



CAYMAN ISLANDS DEVELOPMENT BANK

# ANNUAL REPORT

**For The Year Ended  
December 31, 2024**



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## **MESSAGE**

### *from The Chief Executive Officer*

Macroeconomic factors that impacted the financial health of banks and decision making of banks centered around inflation and interest rates in the Cayman Islands. Labour productivity growth has been difficult to measure despite spending money on tech. The ever-changing regulatory landscape continues to require investment to ensure that the jurisdiction remains off any list. The CIDB is a lending institution that is 100% owned by the Government, however, the bank is audited as a Class A Bank. The bank engaged a local law firm to develop an audit plan and act as internal auditor for independent oversight of the bank's operations in keeping with the "Three Lines of Defense Model". This additional regulatory requirement contributed to the banks' operational costs and, while this is a standard for Class A Banks, one could argue the purpose does not add value for the size and scope of the bank's operations. These measures have impacted the bank's ability to attract capital and carry out its vision to carry out meaningful development programs. In December 2023, the government allocated \$4million in capital for the bank. The bank received \$3million in 2024 and will receive only \$1million in 2025. The demand for affordable homes has not slowed down and while interest rates fell in 2024, the rates are still higher than pre-pandemic rates leaving home ownership out of reach for many. In addition, inflation has also played a role as many cannot save for a down-payment on a home or cover closing costs.

Despite the equity contribution of only \$3 million, the bank earmarked \$5 million for the NHDT housing project utilizing some of its internal funds. Due to construction delays, only \$1.1million was advanced in 2024. The hold back of \$4 million of the banks' internal funds has impacted the bank's revenues through loss of loan interest income that earns at least 2.75% interest than current fixed deposit rates.

Notwithstanding, the Bank posted a net operating income of \$131,456 for the year ending December 31, 2024, compared to a net operating loss of \$(497,128) for the year ended December 31, 2023.

I would like to take this opportunity to thank my staff for their continued support and dedication to providing care and compassion for our customers and one another. I would also like to thank the Board of Directors for their support and continued advocacy on a way forward for the Bank.

*Tracy Ebanks*



## MESSAGE

### *from The Chairman of The Board*

On behalf of the Board of Directors, I would like to thank the CEO, Management and staff of CIDB for another successful year. This Annual Report showcases our steadfast commitment to supporting the Government by contributing to the social and economic growth of the Country. This year has been marked by significant achievements, including the commencement of implementation of our 2024-2029 Strategic Plan.

Our financial strength has been reinforced by effective loan recovery processes, contributing to a good financial position. The residential loan portfolio continues to experience high demand, influenced by prevailing high interest rates and escalating construction costs and demands for affordable housing for low to middle income families. In response, we will continue to proactively assess market conditions to ensure our offerings align with the evolving needs of our clients.

In the area of human resources, the Board is collaborating closely with Management to review and update our succession plan. This initiative aims to ensure seamless leadership transitions and sustained organizational resilience. By regularly evaluating our leadership pipeline and aligning it with our strategic objectives, we are committed to maintaining a dynamic and capable leadership team.

Looking forward, we are dedicated to exploring additional funding sources and optimizing our portfolio mix to uphold a balanced and resilient financial position. We will present our Strategic Plan to the newly elected government in May, underscoring our dedication to sustainable growth and alignment with national economic priorities.

We extend our sincere gratitude to our stakeholders, clients, and dedicated team members for their unwavering support and contributions to another successful year. With a clear vision and strong foundations, we are confident in our ability to navigate future opportunities and challenges.

*Mark Scotland*



## *Vision Statement*

**CAYMAN ISLANDS DEVELOPMENT BANK**

**To become an efficient, successful and profitable lending institution  
optimizing the use of scarce resources while impacting the community through  
the implementation of meaningful developmental programmes and projects  
for the benefit of all its stakeholders.**



## *Report for the Year Ended December 31, 2024*

### **1) Nature and Scope of Activities**

The Cayman Islands Development Bank (“CIDB” or “the Bank”) was established under the Cayman Islands Development Bank Law (2004 Revision) which came into force on March 1, 2002, and is solely owned by the Cayman Islands Government. The principal function of CIDB is to mobilize, promote, facilitate, and provide finance for the expansion and strengthening of the economic development of the Islands. The Bank does this by providing financing for tertiary education, housing, agriculture and the development of small businesses.

### **2) Governance**

The CIDB’s Board of Directors is responsible for the policy of the Bank and the general administration of its affairs and business. The Bank is regulated by the Monetary Authority and is audited annually by the Auditor General’s Offices. The Board of Directors is governed through Section 4 Schedule 1 of the Law.

### **3) Our People**

For the year ended December 31, 2024, the bank had a total of 16 members of staff. CIDB’s Senior Management Team was comprised as follows:

General Manager/CEO	Tracy Ebanks, AICB, pMBA (Hons)
Financial Controller	Paula Smith, FCCA
Senior Manager – Admin, Operations, and IT	Floyd Groves, CISSP
Senior Credit Risk Manager	Roger Bodden, BSc (Hons), Notary Public
Senior Manager Credit	Carlene Wilson, AICB

During the year ended December 31, 2024, employees of the Bank participated in several mandatory training programs that included training in Anti-Money Laundering and Fraud and Information Security Awareness. The staff also attended several Chamber of Commerce training courses. Nine of the 16 staff members have post-secondary education and currently one employee is undertaking an MBA.

Fiscal year 2024 saw strong staff engagement in the community and in marketing efforts to improve the bank’s image and role in the community.



*In March we attended the annual Trade Show in Panama organized by the Cayman Islands Chamber of Commerce. We met small business owners who were also on the trip to gain a better understanding of retail trade in Panama and how products from Panama could be sourced and shipped to the Cayman Islands. This information could aid with providing small business loans.*



*CIDB Staff at the Annual Earth Day Clean Up in March. Also pictured is the granddaughter of the CEO who is a Clifton Hunter High School student and another student from John Gray High School with her mentor Elisa Caputo.*



*In March the Bank was a Sponsor of the annual Chamber of Commerce career fair held at the UCCI hall. Pictured with the staff is the Chairman of the Board, Mr. Mark Scotland. The preceding picture is the career fair held at Layman Scott High School in Cayman Brac in*



*In October, the bank attended the second annual Small Business Expo organized by the Cayman Islands Centre for Business Development. The Bank staff holding the Cayman Flag and dressing down to support Jordan Crooks with his Olympic bid for gold in swimming.*

#### 4) Management Discussion and Analysis

The key objectives for fiscal year 2024 were as follows:

- Funding NHDT mortgages
- Small business loans
- Provision of financial counseling for customers
- Continue engagement within the community
- Approved 5-year Strategic Plan 2024-2029

##### i) Loan Performance

As of December 31, 2024, the loan portfolio stood at \$26,753,162 before loan loss provision of \$(101,948) compared to the loan portfolio as of year ended December 31, 2023, of \$27,461,675 before loan loss provision of \$(367,871), representing a slight decrease in the loan portfolio over year ended December 31, 2023, but a substantially reduced loan loss provision.

Below are the total loan disbursements in 2024. This does not reflect loans that are approved but have not yet drawn, totaling approximately \$4 million.

<b>Loan Category</b>	<b>Total Number of Disbursements</b>	<b>Total Value of Disbursements (\$)</b>
Business	6	238,156
Mortgages	42	2,638,733
Students	11	144,373
Others	1	43,800
<b>Total</b>	<b>60</b>	<b>3,065,062</b>

##### ii) Loan Delinquency

Delinquent loans continued to decrease and fell to 13% totaling \$3.5 million as of December 31, 2024, compared to 18% in 2023 and 26% in 2022. This level of delinquency is below the average of development banks in the region. The bank focused its collection efforts on the delinquent portfolio and worked diligently with its customers to accept payments terms versus heading to foreclosure. Foreclosure is inevitable for some accounts and must be exercised to collect long outstanding debt to the bank.

##### iii) Financial Performance

As of December 31, 2024, the total assets of the Bank stood at \$42,897,200 (including cash held on behalf of the Education Council Scholarship Fund of \$465), an increase of \$3.1 million over the prior period. The net loan portfolio represented approximately 62% of the Bank's assets as of December 31, 2024, a 6% decrease from 2023 due to decreased lending activity. Return on assets and return on equity are both positive at 0.31% and 0.32% respectively in 2024. Accrued liabilities increased by \$41,000. However, the Bank remains free from long term external debt.

