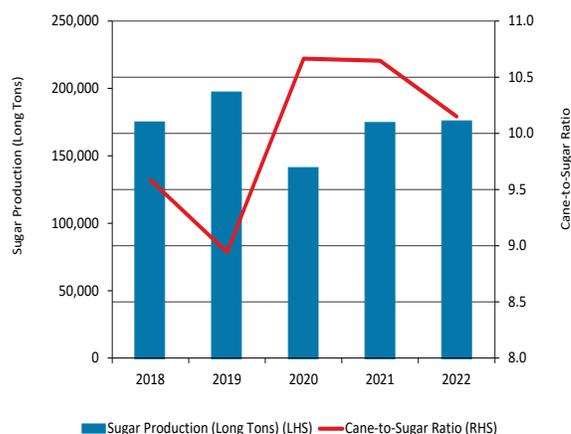
Sugar and Molasses

Despite the downturn in sugarcane deliveries, sugar production rose marginally by 0.6% to 176,089 long tons, owing mainly to improved cane quality and slower grinding rates at both factories. As a result, the overall long-tons cane to long-ton sugar ratio improved by 4.6% to 10.2. However, the inverse relationship between the level of molasses output and cane quality resulted in its production falling by 6.2% to 63,536 long tons.

Citrus Juices, Citrus Oil, and Pulp

A 3.6% turnaround in citrus deliveries and a marginal improvement in fruit quality pushed total

Chart 1.27: Sugar Production and Cane-to-Sugar Ratio



Sources: BSI and Santander Group

citrus juice production up by 5.2% to 8.1mn ps for the 2021/2022 crop cycle. Production of orange concentrate expanded by 3.5% to 7.4mn ps, partly due to a 1.7% improvement in the average juice outturn to 5.8 ps per box. Meanwhile, a 7.2% rally in grapefruit juice yields to 3.9 ps per box boosted grapefruit concentrate output by 38.4% to 0.5mn ps. Not-from-concentrate juices were the only citrus product to contract, falling by a marginal 3.6% to 0.2mn ps.

The output of citrus by-products expanded, with citrus oil yields increasing by 9.8% to 0.5mn pounds, while citrus pulp production rose by 3.8% to 1.1mn pounds.

Other Manufacturing Production

Production of manufactured goods rose markedly across most commodities, as rebounding aggregate demand brought on by a fully reopened economy nudged output upwards. Basic staples such as wheat flour production soared, expanding by 20.0% to 14,325 metric tons. Meanwhile, beverage production benefited from higher tourist

arrivals and the resumption of mass gatherings, as soft drink, beer, and rum production jetted up by 11.5%, 22.5%, and 89.8%, respectively. Additionally, the output of milk-derived goods expanded healthily. Flavoured milk production increased by 30.1%, while ice cream and cheese production jumped by 19.7% and 16.9%, respectively.

Despite contracting for the 13th consecutive year, crude oil extraction benefited from heightened global fuel prices as output at the reopened Never Delay field ramped up. This boost caused the overall extraction volume to fall by only 1.1% to 175,324 barrels.

In the case of fertiliser production, price increases for chemical components critical for its manufacturing resulted in a marked 25.9% downturn to 17,527 metric tons.

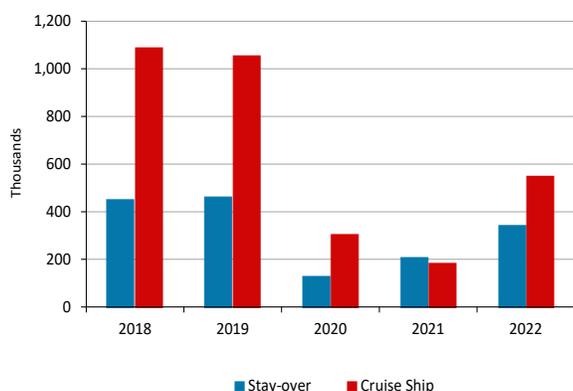
Tourism

Global tourism rebounded sharply in 2022, with visitor arrivals totalling 917 million, accounting for 62.6% of pre-pandemic levels. Destinations around the world benefited from unleashed

pent-up demand and reduced travel restrictions, with every region globally experiencing upticks in visitors. Europe, the largest tourism destination, recovered to 78.6% of pre-pandemic levels, while the Middle East rebounded strongly to 82.6%. Asia and the Pacific expanded compared to 2021, attaining 23.5% of pre-pandemic levels, as the slow easing of pandemic restrictions hindered growth in that sub-region. Within the western hemisphere, the Americas increased to 64.9% of 2019's visitors, with the Caribbean performing strongly as arrivals totalled 83.7% of pre-pandemic levels.

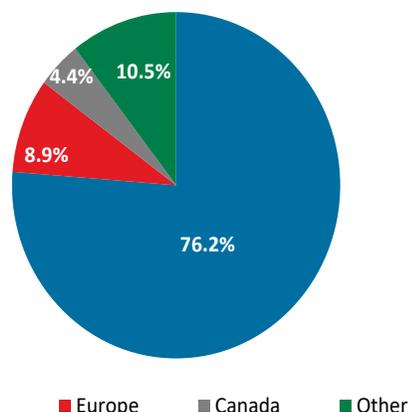
Mirroring the overall performance of the western hemisphere, stay-over arrivals in Belize expanded by 62.6% to 345,728 visitors, which accounted for 74.5% of 2019's pre-pandemic level. With travel restrictions rolled back almost entirely and direct flights from key source markets mostly restored, air arrivals rose by 48.7% to 293,412 visitors compared to the previous year. Relaxing entry requirements via land and sea borders led to more than a tripling in visitors using these points, up to 43,769 for land entries and 8,547 for seaport entries.

Chart 1.28: Tourist Visitors



Sources: BTB and Central Bank

Chart 1.29: Shares of Stay-over Arrivals by Source Markets



Sources: BTB and Central Bank

The share of visitors from the US dropped by 7.9 percentage points to 76.2%, while the share from Europe and Canada expanded by 5.5 and 2.2 percentage points to 8.9% and 4.4%, respectively. Visitors from all other nations edged up marginally by 0.2 percentage points to 10.5%.

Recovery in cruise tourism was substantial, rebounding from 189,185 disembarkations in 2021 to 551,280 disembarkations in 2022. Overall, 271 ships docked in Belize, with the Fort Street Tourism Village port receiving 192 ships and 416,177 visitors, while Harvest Caye accommodated 79 ships and 135,103 passengers. Notably, the average number of passengers per ship rose by 13.5% for the Fort Street Tourism Village port and by 20.6% for the Harvest Caye port. Overall, the industry average increased by 12.9% to 2,034 persons per ship.

Employment

Unemployment in Belize fell to a historic 5.0% in October 2022, reflecting the lowest level

recorded to date. The improved labour outcome resulted as the number of persons who gained employment rose while, to a lesser extent, some exited the labour force. The labour force totalled 191,728 persons in October 2022, down 0.1% relative to September 2021 but 6.8% above the pre-pandemic level in September 2019. Men were more likely to participate in the labour force, with a 73.4% participation rate, whereas women represented 44.4%. This outcome resulted as women cited domestic duties and caring for a child or elderly person as the main hindrances to seeking employment. Subsequently, the overall participation rate declined 3.2 percentage points from 61.9% in September 2021 to 58.7% in October 2022.

The number of unemployed persons decreased by 45.3% from 17,644 to 9,644. The Stann Creek district witnessed the highest unemployment rate at 7.8%, while the Cayo district registered the lowest at 3.5%. Meanwhile, 182,084 persons were employed as of October 2022, rising 4.5% relative

Table 1.4: Belize Labour Force Statistics

Indicators	Sept 2021	Oct 2022
Total Population	432,516	444,802
Population under 14 years	121,758	117,848
Working Age Population	310,041	326,503
Employed Population	174,237	182,084
Unemployed Population	17,644	9,644
Persons Not in the Labour Force	118,161	134,775
Labour Force	191,881	191,728
Labour Force Participation Rate	61.9%	58.7%
Underemployment Rate	18.9%	6.7%
Unemployment Rate	9.2%	5.0%

Source: SIB

to the previous year. Across the sectors, 68.7% of the employed population (125,129 persons) worked in service industries, predominantly tourism, manufacturing, and BPO industries. The remaining 16.8% (30,676 persons) and 13.2% (24,031 persons) worked in the secondary and primary sectors, respectively. On average, each person worked 43 hours per week, with a monthly income of \$1,357.00, reflecting a nominal increase of \$189.00 since September 2021.

Prices

CPI skyrocketed to a near-record 6.3% in 2022, well above the 10-year average of 0.8% from 2012 to 2021. This year’s headline inflation reflected the largest growth rate registered since the 6.4% increase during the Global Financial Crisis in 2008. The upward price momentum emanated from a confluence of external factors, namely COVID-19 supply chain imbalances, the Russia-Ukraine war, and the tightening of global monetary and fiscal conditions.

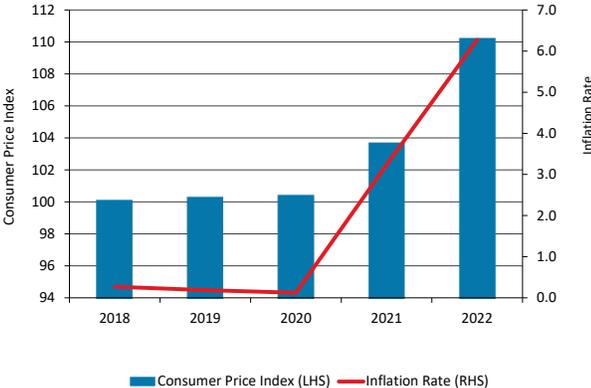
The “Transport” subindex was the largest contributor to the price level increase, rising 18.2% over the year due to elevated costs for motor vehicle fuels and passenger transport

services. Meanwhile, “Food and Non-Alcoholic Beverages” accelerated, registering a 2.5% growth in January 2022 and peaking at 7.8% in December 2022. Higher outlays were recorded for most food items, with sizeable price increases for cereal products, meats, cooking oils, dairy products, fish, other seafood, and fresh produce. However, the inflationary momentum was tempered by a 1.2% and 0.1% decline in the “Information and Communications” and “Insurance and Financial Services” subindices.

BALANCE OF PAYMENTS

In 2022, the current account deficit on the balance of payments increased by \$202.4mn or 2.5 percentage points of GDP to \$518.2mn (8.8% of GDP) relative to 2021. The external deficit widened due to marked increases in foreign payments to cover merchandise imports, profit repatriation to foreign investors, and an arbitral settlement payment to BISL. However, a simultaneous rebound in tourism inflows, coupled with a further increase in inward remittances tempered the overall deficit expansion. The widening gap was financed primarily by upturns in inward foreign direct investments, multilateral grants, and net public sector borrowings. As a

Chart 1.30: Consumer Price Index



Source: SIB

Chart 1.31: Current Account and Trade Deficit

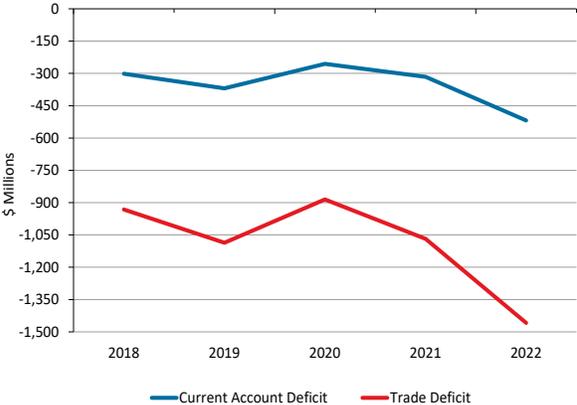
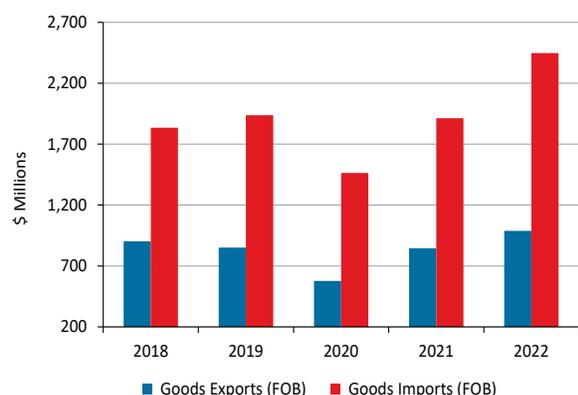


Chart 1.32: Merchandise Exports and Imports



result, the gross international reserves rose by \$116.9mn to \$964.9mn at the end of December, the equivalent of 4.1 months of merchandise import coverage.

Merchandise Trade

The merchandise trade deficit grew by 36.6% (\$390.6mn) to \$1,458.6mn, as imports grew faster than exports. Imports rose by 28.0% to a record \$2,447.3mn, stimulated by a surge in aggregate demand in response to the ongoing economic recovery and rising commodity prices. Export growth trailed, rising by 17.1% to \$988.7mn on account of higher earnings from non-traditional exports, commercial free zone (CFZ) sales, and other re-exports.

Imports

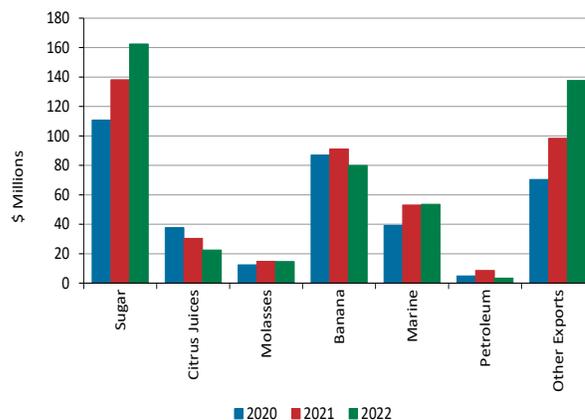
Imports soared by \$535.1mn to \$2,447.3mn in 2022, with domestic and CFZ imports up by 27.9% to \$2,104.4mn and 28.6% to \$342.9mn, respectively. Import values rose across all major subcategories of goods. *“Mineral Fuels and Lubricants (including electricity)”* led all subgroupings, expanding by 46.0% (\$165.0mn) due to increased purchases of kerosene and regular fuel. Then, *“Machinery and Transport*

Equipment” grew by 32.2% (\$132.8mn), reflecting higher outlays on food processing machinery, four-cylinder vehicles, and aviation equipment. *“Commercial Free Zone”* followed, rising by 43.4% (\$131.1mn), with heightened expenditures on cigarettes, tennis shoes, and clothing. *“Manufactured Goods and Other Manufactures”* expanded by 18.6% (\$93.9mn), elevated by heightened spending on cement clinkers, miscellaneous metal items, and tires. In addition, *“Oils, Fats, and Chemicals”* grew by 32.5% (\$80.8mn), underpinned by higher purchases of cooking oils, while *“Food, Beverages, and Tobacco”* rose by 9.3% (\$29.2mn) with increased outlays on wheat, margarine, and coffee.

Domestic Exports

Domestic exports rose by 13.1% (\$55.5mn) to \$478.7mn due to increased income from non-traditional commodities, sugar, and lobster. However, reduced earnings from bananas, citrus juices and, to a much lesser extent, molasses dampened the overall revenue growth.

Chart 1.33: Domestic Exports



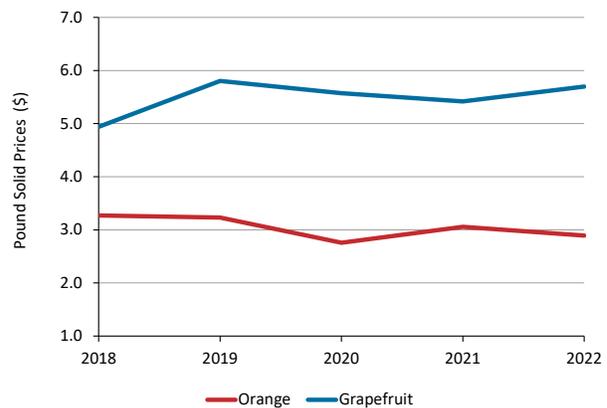
Sugar and Molasses

Sugar export receipts surged, up 15.4% to \$155.9mn, despite a 9.4% downturn in sugar export volume to 142,864 long tons. This favourable outcome was due to a rally in international prices, as record-high consumption outpaced production from major source markets, such as Europe, India, and Ukraine. In Europe, Belize's top export destination, average sugar prices soared by 29.3%, as European farmers substituted sugar beet plantings for more profitable crops because of soaring input costs. About 75.6% (108,036 long tons) of total sugar shipments went to Europe, valued at \$108.5mn. Most of the remainder went to destinations in CARICOM (15.2%) and the US (9.1%). Sales to CARICOM rose by 17.7% in volume to 21,741 long tons. At \$30.3mn, revenues from the region increased by a significantly larger margin of 45.6% due to a higher share of value-added bagged sugar in the export mix. In contrast, sales to the US, delivered under the tariff-rate quota allocation for Belize, contracted by 11.1% to 12,989 long tons, resulting in a 2.4% revenue decline to \$16.9mn. Sugar prices on the US market, which are relatively higher than world market prices, strengthened as the country's sugar stocks fell due to reduced imports from other major suppliers. Meanwhile, molasses exports fell by 17.9% to 45,500 long tons, with earnings dipping by only 0.6% due to a 21.0% boost in average unit prices.

Citrus Juices and Pulp

Citrus juice export volume fell by 23.4% to 7.3mn ps, leading to a 26.3% revenue plunge to \$22.4mn, as average prices dipped by 3.8%. On the global front, weakened demand for orange concentrate tilted market prices downward, even though most major producers recorded lower juice outturns,

Chart 1.34: Citrus Prices



citing various production constraints. Orange juice earnings from CARICOM, which accounted for 81.5% of total orange juice revenues, contracted by 8.6% to \$16.3mn. A 14.0% reduction in orange juice prices was responsible for this result, as regional sale volume rose by 6.3% to 5.5mn ps. Furthermore, orange juice concentrate earnings from the US and Europe amounted to \$2.2mn and \$1.2mn, reflecting steep revenue declines of 60.0% and 74.7%, respectively, broadly in line with the fall-off in export volume to these markets. Sales to other destinations were negligible, generating \$0.3mn in total. Grapefruit concentrate receipts also declined, plunging by 12.0% to \$2.1mn, as a 5.2% average unit price improvement softened a 16.3% decline in export volume to 0.4mn ps.

Not-from-concentrate sales remained minute, totalling \$0.3mn. Meanwhile, pulp exports recorded sales of 1.3mn pounds valued at \$1.0mn.

Banana

Banana export revenue contracted by 12.2% to \$79.9mn, following a 12.6% decline in sales volume to 85,202 metric tons, precipitated by labour shortages and heightened input costs.

The revenue downturn was disproportionately lower due to an uptick in premiums received on customised fruit packages for sale in supermarkets abroad. Fruit prices remained fixed in 2022, as the Banana Growers' Association entered the penultimate year of an exclusive five-year marketing contract with Fyffes PLC.

Marine Exports

Marine export receipts grew by 1.0% to \$53.5mn, as a 0.6% average price increase was amplified by a 0.4% volume expansion to 2.3mn pounds. Conch export earnings soared by 11.2% to \$17.5mn because of a double-digit increase in price, given a 0.7% downturn in sale volume to 1.0mn pounds. Conversely, lobster earnings fell by 3.1% to \$34.4mn, despite a 4.2% growth in sale volume to 1.0mn pounds. Lobster prices in the US market trended downward, blamed on a shift in US consumer demand towards more economical food products as inflationary pressures mounted. Furthermore, farmed shrimp export receipts fell by 12.0% to a new low of \$1.5mn, underpinned by an 11.5% collapse in export volume to 0.3mn pounds. This year's decline marked the seventh consecutive annual contraction in farmed shrimp

revenues from \$88.5mn in 2014, owing to the deleterious effects of the early mortality syndrome disease.

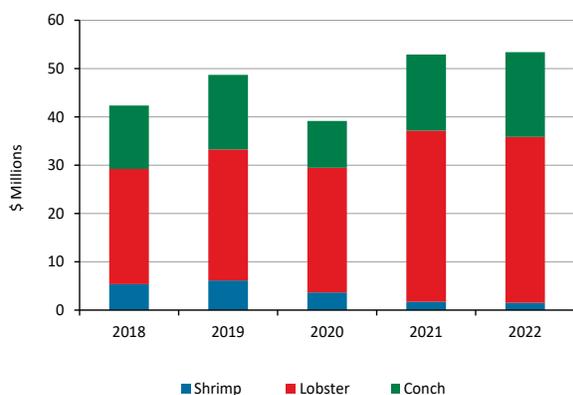
Crude Oil

Crude oil export receipts nosedived by 99.6% to \$3.3mn, as a 99.7% contraction in sale volume to 18,962 barrels eclipsed the impact of a 52.1% surge in the average unit price. Global oil costs shot up in the first half of 2022 in response to Russia's invasion of Ukraine but moderated thereafter as central banks increased interest rates to tame aggregate demand and inflationary pressures.

Non-Traditional Exports

Non-traditional merchandise export revenue surged by 39.9% to a new high of \$137.6mn. Increased receipts from animal feed exports (\$21.2mn) along with lesser contributions from cattle (\$5.3mn), other grains (\$3.7mn), crude soybean oil (\$3.0mn), and rum (\$2.1mn) were primarily responsible for this outturn. However, reduced earnings from red kidney beans (\$1.6mn), scrap metals and electronics (\$1.1mn), and lemon oil (\$0.6mn) tempered the growth in export receipts.