Loan interest income growth from mortgages and interest income from fixed deposits resulted in net interest income increasing by \$669,860 or 49% for the year ending December 31, 2024. The bank was unable to advance close to \$4 million earmarked for NHDT homes due to construction delays that translated to a loss of interest income of approximately \$260,000 per annum.

The Bank's operating expenses increased by \$107,874. This figure excludes the defined benefit cost of \$201,000 related to the post-retirement healthcare benefit. The bank intends to fund the pension liability yearly over a 10-year period until fully funded. Apart from salaries and staff benefits expenses, the bank's operational costs have increased over the years due to regulatory

requirements requiring outsourcing computer and audit functions. The Bank posted a net operating income of \$131,456 for the year ended December 31, 2024, compared to a net operating loss of \$(497,128) for year ended December 31, 2023.

#### **5) Programmes Administered on Behalf of the Cayman Islands Government**

During the fiscal year ended December 31, 2024, the Bank continued to provide administrative services to the Cayman Islands Government in respect of the various government guaranteed loan programmes as well as the administration of the funds under the Government's Scholarship Programme.

Under the government guaranteed loan programmes, a number of commercial banks provide funding for mortgages and student loans to eligible individuals on the strength of a government guarantee, while CIDB acts as administering agent with responsibilities including the monitoring of these programmes. The Cayman Islands Government remunerates CIDB for the administrative services provided on its behalf under these programmes and this arrangement is formalized in a Purchase Agreement for services/outputs between the Government and CIDB at the beginning of each fiscal year.

#### **6) The Future**

The outputs received by CIDB to assist with the administration of various programs on behalf of Government and operational costs of the Bank are approximately \$605,000 per annum. Operational expenses over several years increased by over \$250,000 but are outside the Bank's control. These included increases in accommodation costs (\$70,000), professional fees (\$61,000) and directors' fees (\$123,000) since 2021. The current output remains insufficient for several reasons. The regulatory landscape is a moving target, and the introduction of new risk measures are out for consultation now with implementation to occur in 2025.

The establishment of direct communication and partnership with Government in achieving shared objectives is essential. CIG support in supporting access to capital and increasing capitalization of the Bank is a critical component of its success. Make representation to Cayman Islands Government (CIG) Cabinet and Caucus to promote the opportunities for Cayman's socio-economic development in partnership with the Bank. Secure direct, regular communications with CIG, Ministries and Government Departments in key and relevant areas to identify common issues. Secure collaboration and partnership with Ministry of Finance and Ministry of Investment, Innovation & Social Development to develop bespoke financial solutions to address issues facing Caymanians, e.g. access home loans, bank accounts, business loans, education, and support.

The Bank has limited capital to continue its mortgage lending and a capital injection from Government will be needed if the Bank is to continue to play a role in providing affordable housing for first time homeowners. Increased capital injection will also require a change in the CIDB Act. The authorized capital of the Bank is \$50 Million and up to December 31, 2024, \$44.8 Million has been contributed by the Government. The Government plans to contribute only \$1 million in 2025. The 2026/2027 two-year budget cycle will commence in the second half of 2025, and it is unknown what will be earmarked for the Bank.

#### **7) Acknowledgements**

The Cayman Islands Development Bank wishes to express its gratitude to the Government of the Cayman Islands and the Board of Directors for their assistance and support during the period under review.

**8) Appendix: Ownership Performance Reporting and Statement Outputs Delivered to Cabinet – Financial Performance & Position Measures**

<b>FINANCIAL PERFORMANCE MEASURE</b>	<b>2024 ACTUAL</b>	<b>2024 BUDGET</b>	<b>ANNUAL VARIANCE</b>	<b>NOTE</b>
	<b>\$000'S</b>	<b>\$000'S</b>	<b>\$000'S</b>	
REVENUE FROM CABINET	605	650	(45)	
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	45	40	5	
REVENUE FROM OTHER PERSONS OR ORGANISATIONS	2,066	1,746	320	<b>1</b>
SURPLUS/DEFICIT FROM OUTPUTS				
OTHER EXPENSES	2,663	2,623	40	<b>2</b>
<b>NET SURPLUS (DEFICIT)</b>	53	(187)	240	<b>3</b>
<b>TOTAL ASSETS</b>	42,897	42,601	296	<b>4</b>
<b>TOTAL CURRENT ASSETS</b>	15,011	12,134	2,877	<b>4</b>
<b>TOTAL CURRENT LIABILITIES</b>	258	227	31	<b>5</b>
<b>TOTAL LIABILITIES</b>	1,370	1,391	(21)	<b>5</b>
<b>NET WORTH</b>	41,527	41,210	317	<b>6</b>
CASH FLOWS FROM OPERATING ACTIVITES	494	(3,063)	3,557	<b>7</b>
CASH FLOWS FROM INVESTING ACTIVITES	(34)	2,455	(2,489)	<b>8</b>
CASH FLOWS FROM FINANCING ACTIVITIES	2,993	2,993	(0)	
CHANGE IN CASH BALANCES	3,453	2,385	1,068	
<b>FINANCIAL PERFORMANCE RATIO</b>				
CURRENT ASSETS: CURRENT LIABILITIES	5823%	5345%	478%	
TOTAL ASSETS: TOTAL LIABILITIES	3132%	3063%	69%	
<b>NOTES: EXPLANATION FOR VARIANCE</b>				

<b>1</b>	<p>The \$320K positive variance on external revenue vs budget was due mostly to the following: Actual income earned on Fixed Deposit was higher by \$470K than the fore-casted \$25K for 2024. Income received on loans written off was \$48K in 2024 and on non-accrual loans amounted to \$394K in 2024. Loan payments for 2024 included: 23 loans that were paid out in full ahead of scheduled maturity amounting to \$1M. The actual average interest rate on performing loans for 2024 of 5.33% was 0.60% higher than the forecasted average interest rate of 4.73%.</p>
<b>2</b>	<p>The actual total expense for 2024 was \$40K more than the \$2.623M forecasted due mostly to the following: Total depreciation cost for 2024 was \$110K lower than forecasted. This is because forecasted acquisition of new banking software (\$420K), and new generator set (\$165K) did not occur in 2024. Total Directors fees for 2024 were \$24K lower than forecasted as Cabinet did not replace a director whose tenure expired on April 30, 2024. The actual provision for expected credit loss for 2024 was \$82K lower than the forecasted. Total advertising and promotion for 2024 was lower by \$4K than forecasted.</p> <p>Health care cost was \$88K higher than forecasted. This was due mainly to switching of health care provider from CINICO to Coralisle (BritCay). There was also a 6% increase in health premiums during the year. Similarly, actual personnel costs were \$219K higher than forecasted. Actual revaluation of post health retirement cost was higher by \$60K. Actual 2024 salary was higher by \$58K. A \$2K Christmas bonus was granted to each civil servant that was approved by the Cabinet &amp; Board of Directors. Other personnel costs were also higher by \$20K.</p>

NOTES: EXPLANATION FOR VARIANCE	
<b>3</b>	The actual 2024 net surplus was \$53K compared to a forecasted deficit of \$187K. This was due mainly to the positive variances earned from: interest on fixed deposit and the collection of written off loans.
<b>4</b>	The actual 2024 total assets figure was \$296K higher than forecasted due mostly to the following: The earnings from fixed deposits was \$470K higher than what was forecasted; \$227K of the previously written off loans or bad debts were collected during 2024. The funds placed in fixed deposit in 2024 included the following items that were not forecasted: the excess \$1M collection from early repaid loans, the \$227K of the previously written off loans, the unused funds allotted to acquire new generator set of \$165K, and the unused funds allotted to buy new banking software of \$420K.
<b>5</b>	The actual 2024 total liabilities were \$21K less than forecasted due mostly to the following: The actual cash held (\$465) on behalf of the Ministry of Education Scholarship Fund at the end of 2024 was \$116K lower than the forecasted amount; The actual other payable and accruals for 2024 of \$253K was \$142K higher than the forecasted amount (\$110K).
<b>6</b>	The actual net worth figure for 2024 was \$317K more than forecasted. This was attributable to the positive variance in net deficit (as detailed in notes #3 above), the positive variance in total assets (as detailed in note #4 above) and the fact that total liabilities was \$21K less than forecasted (as detailed in notes #5 above).
<b>7</b>	The positive variance of \$3.56M net cash flows from operating activities for 2024 over the forecasted amount was attributed mostly to: the actual 2024 net income of \$53K compared to the forecasted net loss of \$(187)K (refer to details of notes #1, #2 & #3 above). Loans disbursed - cash disbursements year to date amounted to \$2.63M compared to a budget of \$7M. The actual ending balance of scholarship funds being held for the Ministry of Education of \$465 was \$116K lower than the forecasted amount. The 2024 actual increase in payable and accruals was \$45K. The actual amount was \$142K higher than the \$110K forecasted amount.
<b>8</b>	The actual net cash outflow for investing activities of \$34K was \$2.5M less than the forecasted outflow of \$2.46M. This was due partly to the fixed deposit balance being \$8.1M higher than what was forecasted as opposed to \$3.02M higher. Additionally, the forecasted acquisition of fixed assets (generator set of \$165K) and new banking software of \$420K did not take place in 2024.

9) Appendix: Ownership Performance Reporting and Statement Outputs Delivered to Cabinet- Human & Physical Capital Measures

	HUMAN CAPITAL MEASURES	2024 ACTUAL	2024 BUDGET	ANNUAL VARIANCE	NOTE
		\$000'S	\$000'S	\$000'S	
	TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	16	16		
	<b>STAFF TURNOVER (%)</b>				
	SENIOR MANAGER	-	-	-	
	PROFESSIONAL AND TECHNICAL STAFF	-	-	-	
	ADMINISTRATIVE STAFF	-	-	-	
	<b>PHYSICAL CAPITAL MEASURES</b>				
	VALUE OF TOTAL ASSETS	1,232	1,678	(446)	1
	ASSET REPLACEMENTS: TOTAL ASSETS	-	-	-	
	BOOK VALUE OF ASSETS: COST OF THOSE ASSETS	61%	69%	-8%	1
	DEPRECIATION: CASH FLOW ON ASSET PURCHASES	980%	13%	967%	1
	CHANGES TO ASSET MANAGEMENT POLICES	NONE	NONE	-	
	MAJOR CAPITAL EXPENDITURE PROJECTS				
	BANKING SOFTWARE AND COMPUTER HARDWARE	-	-	-	
	<b>TRANSACTION</b>				
	Equity Investments into Cayman Islands Development Bank	3,000	3,000	-	
	Capital Withdrawals from Cayman Islands Development Bank	-	-	-	
	Dividend or Profit Distributions to be made by Cayman Islands Development Bank.	-	-	-	
	Government Loans to be made to Cayman Islands Development Bank	-	-	-	
	Government Guarantees to be issued in relation to Cayman Islands Development Bank	-	-	-	
	Related Party Payments (Non-Remuneration) made to Key Management Personnel	127	150	(24)	2
	Remuneration Payments made to Key Management Personnel	787	730	57	2
	Remuneration Payments made to Senior Management	787	730	57	3
	NUMBER OF KEY MANAGEMENT PERSONNEL (BOARD)	6	6	-	2
	NUMBER OF KEY SENIOR MANAGEMENT (MD)	5	5	-	
	<b>NOTES: EXPLANATION FOR VARIANCE</b>				
1	The total forecasted acquisition of new assets (including the generator set of \$165K, and new banking software of \$420K) did not come to fruition in 2024. Only \$41K was used to purchase (\$36K) a fully depreciated vehicle that was disposed of. The remaining \$5K was used to acquire computer equipment including items for the new Financial Controller.				
2	Total directors fees for 2024 were \$24K lower than forecasted. Cabinet did not replace a director whose tenure expired April 30, 2024.				
3	The \$57K increase in remuneration to senior management was due mostly to (a) switching of new health care provider from CINICO to Coralisle (BritCay) coupled with a 6% increase in premiums on July 1, 2024 (b) \$2,000 Christmas bonus granted to each civil servant following approval by the Cabinet and the Board of Directors.				



**CAYMAN ISLANDS DEVELOPMENT BANK**

**AUDITED FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2024**

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**Cayman Islands Development Bank**  
**Statement of Responsibility for the Financial Statements**  
**December 31, 2024**

These financial statements have been prepared by the Cayman Islands Development Bank in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)*. The financial statements comply with generally accepted accounting practice as defined in International Financial Reporting Standards.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision)*.

As Chairman of the Board of Directors and General Manager of the Cayman Islands Development Bank, we are responsible for establishing and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorized by Act and properly record the financial transactions of the Cayman Islands Development Bank.

As Chairman of the Board of Directors and General Manager of the Cayman Islands Development Bank, we are responsible for the preparation of the Cayman Islands Development Bank financial statements and for the judgments made in them.

The financial statements fairly present the financial position of the Cayman Islands Development Bank as at December 31, 2024, and its financial performance, cash flows and changes in equity for the financial year then ended.

To the best of our knowledge the statements:

- (a) completely and reliably reflect the financial transactions of the Cayman Islands Development Bank for the year ended December 31, 2024,
- (b) fairly reflect the financial position as of December 31, 2024, and financial performance for the year ended December 31, 2024; and
- (c) comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

The Office of the Auditor General (OAG) conducts an independent audit and expresses an opinion on the accompanying financial statements. The OAG has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

  
Mark Scotland (2025 17:29 CDT)

Mark Scotland  
Chairman of the Board of Directors  
Cayman Islands Development Bank

Date: April 22, 2025

  
Tracy Ebanks (Apr 22, 2025 17:50 CDT)

Tracy Ebanks  
General Manager  
Cayman Islands Development Bank

Date: April 22, 2025



## **AUDITOR GENERAL'S REPORT**

### **To the Board of Directors of the Cayman Islands Development Bank**

#### **Opinion**

I have audited the financial statements of the Cayman Islands Development Bank (the "Bank"), which comprise the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year ended 31 December 2024, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 24 to 57.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024 and its financial performance and its cash flows for the year ended 31 December 2024 in accordance with International Financial Reporting Standards.

#### **Basis for Opinion**

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am 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 my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of Matter**

Without qualifying my opinion, I draw your attention to note 6 in the financial statements, which states that impaired loans amounted to \$3,547,996 as of 31 December 2024. This represents 13% of the overall loan portfolio, excluding allowances for credit losses.

According to note 10 of the financial statements the Bank received \$3,000,000 in contributed capital from the Cayman Islands Government during the year ended 31 December 2024. I also draw your attention to Note 13, which indicates that the Bank received payments amounting to \$605,267 for providing services to the Cayman Islands Government.

The ability of the Bank to meet its mandate and capacity to sustain its operational expenditures are significantly reliant on continued Government support from the proceeds of capital injection and services provided to the Government. Continued support from the Government is necessary for the Bank to carry out its principal function to mobilize, promote, facilitate, and provide finance for the expansion and strengthening of the economic development of the Islands. Additionally, the support would include obtaining the necessary waivers highlighted under note 13 (b).

My opinion is not qualified in respect of these matters.

## **AUDITOR GENERAL'S REPORT (continued)**

### **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 International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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**

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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.

## AUDITOR GENERAL'S REPORT (continued)

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

- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of sections 21(3) of the Development Bank Act (2018 Revision) and section 60(1)(a) of the *Public Management and Finance Act (2020 Revision)* and the International Standards on Auditing. I 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 I identify during my audit.