Chart 1.35: Exports of Marine Products



Re-Exports

Total re-exports surged by 23.4% (\$96.6mn) to \$510.0mn, driven by a strong rebound in CFZ sales and, to a much lesser extent, an upturn in other re-exports. CFZ sales jumped by 27.6% (\$95.3mn) to \$440.8mn, owing to heightened demand from Mexican consumers as COVID-19 health restrictions expired earlier in the year. Meanwhile, other re-exports rose by 1.9% (\$1.3mn) to \$69.2mn, elevated by increased sales of jet fuel, cigarettes, and sports equipment.

Direction of Visible Trade

As in the previous year, Mexico remained Belize's primary destination for the exportation of goods, accounting for 49.7% of total exports. Mexico maintained the top position as re-exports from the Corozal Commercial Free Zone ballooned after health restrictions at the border crossing were lifted. The resurgence in re-exports, comprising mainly cigarettes, tennis shoes, and clothing, led to a 5.1 percentage-point increase in the share of exports to this destination relative to 2021. In contrast, shipments to the UK fell by 2.0 percentage points to 13.3%, with reduced exports of bananas and molasses. The share of exports to the US slid by 1.6 percentage points to 10.7%, following declines in crude oil, lobster, and orange concentrate sales. Export shares to other European countries (excluding the UK) fell by 2.3 percentage points to 10.1%, owing to lower banana and lobster revenues. However, the share of exports to CARICOM rose by 1.0 percentage point to 9.8% as sales of sugar, alcoholic beverages, and pineapple juice strengthened.

Belize's merchandise imports were sourced primarily from the US. Imports from the US

Chart 1.36: Direction of Visible Trade - Exports

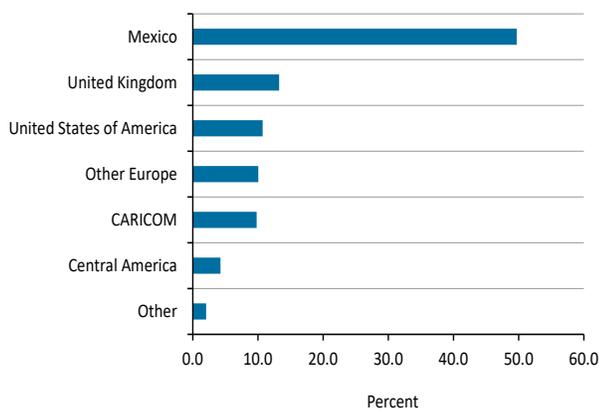
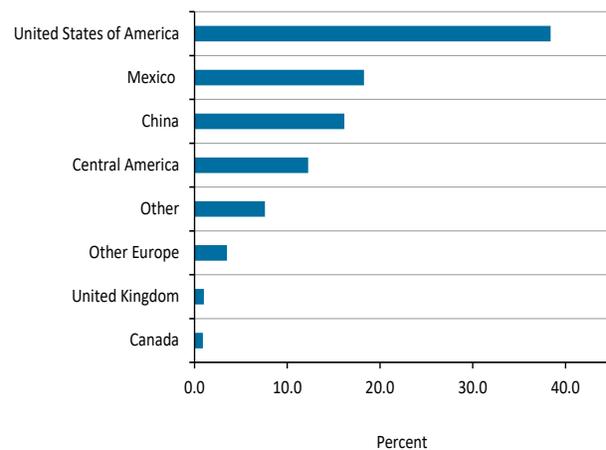


Chart 1.37: Direction of Visible Trade - Imports

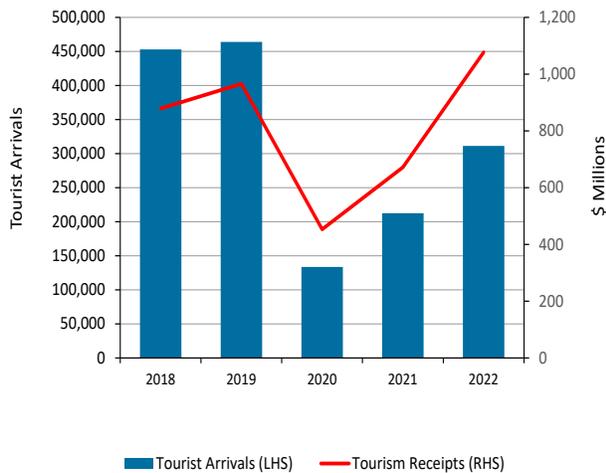


rose by 5.9 percentage points to 38.4%, driven by increased spending on petroleum by-products. Mexico was second, despite a 2.0% dip in its import share to 18.3%. The marginal decline was due to a significant drop in beer purchases, which was partly offset by heightened outlays on steel products. China ranked third, with its share rising by 1.6 percentage points to 16.2% due to increased spending on tennis shoes, clothing, and cigarettes. Lastly, the import share from Central America fell by 3.0 percentage points to 12.3%, reflecting reduced spending on building cement and steel rods, which were partly offset by higher purchases of cement clinkers and petroleum bitumen.

Services

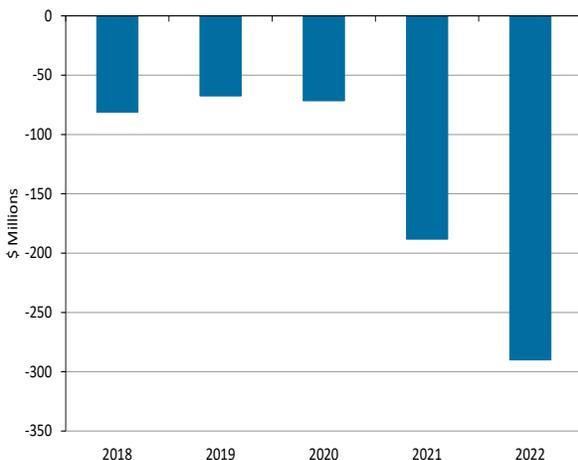
Net inflows on the services account skyrocketed by 52.6% (\$344.6mn) to \$999.6mn, underpinned by a stellar rebound in tourism earnings. Net tourism receipts, captured under the travel subcategory, expanded by 60.3% relative to 2021 to \$1,077.2mn due to the further recovery in international travel. Compared to 2019's outturn before the pandemic struck, net tourism receipts rose by 11.5%, even though overnight arrivals were down by 33.0%. All other services combined generated a deficit of

Chart 1.38: Tourist Arrivals vs Tourism Receipts



\$77.6mn, reflecting a \$60.8mn increase relative to 2021, owing to a sharp climb in international transport costs. Net transportation outflows grew by 54.1% or \$101.8mn to \$289.9mn, driven by record-breaking freight rate levels, particularly for containerised and dry bulk shipping services, arising from container shortages and logistical bottlenecks. However, increased revenues from BPO activities softened the overall result.

Chart 1.39: Net Transportation Outflows



Primary Income

Net outflows on the primary income account grew by 70.0% (\$109.1mn) to \$265.0mn, due mainly to a surge in profit repatriation. During the year, profit remittances more than doubled to \$174.6mn, with increased payments to foreign investors in the energy (\$89.6mn), manufacturing (\$20.3mn), and tourism (\$7.9mn) industries. Outflows also included the public sector’s accrued interest on its external debt, which fell by 19.8% to \$58.4mn. This decline resulted from the reduced debt stock, arising from the debt-for-nature swap arrangement brokered in late 2021, which was partially offset by the impact of rising international interest rates. Domestic banks’ reinvested earnings also grew, rising modestly to \$31.6mn in tandem with higher reported undistributed profits.

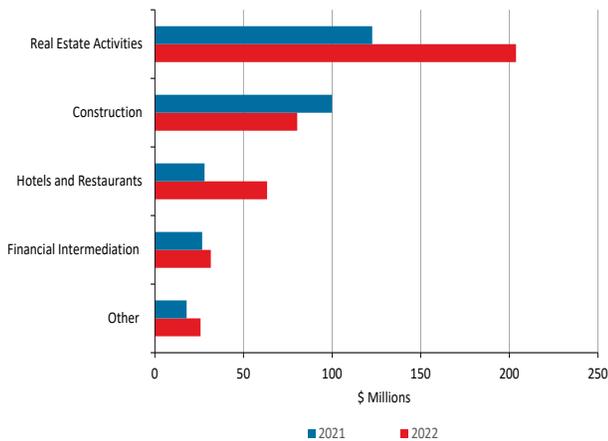
Secondary Income

The surplus on the secondary income account contracted by 18.7% (\$47.3mn) to \$205.8mn, owing to the Government of Belize’s settlement of an arbitral award for BISL. Inward transfers were dominated by workers’ remittances (\$280.1mn), flows to religious and non-profit organisations (\$48.6mn), in-kind donations (\$12.5mn), and insurance companies (\$9.1mn). Meanwhile, outflows nearly doubled because of \$71.4mn in outward worker’s remittances alongside the Government’s one-off \$65.0mn arbitral settlement payment to BISL.

Capital and Financial Accounts

Net inflows on the capital account normalised in 2022, following the previous year’s spike, which was tied to the debt forgiveness received on the debt-for-nature swap arrangement with The Nature Conservancy. Consequently, the capital account surplus declined by \$424.0mn to

Chart 1.40: Gross Foreign Direct Investment



\$58.9mn. Capital inflows were driven mainly by a 56.0% (\$13.8mn) boost in CDB grants to \$38.6mn for road rehabilitation projects on the Philip Goldson Highway and Coastal Road. Notably, grants from ROC/Taiwan fell by 66.0% (\$13.2mn) to \$6.8mn, as the allocation for 2022 was disbursed in 2021 for budgetary support.

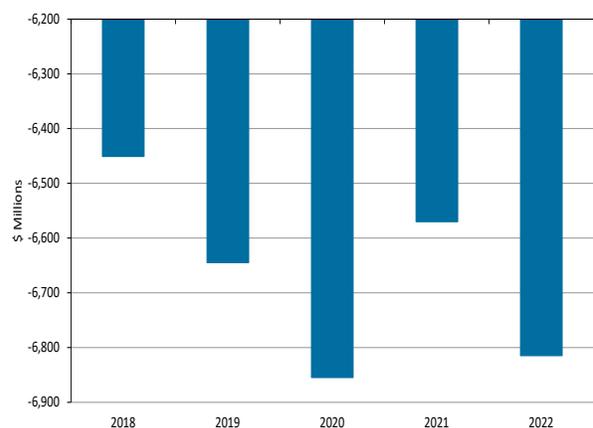
The financial account recorded a \$360.7mn increase in net liabilities during the year. This outcome reflected a marked turnaround from the \$98.7mn reduction in external indebtedness in 2021, owing to the substantial principal haircut realised after restructuring the 2034 US Dollar Bond and the historic net foreign asset expansion. In 2022, the majority of net financial inflows stemmed from a \$16.8mn increase in net direct investments to \$264.7mn. Net foreign direct investments were concentrated in construction (\$80.3mn), hotels and restaurants (\$63.3mn), real estate (\$56.4mn), banking (\$31.6mn), and agricultural (\$9.8mn) industries. The incurrence of other liabilities emanated from an increase in net external public sector borrowings (\$60.0mn) to fund capital investment projects and a reduction in domestic banks' net foreign assets

(\$43.7mn) to cover the surge in imports and profit repatriation payments. However, an upswing in net loan repayments by the private sector (\$7.7mn) moderated the overall rise in liabilities.

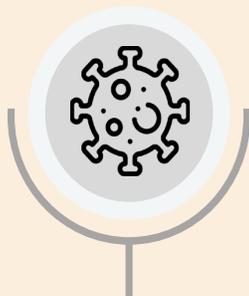
International Investment Position

Belize's net international investment position, the difference between the country's foreign financial assets of \$1,737.0mn and liabilities of \$8,551.0mn, was \$6,814.0mn at the end of December. In 2022, the net external asset position increased by \$49.7mn, underpinned by the robust increase in the Central Bank's foreign balances, which was partially offset by the reduction in domestic banks' foreign holdings. Meanwhile, net foreign liabilities rose by \$293.6mn on account of increases in both net direct investments and net public sector borrowings, which were tempered by the reduction in private sector loans. Consequently, the country's net international investment deficit widened by \$243.8mn in 2022.

Chart 1.41: Net International Investment Position



Box 1.5 | A Chronology of Major COVID-19-Related Events



Q1-2022

5 January 2022

The Ministry of Health and Wellness (MOHW) reduced the isolation period for asymptomatic persons who tested positive for COVID-19 from 14 to 10 days for the public, and from 10 to seven days for healthcare workers and other essential workers.

31 January 2022

The MOHW launched the COVID-19 vaccine website to inform the public about vaccination sites by location, community, district, date, and time, as well as to get answers to frequently asked questions.

7 February 2022

Cabinet approved the opening of land borders and seaports from 6:00 a.m. to 10:00 p.m. for fully vaccinated persons only. The MOHW required all persons entering and leaving these border points to adhere to the health regulations.

8 February 2022

Children aged 12 to 17 became eligible to receive a booster shot of the COVID-19 vaccine three months after receiving their second dose.

10 February 2022

The Minister of Foreign Affairs, Foreign Trade, and Immigration reported that 5,000 individuals arrived and departed at the land borders and seaports since the opening on 7 February.

Cabinet mandated that COVID-19 rapid tests be given free of cost to Belizean students in Mexico and Guatemala.

17 February 2022

ROC/Taiwan donated 5,000 medical face masks to the Ministry of Education, Culture, Science, and Technology.

31 March 2022

Starting 1 April, unvaccinated persons entering Belize through the airport or land and seaports were no longer required to display a negative rapid test or PCR test. Furthermore, Belizeans 12 years and older who departed the country via air, land, or sea no longer needed to be fully vaccinated.

On this date, there were more than 243,000 vaccines in the country. About 50.1% (215,428) of the population had received at least one dose of the vaccine, while 48.6% (209,379) were fully vaccinated.

Approximately 25,968 Belizeans aged 12 to 17 received two doses of the vaccine.

Lastly, 43,190 booster shots were administered.

Source: Government of Belize Press Office

Box 1.5 | A Chronology of Major COVID-19-Related Events (*continued*)



Q2-2022

19 May 2022

Genomic sequencing of positive COVID-19 swabs identified Omicron BA.2 as the predominant variant that was circulating in Belize.

20 May 2022

Since the start of the pandemic in March 2020, 677 persons died from COVID-19.

28 May 2022

The MOHW announced that Pfizer-BioNTech COVID-19 vaccines for children aged five to 11 arrived in Belize.

30 June 2022

At June end, COVID-19 cases soared to 4,523, nearly tripling the amount recorded in May 2022.



Q3-2022

12 July 2022

Genomic sequencing of 40 COVID-19 samples taken from 1 to 28 June 2022 confirmed that 100.0% were of the Omicron variant.

27 July 2022

The Government of India donated 10,000 doses of the AstraZeneca vaccine.

16 August 2022

To date, 53.0% (228,187) of the population had received one dose of the vaccine, while 50.9% (219,116) were fully vaccinated. About 26,726 Belizeans aged 12 to 17 had received two doses of the vaccine.

Meanwhile, 6,353 Belizeans aged five to 11 were fully vaccinated.

Lastly, 50,329 booster shots were administered.



Q4-2022

30 December 2022

The MOHW advised the public that COVID-19 cases rose from 69 in the first week of December to 271 between 19 to 27 December. Most of the cases were concentrated in the Belize district.

31 December 2022

In 2022, 91 persons died from COVID-19. This raised cumulative morbidities to 685 or 0.2% of the population since the onset of the pandemic in March 2020.

Source: Government of Belize Press Office







II. FINANCIAL SYSTEM OVERSIGHT

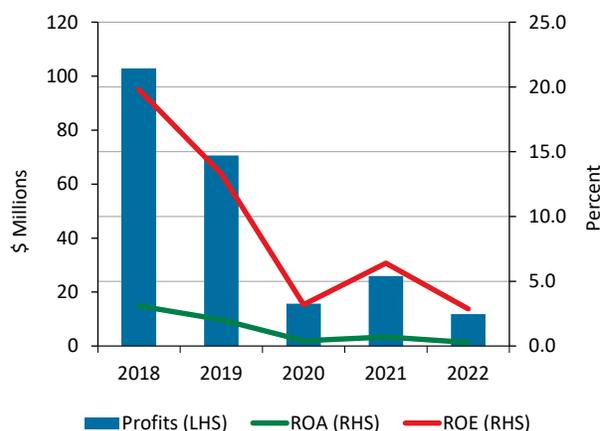
FINANCIAL SUPERVISION

The Central Bank conducts its oversight responsibility through continuous off-site surveillance and targeted onsite examinations of regulated financial institutions. The primary objective of this oversight function is to promote the safety, soundness, and efficiency of Belize’s financial system. In 2022, the Central Bank conducted thematic and risk-focused examinations on four domestic banks, two international banks, eight credit unions, one remittance service provider, and three moneylenders. These examinations evaluated each institution’s compliance with applicable laws, regulations, and prudential requirements. Examinations also focused on the impact of banks’ and credit unions’ forbearance measures implemented in response to the economic fallout from the COVID-19 pandemic.

DOMESTIC BANK PERFORMANCE

The domestic banking sector’s profitability fell by \$14.1mn or 54.4% to \$11.8mn in 2022, sliding below 2021’s rebound and 2020’s contraction after the onset of the pandemic. This sharp downturn in the sector’s profits was primarily due to a marked increase in provisions for loan losses after one domestic bank recorded an upsurge in non-performing loans (NPLs) as a number of large borrowers were severely impacted by the effects of the pandemic. Accordingly, domestic banks’ return on assets (ROA) and return on equity (ROE) fell from 0.6% and 5.7% in 2021 to 0.3% and 2.9% in 2022, respectively. After the COVID-19-related forbearance measures expired on 31 December 2021, the Central Bank initiated discussions with banks and credit unions regarding their exit strategies from loan moratoria arrangements, previously afforded to distressed

Chart 2.1: Profitability



borrowers to mitigate the adverse effects of the pandemic (see Box 2.1).

Credit growth accelerated as the economy continued to rebound, increasing by \$105.8mn (4.6%) to \$2,418.8mn, more than triple the \$34.9mn (1.5%) expansion in 2021. Lending growth was driven primarily by new disbursements for distribution (\$21.1mn), agricultural (\$15.7mn), and transport (\$6.6mn) activities.

Loan write-offs contracted sharply, down \$19.4mn or 53.2% to \$17.0mn in 2022, nearer to pre-pandemic levels. Loan write-offs decreased, following the sizeable debt cancellations associated with the sale of Scotiabank (Belize) Limited the year before. The sector’s NPLs rose by \$43.7mn (35.7%) to \$166.1mn in 2022 after forbearance measures had expired, and pre-COVID-19 provisioning and classification requirements were reinstated at the start of the year.

Notwithstanding, domestic banks’ NPLs (net of specific provisions) to total loans ratio (NPL ratio) strengthened from 2.8% in 2021 to 2.6% in

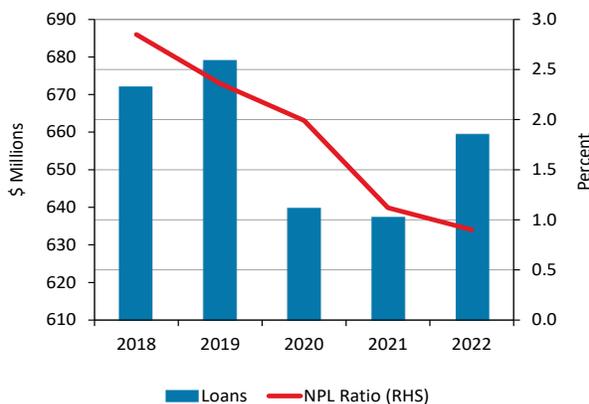
Box 2.1 | Update on Exit Strategies of Banks and Credit Unions

The Central Bank met with banks and credit unions individually to discuss their exit strategies from the forbearance measures as outlined in their diagnostic reports. After these discussions, the Central Bank carried out thematic assessments of the restoration process at banks and credit unions to assess whether their data were accurate and exit strategies were sound.

During 2022, banks and credit unions managed to unwind from the forbearance measures with limited adverse impact on their operations. In most cases, borrowers either resumed debt servicing based on previous contractual repayment terms, or sought to restructure their facilities at more accommodating repayment terms. In instances where borrowers showed no signs of recovery, financial institutions classified the loans as non-performing and expensed the required loan loss provisions.

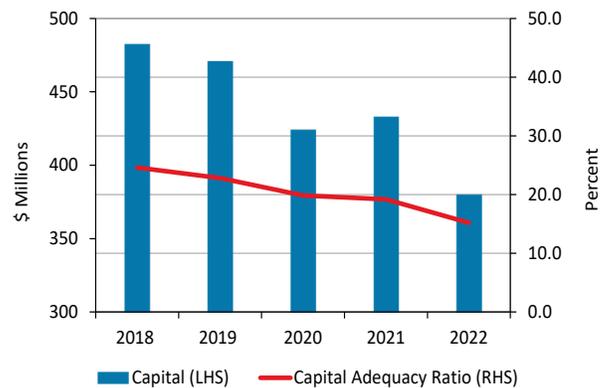
2022 and remained significantly below the 5.0% prudential benchmark.