Patrick O. Smith, CPA, CFE  
Acting Auditor General

22 April 2025  
Cayman Islands


**CAYMAN ISLANDS DEVELOPMENT BANK**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**  
(Expressed in Cayman Islands Dollars)

	Notes	2024 \$	2023 \$
<b>Assets</b>			
Cash and cash equivalents	3, 14	14,685,474	11,307,656
Receivables and other assets	4	288,143	99,504
Prepaid expenses	5	29,810	48,714
Deposit on assets	5	7,480	7,480
Loans and advances to customers	6	26,651,214	27,093,804
Lease right-of-use asset	8	3,422	10,025
Property and equipment	7	1,231,657	1,235,249
<b>Total assets</b>		<b>42,897,200</b>	<b>39,802,432</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	9	253,149	208,309
Due to related parties	13	465	75,262
Lease liability	8	4,166	10,897
Unfunded post retirement healthcare liability	12	1,112,000	1,034,000
<b>Total liabilities</b>		<b>1,369,780</b>	<b>1,328,468</b>
<b>Equity</b>			
Contributed capital	10	44,819,185	41,819,185
Statutory reserve fund	11	176,923	176,923
Revaluation reserve – property and equipment	7	960,287	960,287
Accumulated losses		(4,428,975)	(4,482,431)
<b>Total equity</b>		<b>41,527,420</b>	<b>38,473,964</b>
<b>Total liabilities and equity</b>		<b>42,897,200</b>	<b>39,802,432</b>

Approved on behalf of Management:

  
Tracy Ebanks (Apr 22, 2025 16:35 CDT)  
Tracy Ebanks  
General Manager

Date: April 22, 2025

  
Edgar Bennett  
Financial Controller

Date: April 22, 2025

The accompanying notes are an integral part of these financial statements

**CAYMAN ISLANDS DEVELOPMENT BANK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Cayman Islands Dollars)

	Notes	2024 \$	2023 \$
<b>Income</b>			
Loans	6	1,551,715	1,239,157
Short-term fixed deposits	3	494,532	297,475
Lease liability interest expense	8	(469)	(819)
Interest expense on long-term debt	15	-	(159,896)
<b>Net interest income</b>		<b>2,045,778</b>	<b>1,375,917</b>
Expected credit loss remeasurement	3, 6	35,934	79,387
Services provided to Cayman Islands Government	13	605,267	526,317
Ministry of Education payments for outputs	13	45,000	40,451
Gain on disposal of an asset		10,000	138
Loan commitment fees		10,222	5,290
Gain (loss) on foreign currency conversion		1,237	(10,519)
Other operating income/non-interest income		707,660	641,064
<b>Net operating income</b>		<b>2,753,438</b>	<b>2,016,981</b>
<b>Administrative expenses</b>			
Salaries and other staff benefits	16	1,845,856	1,764,553
Professional fees	16	188,427	216,670
Accommodation costs	16	182,893	141,508
Office expenses		102,973	97,487
Depreciation - property and equipment	7	44,725	49,102
Computer maintenance		100,137	81,819
Depreciation - lease right-of-use asset	8	6,603	7,104
Directors' fees	13	126,500	113,000
Advertising and promotion		14,321	19,111
Bad debts written off		1,074	12,116
Other administrative expenses		8,473	11,639
<b>Total administrative expenses</b>		<b>2,621,982</b>	<b>2,514,109</b>
<b>Net operating income (loss)</b>		<b>131,456</b>	<b>(497,128)</b>
Other expense: post-retirement healthcare benefit	12	(201,000)	(1,020,000)
Transfer to reserves	11	-	-
<b>Net income (loss) after transfer to reserves</b>		<b>(69,544)</b>	<b>(1,517,128)</b>
<b>Other comprehensive income (loss)</b>			
Remeasurements of defined benefit obligation:			
Effect of changes in financial assumptions	12	114,000	(16,000)
Effect of experience adjustments	12	9,000	2,000
		123,000	(14,000)
<b>Total comprehensive income (loss)</b>		<b>53,456</b>	<b>(1,531,128)</b>

The accompanying notes are an integral part of these financial statements

**CAYMAN ISLANDS DEVELOPMENT BANK**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Cayman Islands Dollars)

	Notes	2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Net operating income (loss)		131,456	(497,128)
Adjustments for:			
Depreciation - property and equipment	7	44,725	49,102
Depreciation - right-of-use asset	8	6,603	7,104
Interest expense - lease liability	8	469	819
Bad debt written Off		1,074	12,116
(Gain) loss on sale of property and equipment		(10,000)	-
Credit loss (credit) expense	3, 6	(35,934)	(79,387)
		<u>138,393</u>	<u>(507,374)</u>
Changes in:			
Decrease/(increase) in prepaid expenses		18,904	(2,818)
(Increase)/decrease in receivables and other assets		(188,640)	1,681
Decrease/(increase) in loans to customers		480,717	(4,766,678)
Decrease in restricted cash		74,797	41,303
Increase in accounts payable and accrued liabilities		44,845	3,637
Decrease in due to related parties		(74,797)	(41,302)
<b>Net cash generated from (used in) operating activities</b>		<u><b>494,219</b></u>	<u><b>(5,271,552)</b></u>
<b>Cash flows from investing activities</b>			
(Increase)/decrease in short-term fixed deposits	4	(3,270)	4,021,960
Purchase of property and equipment	7	(31,133)	(5,307)
<b>Net cash (used in)/ provided by investing activities</b>		<u><b>(34,403)</b></u>	<u><b>4,016,653</b></u>
<b>Cash flows from financing activities</b>			
Capital contributed	10	3,000,000	4,500,000
Lease liability payment	8	(7,200)	(7,200)
Repayments of long-term debt	15	-	(3,544,747)
<b>Net cash provided by financing activities</b>		<u><b>2,992,800</b></u>	<u><b>948,053</b></u>
<b>Net increase (decrease) in cash and cash equivalents</b>		3,452,615	(306,846)
Cash and cash equivalents at the beginning of the year		11,055,471	11,362,317
Cash and cash equivalents at end of year		<u><b>14,508,086</b></u>	<u><b>11,055,471</b></u>
<b>Supplementary information on cash flows from operating activities</b>			
Interest received during the year		2,032,480	1,521,349
Interest paid during the year		469	160,715

The accompanying notes are an integral part of these financial statements

**CAYMAN ISLANDS DEVELOPMENT BANK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(Expressed in Cayman Islands Dollars)

	Notes	Contributed capital	Statutory reserve fund	Revaluation reserve	Accumulated losses	Total
		\$	\$	\$	\$	\$
Balance at December 31, 2022		37,319,185	176,923	960,287	(2,951,303)	35,505,092
Net loss for the year		-	-	-	(1,517,128)	(1,517,128)
Transfer to reserves	11	-	-	-	-	-
Remeasurements of defined benefit obligation	12	-	-	-	(14,000)	(14,000)
Capital contribution	10	4,500,000	-	-	-	4,500,000
Balance at December 31, 2023		41,819,185	176,923	960,287	(4,482,431)	38,473,964
Net loss for the year		-	-	-	(69,544)	(69,544)
Transfer to reserves	11	-	-	-	-	-
Remeasurements of defined benefit obligation	12	-	-	-	123,000	123,000
Capital contribution	10	3,000,000	-	-	-	3,000,000
<b>Balance at December 31, 2024</b>		<b>44,819,185</b>	<b>176,923</b>	<b>960,287</b>	<b>(4,428,975)</b>	<b>41,527,420</b>



**CAYMAN ISLANDS DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
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## **1. GENERAL INFORMATION**

The Cayman Islands Development Bank (“CIDB” or the “Bank”) was established under the Cayman Islands Development Bank Act (2018 Revision) which came into force on March 1, 2002, and is solely owned by the Cayman Islands Government. Upon the enactment of the Cayman Islands Development Bank Act (2018 Revision), two former statutory financial institutions, the Agricultural and Industrial Development Board and the Housing Development Corporation were dissolved and their functions as well as their assets and liabilities were transferred to the Bank.

The principal function of CIDB is to mobilise, promote, facilitate, and provide finance for the expansion and strengthening of the economic development of the Islands. The Bank does this by providing financing for tertiary education, housing, agriculture and the development of small businesses. The registered office of the Bank is at 36B Dr. Roy’s Drive, P.O. Box 2576, George Town, Grand Cayman, KY1-1103, Cayman Islands. As of December 31, 2024, the Bank had sixteen (16) employees (2023: 16).

## **2. ACCOUNTING POLICIES**

### **2.1 Basis of Preparation and Presentation**

The financial statements of CIDB are presented in Cayman Islands Dollars and are prepared on the accrual basis under the historical cost convention as modified by the revaluation of certain property and equipment. All values are rounded to the nearest dollar, except when otherwise indicated. The financial statements are prepared on a going concern basis, as management is satisfied that the Bank has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including the fact that the Bank is solely owned by the Cayman Islands Government, projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Bank. Details of the Bank’s accounting policies are included below.