Chart 2.2: Asset Quality



Domestic banks' aggregate capital reduced to \$379.4mn, reflecting a 12.4% or \$53.6mn decline in 2022, owing mainly to significant cumulative losses incurred by one bank. Also contributing to the sector's lower capital position was the implementation of new capital requirements, computed in accordance with the Basel II/

Chart 2.3: Capital and Capital Adequacy Ratio

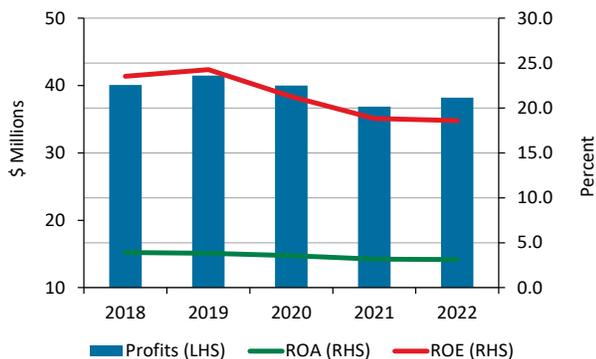


III Capital Framework for banks, starting on 1 January 2022. In addition to credit risk, the new framework considers banks' operational and market risks. As a result, the sector's capital adequacy ratio (CAR) fell from 19.2% in 2021 to 15.0% in 2022. Notwithstanding, all banks maintained a CAR above the minimum regulatory requirement of 9.0%.

CREDIT UNION PERFORMANCE

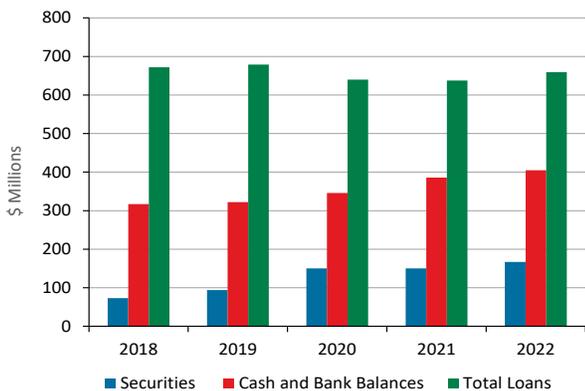
After two consecutive years of decline, the credit union sector's profits increased by \$1.7mn to \$38.2mn in 2022, owing to an upswing in interest income and a reduction in provision expenses. Notably, the largest credit union accounted for \$24.3mn or 63.7% of the sector's profits. With this turnaround, the sector's ROA and ROE remained stable relative to the previous year.

Chart 2.4: Profitability



The credit union sector's asset base, primarily comprising loans, further expanded, rising by \$65.5mn or 5.5% to \$1,254.7mn and outpacing the 4.2% increase in 2021. This result was mainly due to increases in loans (\$22.0mn), cash and bank balances (\$19.4mn), and investments (\$16.9mn),

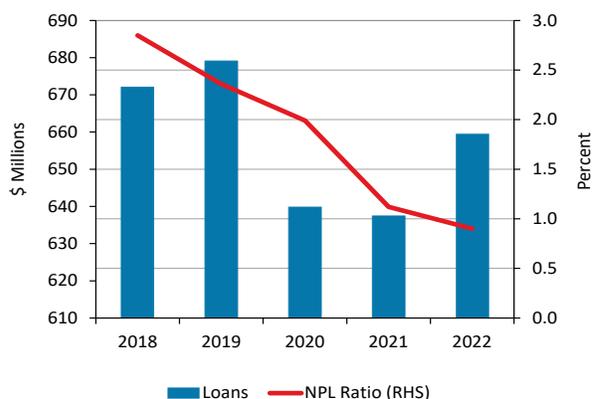
Chart 2.5: Asset Base



including debentures that were issued by a utility company.

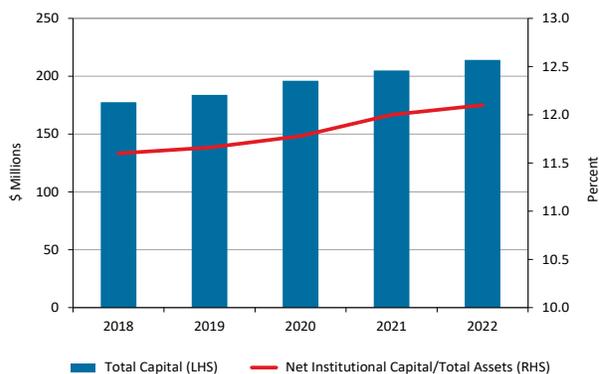
Write-offs of \$4.3mn in 2022, against personal (\$1.5mn), construction (\$1.3mn), and real estate (\$0.7mn) loans, were less than one-third of the \$14.7mn recorded in 2021. A marginal \$0.1mn reduction in total NPLs combined with the modest loan expansion in the denominator led

Chart 2.6: Asset Quality



to a slight improvement in the sector's NPL ratio from 1.1% in 2021 to 0.9% in 2022. Furthermore, all eight credit unions maintained an NPL ratio below the 5.0% prudential benchmark, including one with reportedly no NPLs.

Chart 2.7: Total Capital and Net Institutional Capital Ratio



The industry’s capital grew by \$8.6mn (4.2%) to \$214.0mn in 2022, marginally below the \$8.8mn expansion in 2021. Increased profit transfers to both reserves and retained earnings contributed to this outcome. Despite the growth in total capital, the net institutional capital to total assets ratio (NIC ratio) remained relatively stable, rising slightly from 12.0% in 2021 to 12.1% in 2022. Moreover, all credit unions maintained their NIC ratio above the 10.0% regulatory requirement, except for one.

INTERNATIONAL BANK PERFORMANCE

The international banking sector’s profitability decreased by US\$0.8mn (58.4%) to US\$0.6mn in 2022 after bouncing back in 2021 from a significant pandemic-related decline in 2020. The weakened outcome resulted from higher provision expenses, which rose sharply from US\$0.1mn in 2021 to US\$1.5mn in 2022 because of one bank’s write-off of several sizeable credit facilities. With only one of three licensed international banks remaining profitable this year, the sector’s ROA contracted from 0.7% in 2021 to 0.3% in 2022, while the ROE fell from 3.6% in 2021 to 1.4% in 2022. Notwithstanding the deteriorating financial

Chart 2.8: Profitability

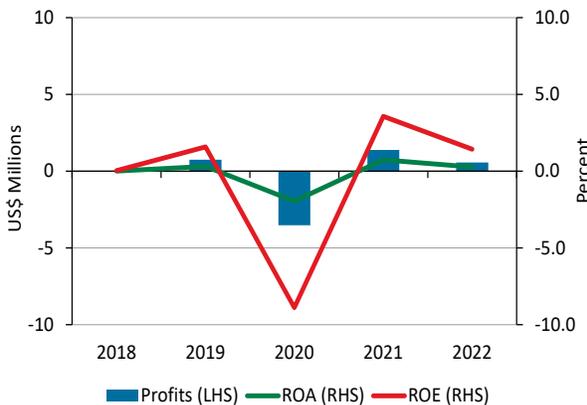
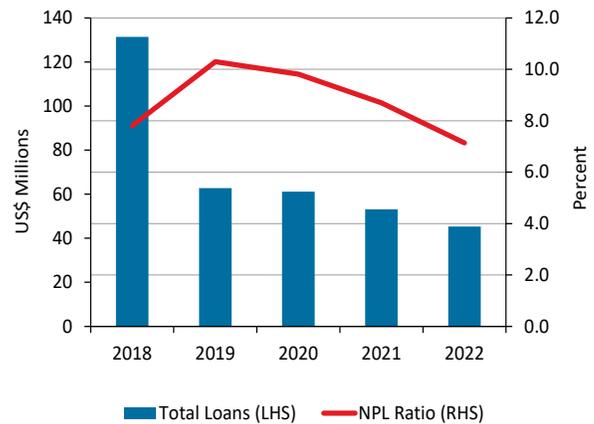


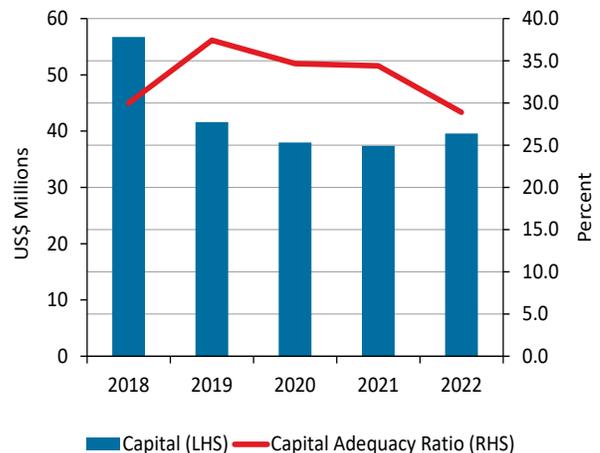
Chart 2.9: Asset Quality



performance, the industry’s NPL ratio improved, shrinking from 10.2% in 2021 to 7.1% in 2022 but still exceeding the 5.0% prudential benchmark. The improvement in the sector’s NPL ratio was primarily attributed to reduced NPLs, following the substantial write-offs made, as the sector’s loan portfolio contracted by US\$7.7mn (14.6%) to US\$45.4mn in 2022.

The international banking sector’s capital position also strengthened, up US\$2.2mn (5.8%) to US\$39.6mn in 2022, ending several consecutive years of capital erosion dating back to 2018.

Chart 2.10: Capital Adequacy Ratio



This modest rebound resulted from one bank's profit transfers to its legal reserves and retained earnings. Nevertheless, the sector's CAR reduced modestly from 34.4% in 2021 to 28.9% in 2022, following the implementation of the new capital computation under the Basel II/III Capital Framework for banks. However, the sector's CAR more than doubled the 10.0% regulatory requirement at this level.

AML/CFT COMPLIANCE

The Central Bank continues to ensure that an effective anti-money laundering and combating the financing of terrorism (AML/CFT) function is maintained by regulated institutions, and that the Board-approved internal AML/CFT compliance programme adheres to the highest AML/CFT international standards.

With the easing of COVID-19 restrictions, the Central Bank resumed onsite examinations in 2022. Five AML/CFT examinations were conducted—one each for a domestic bank, an international bank, a credit union, a moneylender, and a remittance service provider. Thematic desk reviews were also conducted on six moneylenders. Meanwhile, offsite supervision exercises continued to be performed to ensure compliance with the legal requirements. Furthermore, one domestic bank was provided AML/CFT training to sensitise its staff on AML/CFT requirements when undertaking a correspondent banking relationship and to discuss the money laundering and terrorist financing risks arising from correspondent banking relationships.

The internal AML/CFT compliance function was strengthened by participating in a Financial Action Task Force Implementation Project, which

resulted in the updating of the Board-approved Central Bank of Belize Anti-Money Laundering/Combating the Financing of Terrorism and Proliferation Policy Manual (AML/CFT Policy Manual) to better align with the Financial Action Task Force Recommendations.

Due diligence reviews were conducted on an ongoing basis to identify, assess, and mitigate risks arising from various transactions. One hundred fifty-one customer due diligence and 35 enhanced due diligence reviews were conducted to ensure that business relationships between foreign legal or natural persons and the Government were safely managed. The Central Bank also conducted enhanced due diligence on 84 source of funds declarations, valued at US\$114.6mn, deposited for transshipment on behalf of three domestic banks.

To prepare for the 2023 Caribbean Financial Action Task Force Fourth Round Mutual Evaluation exercise, the Central Bank, in collaboration with other supervisory and law enforcement agencies, participated in various projects to strengthen Belize's AML/CFT compliance regime. These ongoing projects were of national importance and included: (i) the National Financial Inclusion Strategy (NFIS), (ii) the updating of Belize's National Risk Assessment (NRA), and (iii) the Caribbean Financial Action Task Force (CFATF) Self-Assessment Exercise.

To align with the objectives of the NFIS, a Simplified Customer Due Diligence Guidelines was drafted and issued for consultation with the private sector. The new guidelines will allow for a more effective risk-based approach to customer

due diligence within the financial system and assist with providing access to an adequate range of safe, convenient, and affordable financial services to disadvantaged and other vulnerable groups.

The updating of the NRA is led by the National Anti-Money Laundering Committee (NAMLC) and coordinated by the Financial Intelligence Unit. The Central Bank participated and led several working groups to carry out the update. The Central Bank serves as chair for the Banking Sector, Other Financial Institutions, and Financial Inclusion working groups and as co-chair for the National Vulnerability Assessment, Other Financial Institutions, and Financial Inclusion working groups. The process includes evaluating how vulnerable the financial and private sectors are to money laundering, identifying the controls and weaknesses in the criminal justice system, assessing the efficacy of AML/CFT preventative measures, and allocating resources in accordance with the level of risk. Updating the NRA is an ongoing effort that will assist Belize in identifying country risks and weaknesses and implementing measures to address deficiencies.

The CFATF Self-Assessment Exercise is a multi-organizational effort to assess whether Belize's AML/CFT regime is aligned with the FATF Recommendations and evaluate the effectiveness of the AML framework. This exercise allowed supervisory authorities to address weaknesses in its supervisory framework in preparation for the CFATF Fourth Round Mutual Evaluation.

REGULATORY AND SUPERVISORY PROJECTS

Basel II/III Capital Framework for Banks

The Central Bank bolstered its regulatory and supervisory regime by updating the capital framework for banks operating in Belize. With assistance from the Caribbean Regional Technical Assistance Centre (CARTAC), the Central Bank issued additional risk management guidelines, establishing new benchmarks for the banking industry.

The issuance of the Internal Capital Adequacy Assessment Process (ICAAP) Guideline was one product of this exercise. The ICAAP Guideline, along with the risk management guidelines (on liquidity, credit risk, operational risk, interest rate risk, and stress testing), now form the basis for assessing an institution's risk profile. Banks are required to submit their first ICAAP Report for supervisory review by the end of the second quarter of 2023. In the future, the ICAAP Report will be submitted annually and become a key element of the annual supervisory dialogue.

Furthermore, banks will also need to comply with new disclosure requirements to promote transparency and enhance the safety and soundness of the system. In addition, the updated framework will provide the public with crucial information to make well-informed financial decisions.

Risk-Based Supervision

During the year, the Central Bank advanced the implementation of its effective Risk-based Supervision (RBS) Framework. A pilot exercise for the risk profiling of institutions was conducted after developing the RBS Framework and

adopting the RBS Matrix and the Risk Assessment Document, utilising technical assistance and training from CARTAC.

In the near term, the Central Bank intends to publish its RBS Framework, revise Practice Direction No. 6: Corporate Governance (issued under the Domestic Banks and Financial Institutions Act), and pursue further technical assistance and training to strengthen its institutional capacity.

International Financial Reporting Standard 9

The Central Bank successfully completed the third and final phase of the International Financial Reporting Standard 9 (IFRS 9) Implementation Project in the banking sector on 31 December 2022. The Central Bank evaluated the comprehensiveness of banks' expected credit loss models, validation methodologies, and reports. In addition, the Central Bank assessed the adequacy of banks' actions to address recommendations to improve their models. On 31 December 2022, all banks complied with IFRS 9 accounting principles for classifying and measuring financial assets and liabilities.

Technology Risk Management Framework

The advancement of information technology has brought about rapid changes to the way business and operations are conducted in the financial sector. As new digital services are introduced, cybersecurity risks have increased. It is, therefore, incumbent on financial institutions to fully understand the technology risks inherent in their services and operations.

Against this backdrop, the Central Bank, in collaboration with the Information Technology

Technical Working Group of the Caribbean Group of Banking Supervisors, developed a Technical Risk Management Framework (TRMF). Subsequently, the TRMF was shared with financial institutions as part of the consultation process. This framework encourages financial institutions to (i) establish robust technology risk management structures, (ii) protect customer data, transactions, and systems, and (iii) strengthen system security, reliability, and resilience.

Box 2.2 | The Amalgamation of Evangel Credit Union with Holy Redeemer Credit Union

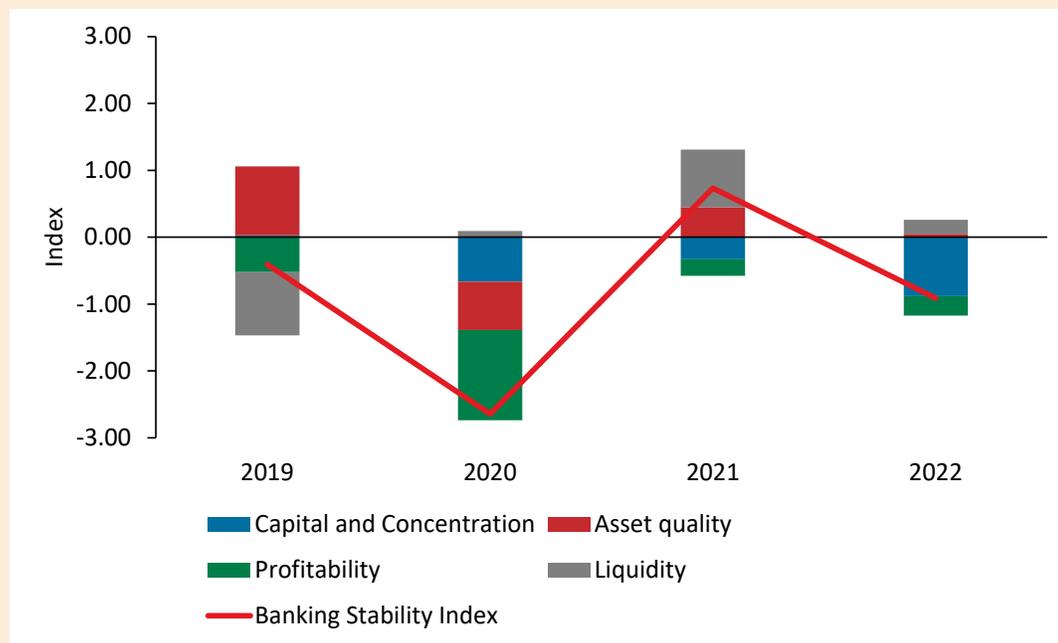
The Evangel Credit Union Limited (ECU) requested the Central Bank's support to amalgamate and transfer its engagements to a viable credit union to minimise any potential adverse impact on members' deposits. On 1 October 2022, ECU successfully transferred its engagements to the Holy Redeemer Credit Union Limited, in accordance with section 63 (2) of the Credit Unions Act. Upon transfer, all former members of ECU became members of Holy Redeemer Credit Union Limited on 3 October 2022. Later, on 7 December 2022, ECU was dissolved, and its registration was cancelled.

Box 2.3 | The Banking Stability Index

Financial system stability is a key responsibility of the Central Bank. A well-functioning financial system supports economic activity by pooling and mobilising savings for productive use, providing information on existing and potential investment opportunities, improving corporate governance, and facilitating trading, diversification, and risk management (International Monetary Fund, 2019). Bitetto et al. (2023) found that a well-functioning financial system can act as an engine of growth by providing: (a) efficient maturity and liquidity transformation, (b) credit origination, and (c) other financial services. Typically, the Central Bank uses various tools to monitor the current financial health and soundness of the financial system.

The Banking Stability Index is one of these tools employed to support the Central Bank's macroprudential analysis. The Index monitors the aggregate soundness of deposit-taking institutions¹ (DTIs), using a weighted average of a normalised set of financial soundness indicators² (FSIs). This normalisation process involves converting the FSIs into a standardised scale, facilitating consistent and comparable measurements across different DTIs over time. In conducting the analysis, higher index values indicate increased soundness and stability across DTIs, while lower index values suggest greater vulnerability among DTIs.

Chart 2.11: Capital Adequacy Ratio



¹ Deposit-taking institutions in Belize entail domestic banks, international banks, and credit unions.

² Financial Soundness Indicators compiled for Belize follows the 2019 Financial Soundness Indicators Compilation Guide. These FSIs were selected to represent different aspects of financial strength and stability for DTIs.

Box 2.3 | The Banking Stability Index (*continued*)

The banking stability index indicated a worsening of financial soundness for DTIs in 2022, declining from 0.5 at the end of 2021 to -0.6 at the end of 2022. This outcome resulted because of a deterioration in domestic banks' asset quality, profitability, and capital adequacy, caused by an increase in NPLs after debt service payment moratoriums, instituted in response to the COVID-19 outbreak, expired on 31 December 2021. At the same time, international banks' liquidity contracted on account of a reduction in their foreign assets, while credit unions reduced their holdings of short-term investments.

An analysis of the four core financial indicators subindices follows:

1. Asset quality, which measures the credit worthiness of loans and other assets held by DTIs, declined in 2022, following a substantial \$43.7mn rise in NPLs for domestic banks. More specifically, adversely classified loans for domestic banks totalled \$166.1mn in 2022 compared to \$115.2mn in 2021. NPLs were concentrated in the tourism (\$22.0mn), transportation (\$15.5mn), and residential building and construction (\$11.2mn) industries. In contrast, international banks recorded a marked \$9.1mn decline in NPLs, while credit unions' amounts dipped by only \$0.1mn.
2. Profitability, which captures earnings from DTIs' operations, weakened due to a reduction in net profits in 2022. This result occurred due to the build-up in NPLs, which increased DTIs' loan provisioning costs. Compared to 2021, provisioning expenses for domestic banks, international banks, and credit unions rose by \$15.0mn, \$2.0mn, and \$1.3mn, respectively.
3. Capital and concentration, which measures DTIs' ability to cover unexpected losses, deteriorated in 2022, largely attributable to net income losses by some DTIs. In particular, the Tier 1 capital of domestic banks lessened, as two institutions recorded net income losses, which then eroded their capital position.
4. Liquidity, which gauges the institutions' ability to meet their short-term obligations, contracted in 2022, particularly for international banks and credit unions. While international banks' liquidity fell with a reduction in their foreign balances abroad, credit unions' liquidity dropped as the maturity profile of their investment portfolio lengthened during the year. Moreover, domestic banks' liquidity position improved on account of a rise in customer deposits, thereby softening the overall decline.

Box 2.3 | The Banking Stability Index (*continued*)

The downturn in Belize’s banking stability index highlighted some of the challenges DTIs faced in 2022, triggered by an elevation in credit risk after the onset of COVID-19. DTIs became more vulnerable as the growth in NPLs weakened their profitability and capital adequacy metrics. However, DTIs remained strong as most of their financial indicators stood well above regulatory benchmarks. Looking forward, continuous monitoring and evaluation of the soundness of DTIs will be crucial in maintaining financial system stability and supporting the financial well-being of Belize.

References

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International Monetary Fund. (2019). *Financial Soundness Indicators Compilation Guide 2019*. Retrieved from <https://www.imf.org/-/media/Files/Data/2019/2019-fsi-guide.ashx>.





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III. CENTRAL BANK OPERATIONS

GOVERNANCE

The Central Bank of Belize Act, 2020 (the Central Bank Act) prescribes the framework for the governance of the Central Bank. The Central Bank Act provides for the Governor-General, on the advice of the Prime Minister, to appoint the Governor. The Minister of Finance appoints the Board of Directors (the Board), comprising three *ex officio* members—the Governor, a Deputy Governor, and the Financial Secretary—and not less than three nor more than four other members. Appointed members are drawn from diverse backgrounds and selected based on their competencies and qualifications, particularly in finance, accounting, economics, and law.

The Board is the policy-making organ of the Central Bank. The responsibility of the governing body is to (i) oversee compliance with all legal requirements regarding the Central Bank's regulatory roles, (ii) set strategy and budget, (iii) make critical decisions on resourcing and

appointments, and (iv) review the performance and financial management of the organisation. The Governor is the chief executive officer of the Central Bank and, subject to the general policy decisions of the Board, is responsible for the strategic direction, management, and day-to-day operations of the Central Bank.

Membership

There was one change in Board membership during the year. On 1 September 2022, the Minister of Finance appointed Mrs. M. Laetitia Murillo as Deputy Governor, Research, Supervision, and Compliance Division. In addition, the members selected Mrs. Murillo to serve as an alternate Deputy Governor on the Board.

Meetings

The Board convenes at least 10 meetings per year on dates designated by the Chairman. A quorum of three members, one of whom must be the Governor or a Deputy Governor, is required



Board of Directors: Seated from Left to Right: Sol Espejo-Molina, M. Laetitia Murillo, Hollis Parham, Kareem Michael, Sydney Campbell, Joseph Waight, Giacomo Sanchez, Sheree Smiling Craig, and Neri Matus

Table 3.1: Period of Appointment in 2022

Member	Position	Appointment Period
Mr. Sydney Campbell	Executive Chairman	January to December
Mr. Joseph Waight	Vice-Chairman/Financial Secretary (<i>ex officio</i>)	January to December
Mr. Giacomo Sanchez	Member	January to December
Mrs. Neri Matus	Member	January to December
Mrs. Sol Espejo-Molina	Member	January to December
Mr. Kareem Michael	Governor (<i>ex officio</i>)	January to December
Mr. Hollis Parham	Deputy Governor (<i>ex officio</i>)	January to December
Mrs. M. Laetitia Murillo	Deputy Governor (alternate)	September to December

for each Board meeting. Decisions are made by majority votes, with the Chairman casting a second if votes are equal.

In 2022, the Board met 12 times, during which consideration was given to 35 board-decision papers and 51 information papers. All meetings were held at the Central Bank building in Belize City.

Conduct of Board Members

Members must satisfy general qualification conditions for Directors, pursuant to Section 15 of the Central Bank Act. Section 18(1) also prohibits Board members from disclosing information acquired in exercising their functions. Each Board member must also comply with a Code of Conduct, which addresses Board members' commitment to:

- Discharge their duties with care and diligence;
- Act in good faith and in the best interest of the Central Bank;
- Not use their position to benefit themselves or any other person, or to cause detriment to the Central Bank or any person;
- Not use any information obtained by virtue of their position to benefit themselves or any

other person, or to cause detriment to the Central Bank or any person; and

- Declare any material, personal interest where a conflict arises with the interests of the Central Bank.

Standing Committees

The Central Bank employs standing committees to consider and oversee actions within their mandates and propose policies pertaining to their functional areas to the Board. New policies or tasks are then cascaded to work programmes of respective units or departments.

Audit Committee

The Central Bank's Audit Committee (the Audit Committee) is a subset of the Board. In 2022, the Audit Committee comprised the following members: (i) two non-executive board members—Chairman, Mr. Giacomo Sanchez and member, Mrs. Neri Matus; and (ii) one executive board member—Deputy Governor, Financial Services, Mr. Hollis Parham. In addition, the Chief Internal Auditor, Mr. Benedict Terry, served as secretary.

Table 3.2: Standing Committee Meetings in 2022

Committee	Chair	Mandate	Meetings
Audit	Mr. Giacomo Sanchez Director of the Board	To assist the Board in overseeing and providing strategic direction for managing the Central Bank's operations	8
Investment & Reserve Management	Mr. Kareem Michael Governor	To define the operational framework for reserve management activities, including the execution of the investment strategy in accordance with the Central Bank's investment policy	19
Pension Scheme	Mr. Hollis Parham Deputy Governor	To ensure the daily financial and administrative operations of the pension plan by implementing adequate means to protect the benefits of the plan's members and to conserve and enhance pension fund assets	4
Capital Projects	Mr. Hollis Parham Deputy Governor	To provide broad oversight for significant projects	4
Disposal	Mr. Hollis Parham Deputy Governor	To make recommendations for the disposal of the Central Bank's assets and property	2

The Audit Committee assisted the Board in overseeing and providing strategic direction for managing the Central Bank's operations by:

- Providing assurance to the Board that adequate arrangements are in place to track the Central Bank's exposure to material risks across its operations, and that there are regular and reasonable reporting of risk exposures;
- Approving the Internal Audit Department's (IAUD's) annual risk-based work plan and assessing its performance against the approved plan;
- Reviewing the effectiveness of the IAUD, emphasising conformance with The Institute of Internal Auditors' International Standards for Professional Practice of Internal Auditing;
- Informing the Board of material findings and salient recommendations of audits and other activities;

- Reviewing all significant concerns with management and the external auditors, including litigation, contingencies, claims or assessments, and all material accounting issues affecting the financial and operational conditions of the Central Bank; and
- Reviewing the Central Bank's audited financial statements and letter of recommendation with the external auditors before Board submission.

Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to improve and add value to the Central Bank's operations. This function helps the Central Bank to accomplish its objectives by employing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The IAUD

is guided by the profession's Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Central Bank's Internal Audit Charter.

Altogether, the IAUD conducted 34 engagements, comprising audits, ad hoc investigations, and real-time observations across business units within the Central Bank.

The IAUD completed audit engagements on:

- Management of foreign reserve investments;
- Compliance with the legal and regulatory requirements of the Central Bank Act;
- Compliance with the Anti-Money Laundering and Terrorism Prevention Act;
- Liquidation of licensed international banks;
- Management of the Emergency Business Support Program operated by the COVID-19 Financing Limited;
- Operations of the Information Technology Department's (ICTD's) network infrastructure and backup and recovery controls;
- Adherence to the Society for Worldwide Interbank Financial Telecommunications (SWIFT) Customer Security Controls;

- Compliance with international payment processes procedure;
- Operations of the National Payment System;
- Compliance with the Research Department's Annual Work Plan; and
- Adherence to the procure-to-payment process.

In addition, the IAUD observed and monitored real-time critical activities, including:

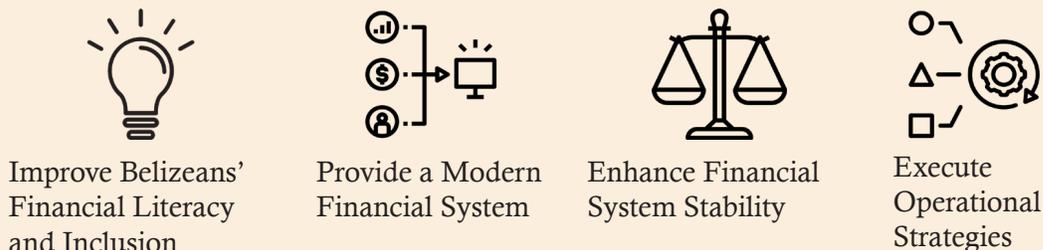
- Treasury functions, including government securities auctions and account reconciliations;
- Local currency activities, comprising shipment, stocktake, verification, and destruction; and
- Foreign currency activities, including packing and remittance.

Furthermore, the IAUD conducted surprise verification exercises of cash accounts, as well as inventories of security weapons and ammunition. Results from these activities were communicated to senior management and the Audit Committee.



Box 3.1 | A Summary of the 2018-2022 Strategic Cycle

The Central Bank met 70.0% of the key objectives it initiated from its 2018-2022 Strategic Plan. The 2018-2022 Strategic Plan comprised 20 strategic objectives supported by four major strategic themes, namely:



The Central Bank actioned 13 objectives through 24 projects and initiatives, which were overseen and monitored by the Office of Strategy Management. This strategic cycle was met with a changing environment and unexpected challenges, mainly due to the COVID-19 pandemic. In response, the Central Bank reassessed its priorities, suspended several project activities, and adjusted target dates for several tasks. In so doing, the Central Bank achieved and progressed the strategic objectives in this cycle. A summary of key activities and performance outcomes for each of the four strategic themes follows.

Theme One: Improve Belizeans' Financial Literacy and Inclusion



The Central Bank recognises the positive impacts of financial inclusion on economic growth and financial stability. Key activities focused on financial literacy and inclusion, which complemented the Central Bank's objectives of stability and integrity of the financial system. To further accelerate financial inclusion efforts, the Central Bank led the launch of a National Financial Inclusion Strategy (NFIS) in 2019, with the vision that "every individual and enterprise in Belize is equipped to make full use of accessible, quality, and affordable financial services."

Table 3.3: Theme One

Objectives	Key Activities	Performance Outcomes
Optimise Financial Literacy and Inclusion	Increased the number of school-aged children receiving financial education training as part of the curriculum	Assisted in making financial education an integral component of the revised national primary and secondary school curriculum
	Facilitated financial education training for instructors from four government-run high schools. The course is accredited for 12 continuing professional development hours	Trained 150 teachers in instructor-led workshops. The course is now available via the Teacher Learning Institute

Box 3.1 | A Summary of the 2018-2022 Strategic Cycle (*continued*)

Table 3.3: Theme One (*continued*)

Objectives	Key Activities	Performance Outcomes
Optimise Financial Literacy and Inclusion (<i>continued</i>)	Collected demand-side data for priority groups by district, urban/rural, gender, and micro-, small-, and medium-sized enterprises (MSMEs) in collaboration with the SIB	Collected and analysed relevant demand-side data for 2019 and 2020
	Created an instrument for collecting disaggregated supply-side data from financial institutions by district, urban/rural, gender, and MSMEs	Collected and analysed relevant supply-side data for 2020 and 2021
	The NFIS Technical Secretariat convened task force meetings and ensured public-private collaboration and participation	Held 40 task force meetings to coordinate and consult on priority actions
Increase Communication and Education	Updated the Central Bank's website with a vision to include and educate the public, increasing users' interactivity over time	Completed 100.0% of this activity with the launch of the new website on 30 September 2022

Theme Two: Provide a Modern Financial System



The Central Bank continued to develop and implement regulatory and supervisory policies to promote the safety, soundness, and stability of financial institutions and infrastructures in Belize. The overarching goal is to provide a modern financial system, utilising contemporary technology, supported by a modern legal framework.

Theme Three: Enhance Financial System Stability



The Central Bank recognises that a stable financial system creates a favourable environment for depositors and investors, encourages efficient financial intermediation and effective functioning of markets, and promotes investment and economic growth. These goals were achieved through enhanced surveillance of markets and financial institutions, oversight of the payments system, and crisis resolution.

Box 3.1 | A Summary of the 2018-2022 Strategic Cycle (continued)

Table 3.4: Themes Two and Three

Objectives	Key Activities	Performance Outcomes
Increase Financial Systems' Modernity and Stability	Initiated a deposit insurance scheme and drafted a deposit insurance bill to encourage confidence and trust in the financial system	The National Assembly enacted the Deposit Insurance Act in 2020
	Developed the interbank market operations regulations through rules of interbank money market and central securities depository system. As the central securities depository, the Central Bank will hold, manage, and settle payments of securities	Completed 90.0% of the National Payment System Regulations in 2022
	Engaged the World Bank to provide technical assistance for developing a fast payment solution	Completed a concept paper to prepare for the implementation of the solution
Improve Access to Credit	Initiated a credit reporting system project to promote fair and transparent credit services among financial institutions, ensuring that policies support consumer rights and inspire community investment	Developed a Credit Reporting Bill that is in the final stages of parliamentary approval
Execute Strategic Legislation	Drafted the securities industry legislation to safeguard investors from fraudulent, unfair, or improper practices, promote fair and efficient operations, and build confidence in Belize's capital market	The National Assembly enacted the Securities Industry Act in 2021
Increase Access to Other Financial Systems	Commenced integration of Shared Services Network Limited as an operator of credit unions with direct participation in the Automated Payment and Securities Settlement System (APSSS)	Completed 90.0% of the integration, with go-live planned for May 2023

Box 3.1 | A Summary of the 2018-2022 Strategic Cycle (continued)

Theme Four: Execute Operational Strategies



The Central Bank focused on strategies that aimed at promoting innovation, implementing change, and responding to the needs of its stakeholders. Key activities examined and increased the efficiency of access to foreign exchange, optimised financial management and accountability, and strengthened knowledge creation activities for informed decision-making.

Table 3.5: Theme Four

Objectives	Key Activities	Performance Outcomes
Strengthen Central Bank Compliance	Developed and implemented a payment system oversight framework and engaged in capacity building to safeguard and promote efficiency through monitoring existing and planned payment systems	Instituted an effective oversight payment system framework
	Implemented the FATF recommendations to tackle money laundering, terrorist financing, and the financing of proliferation of weapons of mass destruction	Instituted a comprehensive framework following FATF recommendations
	Developed bank and credit union resolution tools to safeguard the public's interest, including the continuity of the Central Bank's critical functions	Structured bank and credit union resolution framework
Strengthen Financial Institution Compliance	Revised the existing capital framework for banks to align with international standards set by the Basel Committee on Banking Supervision	Implemented a comprehensive Basel II/III framework
	Completed the implementation of the IFRS 9 framework in the banking sector, which enhanced the classification and measurement of financial assets and liabilities	Attained 100.0% bank compliance with the IFRS 9 standards
Strengthen Financial Institution Supervision	Encouraged a risk-based compliance approach, where improved institutional capabilities and services produced benefits for financial institutions and their customers	Strengthened the infrastructure for supervision and regulation

Box 3.1 | A Summary of the 2018-2022 Strategic Cycle (continued)

Table 3.5: Theme Four (continued)

Objectives	Key Activities	Performance Outcomes
Protect the Pegged Foreign Exchange Rate	Conducted monetary policy to build the gross international reserves and kept the external asset ratio above its legal threshold	Increased the merchandise import cover and external asset ratios
	Maintained the pegged rate and ensured a fair and transparent method for access to foreign currency	Maintained the parity of the Belize dollar and reduced the time and resources taken to provide public access to foreign currency and issue decisions on exchange control requests, mainly through the digitisation of various internal processes
Increase Actionable Research and Innovation	Empowered a research and development culture and environment to improve the Central Bank's ability to evaluate and innovate tools and policies	Completed several research papers, while actively participating in a number of local and regional research forums
	Improved the recording and monitoring of the Public Sector's debt obligations	Implemented a new version of the Commonwealth Debt Recording Management System called the Meridian
Improve Cost Effectiveness	Carried out functions and operations while managing resources efficiently and effectively	Decreased recurrent expenditure by 5.0%
Build Organisation Infrastructure	Instituted control systems, structures, and policies to improve organisational performance and life	Conducted a climate survey, revealing an 80.0% employee satisfaction rate. Executed a collective bargaining agreement for staff, which offered new and improved benefits

As the Central Bank enters its 2023-2027 strategic cycle, the new strategies will build on the achievements of the previous cycle, focusing on strengthening monetary and financial system resilience, building strategic partnerships, and achieving excellence in operating performance. While the themes and objectives continue to evolve, the Central Bank remains committed to serving the people of Belize.

ADMINISTRATION

Human Resources

Human resource activities focused on labour relations, employee relations, training and development, and staffing while ensuring a COVID-19-safe work environment. These undertakings aimed to foster a highly engaged, motivated, and satisfied workforce, while strengthening staff's technical and managerial competencies.

40th Anniversary

The Central Bank celebrated its 40th Anniversary under the theme, "Celebrating 40 Years: Redefining Strategy, Promoting Monetary Policy, Maintaining Economic Stability." Several activities were undertaken during the year to mark this milestone. A community outreach initiative was held at the HelpAge Belize Sister Cecilia Home for the elderly. Staff spent one Saturday serving and pampering the residents of the Sister Cecilia Home. Later in the year, a Thanksgiving and Reflection Service was held at the Central Bank to celebrate its steadfast contributions to Belize. A highlight of the year's events was a donation of \$85,000.00 to six local agencies to

support their valuable work in assisting Belizeans affected by Hurricane Lisa. The recipients included the Ministry of Education, Science, and Technology; Belize Red Cross; Belize City Council; Salvation Army Belize; Dorothy Menzies Child Care Centre; and Hand in Hand Ministries. The final item was a grand Christmas party to recognise and celebrate the Central Bank's achievements over the last four decades.

Employee Recognition Ceremony

A special Employee Recognition Ceremony was held to honour long-standing staff members. The Central Bank recognised and rewarded 27 employees who reached years-of-service milestones between 1 July 2021 and 30 June 2022. Several long-service awards were issued to employees: nine for 10 years of service; eight for 15 years of service; four for 20 years of service; one for 25 years of service; three for 30 years of service; and two for 35 years of service.

Labour Relations

The Central Bank and the Christian Workers' Union held a series of meetings that concluded with the signing of a new Collective Bargaining

Figure 3.1: Employee Recognition Ceremony



Figure 3.2: Central Bank Staff at Sister Cecilia Home



Agreement in July 2022 to improve staff benefits. The Collective Bargaining Agreement was retroacted to 1 January 2022 and will span for three years, ending on 31 December 2024. The Christian Workers' Union represented the general and security staff, both of which were covered in the Agreement.

Training and Development

Across departments, staff strengthened their technical competencies by participating in various in-house, local, and overseas training sessions. Overseas courses were offered by the Federal Reserve (Central Banking Seminar); the Center for Latin American Monetary Studies (CEMLA) (Forum on Document and Archives Management); Banco de México, and the Bank for International Settlements (Central Bank Foreign Currency Operations Forum).

Staff from the Supervision Department benefitted from two in-country training exercises. The

courses were conducted by CARTAC and focused on RBS and IFRS 9. A workshop on Data Analysis and Machine Learning for Financial Inclusion in Belize was facilitated by the IDB for economists in the Research Department and officers from the Office of Strategic Management and the SIB.

Staff from the Research Department as well as the Compliance and Financial Stability Units benefitted from virtual trainings conducted by:

- CEMLA (remittances and migration),
- CARTAC (bank solvency stress test), and
- FATF and the CFATF (mutual evaluation assessor training).

A number of employees completed numerous specialised online courses, which were facilitated by providers, including: Coursera, ISACA, the Commonwealth Secretariat, Digital Frontiers Institute, edX, IMF Institute, Udemy, and KESDEE. SWIFT training was provided to staff from the Banking, Currency, and Investment and

the Accounts and Budget Departments; SWIFT alternates from the Supervision and Research Departments; and non-operational SWIFT users from the Internal Audit Department and Compliance Unit.

Furthermore, employees earned certification in various specialised areas. Two officers from the Human Resources Department were recognised as Certified Professionals by the Society for Human Resource Management. One officer from the Compliance Unit was certified in anti-money laundering. One officer from the Accounts and Budget Department achieved certification in procurement operations.

Employees from ICTD, IAUD, and the Administration Department, as well as from the Office of Strategy Management benefited from the Advanced Strategic Project Leadership and Coaching Development training facilitated by the

IDB. Also, a Grade III Security Officer attended the Belize Defence Force’s Military Intelligence and Investigative Analysis trainings, while six other Grade III Security Officers completed a Defensive Driving course.

The Compliance Unit delivered two trainings to staff titled the “Central Bank of Belize’s Customer Due Diligence Procedures” and the “Customer Risk Assessment Guidelines.” In addition, the ICTD continued its mandatory cybersecurity awareness training for all employees, building phishing awareness within the organisation. The Research Department trained eight staff from the National Bank of Belize on the delegated responsibilities and reporting requirements of an Authorised Dealer for exchange control purposes.

Staffing and Employee Relations

The Central Bank’s staff complement summed to 206 persons at year end. During the year, eight

Figure 3.3: Workshop on Data Analysis and Machine Learning Facilitated by the IDB



Figure 3.4: In-house Training for the National Bank of Belize Limited



new employees joined the Central Bank, while 14 employees left its employ. Additionally, three persons retired and one dedicated employee passed away unexpectedly. Consequently, the Central Bank's turnover rate increased to 8.3% in 2022 compared to 4.7% in 2021. Notwithstanding, there were 13 promotions: one to the Senior Management level; two to the Professional I grade; six to the Professional II grade; two to the Security Officer I grade; and two to the Senior Auxiliary grade.

Community Service and Staff Club Activities

In 2022, the Central Bank continued its pro-social initiatives. In particular, the Central Bank facilitated internships for nine university and junior college students and one high school student to help meet their graduation requirements. In addition, 11 students pursuing bachelor and associate degrees were hired under the Summer Employment Programme. The programme helped the beneficiaries to develop

new skills and gain practical work experience supporting their career goals. The Central Bank also donated to the Belize Kidney Association, Belize Cancer Society, and the Salvation Army as part of its social responsibility programme.