#### **Statement of Compliance**

The financial statements of CIDB have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements provide comparative information in respect of the previous year. Where necessary prior year figures have been updated for presentation purposes in the notes to the financial statements.

### **2.2 Significant Accounting Judgments and Estimates**

In the process of applying the Bank’s accounting policies, Management has exercised judgment and estimates in determining the amounts recognized in the financial statements. Actual results could differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. The estimates and judgements that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within one year from the date of these financial statements are listed below. The preparation of financial statements in conformity with IFRS requires management to make certain significant estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**CAYMAN ISLANDS DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.2 Significant Accounting Judgments and Estimates (continued)**

#### **Impairment Losses on Loans to Customers and Other Financial Assets**

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, particularly in estimating the amount and timing of future cash flows and collateral when deciding impairment losses and assessing any significant increase in credit risk. These estimates are influenced by numerous factors, changes in which can result in differing levels of allowances.

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

- The Bank's internal credit rating model
- The Bank's criteria for assessing if there has been a significant increase in credit risk
- Determining inputs into the ECL measurement model, including incorporation of forward-looking information
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on Probability of Default (PDs), Exposure at Default (EAD) and Loss Given Default (LGDs)

It is the Bank's policy to regularly review its models in the context of loss experience and adjust as necessary.

#### ***Write off of Loans***

Loans are written off, in whole or in part, against the related expected credit loss allowance upon settlement (realization) of collateral or in advance of settlement (no realization) where the determination of the recoverable value is completed and there is no realistic prospect of recovery above the recoverable value. Any subsequent recoveries are credited to the statement of comprehensive income.

#### **Post-retirement Healthcare Benefits**

CIDB provides post-retirement healthcare for retired employees. To be eligible, employees must meet the following criteria for retirement: must retire from CIDB at the age of 65 and must have worked for at least 10 years with CIDB prior to retirement. The benefit is for employees only and does not extend to spouses or dependents. The health insurance premium cost for retirees is paid annually by CIDB. In accordance with IAS 19, CIDB uses the actuarial valuation method to determine the present value of its health insurance benefit obligations to eligible retired employees and the related service cost plus interest. IAS 19 requires that the funded or unfunded post-employment benefits are recognized in the statement of financial position and the statement of comprehensive income.

Post retirement healthcare benefit obligations are estimated using the Projected Unit Credit method. Under this method, each participant's benefits under the program are attributed to years of service, taking into consideration projection of benefit costs. Thus, the estimated total benefit to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

**CAYMAN ISLANDS DEVELOPMENT BANK  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**  
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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.2 Significant Accounting Judgments and Estimates (continued)**

#### **Post-retirement Healthcare Benefits (continued)**

A description of the calculation follows:

- An individual's estimated accrued benefit for valuation purposes is the projected benefit at the full eligibility date, or current age if later, multiplied by the ratio of service at the valuation date over service at the full eligibility date.
- Service for this purpose is measured from the later date of hire and age 55. The full eligibility date for this plan is the minimum age of 65 with 10 years of continuous service.
- The benefit attributed to an individual's service during a plan year is the excess of the attributed benefit for valuation purposes at the end of the plan year over the attributed benefit for valuation purposes at the beginning of the plan year. Both attributed benefits are estimated from the same projections to the various anticipated separation dates.
- An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year.

In all cases, the post-retirement healthcare benefit obligation is the total present value of the individuals' attributed benefits for valuation purposes at the measurement date, and the current service cost is the total present value of the individuals' benefits attributable to service during the year.

#### **Treatment of actuarial gains and losses:**

Upon the first recognition of the post-retirement healthcare program, there would be no actuarial gains and losses present. Actuarial gains and losses will arise at the end of the first fiscal year and in subsequent years to reflect changes in actuarial liability due to changes in experience and assumptions. Gains and losses will be recognized in other comprehensive income as they arise.

#### **Defined benefit cost measurement:**

The defined benefit cost charged to profit, or loss, is budgeted for at the start of each reporting period using actuarial assumptions fixed at the start of the period. The components of the defined benefit cost are the service cost (including past service cost) and interest cost.

**CAYMAN ISLANDS DEVELOPMENT BANK**  
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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### (a) Property and Equipment

Property and equipment are initially measured at cost, subsequently measured either using a cost or revaluation model, and depreciated so that their depreciable amounts are allocated on a systematic basis over their useful life. The cost model is used for measurement after initial recognition for property and equipment except for building. The revaluation model is used for building. Under the revaluation model, the accumulated depreciation on building is eliminated against the gross carrying amount of asset.

Office Furniture/Equipment	5 years
Computer Equipment	3 years
Motor Vehicles	5 years
Building	45 years

Property and equipment are derecognized on disposal or when there are no future economic benefits expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of comprehensive income in the year the asset is derecognized.

CIDB'S commercial building is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If in any year, the carrying amount of the building is deemed greater than its estimated recoverable amount, then it would be written down immediately to its recoverable amount by recording a revaluation decrease. For the year ended December 31, 2024, no impairment loss needs to be recognized in relation to the building as the changes in the local real estate market did not have a negative impact on the carrying value of the building. The 2024 and 2023 statistics indicate that the Cayman Islands real estate market continues to be robust, evidenced by the healthy demand for property on the Islands. Real estate activity expanded during the first quarter of 2024, with the value and volume of property transfers increasing. The total value of traded properties rose to \$334.2 million, an expansion of 22.3% relative to the same period in 2023. There has been no damage to the building or any structural changes to the building during the year. In addition, the building is not used for cash generation purposes. The building is used solely to carry out the Bank's day to day operations.

**CAYMAN ISLANDS DEVELOPMENT BANK**  
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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.3 Summary of Significant Accounting Policies (continued)**

**(b) Recognition of Income**

Revenue is recognized on the accrual basis to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

**Interest Income**

Interest revenue is calculated by using the effective interest method by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently have become credit-impaired financial assets. If the credit risk on the financial instrument improves so that the financial asset is no longer credit-impaired the Bank resumes calculating the interest revenue by applying the effective interest rate to the gross carrying amount. Interest income or interest expense resulting from adjustments is recognized in the same period that expected future cash flows affect profit or loss.

**Fee Income**

Loan commitment fees that are related to disbursement transactions are recognized at the point in time when the transactions occur, and the loans are advanced to customers.

**(c) Foreign Currency Transactions**

Transactions during the year in currencies other than the Cayman Islands dollar are converted at exchange rates prevailing at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the statement of financial position date. Resulting gains and losses on exchange are recognized in the statement of comprehensive income.

**(d) Employee Benefits**

CIDB participates in the Public Service Pension Plan, a contribution pension fund, in accordance with the Public Service Pension Act. The Public Service Pension Fund is administered by the Public Service Pension Board and is operated as a multi-employer non-contributory Fund, whereby the employer pays both the employer and employee contributions.

**CAYMAN ISLANDS DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Expressed in Cayman Islands Dollars)

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (continued)**

#### **(e) Financial Instruments**

##### **(i) Classification**

The classification of financial instruments at initial recognition depends on their contractual terms and business model for managing the instruments. The Bank classifies all its financial assets based on the business model for managing the assets and the assets contractual terms measured at either; amortized cost, fair value through other comprehensive income (FVOCI), fair value through profit or loss (FVPL).

The Bank measures loans to customers and fixed deposits held with banks at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model the objective of which is to hold the financial assets to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset or to exchange financial instruments under conditions that are potentially favourable or an equity instrument of another enterprise. As of December 31, 2024, financial assets comprise of cash and cash equivalents, deposit accounts and loans to customers. A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. As of December 31, 2024, financial liabilities comprise of accounts payable and accrued liabilities and lease liabilities. All financial assets and liabilities as of December 31, 2024, are non-derivative financial instruments and are measured at amortized cost based on the conditions above.

##### **(ii) Recognition**

The Bank recognizes financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets or liabilities are recognised in the statement of comprehensive income.

##### **(iii) Derecognition**

###### ***Derecognition other than for substantial modification***

A financial asset is derecognised when the Bank realizes the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then the exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

**CAYMAN ISLANDS DEVELOPMENT BANK**  
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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (continued)**

#### **(e) Financial Instruments (continued)**

##### *Derecognition due to substantial modification of terms and conditions*

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans will then be classified as Stage 1 for ECL measurement purposes.

When assessing whether to derecognize a loan to a customer, the Bank considers the following factors:

- Change in the counterparty to the loan
- If the modification is such that the loan would no longer meet the SPPI criteria

If the modification in the loan does not result in cash flows that are substantially different, then the modification will not lead to derecognition. Based on the change in cash flows, discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

#### **(iv) Measurement**

Financial instruments, other than derivatives and those at fair value through profit or loss, are measured at amortized cost. Financial instruments are measured initially at cost, which is the fair value of the consideration given or received. Loans to customers are carried at amortized cost using the effective interest method, less any expected credit loss allowance.

##### *Classification and measurement*

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The measurement categories of financial assets FVPL, available for sale (AFS), held-to-maturity and amortised cost are as follows:

- Debt instruments at amortised cost
- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- FVPL

Gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL are presented in other comprehensive income (OCI) with no subsequent reclassification to the income statement.

**CAYMAN ISLANDS DEVELOPMENT BANK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Summary of Significant Accounting Policies (continued)

#### (e) Financial Instruments (continued)

##### *Impairment calculation*

The Bank accounts for loan loss impairments with a forward-looking ECL approach. The Bank records an allowance for ECLs for all loans and other debt financial assets not held at FVPL. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination in which case a lifetime ECL is determined.

##### *Impairment of Financial Assets*

For the years ended December 31, 2024, and 2023, the Bank has recorded the allowance for ECL for all loans to customers and fixed deposits held with other financial institutions. The ECL allowance is based on the credit losses expected to arise over the life of the financial asset (the lifetime expected credit loss or LTECL up to a maximum of loan contractual period), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12-month ECL). In determining what is considered significant increase in credit risk for a loan or group of loans, the Bank generally considers a loan that is 30 days past due as having a significant increase in credit risk. The Bank also examines historical loan data, reviews and considers information on hand about each loan, example, information about the financial situation of a borrower and certain macroeconomic factors. The 12-month ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12-month ECLs are calculated on an individual loan basis. The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Bank allocates its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12-month ECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2. Loans can only be reclassified from Stage 2 to Stage 1 if they were originally in Stage 1.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit impaired. The Bank records an allowance for the LTECLs.

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (continued)**

#### **(e) Financial Instruments (continued)**

##### **Impairment of Financial Assets (continued)**

##### ***Loan Impairment Calculation***

The Bank calculates ECL considering the following:

- Functional form of expected loss
- Expected life of financial instruments
- Definition of default
- Forward-looking probability of default
- Loss given default
- Time value of money
- Significant increase in credit risk

The Bank defines ECL as a function of Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is a widely accepted definition of expected loss within the industry and is consistent with Basel II definition of expected loss.

##### ***Definition of Default***

The Bank uses the number of days in arrears to determine default. Loans that are 90 days or more in arrears are defined as being in default; this is also in line with IFRS 9, paragraph B5.5.37, which defines an upper threshold to define defaults.

##### ***Forward Looking Probability of Default***

Point in time (PiT) PD models and forward-looking PiT PD term structures were developed to gain comfort over the accuracy of forward-looking PD estimates and to understand the sensitivity of the loan portfolio to the changes in economic conditions.

##### ***Loss Given Default***

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD based on the historical recovery rates of claims against defaulted customers. The LGD model measurement considers the type of collateral, how the Bank's claim on the defaulted customer ranks over other creditors, and any costs associated with recovering the collateral. For loans secured by retail property, Loan to Value (LTV) ratios are a key component in determining LGD. LGD estimates are also adjusted for economic impact and for real estate lending, to reflect possible changes in property values. They are also calculated using the time value of money.

**CAYMAN ISLANDS DEVELOPMENT BANK  
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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Summary of Significant Accounting Policies (continued)

#### (e) Financial Instruments (continued)

##### **Impairment of Financial Assets (continued)**

##### ***Exposure at Default***

EAD represents the total value to which the Bank is exposed in the event of a default. The Bank's considers EAD as the maximum value between balance and limit.

In estimating the PD, the following factors were considered:

##### **Key risk factors:**

- Net disposable income
- Age of loan
- Ratio between loan balance and arrears
- Number of days loan in arrears
- Type of loan repayment, that is, interest only or interest and principal

##### **Macroeconomic factors of the Cayman Islands:**

- Inflation
- Unemployment rate
- Gross Domestic Product (GDP)

##### ***Incorporation of Forward-looking Information***

The Bank incorporates forward-looking information into both the assessment of whether the credit risk on a loan has increased significantly since initial recognition and the measurement of the ECL.

The Bank took the 12-month default by looking forward to a 12-month period each month in the timeline for a loan that was in default. The default date is based on the date a loan goes non-accrual (that is the date it goes 90 days in arrears). An average PD was calculated for each year across all loans.

An analysis was performed over the historical 12-month PD to determine whether there was any trend that could be estimated. The strongest correlation between PD% and the macro-economic factors was with unemployment rate (UR), a correlation factor of 57.54%. The forecast unemployment rate for Cayman Islands would go up to 3.30%, with inflation higher than seen in several decades which is contributing to the cost-of-living crisis and tightening financial conditions in most regions.

A minimum of three scenarios is required for performing a weighted forward-looking PD based on the expectations of the macro-economic changes.

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (continued)**

#### **(e) Financial Instruments (continued)**

##### **Incorporation of Forward-looking Information (continued)**

- Best case – Improving economic position, therefore the PD will be at its lowest in recent years, which is current year 0.17% - weighted at 3.96%
- Base case – Stable economic position, the PD will remain at its 2024 level of 0.17% - weighted at 18.54%
- Worst case – Degrading economic position, in line with the expectation of increasing unemployment, resulting in a PD of 5.74% - weighted at 77.50%.

The scenario weightings were determined by assuming the macroeconomic factor (i.e. the unemployment rate) will vary following a normal distribution around the 14-year average. The best-case weighing was calculated as the probability that the unemployment rate will be at least 2.1%, the base case where the unemployment rate would be between 2.10% and 4.5% and the worst case where unemployment will exceed 4.5%.

The scenario weighted 12-month PD is 4.49%.

##### **Stage 1 Probability of Default:**

The 12-month ECL is calculated as the portion of LTECLs that represents the ECLs that result from default events on loans that are possible within 12 months after the reporting date. The Bank calculates the 12-month ECL allowance based on the expectation of a loan going into default in the 12 months following the reporting date.

##### **Stage 2 Probability of Default:**

This is the lifetime probability of default, that is, what is the probability that during the lifetime of the loan that it will go 90 days in arrears (delinquent). Lifetime default is calculated on a loan-by-loan basis by looking from month 13 onward (12-month defaults are considered as part of stage 1) until maturity to determine if the loan enters default.

##### **Stage 3 Probability of Default:**

Stage 3 default is 100%. If a loan is 90 days or more in arrears it is defined as being in default. These loans are therefore considered credit-impaired, and the Bank recognizes the lifetime expected credit losses for these loans.

##### ***Loan Classification for Impairment Calculation Purpose***

The Bank classifies loans to customers as secured and unsecured based on the type of collateral. In general, a loan which has a first charge or second charge over property or a guarantee is provided is deemed to be secured and an applicable discount rate is applied. For all other loans deemed unsecured a discount of 100% is applied in arriving at the overall ECL.

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (continued)**

#### **(f) Lease**

The Bank recognizes right-of-use assets at the commencement date of the lease (that is, the date that the underlying asset is available for use). The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability. The lease liability is measured as the present value of the unpaid lease payments at commencement date of the lease. After initial measurement of the right-of-use asset, the Bank adopts the cost model. In applying the cost model, the Bank measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

After initial measurement of the lease liability, the Bank measures the lease liability by:

- a) increasing the carrying amount to reflect interest on the lease liability
- b) reducing the carrying amount to reflect the lease payments made
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications

#### **(g) Loans to customers**

##### **Renegotiated Loans/Modified Loans**

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original Effective Interest Rate (EIR) as calculated before the modification of terms and the loan is no longer considered past due. When the contractual cash flows of a loan are renegotiated or otherwise modified and the renegotiation or modification does not result in derecognition, the Bank recalculates the gross carrying amount of the loan and recognizes any modification gain or loss in the statement of comprehensive income. If the restructured terms of a loan are significantly different, the Bank derecognizes the original loan and recognizes a new one at fair value with any difference recognized in the statement of comprehensive income.