The Central Bank's Staff Club spearheaded several social activities during the year as COVID-19 health measures were relaxed. These activities included: a Valentine's Day best-dressed competition; recognition of Administrative Professional's Day; an Easter drive-through for staff's children to receive baskets and treats; and an annual New Year's Eve Mixer to foster healthy and positive interaction among staff. Furthermore, several games were hosted, using in-person and digital formats throughout the year, to create a fun and competitive environment. Underscoring the group's innovativeness, Staff Club introduced a family-oriented game of Treasure Hunt and held a patriotic departmental competition in September. Furthermore, employees were recognised and

Figure 3.5: Staff Club Activities



treated with food, tokens, and gifts for their birthdays, Mother's and Father's Days, Garifuna Settlement Day, Thanksgiving Day, Boss's Day, and Staff Club Members' Appreciation Day. The Bank participated in the Belize City Interoffice Basketball tournament to promote a healthy lifestyle through sports. The Staff Club recognised Autism Awareness Day and donated to the Belize Assembly for Persons with Diverse Abilities and the Queen Street Baptist School to assist with repairs after the devastation caused by Hurricane Lisa. The Staff Club also donated toys to Small World Preschool, with staff support, through its annual toy drive.

Information Technology Department

The Central Bank completed SWIFT's Customer

Security Program assessment conducted by a third-party provider, which validated and confirmed that the institution fully complies with SWIFT's mandatory and advisory security control requirements. In addition, ICTD also implemented the SWIFT Transaction Screening application. This service screens incoming and outgoing messages in real-time against up-to-date sanctions lists, instantly alerting users to stop high-risk transactions if they detect something suspicious.

High-profile cybersecurity breaches continued to skyrocket worldwide during the year. The Central Bank remained proactive by completing several major and essential upgrades to improve its information technology infrastructure. The

updated components included virtual host servers, storage area networks, network access control, web proxy, and network domain. In addition, ICTD completed the security penetration testing exercises on the Central Bank's network and systems to reduce cybersecurity risk. Furthermore, significant efforts were dedicated to upgrading and patching third-party systems and devices to reduce the Central Bank's vulnerability to supply chain attacks. Two training campaigns targeting all Central Bank staff were launched to advance cybersecurity awareness. The training reinforced best practices due to growing concerns about ransomware and phishing attacks. As a result, the Central Bank attained an overall proficiency level associated with the financial industry.

Additionally, ICTD completed the implementation of the new web-based Meridian Debt Management System. The Meridian system has new and improved functions and features to improve the recording and management of public debt, guaranteed debt, and private external debt data. In addition, direct and secure user access to the database was given to the Debt Management Unit of the Ministry of Finance to facilitate real-time access to the data.

The Cyber Security Committee for the Financial System, comprising representatives from banks, met three times over the year to discuss and collaborate on matters relating to cyber threats to the financial system and the national payment system, as well as other related issues. Two participants reported customer incidents, with one resulting in financial losses to customers.

The ICTD completed the research and vendor selection for a Privilege Access Management

system to secure and manage privileged accounts and credentials across all identities, infrastructure, and applications. The identity security solution protects against the threats posed by credential theft and privilege misuse. The security mechanism delivers a comprehensive strategy comprising people, processes, and technology to control, monitor, secure, and audit all human and non-human privileged identities and activities across an enterprise information technology environment.

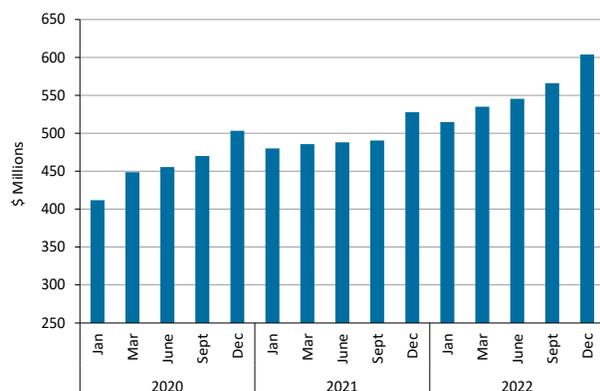
CURRENCY AND FOREIGN EXCHANGE TRANSACTIONS

Currency Operations

Currency in circulation increased by 14.4% to \$603.8mn in 2022, up from \$527.8mn in 2021. During the year, total banknotes in circulation rose by 15.0% to \$563.8mn, while the total coins in circulation increased by 7.2% to \$40.1mn. The public increased its usage of the \$50.00 and \$2.00 banknotes, which accounted for 25.7% and 18.9% of total banknotes in circulation.

The shares of banknotes and coins in circulation changed slightly during the year. Banknotes accounted for 93.4% of total currency in circulation in 2022, up marginally from 92.9% in 2021. Meanwhile, coins accounted for 6.6% of total currency in circulation in 2022, down from 7.1% in 2021. In contrast, domestic banks' vault cash increased substantially from \$70.9mn in 2021 to \$80.7mn in 2022 due partly to the robust economic expansion and the flare-up in inflation, which drove up the demand for transactional money. Consequently, currency with the public rose by 14.5% to \$523.1mn in 2022 compared to \$456.9mn in the preceding year.

Chart 3.1: Currency in Circulation

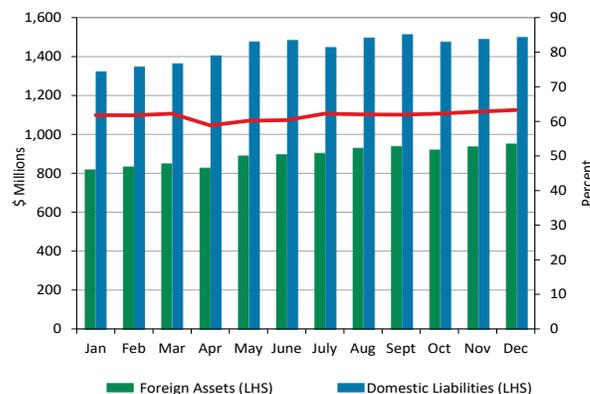


External Asset Ratio

The Central Bank fully complied with Section 25(2) of the Central Bank Act. This section stipulates that the Central Bank should maintain external assets of at least 40.0% of the currency notes and coins in circulation and its domestic deposit liabilities. The legal threshold ensures that the Central Bank maintains sufficient foreign reserves to meet the country’s external obligations. The external asset ratio remained comfortably above the legal requirement throughout the year. At the beginning of the year, the external assets ratio stood at 62.1%, then increased to 63.3% at year end as the institution’s external asset position strengthened.

At \$830.2mn at the beginning of the year, the Central Bank’s foreign asset position dipped to its lowest point over the 12 months to \$827.3mn in April after Central Government’s first interest payment on the Blue Loan. After that, foreign assets increased gradually from May through September, lifted by inflows from foreign loans, international grants, sugar export receipts, foreign currency purchases from a domestic bank, and other miscellaneous income. In contrast, the Central Bank’s foreign asset holdings declined in October, dragged down by Central Government’s

Chart 3.2: Monthly External Asset Ratio



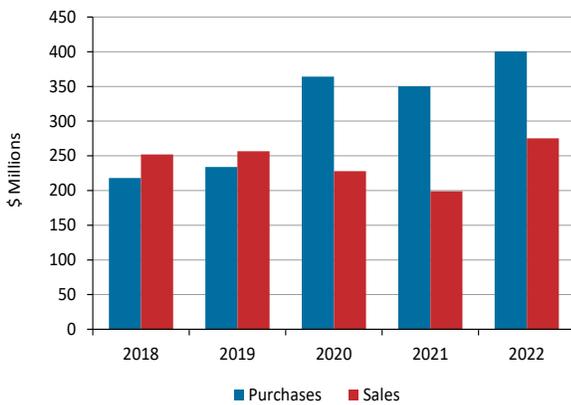
second interest payment on the Blue Loan and the substantial pay-out to BISL. Subsequently, the foreign asset position inched up to \$950.0mn at year end.

The foreign asset portfolio composition changed markedly over the last two years. The share of foreign assets, consisting mainly of cash and fixed deposits, declined significantly from 53.7% in 2021 to 37.9% in 2022. In addition, the proportion of SDRs in the portfolio fell by 5.4 percentage points to 12.2%, as the Central Bank converted SDR 8.6mn to US\$11.5mn to address balance sheet mismatches and invested the sum into US Treasuries. Hence, the proportion of foreign securities grew by 21.2 percentage points to 49.9%, reflecting a shift in reserve management strategy away from time deposits towards high-grade US Treasuries.

Foreign Exchange Transactions

Foreign currency operations resulted in net purchases of \$125.2mn in 2022, down 17.3% compared to 2021. Foreign currency purchases outpaced sales, albeit by a smaller margin relative to the year before. Purchases rose by \$50.2mn or 14.3% to \$400.5mn, while sales grew by a larger \$76.3mn or 38.3% to \$275.3mn.

Chart 3.3: Trade in Foreign Currency



CARICOM currency trades resulted in net sales of \$4.2mn in 2022, reflecting a 12.5% decline in the deficit on regional settlements compared to 2021. Trades mainly comprised settlements of official transactions with the Bank of Jamaica, Eastern Caribbean Central Bank, and the Central Bank of Barbados.

RELATIONS WITH CENTRAL GOVERNMENT

Overdraft Advances

Section 34 of the Central Bank Act allows the Central Bank to provide direct advances to the Government, provided that the total outstanding amount at any one time is at most 12.0% of its current revenues collected during the preceding fiscal year. For FY 2022/23, the equivalent ceiling of direct advances available to the Government was \$136.4mn, reflecting a 33.5% increase relative to the \$102.2mn limit set for the previous fiscal year. However, the Central Bank did not make any advances to Central Government to offset differences between receipts and payments since July 2021 due to the ongoing fiscal consolidation and debt re-financing measures, which have generated fiscal surpluses over the period.

Treasury Bills

The face value of outstanding T-bills remained unchanged in 2022 at \$245.0mn, 61.3% of the current statutory limit of \$400.0mn. Outstanding T-bills were issued in three 91-day tranches valued at \$83.2mn, \$64.4mn, and \$67.4mn, respectively, and one six-month tranche valued at \$30.0mn. The Central Bank's open market operations—conducted in alignment with the Central Government's new securities repricing strategy to reduce domestic interest costs—influenced T-bill yields downward. Consequently, T-bill yields fell by 53 basis points from 1.26% in December 2021 to 0.73% in December 2022, while the weighted average yield fell by 42 basis points over the 12 months to 0.85%.

Despite the downward trend in yields, the number of participants in T-bill auctions expanded as one additional domestic bank commenced bidding in primary auctions. The Central Bank participated in all 12 auctions throughout the year. As a result, aggressive bidding increased the face value of the Central Bank's T-bill holdings from \$66.0mn in January to \$123.0mn in December, about half (50.2%) of total T-bills issued.

Chart 3.4: T-bill Yield

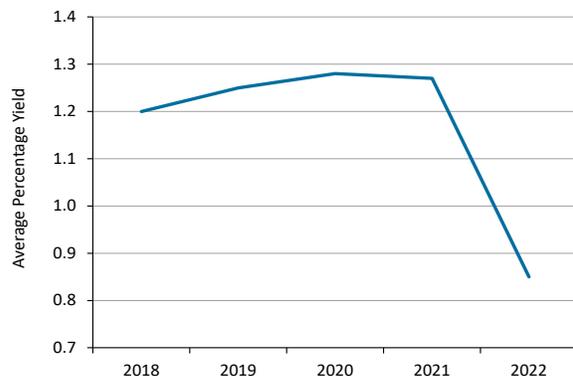
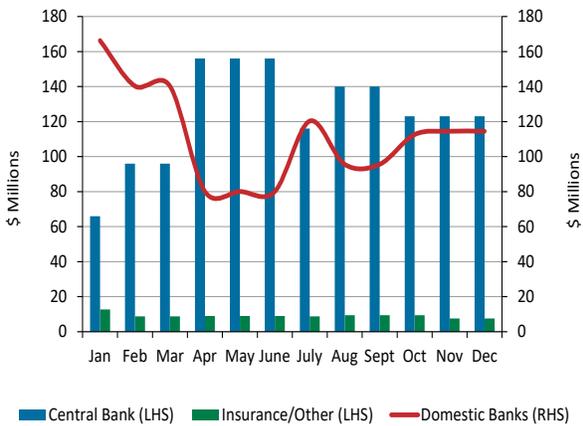


Chart 3.5: Monthly T-bill Allocations



Conversely, domestic banks’ T-bill holdings declined gradually from \$166.3mn in January to \$114.5mn at year end, representing 46.7% of the outstanding amount. Similarly, institutional investors’ T-bill holdings narrowed from \$12.7mn in January to \$7.5mn in December.

Trading on the T-bills secondary market was sparse, entailing four sales between the Central Bank and two insurance companies.

Treasury Notes

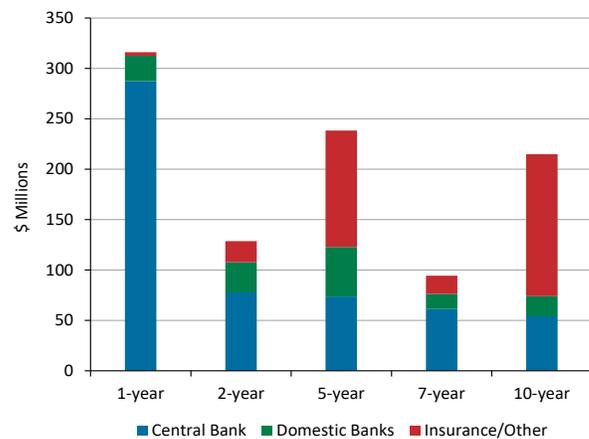
The sum of outstanding T-notes remained unchanged at \$1,012.0mn in 2022. As a result of the Government’s repricing strategy, the coupon rate on one-year notes was reduced by 25 basis points to 2.00%, while the rate on the two-year notes was lowered by 75 basis points to 2.25%.

Furthermore, the coupon rates on the five-year and seven-year notes were lessened by 100 and 50 basis points to 3.50% and 4.00%, respectively. Additionally, the interest rate payable on the 10-year notes fell by 250 basis points to 5.25%, while the yield on the 20-year notes remained unchanged at 5.75%.

Five-year Floating Rate Notes that reached maturity in May, valued at \$36.0mn, were reissued as five-year fixed-rate notes at 3.50%. In addition, of the 20 tranches of one-year notes, 15 tranches, valued at \$316.0mn, were repriced at 2.00% and reissued as one-year notes. Meanwhile, five tranches, valued at \$70.0mn, were issued as two-year notes at 2.25%. Furthermore, Central Government reissued one \$30.0 million tranche in October, one \$20.0 million tranche in November, and three tranches totalling \$20.0 million in December.

The Central Bank remained the largest T-note holder. At year end, the institution held \$287.5mn in one-year notes plus \$267.3mn in T-notes across the six other tenors, totalling \$554.8mn or 54.8% of total T-note issuances. The domestic banks and other institutional investors held \$139.1mn (13.7%) and \$318.5mn (31.5%), respectively.

Chart 3.6: T-note Distribution by Maturity and Holder



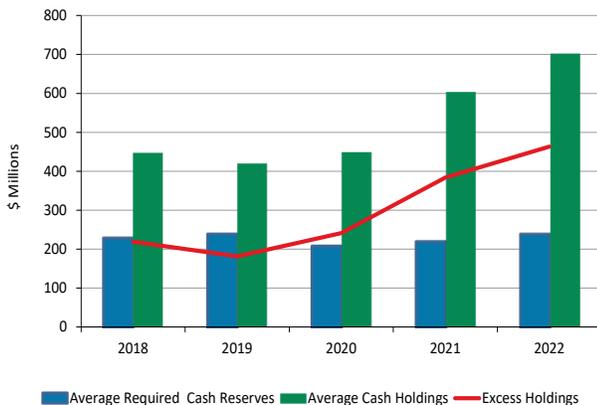
RELATIONS WITH DOMESTIC BANKS

Cash Reserves

Domestic banks' cash reserve requirement remained unchanged at 6.5% of average deposit liabilities throughout 2022. The monthly average cash holdings grew by 16.5% or \$99.6mn to \$702.8mn in 2022, primarily due to reduced securities holdings after several unsuccessful bids at T-bill auctions. In tandem, the monthly average required holdings increased by 8.6% or \$18.8mn, jumping from \$219.4mn in 2021 to \$238.2mn in 2022. As a result, excess cash holdings averaged \$463.3mn during the 12-month period.

Given the high liquidity levels in the banking system, transactions on the interbank market remained low, with only two interbank loans negotiated during the year. The interest rate on both loans was 2.25%, which was equal to the rate charged on the one interbank loan issued in 2021.

Chart 3.7: Cash Reserves

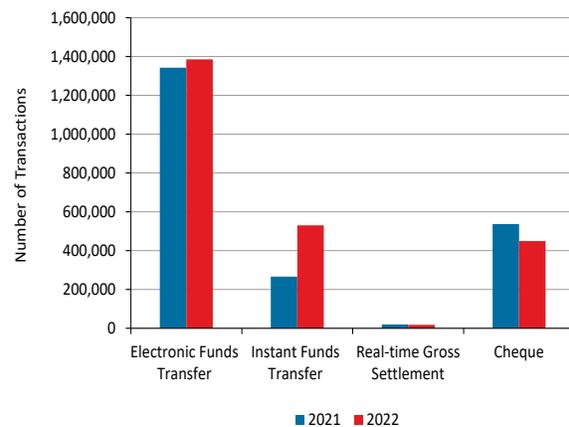


Automated Payment and Securities Settlement System

The use of digital payments gained further momentum, supported by new technological innovations, particularly online banking

and mobile apps. As a result, the number of transactions processed through the APSSS increased by 10.0%, rising from 2.2mn in 2021 to 2.4mn in 2022, supporting the migration away from cash and cheques towards electronic payments. This upswing reflected a 3.2% rise in electronic funds transfers to 1.4mn transactions and a nearly two-fold increase in instant funds transfers to 0.5mn transactions. However, real-time gross settlement transfers saw a 12.0% reduction to 0.02mn transactions. In addition, cheque usage declined by 16.3% in 2022 relative to 2021.

Chart 3.8: Non-Cash Payment Methods

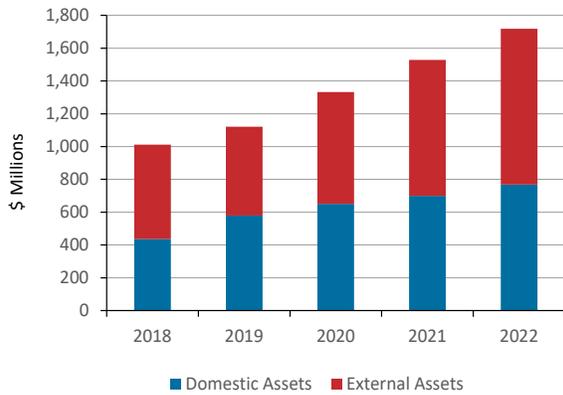


CENTRAL BANK FINANCIAL PERFORMANCE

Balance Sheet

The Central Bank's total assets grew by 12.4% to \$1,717.9mn in 2022, reflecting the third consecutive annual expansion. This year's performance resulted from increases in the institution's foreign and domestic assets, which rose by \$119.5mn (14.4%) and \$69.5mn (10.0%), respectively. Whereas the foreign asset buildup was attributable to heightened foreign currency inflows, the growth in domestic assets was due primarily to the rise in T-bill holdings.

Chart 3.9: Assets



Income Statement

The Central Bank's profits also rose robustly. Gross income expanded by \$10.3mn (39.1%) to \$36.5mn in 2022, driven by an upsurge in foreign revenue. This year, 35.9% of the Central Bank's income stemmed from returns on its foreign assets. Accordingly, the Central Bank's foreign income grew by \$11.1mn, rising from \$2.0mn in 2021 to \$13.1mn in 2022 because of the rapid increase in federal funds rates. Between 1 January and 31 December, the effective federal funds rate had jumped from 0.08% to 4.10% as the Federal Reserve sought to bring inflation back to its long-term target of 2.0%. Hence, the Central Bank's average rate of return rose to 1.4% in 2022 on an expanded foreign asset portfolio that averaged \$891.1mn. This compares favourably to average returns of 0.3% on \$738.0mn in 2021.

As a share of total income, local revenues fell from 92.4% in 2021 to 64.1% in 2022. Its contribution narrowed even though the gross outturn fell by only \$0.8mn (3.5%) to \$23.4mn. The marginal revenue dip was due primarily to the absence of interest income earned on Central Government's overdraft facility. In 2022, domestic income was sourced from Treasury securities, foreign exchange trading, licensing fees, and other miscellaneous

assets. Notably, 78.5% of total local income was generated from the Central Bank's securities holdings, primarily T-notes.

Total expenditure increased by \$3.0mn (11.7%) to \$28.9mn, as outlays rose across all major expenditure categories. The highest costs were tied to staff costs, which accounted for 54.7% of total expenditure in 2022 compared to 58.6% in 2021. Administrative and operational expenses followed at 32.3% of the total. Notably, the Central Bank's interest expense increased by \$1.4mn in 2022 from only \$0.04mn in 2021 due to heightened rates charged on SDR allocations. In addition, currency costs increased by \$0.6mn to \$2.3mn in 2022, accounting for 8.1% of total expenditure.

The surplus of \$7.7mn shall be distributed following the amendment to section 9 (1) of the Central Bank Act. The new provision requires that 70.0% (\$5.4mn) of the Central Bank's profits be paid into the Government's Consolidated Revenue Fund, and the remaining 30.0% (\$2.3mn) be paid into the Central Bank's General Reserve Fund.