The amount of the expected credit loss is measured as the difference between the carrying value of the loan and the present value of estimated future cash flows, including amounts recoverable from guarantees and collateral, based on the renegotiated terms and conditions discounted at the original EIR. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans are subject to an individual impairment assessment, calculated using the loan's original EIR.

##### **Reposessed Collateral**

In the normal course of business, the security documentation which governs the collateral charged in favour of the Bank to secure the debt, gives the Bank express authority to reposess collateral in the event of default by customers. Reposessed collateral is sold as soon as practicable, with proceeds used to reduce the outstanding indebtedness. Reposessed collateral is not recognized on the Bank's statement of financial position.

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (continued)**

#### **(h) New and Amended International Financial Reporting Standards**

The Bank applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024 (unless otherwise stated). The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### **Classification of Liabilities as Current or Non-current – Amendments to IAS 1**

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management expectations about events after the statement of financial position date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.
- The amendments clarify the situations that are considered settlement of a liability.

The new guidance is effective for annual periods starting on or after January 1, 2024. The amendments to the classification of liabilities do not have a significant impact on the Bank's financial statements.

#### ***Non-current Liabilities with Covenants (Amendments to IAS 1)***

The amendments improved the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also responded to stakeholders' concerns about the classification of such a liability as current or non-current. The amendments are effective for reporting periods beginning on or after January 1, 2024. The amendments are applied retrospectively in accordance with IAS 8 and earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. These amendments have no material impact on the financial statements.

#### ***Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)***

The standard requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. These amendments have no material impact on the financial statements.

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Summary of Significant Accounting Policies (continued)**

#### **New and Amended International Financial Reporting Standards (continued)**

##### **Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)**

In May 2023, the International Accounting Standards Board (IASB) issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. These amendments have no material impact on the financial statements. The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. These amendments have no material impact on the financial statements.

##### **(i) Accounting standards issued but not yet effective**

Several new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Bank has not early adopted the new and amended accounting standards in preparing these financial statements.

##### **Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)**

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7. The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

- settling financial liabilities using electronic payments system; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Bank is in the process of assessing the impact of the new amendments.

##### **IFRS 18 Presentation and Disclosures in Financial Statements**

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements. In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank's statement of comprehensive income, the statement of cash flows and the additional disclosures required for MPMs. The Bank is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.3 Summary of Significant Accounting Policies (continued)**

**Accounting standards issued but not yet effective (continued)**

**Other accounting standards**

The following new and amended accounting standards are not expected to have a significant impact on the Bank's financial statements:

- Lack of Exchangeability (Amendments to IAS 21)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

**3. CASH AND CASH EQUIVALENTS**

- a) Cash and cash equivalents consist of cash on hand, cash at the bank and deposit accounts with terms of maturity of three months or less from the date of acquisition. Cash and cash equivalents on December 31 comprised of the following:

	2024 (\$)	2023 (\$)
Current and Savings Accounts	3,549,648	5,064,109
Cash held on behalf of the Education Council Scholarship Fund	465	75,262
Short-term fixed deposit (net of ECL)	11,135,361	6,168,285
<b>Total</b>	<b>14,685,474</b>	<b>11,307,656</b>

**b) Restricted Cash**

Cash and cash equivalents per note 3 (a)	14,685,474	11,307,656
Less restricted cash:		
Cash held on behalf of the Education Council Scholarship Fund	465	75,262
Statutory Reserve Fund	176,923	176,923
Total restricted cash	177,388	252,185
<b>Cash and cash equivalents for the cash flow statement</b>	<b>14,508,086</b>	<b>11,055,471</b>

**c) Short-term deposits**

Deposit accounts reflect short-term deposits, which are placed with approved financial institutions. Such deposits have maturity within three months from the date of acquisition. The carrying amount of total fixed deposit approximates to fair value.

**(d) Expected credit loss allowance on short-term fixed deposits**

The total expected credit loss on fixed deposits, all with maturity of 3 months or less is \$3,351 (2023: \$Nil). The ECL was derived as a function of PD, LGD and EAD. The PD was derived based on the 1-year Default Risk of the parent entity of the financial institution with which deposit is held, determined using the Bloomberg DRSK function. The LGD was derived based on 2024 Moody's Default study and the EAD derived based on the principal value of deposits with financial institutions as of December 31, 2024.

**e) Interest rate on fixed deposits**

The effective interest rate on fixed deposits for the year ending December 31, 2024, was 5.71% (2023: 3.92%). The deposits had an average maturity of 86 days (2023: 37 days). Interest income earned on fixed deposits for the year ending December 31, 2024, amounted to \$494,532 (2023: \$297,475).

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**4. RECEIVABLES AND OTHER ASSETS**

The balances as of December 31 are as follows:

	<b>2024</b>	<b>2023</b>
	\$	\$
Loan interest receivable	33,892	44,112
Interest receivable on short-term deposits	74,839	50,851
Late fee receivable	(131)	(181)
Receivable from CIG for outputs sold	162,567	-
Receivable from Ministry of Education for outputs sold	13,200	-
Annual review fee receivable	3,776	4,722
<b>Total</b>	<b>288,143</b>	<b>99,504</b>

**5. (a) DEPOSITS ON ASSETS**

Total deposit on assets relates to expenditure incurred for preparatory work to acquire property and equipment during the years ended December 2018 through to December 2024, for which projects were still in progress as of December 31, 2024. After year end, amounts for completed projects will be transferred to the relevant property and equipment cost account.

	<b>2024</b>	<b>2023</b>
	\$	\$
Furniture and equipment	7,480	7,480
<b>Total</b>	<b>7,480</b>	<b>7,480</b>

**5. (b) PREPAID EXPENSES**

Prepaid expenses as of December 31 comprise the following:

	<b>2024</b>	<b>2023</b>
	\$	\$
Software maintenance	5,223	28,029
Insurance	19,392	18,786
Other	5,195	1,899
<b>Total</b>	<b>29,810</b>	<b>48,714</b>

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6. LOANS TO CUSTOMERS

The net balances of loans to customers as of December 31 were as follows:

	2024 Loan Balance (\$)	2024 ECL Balance (\$)	2023 Loan Balance (\$)	2023 ECL Balance (\$)
Mortgages	17,069,890	8,492	18,274,046	220,594
Business Loans	1,775,711	37,455	2,034,823	64,861
Student Loans	1,089,041	17,013	1,266,609	30,557
Debt Consolidation	1,869,298	12,782	2,135,312	25,910
Staff Loans	1,376,329	152	1,054,144	136
2020 Micro & Small Business Loan Interruption Program	175,844	7,196	378,579	1,614
SME 2015 Loan Program	653,894	-	572,601	-
NHDT Mortgages	2,226,134	-	1,197,295	-
Financial Stimulus	492,325	18,228	528,840	20,735
2015 Debt Consolidation Loan Program	-	-	3,239	3,239
Home Energy Loan Program (HELP)	13,413	122	11,373	33
Other Loans	11,281	508	4,814	192
	<b>26,753,162</b>	<b>101,948</b>	<b>27,461,675</b>	<b>367,871</b>
Less: Expected Credit Loss Allowance	(101,948)		(367,871)	
<b>Total Net Balances</b>	<b>26,651,214</b>	<b>101,948</b>	<b>27,093,804</b>	<b>367,871</b>

	2024 (\$)	2023 (\$)
<b>Loans to Customers</b>		
Short Term Portion	878,348	747,453
Long term Portion	25,874,814	26,714,222
<b>Total</b>	<b>26,753,162</b>	<b>27,461,675</b>
<b>Expected Credit Loss Allowance</b>		
Short Term Portion	(55,142)	(86,055)
Long term Portion	(46,806)	(281,816)
<b>Total</b>	<b>(101,948)</b>	<b>(367,871)</b>

**Loans to customers' maturity analysis**

0 – 3 Months	565,641	608,485
4 – 12 Months	312,706	138,967
1 – 5 Years	2,018,553	2,219,604
Over 5 Years	23,856,262	24,494,619
<b>Total</b>	<b>26,753,162</b>	<b>27,461,675</b>

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**6. LOANS TO CUSTOMERS (CONTINUED)**