IV. STATISTICAL APPENDIX

Table A.1: Major Economic Indicators

	2015	2016	2017	2018	2019	2020	2021 ^R	2022 ^P
POPULATION AND EMPLOYMENT								
Population (Thousands)	368.3	378.0	387.9	395.9	408.5	421.5	432.5	444.8
Employed Labour Force (Thousands)	139.3	145.6	150.1	155.9	167.7	145.5	174.2	182.1
Unemployment Rate (%) ^(1,2)	10.1	9.5	9.3	9.4	9.0	13.7	10.2	5.0
INCOME								
GDP at Current Market Prices (\$mn)	4,420.8	4,516.9	4,572.4	4,630.1	4,833.3	4,160.3	4,983.3	5,896.5
Per Capita GDP (\$, Current Market Prices)	12,003.3	11,950.6	11,788.6	11,695.6	11,832.5	9,871.1	11,521.8	13,256.5
Per Capita GDP Growth (%)	0.7	-0.4	-1.4	-0.8	1.2	-16.6	16.7	15.1
Real GDP Growth (%)	3.4	0.1	-1.7	1.1	4.5	-13.4	15.2	12.1
Sectoral Distribution of Constant 2014 GDP (%)								
Primary Activities	12.6	9.4	10.5	10.3	9.8	10.7	11.4	9.5
Secondary Activities	14.4	14.9	14.1	13.9	13.9	16.4	15.9	15.2
Tertiary Activities	61.7	62.4	63.0	63.2	63.7	61.1	60.4	61.9
MONEY AND PRICES (\$mn)								
Inflation (Annual Average Percentage Change)	-0.9	0.7	1.1	0.3	0.2	0.1	3.2	6.3
Currency and Demand Deposits (M1)	1,528.4	1,471.8	1,565.9	1,598.5	1,681.8	1,965.5	2,233.1	2,423.5
Quasi-Money (Savings and Time Deposits)	1,345.4	1,478.4	1,372.6	1,418.8	1,510.4	1,568.3	1,735.5	1,731.1
Annual Change of Money Supply (%)	7.6	2.7	-0.4	2.7	5.8	10.7	12.3	4.7
Ratio of M2 to GDP (%)	65.0	65.3	64.3	65.2	66.0	84.9	79.6	70.5
CREDIT (\$mn)								
Domestic Banks' Loans and Advances	1,985.7	2,015.0	2,018.2	2,119.9	2,238.0	2,278.1	2,313.0	2,418.8
Public Sector	11.3	8.7	5.3	50.6	58.0	41.3	27.8	26.0
Private Sector	1,974.4	2,006.3	2,012.9	2,069.3	2,180.0	2,236.8	2,285.2	2,392.8
INTEREST RATES (%)								
Weighted Average Lending Rate	10.0	9.7	9.3	9.0	8.8	8.5	8.4	8.4
Weighted Average Deposit Rate	1.5	1.3	1.2	1.2	1.1	1.3	1.3	1.2
Weighted Average Interest Rate Spread	8.6	8.4	8.1	7.7	7.6	7.3	7.2	7.2
CENTRAL GOVERNMENT FINANCES (\$mn)								
Current Revenue	994.0	1,002.6	1,047.9	1,139.4	1,147.7	944.2	1,082.2	1,278.3
Current Expenditure	894.0	950.9	1,005.8	1,052.9	1,084.5	1,007.4	933.9	1,036.2
Current Account Surplus (+)/Deficit(-)	94.1	51.6	42.1	86.5	61.9	-63.2	148.3	242.1
Capital Expenditure & Net Lending	281.5	207.5	171.8	168.4	222.2	345.1	234.1	319.8
Overall Surplus (+)/Deficit(-)	-98.7	-119.1	-103.4	-27.6	-131.6	-365.9	-67.2	-26.1
Ratio of Budget Deficit to GDP at Current Prices (%)	-2.2	-2.6	-2.3	-0.6	-2.7	-8.8	-1.3	-0.4
Domestic Financing (Net) ⁽³⁾	-10.2	66.2	13.3	-2.9	54.3	162.2	-66.3	31.8
External Financing (Net)	104.1	47.1	90.0	23.1	37.2	201.7	74.2	54.9

Table A.1: Major Economic Indicators (continued)

	2015	2016	2017	2018	2019	2020	2021 ^R	2022 ^P
BALANCE OF PAYMENTS (US \$mn)								
Merchandise Exports (FOB) ⁽⁴⁾	537.9	442.8	457.1	451.7	425.3	289.0	422.1	494.4
Merchandise Imports (FOB)	961.3	875.1	848.3	896.9	968.5	731.4	956.1	1223.6
Trade Balance	-423.4	-432.3	-391.1	-445.2	-543.2	-442.4	-534.0	-729.3
Remittances (Inflows)	82.4	87.2	87.9	89.7	94.5	118.3	133.0	140.1
Tourism (Inflows)	352.1	390.4	389.2	439.2	526.7	246.9	374.1	598.9
Services (Net)	277.1	293.1	300.3	396.8	442.5	255.2	327.5	499.8
Current Account Balance	-171.7	-151.6	-143.7	-151.7	-184.6	-127.9	-157.9	-259.1
Capital and Financial Flows	100.9	89.6	67.3	134.5	145.7	183.1	192.1	209.8
Gross Change in Official International Reserves	-50.1	-60.33	-64.58	-17.8	-17.8	70.2	75.1	58.4
Gross Official International Reserves	436.9	376.6	313.0	295.6	277.9	348.1	424.0	482.5
Monthly Import Coverage	5.2	4.7	4.0	3.6	3.2	5.2	4.7	4.1
PUBLIC SECTOR DEBT								
Disbursed Outstanding External Debt (US \$mn)	1,177.3	1,204.1	1,256.9	1,284.5	1,321.8	1,453.2	1,338.5	1,363.1
Ratio of External Debt to GDP at Current Prices (%)	67.9	53.3	55.0	55.5	54.7	69.9	53.7	46.2
External Debt Service Payments (US \$mn) ⁽⁵⁾	125.0	83.2	85.9	85.8	90.7	81.2	625.7	71.9
External Debt Service Ratio (%)	12.1	11.3	11.3	10.1	10.5	14.9	9.6	7.2
Disbursed Outstanding Domestic Debt (\$mn)	494.4	747.8	1,026.5	1,045.3	1,103.4	1,313.2	1,315.8	1,315.6
Domestic Debt Service Payments (\$mn)	27.4	18.3	34.1	35.9	36.6	40.9	41.3	42.6

Sources: MOF, SIB, and Central Bank

⁽¹⁾ Figures for 2015, 2016, 2017, 2019, and 2021, represent the annual average unemployment rate when two labour force surveys were conducted within the year.

⁽²⁾ The unemployment rate from 2020 onwards was measured using a revised methodology.

⁽³⁾ A total of \$196.5mn (2016) and \$208.3mn (2017) were deducted as payments for the acquisition of shares in the utility companies.

⁽⁴⁾ Includes CFZ gross sales.

⁽⁵⁾ Debt service payments for 2021 include the US \$552.9mn paid to external bondholders to repurchase and retire the 2034 US Dollar Bond.

^R- Revised

^P- Provisional

Table A.2: Key Indicators for Advanced, Emerging, and Developing Economies

Country	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)	
	2021 ^R	2022 ^P	2021 ^R	2022 ^P	2021 ^R	2022 ^P
Advanced Economies	5.4	2.7	3.1	7.2	5.6	4.5
United States	5.9	2.1	4.7	8.0	5.4	3.6
Euro Area	5.3	3.5	2.6	8.4	7.7	6.7
United Kingdom	7.6	4.1	2.5	7.9	4.5	3.7
Canada	4.8	3.6	3.4	6.8	7.5	5.3
Japan	2.1	1.1	-0.2	2.5	2.8	2.6
Emerging and Developing Economies	6.7	3.9	5.9	9.9	n.a.	n.a.
China	8.4	3.0	0.9	2.0	5.1	5.5
India	9.1	7.0	5.1	6.7	10.1	7.6
Mexico	4.8	2.5	5.7	7.9	4.1	3.3
Russia	4.7	-2.5	6.7	13.8	4.8	4.0
Brazil	5.0	3.1	8.3	9.3	13.2	9.7

Sources: IMF, US Bureau of Economic Analysis, US Bureau of Labor Statistics, European Union, Statistical Office (Eurostat), National Bureau of Statistics of China, Indian Central Statistics Office, Mexican National Institute of Statistics and Geography, and the Brazilian Institute of Geography and Statistics.
n.a. - not available

Table A.3: Key Indicators for Central America

Country	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)		Net International Reserves (US \$bn)	
	2021 ^R	2022 ^P	2021 ^R	2022 ^P	2021 ^R	2022 ^P	2021 ^R	2022 ^P
Guatemala	8.0	4.0	4.3	9.2	3.6	5.7	20.9	20.0
Honduras	12.5	3.5	4.5	8.6	8.5	8.9	8.1	8.3
El Salvador	10.3	2.8	3.5	7.3	4.3	3.6	3.4	3.6
Nicaragua	10.3	4.1	4.9	9.9	6.0	3.3	4.0	4.2
Costa Rica	7.6	3.3	1.7	7.9	15.1	11.8	6.9	6.8
Panama	15.2	9.5	1.6	3.5	10.3	9.9	9.6	10.4

Sources: World Bank, ECLAC, and Central Banks of Guatemala, Honduras, El Salvador, Nicaragua, and Costa Rica.

Table A.4: Key Indicators for Selected Caribbean Countries

Country	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)		International Reserves (US \$mn)		Fiscal Balance (% of GDP)	
	2021 ^R	2022 ^P	2021 ^R	2022 ^P	2021 ^R	2022 ^P	2021 ^R	2022 ^P	2021 ^R	2022 ^P
The Bahamas	13.7	8.0	2.9	5.6	18.1	13.9	2,432.8	2,596.5	-9.3	-1.1
Barbados	-0.3	10.0	2.7	8.5	10.9	7.1	1,529.4	1,385.5	-0.9	1.0
Belize	15.2	12.1	3.2	6.3	10.2	5.0	424.0	482.5	-1.3	-0.4
Eastern Caribbean Currency Union	5.8	8.9	1.9	6.7	n.a.	n.a.	1,936.4	1,862.8	-0.7	-0.9
Guyana	19.9	56.0	5.0	6.4	14.9	12.4	810.8	823.4	-6.4	-0.4
Jamaica	4.6	2.8	5.8	10.5	8.4	6.5	4,000.8	3,976.2	6.5	5.1
Suriname	-2.7	2.1	59.1	52.4	11.2	10.9	992.2	1,194.6	-1.3	1.7
Trinidad and Tobago	-1.0	4.1	2.0	5.8	5.4	5.0	6,879.6	6,832.4	-12.4	-2.4

Sources: IMF, IDB, CDB, ILO, Central Banks of Belize, Barbados, Guyana, Eastern Caribbean Currency Union, Jamaica, Suriname, The Bahamas, and Trinidad and Tobago, Statistical Institute of Belize and Jamaica, Barbados Statistical Service, Central Statistical Office of Trinidad and Tobago, and Bureau of Statistics of Guyana.

Table A.5: Determinants of Money Supply⁽¹⁾

	Position as at			Changes During 2022
	Dec 2020	Dec 2021	Dec 2022	
Net Foreign Assets	1,000.1	1,444.0	1,519.5	75.4
Central Bank	699.3	847.5	966.7	119.2
Domestic Banks	300.8	596.5	552.8	-43.7
Net Domestic Credit	3,039.8	3,047.4	3,220.8	173.4
Central Government (Net)	722.2	687.2	713.2	26.0
Other Public Sector	58.9	43.9	87.3	43.4
Private Sector	2,258.7	2,316.3	2,420.3	104.0
Central Bank Foreign Liabilities (Long-term)	51.5	121.7	115.7	-6.0
Other Items (Net)	454.6	401.2	469.9	68.7
Broad Money Supply (M2)	3,533.8	3,968.5	4,154.6	186.1

⁽¹⁾ Transactions associated with the Universal Health Services loan with Belize Bank Limited are not included in this table.

Table A.6: Money Supply

	\$mn			Changes During 2022
	Position as at			
	Dec 2020	Dec 2021	Dec 2022	
Broad Money Supply (M2)	3,533.8	3,968.5	4,154.6	186.1
Narrow Money Supply (M1)	1,965.5	2,233.1	2,423.5	190.5
Currency with the Public	432.3	456.9	523.1	66.2
Demand Deposits	1,513.6	1,750.9	1,899.9	149.0
Savings/Chequing Deposits	19.5	25.2	0.4	-24.8
Quasi-Money	1,568.3	1,735.5	1,731.1	-4.4
Savings Deposits	883.0	964.7	966.4	1.7
Time Deposits	685.3	770.8	764.7	-6.1

Table A.7: Net Foreign Assets of the Banking System

	\$mn			Changes During 2022
	Position as at			
	Dec 2020	Dec 2021	Dec 2022	
Net Foreign Assets	1,000.0	1,444.0	1,519.5	75.4
Central Bank	699.3	847.5	966.7	119.2
Foreign Assets	702.3	850.4	969.4	119.1
Foreign Liabilities (Demand)	3.0	2.8	2.7	-0.1
Domestic Banks	300.8	596.5	552.8	-43.7
Foreign Assets	321.7	643.9	576.9	-67.0
Foreign Liabilities (Short-term)	21.0	47.4	24.1	-23.3

Table A.8: Net Domestic Credit of the Banking System

\$mn

	Position as at			Changes During 2022
	Dec 2020	Dec 2021	Dec 2022	
Total Credit to Central Government	927.1	937.0	931.1	-5.9
From Central Bank	562.9	611.2	677.5	66.3
From Domestic Banks	364.1	325.8	253.6	-72.2
Less Central Government Deposits	204.8	249.9	217.9	-32.0
Net Credit to Central Government	722.2	687.2	713.2	26.0
Plus Credit to Other Public Sector	58.9	43.9	87.3	43.3
Plus Credit to the Private Sector	2,258.7	2,316.4	2,420.3	104.0
Net Domestic Credit of the Banking System	3,039.9	3,047.4	3,220.7	173.4

Table A.9: Domestic Banks - Sectoral Composition of Loans and Advances

\$mn

	Position as at			Changes During 2022
	Dec 2020	Dec 2021	Dec 2022	
PRIMARY SECTOR	241.3	251.8	265.7	13.9
Agriculture	210.5	221.2	236.9	15.7
Sugar	94.0	94.7	94.6	-0.1
Citrus	17.5	17.0	16.8	-0.2
Banana	41.0	48.7	55.6	6.9
Other	58.0	60.8	69.9	9.1
Marine Products	24.3	24.5	23.2	-1.3
Forestry	1.1	1.3	1.3	0.0
Mining and Exploration	5.4	4.8	4.3	-0.5
SECONDARY SECTOR	622.7	628.2	825.7	197.5
Manufacturing	73.2	65.0	70.3	5.3
Building and Construction	498.4	523.4	723.3	199.9
Utilities	51.1	39.8	32.1	-7.7
TERTIARY SECTOR	860.8	915.0	937.9	22.9
Transport	45.5	48.9	55.5	6.6
Tourism	240.2	286.7	289.0	2.3
Distribution	167.2	171.2	192.3	21.1
Real Estate	325.9	327.2	325.6	-1.6
Professional Services	69.3	66.2	57.4	-8.8
Other ⁽¹⁾	12.7	14.8	18.1	3.3
PERSONAL LOANS	553.3	518.0	389.5	-128.5
TOTAL	2,278.1	2,313.0	2,418.8	105.8

⁽¹⁾ Includes government services, financial institutions, and entertainment.

Table A.10: Credit Unions - Sectoral Composition of Loans and Advances

	\$mn			Changes During 2022
	Position as at			
	Dec 2020	Dec 2021	Dec 2022	
PRIMARY SECTOR	55.0	63.9	62.1	-1.8
Agriculture	45.3	54.4	54.1	-0.3
Sugar	6.2	6.2	5.7	-0.5
Citrus	1.4	1.4	1.3	-0.1
Banana	1.9	0.7	0.0	-0.7
Grains	11.9	18.8	17.9	-0.8
Poultry and Eggs	8.6	7.9	7.5	-0.4
Cattle and Dairy	4.7	4.7	5.3	0.6
Other	10.6	14.8	16.3	1.6
Marine Products	9.1	9.1	7.7	-1.4
Forestry	0.1	0.1	0.1	0.0
Mining and Exploration	0.5	0.3	0.2	-0.1
SECONDARY SECTOR	218.2	216.0	221.6	5.6
Manufacturing	15.6	25.4	29.8	4.4
Building and Construction	199.3	187.3	187.3	0.0
Residential	93.2	94.1	100.2	6.1
Home Improvement	88.3	76.2	72.5	-3.7
Commercial	14.8	14.2	12.1	-2.1
Infrastructure	3.0	2.8	2.6	-0.2
Utilities	3.3	3.3	4.5	1.2
TERTIARY SECTOR	138.5	107.8	117.2	9.4
Transport	1.6	1.2	1.0	-0.2
Tourism	0.9	0.8	0.8	0.0
Distribution	21.7	21.7	22.6	0.9
Real Estate	99.2	70.4	79.3	8.9
Residential	3.6	3.5	3.2	-0.3
Commercial	62.0	37.7	41.1	3.4
Land Acquisition	33.6	29.2	34.9	5.7
Other ⁽¹⁾	15.1	13.7	13.6	-0.1
PERSONAL LOANS	228.1	250.0	258.4	8.4
TOTAL	639.9	637.5	659.4	22.0

⁽¹⁾ Includes government services, financial institutions, professional services, and entertainment.

Table A.11: Development Finance Corporation - Sectoral Composition of Loans and Advances

	\$mn			Changes During 2022
	Position as at			
	Dec 2020	Dec 2021	Dec 2022	
PRIMARY SECTOR	29.0	30.2	33.4	3.2
Agriculture	19.1	20.1	23.2	3.1
Sugar	0.4	3.3	2.9	-0.4
Citrus	1.1	0.5	0.5	0.0
Banana	2.8	2.8	3.4	0.5
Grains	5.4	2.8	2.7	-0.1
Cattle and Dairy	4.2	4.6	7.8	3.2
Other	5.2	6.0	5.9	-0.2
Marine Products	9.3	9.7	9.7	0.0
Forestry	0.1	0.1	0.0	-0.1
Mining and Exploration	0.5	0.4	0.4	0.0
SECONDARY SECTOR	29.2	37.1	46.5	9.4
Manufacturing	6.8	7.0	8.2	1.1
Building and Construction	22.4	30.1	38.4	8.3
TERTIARY SECTOR	30.6	36.5	38.5	2.0
Transport	1.8	1.7	1.6	-0.2
Tourism	15.6	18.0	17.8	-0.3
Professional Services	12.1	14.4	17.3	2.9
Other ⁽¹⁾	1.2	2.3	1.8	-0.5
PERSONAL LOANS	0.4	0.4	0.4	0.0
STUDENT LOANS	15.4	16.1	16.1	0.0
TOTAL	104.7	120.4	134.8	14.4

⁽¹⁾ Includes financial institutions, distribution, real estate, and entertainment.

Table A.12: Domestic Banks - Holdings of Approved Liquid Assets

\$mn

	Position as at			Changes During 2022
	Dec 2020	Dec 2021	Dec 2022	
Holdings of Approved Liquid Assets	1,072.8	1,442.1	1,467.5	25.5
Notes and Coins	101.1	97.7	98.7	1.0
Balances with Central Bank	548.0	644.6	741.0	96.4
Money at Call and Foreign Balances (due in 90 days)	181.5	487.0	467.7	-19.3
Central Government Securities Maturing within 90 days ⁽¹⁾	229.9	186.3	135.7	-50.6
Other Approved Assets	12.4	26.4	24.4	-2.0
Required Liquid Assets	652.5	743.7	764.6	20.9
Excess/(Deficiency) Liquid Assets	420.3	698.3	702.9	4.6
Daily Average Holdings of Cash Reserves	553.8	645.8	735.9	90.1
Required Cash Reserves	202.0	230.2	236.7	6.5
Excess/(Deficiency) Cash Reserves	351.9	415.6	499.3	83.7
Actual Securities Balances ⁽²⁾	206.0	167.8	114.5	-53.3
Excess/(Deficiency) Securities	206.0	167.8	114.5	-53.3

⁽¹⁾ Four-week average of domestic banks' T-bill holdings

⁽²⁾ Face value of domestic banks' T-bill holdings at month end

Table A.13: Domestic Banks - Weighted Average Interest Rates

Percentage

	Position as at			Changes During 2022
	Dec 2020	Dec 2021	Dec 2022	
Weighted Lending Rates				
Personal Loans	10.28	10.17	11.48	1.31
Commercial Loans	8.36	8.21	8.08	-0.13
Residential Construction	6.77	6.92	6.84	-0.08
Other	6.54	6.59	7.07	0.48
Weighted Average	8.53	8.43	8.44	0.01
Weighted Deposit Rates				
Demand	0.04	0.10	0.13	0.03
Savings/Chequing	0.50	0.49	2.63	2.14
Savings	2.66	2.64	2.64	0.00
Time	2.25	2.25	2.16	-0.09
Weighted Average	1.26	1.25	1.22	-0.04
Weighted Average Spread	7.27	7.17	7.23	0.05

Table A.14: Domestic Banks - Weighted Average Interest Rates on New Loans and Deposits

	Rolling Averages			Percentage
	Jan 2020 to Dec 2020	Jan 2021 to Dec 2021	Jan 2022 to Dec 2022	Changes During Dec 2021 to Dec 2022
	Weighted Lending Rates			
Personal Loans	9.82	10.16	10.22	0.06
Commercial Loans	8.26	8.10	7.99	-0.11
Residential Construction	7.68	8.42	8.45	0.03
Other	6.27	6.87	6.10	-0.77
Weighted Average	8.51	8.64	8.62	-0.02
Weighted Deposit Rates				
Demand	0.00	0.00	0.00	0.00
Savings/Chequing	0.49	0.68	0.85	0.17
Savings	2.64	2.45	2.43	-0.02
Time	2.49	2.77	2.32	-0.45
Weighted Average	2.03	2.05	1.90	-0.15
Weighted Average Spread	6.48	6.59	6.71	0.12

Table A.15: Central Government - Revenue and Expenditure⁽¹⁾

\$'000

	Fiscal Year 2021/2022	Estimated Budget 2022/2023	Jan - Dec 2020	Jan - Dec 2021	Jan - Dec 2022
TOTAL REVENUE AND GRANTS (1+2+3)	1,203,160	1,263,300	986,585	1,100,821	1,329,871
1). Current Revenue	1,165,241	1,222,619	944,221	1,082,186	1,278,320
Tax Revenue	1,088,583	1,122,911	850,245	1,005,038	1,186,498
Income and Profits	280,019	268,944	240,973	244,216	332,910
Taxes on Property	8,611	10,000	6,922	8,321	7,197
Taxes on Goods and Services	616,093	654,966	473,489	581,423	633,291
International Trade and Transactions	183,860	189,000	128,861	171,078	213,100
Non-Tax Revenue	76,659	99,709	93,976	77,148	91,822
Property Income	22,351	17,180	7,982	22,710	35,593
Licenses	16,467	16,814	17,413	15,316	18,120
Transfers from Government Departments	25,687	30,876	29,306	28,078	24,860
Repayment of Old Loans	316	565	461	414	277
Rent and Royalties	11,705	34,274	38,813	10,498	12,971
2). Capital Revenue	4,641	5,681	17,156	3,908	5,693
3). Grants	33,277	35,000	25,208	14,728	45,858
TOTAL EXPENDITURE (1+2)	1,198,584	1,203,151	1,352,513	1,168,061	1,355,966
1). Current Expenditure	947,450	903,177	1,007,379	933,914	1,036,209
Wages and Salaries	414,097	412,498	457,432	423,037	436,165
Pensions	98,348	90,818	88,065	97,080	86,420
Goods and Services	212,895	174,145	202,567	192,947	235,604
Interest Payments	68,836	68,345	100,656	69,999	97,056
Subsidies and Current Transfers	153,273	157,371	158,658	150,851	180,964
2). Capital Expenditure	251,134	299,975	345,134	234,147	319,757
Capital II (Local Sources)	148,247	108,466	185,647	130,417	246,469
Capital III (Foreign Sources)	102,081	183,210	155,684	102,920	72,891
Capital Transfer and Net Lending	806	8,299	3,803	810	396
CURRENT BALANCE	217,792	319,443	-63,157	148,272	242,111
PRIMARY BALANCE	73,412	128,494	-265,271	2,760	70,962
OVERALL BALANCE	4,576	60,149	-365,927	-67,240	-26,095
OVERALL BALANCE WITHOUT GRANTS	-28,701	25,149	-391,136	-81,968	-71,953
PRIMARY BALANCE WITHOUT GRANTS	40,135	93,494	-290,480	-11,968	25,103

Table A.15: Central Government - Revenue and Expenditure (*continued*)

\$'000

	Fiscal Year 2021/2022	Estimated Budget 2022/2023	Jan - Dec 2020	Jan - Dec 2021	Jan - Dec 2022
FINANCING	3,749	-60,149	365,927	67,240	26,095
Domestic Financing	-86,549		162,199	-66,278	31,820
Central Bank	31,742		58,115	34,231	72,183
Net Borrowing	10,796		123,345	48,344	66,215
Change in Deposits	20,946		-65,230	-14,113	5,968
Domestic Banks	-99,605		60,293	-69,279	-51,917
Net Borrowing	-71,686		55,913	-38,306	-77,769
Change in Deposits	-27,919		4,380	-30,973	25,852
Other Domestic Financing	-18,686		43,791	-31,230	11,553
Financing Abroad	68,838		201,666	74,163	54,915
Disbursements	140,606		284,430	154,192	126,162
Amortisation	-71,767		-82,764	-80,022	-71,248
Other	13,135		2,062	59,354	-60,640

Sources: Central Bank and MOF

⁽¹⁾ The Central Bank estimated Central Government's revenues and expenditures for December 2022.

Table A.16: Central Government - Domestic Debt 2022

\$'000

	Disbursed Outstanding Debt 31/12/21 ^R	TRANSACTIONS THROUGH DECEMBER 2022				Disbursed Outstanding Debt 31/12/22 ^P
		Disbursement/ New Issue of Securities	Amortisation/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	
Overdraft/Loans	0	0	0	0	0	0
Central Bank	0	0	0	0	0	0
Domestic Banks	0	0	0	0	0	0
Treasury Bills	245,000	0	0	2,245	0	245,000
Central Bank	64,730	0	0	1,082	58,138	122,868
Domestic Banks	167,571	0	0	1,022	-53,667	113,904
Other	12,699	0	0	141	-4,471	8,228
Treasury Notes	977,800	0	0	39,383	0	977,800
Central Bank	546,515	0	0	17,079	8,240	554,755
Domestic Banks	158,435	0	0	7,007	-19,003	139,432
Other	272,850	0	0	15,297	10,763	283,613
Belize Bank Limited ⁽¹⁾	91,000	0	0	0	0	91,000
Social Security Board ⁽²⁾	100	0	64	6	0	35
Fort Street Tourism Village	702	765	702	0	0	765
Debt-for-Nature Swap	1,205	0	205	33	0	1,000
Total	1,315,807	765	971	41,668	0	1,315,601

⁽¹⁾ Caribbean Court of Justice award in November 2017 against the Government of Belize in favour of Belize Bank relating to the loan guarantee. Since the first quarter of 2018, the Belize Bank has been offsetting its business tax against the Universal Health Services debt. At 2022 end, the Belize Bank set-off approximately \$58.3mn in taxes against the debt, split between principal payments (\$35.3mn) and interest payments (\$22.9mn).

⁽²⁾ Government has an outstanding loan with Social Security Board for Hopeville Housing Project.

Table A.17: Public Sector External Debt by Creditor

\$mn

	Outstanding Debt 31/12/2021 ^R	Disbursements	Amortisation	Interest and Other Charges	Valuation Adjustments	Outstanding Debt 31/12/2022 ^P
Bilateral	819.7	11.3	7.6	9.1	-0.1	823.2
Multilateral	1,094.6	125.7	74.4	29.3	-5.5	1,140.4
Commercial	762.6	0.0	0.0	23.4	0.0	762.6
Total	2,676.9	137.0	82.0	61.9	-5.6	2,726.2

Table A.18: Public Sector - External Debt 2022

\$'000

	Disbursed Outstanding Debt 31/12/21 ^R	TRANSACTIONS THROUGH DECEMBER 2022				Disbursed Outstanding Debt 31/12/22 ^P
		Disbursements	Principal Payments	Interest & Other Payments	Parity Change	
CENTRAL GOVERNMENT	2,433,108	126,162	71,248	56,787	183	2,488,205
Government of Venezuela ⁽¹⁾	429,692	0	0	0	0	429,692
Kuwait Fund for Arab Economic Development	31,974	2,600	2,618	887	-100	31,856
Mega International Commercial Bank Company Ltd.	45,714	0	0	1,345	0	45,714
Republic of China/Taiwan	279,216	8,660	1,121	5,066	0	286,754
Caribbean Development Bank	307,976	52,202	23,738	9,565	0	336,440
CARICOM Development Fund	3,000	3,000	0	113	0	6,000
European Economic Community	4,191	0	534	35	377	4,034
Inter-American Development Bank	298,996	29,105	24,449	7,049	0	303,652
International Fund for Agriculture Development	8,046	1,605	1,373	167	-94	8,183
International Bank for Reconstruction and Development	74,787	1,531	4,618	1,590	0	71,700
OPEC Fund for International Development	165,617	27,460	10,444	6,454	0	182,632
Central American Bank for Economic Integration	21,299	0	2,353	1,075	0	18,947
Belize Blue Investment Company LLC	728,000	0	0	20,990	0	728,000
US \$30.0mn Fixed-Rate Notes	34,600	0	0	2,450	0	34,600
NON-FINANCIAL PUBLIC SECTOR	68,881	1,331	8,390	3,146	0	61,822
Caribbean Development Bank International Cooperation and Development Fund	35,826	1,331	4,501	1,356	0	32,656
	33,056	0	3,889	1,790	0	29,167
FINANCIAL PUBLIC SECTOR	174,896	9,488	2,394	1,934	-5,833	176,158
Caribbean Development Bank	47,174	3,788	2,227	1,651	0	48,735
European Investment Bank	1,999	0	167	73	146	1,979
Inter-American Development Bank	4,000	5,700	0	211	0	9,700
International Monetary Fund	121,723	0	0	0	-5,979	115,744
GRAND TOTAL	2,676,885	136,981	82,031	61,868	-5,650	2,726,185

⁽¹⁾ Since September 2017, debt service payments for oil imports have been suspended due to US sanctions on Petroleos de Venezuela, S.A. Unpaid debt service payments up to the end of December 2022 amounted to principal of \$92.8mn and interest of \$19.7mn.

Table A.19: GDP by Activity at Current and Constant 2014 Prices

	\$mn		
	2020	2021	2022
GDP at Current Market Prices⁽¹⁾	4,160.3	4,983.3	5,896.5
GDP at Constant 2014 Prices	3,980.4	4,585.8	5,141.9
Primary Sector	426.3	521.7	489.0
Agriculture, Forestry, and Fishing	391.7	458.8	436.4
Mining	34.6	62.9	52.6
Secondary Sector	653.3	728.7	782.1
Manufacturing	299.3	329.5	344.4
Electricity	112.3	90.0	107.9
Water Supply	33.0	32.8	34.4
Construction	208.7	276.4	295.3
Tertiary Sector	2,432.8	2,770.9	3,181.2
Wholesale and Retail Trade	543.4	632.5	772.3
Transportation	136.1	186.6	264.7
Accommodation and Food Service Activities	92.8	149.2	263.7
Information and Communication	151.5	127.7	109.0
Financial and Insurance Activities	388.7	414.6	431.5
Real Estate Activities	250.6	256.9	256.0
Professional Scientific and Technical Activities	43.2	46.0	60.4
Administrative and Support Service Activities	135.7	201.2	178.4
Public Administration and Defence	266.9	324.0	384.6
Education	238.7	238.4	257.9
Human Health and Social Work Activities	61.7	69.0	69.9
Arts, Entertainment, and Recreation	37.1	42.2	46.0
Other Service Activities	55.0	50.3	52.7
Activities of Households as Employers	31.3	32.2	34.1
Taxes and Subsidies	468.0	564.5	689.6
Gross Value Added	3,512.4	4,021.3	4,452.3

Source: SIB

⁽¹⁾ 2022 figure is estimated by Central Bank

Table A.20: Annual Percentage Change in GDP by Activity at Current and Constant 2014 Prices

	Percentage		
	2020	2021	2022
GDP at Current Market Prices⁽¹⁾	-13.9	19.8	18.3
GDP at Constant 2014 Prices	-13.4	15.2	12.1
Primary Sector	-5.0	22.4	-6.3
Agriculture, Forestry, and Fishing	1.2	17.1	-4.9
Mining	-43.8	81.9	-16.4
Secondary Sector	2.3	11.5	7.3
Manufacturing	-6.7	10.1	4.5
Electricity	98.0	-19.9	20.0
Water Supply	-6.3	-0.5	4.8
Construction	-7.6	32.5	6.8
Tertiary Sector	-16.9	13.9	14.8
Wholesale and Retail Trade	-12.8	16.4	22.1
Transportation	-36.1	37.1	41.8
Accommodation and Food Service Activities	-58.6	60.7	76.8
Information and Communication	-20.8	-15.7	-14.6
Financial and Insurance Activities	-4.7	6.7	4.1
Real Estate Activities	2.6	2.5	-0.4
Professional Scientific and Technical Activities	-14.2	6.5	31.3
Administrative and Support Service Activities	10.2	48.3	-11.3
Public Administration and Defence	-29.0	21.4	18.7
Education	0.0	-0.1	8.2
Human Health and Social Work Activities	-15.4	11.9	1.2
Arts, Entertainment, and Recreation	-33.4	13.7	8.9
Other Service Activities	-26.8	-8.6	4.8
Activities of Households as Employers	2.6	2.6	5.9
Taxes and Subsidies	-19.6	20.6	22.2
Gross Value Added	-12.5	14.5	10.7

Source: SIB

⁽¹⁾ 2022 figure is estimated by the Central Bank

Table A.21: Sugar Cane Deliveries

	2019/2020	2020/2021	2021/2022
Deliveries (long tons)	1,512,592	1,863,756	1,787,488

Sources: BSI and Santander Group

Table A.22: Citrus Fruit Deliveries

	2019/2020	2020/2021	2021/2022
Deliveries ('000 boxes)	2,123	1,401	1,451
Oranges	1,961	1,284	1,308
Grapefruits	162	105	143

Sources: Citrus Products of Belize Limited and Citrus Growers' Association

Table A.23: Production of Sugar and Molasses

	2019/2020	2020/2021	2021/2022
Sugar Processed (long tons)	141,760	175,065	176,089
Molasses Processed (long tons)	62,483	67,763	63,536
Performance			
Factory Time Efficiency (%)	91.74	96.62	n.a.
Cane Purity (%)	84.03	83.51	n.a.
Cane-to-Sugar Ratio	10.18	10.65	10.15

Sources: BSI and Santander Group

Table A.24: Production of Citrus Juices, Pulp, and Oil

	2019/2020	2020/2021	2021/2022
Production ('000 ps)	14,598	7,714	8,112
Orange Concentrate	13,757	7,131	7,385
Grapefruit Concentrate	652	396	549
Not-from-Concentrate	189	186	179
Production ('000 pounds)			
Pulp	1,696	1,106	1,148
Citrus Oil	872	435	478

Source: Citrus Products of Belize Limited

Table A.25: Labour Force Statistics

	Sept 2020	Sept 2021	Oct 2022
Labour Force	168,630	191,881	191,728
Employed Population	145,455	174,237	182,084
Unemployed Population	23,175	17,644	9,644
Unemployment Rate (%)	13.7	9.2	5.0
Labour Force Participation Rate (%)	55.1	61.9	58.7

Source: SIB

Table A.26: Tourist Arrivals

	2019	2020	2021	2022
Stay-over Arrivals	464,086	133,695	212,568	345,728
Air	374,759	107,561	197,261	293,412
Land	67,084	20,144	12,644	43,769
Sea	22,243	5,991	2,663	8,547
Cruise Ship Disembarkations	1,170,558	308,789	189,196	551,280

Sources: BTB, Central Bank, and Department of Immigration and Nationality Services.

Table A.27: Annual Percentage Change in Consumer Price Index Components by Major Commodity Group

Major Commodity	Weights	Average Annual Index			Annual Change
		2020	2021	2022	
Food and Non-Alcoholic Beverages	195	99.0	103.8	111.9	7.8
Alcoholic Beverages, Tobacco, and Narcotics	17	100.6	101.0	101.6	0.6
Clothing and Footwear	83	100.8	100.6	101.2	0.6
Housing, Water, Electricity, Gas, and Other Fuels	265	100.4	102.1	104.2	2.1
Furnishing, Household Equipment, and Routine Household Maintenance	69	100.5	100.7	104.0	3.3
Health	41	100.4	102.1	103.1	1.0
Transport	136	103.0	112.8	133.4	18.2
Information and Communication	33	103.1	100.1	98.9	-1.2
Recreation, Sport, and Culture	69	98.7	100.5	105.5	5.0
Education Services	32	99.7	99.9	100.0	0.1
Restaurants and Accommodation Services	7	106.5	102.8	108.6	5.7
Insurance and Financial Services	21	100.0	100.0	99.9	-0.1
Personal Care, Social Protection, and Miscellaneous Goods and Services	31	98.9	100.2	101.3	1.0
All Items	1,000	100.5	103.7	110.2	6.3

Source: SIB

Table A.28: Balance of Payments - Merchandise Trade

	\$mn			
	2020	2021	2022	Percent Change
Goods Exports, FOB	577.5	844.2	988.7	17.1
of which: Domestic Exports	359.3	423.2	478.7	13.1
CFZ Sales	172.9	345.5	440.8	27.6
Other Re-exports	42.0	67.9	69.2	1.9
Goods Imports, FOB	1,462.9	1,912.2	2,447.3	28.0
of which: Domestic Imports	1,263.0	1,645.6	2,104.4	27.9
CFZ ⁽¹⁾	199.8	266.5	342.9	28.6
Merchandise Trade Balance	-885.4	-1,067.9	-1,458.6	36.6

⁽¹⁾ CFZ excludes fuel and goods obtained from the free circulation area.

Table A.29: Domestic Exports

	\$mn			
	2020	2021	2022	Percent Change
Traditional Exports	286.9	327.2	332.8	1.7
Sugar ⁽¹⁾	110.7	138.1	162.4	17.6
Citrus Juices ⁽¹⁾	37.6	30.4	22.4	-26.3
Citrus Concentrate	37.3	30.1	22.1	-26.6
Not-from-Concentrate	0.3	0.3	0.3	13.4
Molasses ⁽¹⁾	12.4	14.7	14.6	-0.6
Banana ⁽¹⁾	87.0	91.0	79.9	-12.2
Marine	39.2	53.0	53.5	1.0
Petroleum ⁽¹⁾	4.9	8.6	3.3	-61.2
Non-traditional Exports	70.3	98.3	137.6	39.9
Total Exports	362.1	434.1	473.7	9.1

Sources: SIB, BSI, Banana Growers' Association, Santander Group, Geology and Petroleum Department, and Citrus Products of Belize Limited

⁽¹⁾ Reported exports by industry stakeholders.

Table A.30: Exports of Sugar and Molasses⁽¹⁾

	2020		2021		2022	
	Volume (long tons)	Value (\$'000)	Volume (long tons)	Value (\$'000)	Volume (long tons)	Value (\$'000)
Sugar	121,218	108,012	157,730	135,062	142,864	155,916
Europe	94,078	79,635	124,607	96,793	108,036	108,478
US	16,240	16,829	14,616	17,351	12,989	16,938
CARICOM	10,610	11,215	18,464	20,829	21,741	30,322
Other	290	333	42	88	98	178
Molasses	43,839	12,371	55,394	14,736	45,500	14,642

Sources: BSI and Santander Group

⁽¹⁾ Reported exports by industry stakeholders.

Table A.31: Exports of Citrus Juices and Pulp⁽¹⁾

	2020	2021	2022	Percent Change
Concentrate Exports ('000 ps)	12,953	9,511	7,276	-23.5
Orange	12,380	9,070	6,907	-23.8
Grapefruit	573	441	369	-16.3
Concentrate Value (\$mn)	37.3	30.1	22.1	-26.6
Orange	34.1	27.7	20.0	-27.9
Grapefruit	3.2	2.4	2.1	-12.0
Not-from-Concentrate Exports ('000 ps)	52.5	50.6	49.9	-1.4
Orange	41.5	41.5	33.9	-18.4
Grapefruit	10.9	9.1	16.0	76.6
Not-from-Concentrate Value (\$mn)	0.3	0.3	0.3	13.4
Orange	0.2	0.2	0.2	-13.3
Grapefruit	0.1	0.1	0.1	99.0
Total Citrus Juice Exports ('000 ps)	13,006	9,561	7,326	-23.4
Total Citrus Juice Receipts (\$mn)	37.6	30.4	22.4	-26.3
Pulp Export ('000 pounds)	1,111	1,984	1,315	-33.7
Pulp Value (\$mn)	0.8	1.5	1.0	-31.9

Source: Citrus Products of Belize Limited

⁽¹⁾ Reflects actual sales as reported by the processor and not the value of export shipments as reported by SIB. Export shipments go into inventory for sale at a later point in time.

Table A.32: Exports of Banana

	2020	2021	2022
Volume (metric tons)	92,190	97,444	85,202
Value (\$mn)	87.0	91.0	79.9

Source: Banana Growers' Association

Table A.33: Exports of Marine Products

	2020		2021		2022	
	Volume ('000 lbs)	Value (\$'000)	Volume ('000 lbs)	Value (\$'000)	Volume ('000 lbs)	Value (\$'000)
Lobster	917	25,830.2	974	35,448.9	1,015	34,360.9
Shrimp	660	3,652.0	371	1,718.7	328	1,512.1
Conch	719	9,692.8	958	15,761.3	951	17,526.2
Whole/Fillet Fish	0	0.0	5	57.8	23	98.5
Other	0	0.0	0	0.0	0	0.0
Total	2,296	39,175.0	2,308	52,986.6	2,318	53,497.6

Source: SIB

Table A.34: Other Major Exports

	2020	2021	2022
Petroleum			
Volume (barrels)	74,920	74,358	18,962
Value (\$mn)	4.9	8.6	3.3

Source: Geology and Petroleum Department

Table A.35: Gross Imports (CIF) by Standard International Trade Classification (SITC)

\$mn

	2020	2021	2022
Food and Live Animals	231.7	246.9	288.6
Beverages and Tobacco	48.4	65.7	53.1
Crude Materials	20.7	34.2	40.2
Mineral Fuels and Lubricants	192.6	324.8	483.8
Of which: Electricity	32.3	56.6	61.2
Oils and Fats	22.4	23.1	32.2
Chemicals Products	179.5	225.5	297.1
Manufactured Goods	227.0	344.6	399.9
Machinery and Transport Equipment	317.6	411.8	544.5
Other Manufactures	116.3	160.2	198.8
Commodities - n.i.e.	0.0	0.3	0.5
Designated Processing Areas	30.3	34.8	48.0
Personal Goods	2.2	3.8	3.7
Total	1,388.7	1,875.6	2,390.5
CFZ Direct Imports	217.7	302.3	433.4
Grand Total	1,606.5	2,177.8	2,823.9

Sources: SIB and Belize Electricity Limited
n.i.e. - not included elsewhere

Table A.36: Extended Balance of Payments Services Classification

		\$mn		
		2020	2021	2022
Total Services	Net	511.0	655.0	999.6
	Credits	851.7	1,241.7	1,699.5
	Debits	340.8	586.7	699.9
Manufacturing Services	Net	0.0	0.0	0.0
	Credits	0.0	0.0	0.0
	Debits	0.0	0.0	0.0
Maintenance and Repair Services	Net	0.0	0.5	0.8
	Credits	0.0	0.5	0.8
	Debits	0.0	0.0	0.0
Transportation	Net	-71.6	-188.2	-289.9
	Credits	56.9	60.6	67.4
	Debits	128.5	248.7	357.3
Travel	Net	453.1	671.8	1,077.2
	Credits	494.2	748.2	1,197.9
	Debits	41.1	76.5	120.7
Telecommunications, Computer, and Information Services	Net	75.8	130.1	165.7
	Credits	92.2	152.8	183.0
	Debits	16.4	22.7	17.3
Construction Services	Net	0.0	0.0	0.6
	Credits	0.0	0.0	0.6
	Debits	0.0	0.0	0.0
Insurance and Pension Services	Net	-41.0	-46.2	-44.0
	Credits	1.0	1.1	1.1
	Debits	42.0	47.3	45.1
Financial Services	Net	-2.7	-32.7	11.7
	Credits	6.6	9.0	20.6
	Debits	9.3	41.7	8.9
Charges for the use of Intellectual Property, n.i.e.	Net	-11.2	-18.5	-25.4
	Credits	0.0	0.0	0.0
	Debits	11.2	18.5	25.4
Other Business Services	Net	42.0	75.1	69.5
	Credits	102.5	168.0	147.1
	Debits	60.5	92.9	77.6
Personal, Cultural, and Recreational Services	Net	4.7	6.4	2.7
	Credits	5.9	7.2	5.2
	Debits	1.1	0.8	2.5
Government Services, n.i.e.	Net	61.8	56.6	30.6
	Credits	92.5	94.2	75.8
	Debits	30.7	37.6	45.2

Table A.37: Balance of Payments - Service and Income Balances

\$mn

	2020			2021			2022		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Services	851.7	340.8	511.0	1,241.7	586.7	655.0	1,699.5	699.9	999.6
Transportation	56.9	128.5	-71.6	60.6	248.7	-188.2	67.4	357.3	-289.9
Travel	494.2	41.1	453.1	748.2	76.5	671.8	1,197.9	120.7	1,077.2
Other Goods and Services	208.1	140.5	67.6	338.7	223.9	114.8	358.4	176.7	181.7
Government Goods and Services, n.i.e.	92.5	30.7	61.8	94.2	37.6	56.6	75.8	45.2	30.6
Primary Income	15.2	132.5	-117.3	12.5	168.4	-155.9	21.4	286.4	-265.0
Labour Income	4.7	12.0	-7.3	4.7	12.6	-7.9	4.7	11.4	-6.7
Investment Income	10.5	120.5	-110.0	7.8	155.8	-148.0	16.7	275.0	-258.3
Secondary Income	322.6	86.8	235.8	338.3	85.3	253.0	352.8	147.0	205.8
Government	22.5	10.0	12.5	10.0	8.9	1.1	12.5	72.2	-59.7
Private	300.1	76.8	223.3	328.3	76.4	251.9	340.3	74.8	265.5

Table A.38: Percentage Distribution of Visible Trade by Country/Area

Percentage

	Exports			Imports		
	2020	2021	2022	2020	2021	2022
US	15.0	12.4	10.7	35.7	32.5	38.4
Mexico ⁽¹⁾	32.9	44.6	49.7	22.8	20.3	18.3
UK	23.1	15.2	13.3	1.1	0.9	1.0
EU	11.3	12.3	10.1	3.9	3.8	3.5
Central America	3.4	4.9	4.2	11.8	15.3	12.3
CARICOM	11.2	8.8	9.8	2.5	2.4	1.9
Canada	0.3	0.1	0.1	0.7	0.6	0.9
China	0.1	0.0	0.0	12.8	14.5	16.2
Other	2.8	1.6	2.1	8.7	9.6	7.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Sources: SIB and Central Bank

⁽¹⁾ Includes exports and imports by the CFZ.

Table A.39: Balance of Payments - Capital and Financial Accounts

	\$mn		
	2020	2021	2022
	Net	Net	Net
CAPITAL ACCOUNT	28.5	482.9	58.9
Government	28.5	482.9	58.9
Other Sectors	0.0	0.0	0.0
FINANCIAL ACCOUNT	-337.7	98.7	-360.7
Direct Investment Abroad	8.9	3.1	2.4
Direct Investment in Belize	152.4	251.0	267.1
Portfolio Investment Assets	0.0	0.0	0.0
Portfolio Investment Liabilities	13.0	-1,129.8	0.0
Financial Derivatives Assets	0.0	0.0	0.0
Financial Derivatives Liabilities	0.0	0.0	0.0
Other Investment Assets	62.7	326.5	-69.5
Monetary Authorities	1.7	0.0	0.0
General Government	0.0	0.0	0.0
Banks	63.6	322.2	-67.0
Other Sectors	-2.6	4.3	-2.5
Other Investment Liabilities	243.9	1,109.8	26.4
Monetary Authorities	8.7	-0.1	-0.1
General Government	236.2	894.4	60.0
Banks	13.6	26.5	-23.3
Other Sectors	-14.6	116.3	-10.2
Special Drawing Rights	0.0	72.7	0.0
NET ERRORS AND OMISSIONS	30.0	81.7	215.5
CHANGES IN RESERVES	140.4	150.2	116.9

Table A.40: Official International Reserves

\$mn

	Position as at			Changes During 2022
	Dec 2020	Dec 2021	Dec 2022	
Gross Official International Reserves	697.9	848.1	964.9	116.9
Central Bank of Belize	677.3	828.0	945.9	117.9
Holdings of SDRs	58.3	128.6	99.4	-29.2
IMF Reserve Tranche	17.9	17.3	17.0	-0.3
Other	601.1	682.0	829.5	147.5
Central Government	20.6	20.2	18.9	-1.3
Foreign Liabilities	4.5	4.3	3.8	-0.4
CARICOM	0.6	0.5	0.2	-0.3
Other	3.9	3.7	3.7	-0.1
Net Official International Reserves	693.4	843.8	961.1	117.3

Table A.41: Long-Term Private Sector External Debt by Economic Sector⁽¹⁾

\$'000

Economic Sectors	Disbursed Outstanding Debt 31/12/2021	TRANSACTIONS THROUGH DECEMBER 2022			Disbursed Outstanding Debt 31/12/2022
		Disbursements	Principal Payments	Interest Payments	
Agriculture	29,536	0	0	0	29,536
Arts, Entertainment, and Recreation	0	0	0	0	0
Construction	21,339	0	4,656	3,264	16,683
Economic Diversification	0	0	0	0	0
Education	0	0	0	0	0
Electricity and Gas	14,905	0	775	1,967	14,130
Financial and Insurance	111	0	0	0	111
Fishing	9,355	0	0	0	9,355
Information and Communication	0	0	0	0	0
Real Estate	0	0	0	0	0
Tourism	91,332	0	1,230	2,280	90,102
Transportation	39,481	0	4,126	893	35,354
Wholesale and Retail Trade	3,817	1,000	2,852	120	1,964
Total	209,875	1,000	13,640	8,525	197,235

⁽¹⁾ Data on contracted external private sector loans reported by residents to the Central Bank.

Table A.42: Balance of Payments Summary

	\$mn		
	2020	2021	2022
CURRENT ACCOUNT	-255.8	-315.7	-518.2
Goods: Exports FOB	577.5	844.2	988.7
Goods: Imports FOB	1,462.9	1,912.2	2,447.3
Trade Balance	-885.4	-1,067.9	-1,458.6
Services: Credit	851.7	1,241.7	1,699.5
Transportation	56.9	60.6	67.4
Travel	494.2	748.2	1,197.9
Other Goods and Services	208.1	338.7	358.4
Government Goods and Services	92.5	94.2	75.8
Services: Debit	340.8	586.7	699.9
Transportation	128.5	248.7	357.3
Travel	41.1	76.5	120.7
Other Goods and Services	140.5	223.9	176.7
Government Goods and Services	30.7	37.6	45.2
Balance on Goods and Services	-374.4	-412.9	-459.0
Primary Income: Credit	15.2	12.5	21.4
Compensation of Employees	4.7	4.7	4.7
Investment Income	10.5	7.8	16.7
Primary Income: Debit	132.5	168.4	286.4
Compensation of Employees	12.0	12.6	11.4
Investment Income ⁽¹⁾	120.5	155.8	275.0
Balance on Goods, Services, and Income	-491.7	-568.8	-723.9
Secondary Income: Credit	322.6	338.3	352.8
Government	22.5	10.0	12.5
Private	300.1	328.3	340.3
Secondary Income: Debit	86.8	85.3	147.0
Government	10.0	8.9	72.2
Private	76.8	76.4	74.8
CAPITAL ACCOUNT, n.i.e.	28.5	482.9	58.9
Capital Account: Credit	28.5	552.0	58.9
Capital Account: Debit	0.0	69.1	0.0

Table A.42: Balance of Payments Summary (continued)

			\$mn
	2020	2021	2022
FINANCIAL ACCOUNT, n.i.e.	-337.7	98.7	-360.7
Direct Investment Abroad	8.9	3.1	2.4
Direct Investment in Belize, n.i.e.	152.4	251.0	267.1
Net Direct Investment	-143.5	-247.9	-264.7
Portfolio Investment Assets	0.0	0.0	0.0
Portfolio Investment Liabilities, n.i.e.	13.0	-1,129.8	0.0
Net Portfolio Investment	-13.0	1,129.8	0.0
Financial Derivatives Assets	0.0	0.0	0.0
Financial Derivatives Liabilities	0.0	0.0	0.0
Net Financial Derivatives	0.0	0.0	0.0
Other Investment Assets	62.7	326.5	-69.5
Other Investment Liabilities	243.9	1,109.8	26.4
Net Other Investment	-181.1	-783.2	-96.0
NET ERRORS AND OMISSIONS	30.0	81.7	215.5
RESERVE ASSETS	140.4	150.2	116.9

⁽¹⁾ Data include an estimate for profit remittances from the tourism and petroleum industries.

Table A.43: International Investment Position

\$mn

	Position as at Dec 2021	Financial Account Transactions Jan - Dec 2022	Position as at Dec 2022
Net Position	-6,570.2	-243.8	-6,814.0
A. Assets	1,687.2	49.7	1,737.0
1. Direct Investment Abroad	149.4	2.4	151.8
2. Portfolio Investment	43.5	0.0	43.5
2.1 Equity Securities	34.7	0.0	34.7
2.2 Debt Securities	8.8	0.0	8.8
3. Other Investment	646.3	-69.5	576.7
3.1 Trade Credits	-0.7	-0.7	-1.4
3.2 Loans	3.1	0.0	3.1
3.3 Currency and Deposits	643.9	-68.8	575.1
3.4 Other Assets	0.0	0.0	0.0
4. Reserve Assets	848.1	116.9	964.9
4.1 Monetary Gold	0.0	0.0	0.0
4.2 Special Drawing Rights	128.6	-29.2	99.4
4.3 Reserve Position in the Fund	17.3	-0.3	17.0
4.4 Foreign Exchange	681.9	147.7	829.6
4.5 Other Claims	20.2	-1.3	18.9
B. Liabilities	8,257.5	293.6	8,551.0
1. Direct Investment	5,075.6	267.1	5,342.7
2. Portfolio Investment	0.0	0.0	0.0
2.1 Equity Securities	0.0	0.0	0.0
2.2 Debt Securities	0.0	0.0	0.0
3. Other Investment	3,181.9	26.4	3,208.4
3.1 Trade Credits	35.3	-0.5	34.9
3.2 Loans	2,996.5	36.9	3,033.4
3.3 Currency and Deposits	110.1	4.2	114.2
3.4 Other Liabilities	40.0	-14.2	25.8

Table A.44: List of Licensed Banks

Domestic Banks	International Banks
Atlantic Bank Limited	Belize Bank International Limited
Belize Bank Limited	Caye International Bank Limited
Heritage Bank Limited	Heritage International Bank and Trust Limited
National Bank of Belize Limited	

Table A.45: List of Credit Unions

Blue Creek Credit Union Limited*	St. John's Credit Union Limited*
Holy Redeemer Credit Union Limited*	St. Martin's Credit Union Limited
La Inmaculada Credit Union Limited	Spanish Lookout Credit Union Limited*
St. Francis Xavier Credit Union Limited*	Toledo Teachers Credit Union Limited

* These represent the five largest credit unions.

Table A.46: Capital for All Credit Unions

Capital Adequacy	Dec 2020	Dec 2021	Dec 2022
Total Capital/Deposits (%)	21	21.1	20.8
Total Capital/Total Assets (%)	17.2	17.3	17.1
Net Institutional Capital/Total Assets (%)	11.8	11.9	12.9
Total Capital (\$mn)	196.1	204.9	214.0

Table A.47: Central Bank Dealings in Foreign Exchange in 2022

\$mn

Month	US \$, Canadian \$, and UK £			CARICOM Currencies		
	Purchases	Sales	Net	Purchases	Sales	Net
January	10.0	20.4	-10.4	0.0	0.7	-0.7
February	21.3	7.3	14.0	0.0	0.1	-0.1
March	29.9	12.2	17.7	0.0	0.4	-0.4
April	14.2	33.1	-18.9	0.0	0.5	-0.5
May	73.5	11.9	61.6	0.0	0.8	-0.8
June	25.9	16.5	9.4	0.0	0.0	0.0
July	23.5	18.6	4.9	0.0	0.7	-0.7
August	36.4	7.6	28.8	0.0	0.1	-0.1
September	87.3	76.1	11.2	0.0	0.5	-0.5
October	18.4	37.3	-18.9	0.0	0.1	-0.1
November	30.4	16.5	13.9	0.0	0.3	-0.3
December	29.7	17.8	11.9	0.0	0.2	-0.2
Total	400.5	275.3	125.2	0.0	4.2	-4.2

Table A.48: External Asset Ratio in 2022

Month	Foreign Assets \$mn	Domestic Liabilities \$mn	External Asset Ratio (%)
January	819.0	1,325.5	61.8
February	833.6	1,349.3	61.8
March	850.1	1,366.0	62.2
April	827.3	1,406.5	58.8
May	889.5	1,477.7	60.2
June	897.2	1,486.1	60.4
July	902.0	1,449.2	62.2
August	928.8	1,498.0	62.0
September	938.4	1,515.4	61.9
October	920.0	1,477.6	62.3
November	936.9	1,491.5	62.8
December	950.6	1,501.6	63.3

Table A.49: Domestic Banks' Balances with the Central Bank in 2022

\$mn				
Month	Average Deposit Liabilities	Required Cash Reserves	Actual Cash Holdings	Excess/ (Deficit)
January	3,576.3	232.5	601.3	368.8
February	3,600.5	234.0	644.2	410.2
March	3,601.6	234.1	693.1	459.0
April	3,669.8	238.5	705.1	466.6
May	3,728.6	242.4	727.8	485.5
June	3,713.2	241.4	756.2	514.8
July	3,739.8	243.1	709.3	466.2
August	3,728.8	242.4	693.7	451.4
September	3,685.8	239.6	720.8	481.2
October	3,642.8	236.8	725.6	488.8
November	3,638.5	236.5	704.4	467.9
December	3,641.1	236.7	735.9	499.3
Average	3,663.9	238.2	701.5	463.3

Table A.50: Currency in Circulation in 2022

\$mn					
Month	Notes	Coins	Total	Domestic Banks' Vault Cash	Currency with the Public
January	477.2	37.5	514.7	59.2	455.5
February	482.4	37.7	520.1	62.5	457.6
March	497.0	37.9	534.9	72.1	462.8
April	502.6	38.2	540.9	66.0	474.8
May	505.9	38.5	544.4	67.0	477.4
June	506.7	38.7	545.4	73.2	472.2
July	513.9	39.0	552.9	65.4	487.5
August	519.6	39.2	558.7	70.3	488.4
September	526.7	39.4	566.1	75.2	490.8
October	520.1	39.6	559.7	68.8	490.8
November	531.0	39.7	570.7	75.7	495.0
December	563.8	40.1	603.8	80.7	523.1

Table A.51: Composition of Treasury Notes

\$mn

Tenor	Amount	Allocation			Percentage	
		Central Bank	Domestic Banks	Others	Previous Yield	Current Yield
1-Year	316.0	287.5	25.0	3.5	2.25	2.00
2-Year	128.7	77.8	30.0	20.8	3.00	2.25
5-Year	196.0	73.8	43.1	79.1	4.50	3.50
5-Year ^(1,2)	42.4	0.0	6.0	36.4	6.50	6.50
7-Year	94.4	61.5	15.0	17.9	4.50	4.00
10-Year	214.9	54.2	20.0	140.7	7.75	5.25
20-Year ⁽²⁾	20.0	0.0	0.0	20.0	5.75	5.75
Total	1,012.4	554.8	139.1	318.5		

⁽¹⁾ US dollar denominated T-note issued on the domestic market.

⁽²⁾ Yield changes in 2022 did not affect the USD 5-year T-note and the 20-year T-note.

Table A.52: Central Bank Credit to Central Government in 2022

\$mn

Month	Treasury Bills	Treasury Notes	Overdraft Facility ⁽¹⁾	A	B
January	66.0	546.5	0.0	8.6	0.0
February	96.0	546.5	0.0	9.1	0.0
March	96.0	546.5	0.0	9.1	0.0
April	156.0	546.5	0.0	9.9	0.0
May	156.0	555.2	0.0	10.0	0.0
June	156.0	555.2	0.0	10.0	0.0
July	116.0	555.2	0.0	9.5	0.0
August	140.0	555.2	0.0	9.8	0.0
September	140.0	555.1	0.0	9.8	0.0
October	123.0	555.1	0.0	9.6	0.0
November	123.0	555.0	0.0	9.6	0.0
December	123.0	554.8	0.0	9.5	0.0

⁽¹⁾ Overdraft facility represents monthly averages rather than end of month positions.

A: The Central Bank's holdings of Government securities as a multiple of its paid-up capital and reserves.

B: Advances to Government as a percentage of Government's estimated recurrent revenues for the previous fiscal year.







V. FINANCIAL STATEMENTS



CENTRAL BANK OF BELIZE

Financial Statements

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



CENTRAL BANK OF BELIZE

Table of contents

	Page
Independent auditor's report	1 - 4
Statements of financial position	5
Statements of comprehensive income	6
Statements of changes in capital and reserves	7
Statements of cash flows	8
Notes to the financial statements	9 - 63



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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 of 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:

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

6. Accrued interest and cash-in-transit

	<u>2022</u>	<u>2021</u>
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
	<u>5,571,012</u>	<u>1,268,509</u>

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:

	<u>2022</u>	<u>2021</u>
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)
	<u>474,000,678</u>	<u>237,530,547</u>

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 licensed 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	(26,380,700)
Non-current pension liability as at 31 December 2020	<u>(1,605,400)</u>
Actuarial losses as at 31 December 2020	<u>(727,545)</u>

Central Bank of Belize

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 **27,966,400**

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 25,624,900

Net change in non-current pension liability for the year ended 31 December 2021 2,341,500

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 2,341,500

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.

Central Bank of Belize

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

(in Belize dollars)

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.

Central Bank of Belize

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

	2022	2021
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

	2022	2021
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

	2022	2021
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.

Central Bank of Belize

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

(in Belize dollars)

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

	<u>2022</u>	<u>2021</u>
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
	<u>6,190,456</u>	<u>6,120,207</u>

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)

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

Transactions with the members of the Board of Directors

Transactions with key management personnel includes short-term benefits.

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

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.

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 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:

Central Bank of Belize

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 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

Central Bank of Belize

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 compre- hensive 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).

Central Bank of Belize

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	5	349,666,329	-	-	349,666,329
Expected credit loss		(38,684)	-	-	(38,684)
		349,627,645	-	-	349,627,645
Marketable securities issued or guaranteed by foreign governments and foreign financial institutions	7	474,010,826	-	-	474,010,826
Expected credit loss		(10,148)	-	-	(10,148)
		474,000,678	-	-	474,000,678
Other assets	10	7,262,890	-	-	7,262,890
Expected credit loss		(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	5	437,590,815	-	-	437,590,815
Expected credit loss		(48,691)	-	-	(48,691)
		<u>437,542,124</u>	-	-	<u>437,542,124</u>
Marketable securities issued or guaranteed by foreign governments and foreign financial institutions	7	237,531,638	-	-	237,531,638
Expected credit loss		(1,090)	-	-	(1,090)
		<u>237,530,548</u>	-	-	<u>237,530,548</u>
Other assets	10	5,182,225	-	-	5,182,225
Expected credit loss		(476)	-	-	(476)
		<u>5,181,749</u>	-	-	<u>5,181,749</u>
Total net amounts		<u>680,254,421</u>	-	-	<u>680,254,421</u>
ECL as a % of carrying amounts		<u>0.01%</u>	-	-	<u>0.01%</u>

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)

	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)	On	1-3 Months	4-6 Months	6-12 Months	1-5 Years	Over 5 years	Total
Financial liabilities	demand/less						
	than 1 month						
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.