**Expected Credit Loss Allowances as of December 31, 2024**

<b>Stages</b>	<b>Principal Balance</b>	<b>ECL Allowance</b>
	<b>\$</b>	<b>\$</b>
Stage 1: Provision 12 month ECL performing loans	22,640,146	4,699
Stage 2: Provision lifetime ECL performing loans	565,021	111
Stage 3: Provision ECL credit impaired loans	3,547,996	97,138
<b>Total</b>	<b>26,753,162</b>	<b>101,948</b>

**Expected Credit Loss Allowances as of December 31, 2023**

	<b>\$</b>	<b>\$</b>
Stage 1: Provision 12 month ECL performing loans	21,381,822	2,760
Stage 2: Provision lifetime ECL performing loans	1,010,602	1,238
Stage 3: Provision ECL credit impaired loans	5,069,251	363,873
<b>Total</b>	<b>27,461,675</b>	<b>367,871</b>

<b>Movement in Expected Credit Loss</b>	<b>2024 ECL Allowance</b>	<b>2023 ECL Allowance</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	367,871	555,313
Remeasurement	(39,201)	(79,387)
Loans previously provided for written off	(226,722)	(108,055)

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**6. LOANS TO CUSTOMERS (CONTINUED)**

**Interest Income on Loans to Customers**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Performing loans	1,157,653	1,072,970
Non-performing loans	394,062	166,187
<b>Total</b>	<b><u>1,551,715</u></b>	<b><u>1,239,157</u></b>

**Performing and non-performing loans as of December 31, 2024**

	Mortgages	SME 2015 Loan Program	Student Loans	Financial Stimulus	NHDT Mortgages	Business Loans	Staff Loans	Debt Consolidation	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Performing loans	15,580,682	648,194	852,535	474,097	2,226,134	739,853	1,376,329	1,296,060	11,281	23,205,166
Non-performing	1,502,621	5,700	236,506	18,228	-	1,211,703	-	573,238	-	3,547,996
<b>Total</b>	<b><u>17,083,303</u></b>	<b><u>653,894</u></b>	<b><u>1,089,041</u></b>	<b><u>492,325</u></b>	<b><u>2,226,134</u></b>	<b><u>1,951,556</u></b>	<b><u>1,376,329</u></b>	<b><u>1,869,298</u></b>	<b><u>11,281</u></b>	<b><u>26,753,162</u></b>

**Performing and non-performing loans as of December 31, 2023**

	Mortgages	SME 2015 Loan Program	Student Loans	Financial Stimulus	NHDT Mortgages	Business Loans	Staff Loans	Debt Consolidation	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Performing loans	15,692,985	572,601	1,019,614	491,850	1,197,295	984,798	1,054,144	1,374,322	4,816	22,392,424
Non-performing	2,592,434	-	246,995	36,990	-	1,428,604	-	764,229	-	5,069,251
<b>Total</b>	<b><u>18,285,419</u></b>	<b><u>572,601</u></b>	<b><u>1,266,609</u></b>	<b><u>528,840</u></b>	<b><u>1,197,295</u></b>	<b><u>2,413,402</u></b>	<b><u>1,054,144</u></b>	<b><u>2,138,551</u></b>	<b><u>4,816</u></b>	<b><u>27,461,675</u></b>

The average interest yield during the period on loans to customers was 5.72% (2023: 4.93%). Impaired loans as of December 31, 2024, amounted to \$3,547,996 (2023: \$5,528,566) and interest income recognized on impaired loans during the period amounted to \$394,062 (2023: \$166,187).

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**6. LOANS TO CUSTOMERS (CONTINUED)**

**Ageing Analysis of Past Due but not Impaired Loans as of December 31, 2024**

	<b>Mortgages</b>	<b>SME 2015 Loan Program</b>	<b>Student Loans</b>	<b>Financial Stimulus</b>	<b>NHDT Mortgages</b>	<b>Business Loans</b>	<b>Staff Loans</b>	<b>Debt Consolidation</b>	<b>Other</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1 to 30 days	1,962,079	74,998	201,647	-	207,340	43,533	-	-	5,499	2,495,095
31 to 60 days	242,140	-	17,903	-	-	26,661	-	-	-	286,704
61 and less than 90 days	272,354	-	-	-	-	8,822	-	-	-	281,176
<b>Total</b>	<b>2,476,573</b>	<b>74,998</b>	<b>219,550</b>	<b>-</b>	<b>207,340</b>	<b>79,016</b>	<b>-</b>	<b>-</b>	<b>5,499</b>	<b>3,062,975</b>

**Ageing Analysis of Past Due but not Impaired Loans as of December 31, 2023**

	<b>Mortgages</b>	<b>SME 2015 Loan Program</b>	<b>Student Loans</b>	<b>Financial Stimulus</b>	<b>NHDT Mortgages</b>	<b>Business Loans</b>	<b>Staff Loans</b>	<b>Debt Consolidation</b>	<b>Other</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1 to 30 days	1,770,416	7,134	211,996	121,309	-	140,433	-	-	-	2,251,288
31 to 60 days	471,119	-	33,357	-	-	5,163	-	-	-	509,639
61 and less than 90 days	493,497	-	72,848	-	-	30,223	-	184,007	-	780,574
<b>Total</b>	<b>2,735,032</b>	<b>7,134</b>	<b>318,201</b>	<b>121,309</b>	<b>-</b>	<b>175,818</b>	<b>-</b>	<b>184,007</b>	<b>-</b>	<b>3,541,501</b>

**Renegotiated Loans/Modified Loans**

Restructured loans for the period that remain active amounted to \$867,198 (2023: \$120,693).

**Repossessed Collateral**

Repossessed collateral as of December 31, 2024, amounted to \$4,662,000 (2023: \$5,927,000).

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**7. PROPERTY AND EQUIPMENT**

<b><u>2024</u></b>	<b>Building</b>	<b>Motor Vehicles</b>	<b>Computers</b>	<b>Furniture and Office Equipment</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Cost					
At January 1, 2024	1,300,000	29,880	430,300	95,602	1,855,782
Additions	-	36,000	5,133	-	41,133
Disposals	-	(29,880)	-	-	(29,880)
At December 31, 2024	<u>1,300,000</u>	<u>36,000</u>	<u>435,433</u>	<u>95,602</u>	<u>1,867,035</u>
Accumulated Depreciation					
At January 1, 2024	86,668	29,880	418,424	85,561	620,533
Depreciation charge for the year	28,889	2,400	5,428	8,008	44,725
Disposals	-	(29,880)	-	-	(29,880)
At December 31, 2024	<u>115,557</u>	<u>2,400</u>	<u>423,852</u>	<u>93,569</u>	<u>635,378</u>
<b>Net Book Value – December 31, 2024</b>	<b><u>1,184,443</u></b>	<b><u>33,600</u></b>	<b><u>11,581</u></b>	<b><u>2,033</u></b>	<b><u>1,231,657</u></b>
<b>Net Book Value – December 31, 2023</b>	<b><u>1,213,332</u></b>	<b><u>-</u></b>	<b><u>11,876</u></b>	<b><u>10,041</u></b>	<b><u>1,235,249</u></b>

<b><u>2023</u></b>	<b>Building</b>	<b>Motor Vehicles</b>	<b>Computers</b>	<b>Furniture and Office Equipment</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Cost					
At January 1, 2023	1,300,000	29,880	554,206	131,352	2,015,438
Additions	-	-	4,487	820	5,307
Disposals	-	-	-	(36,570)	(36,570)
At December 31, 2023	<u>1,300,000</u>	<u>29,880</u>	<u>558,693</u>	<u>95,602</u>	<u>1,984,175</u>
Adjustment			(128,393)		(128,393)
At December 31, 2023 - after adjustment	<u>1,300,000</u>	<u>29,880</u>	<u>430,300</u>	<u>95,602</u>	<u>1,855,782</u>
Accumulated Depreciation					
At January 1, 2023	57,779	29,880	534,726	114,009	736,394
Depreciation charge for the year	28,889	-	12,091	8,122	49,102
Disposals	-	-	-	(36,570)	(36,570)
At December 31, 2023	<u>86,668</u>	<u>29,880</u>	<u>546,817</u>	<u>85,561</u>	<u>748,926</u>
Adjustment			(128,393)		(128,393)
At December 31, 2023 - after adjustment	<u>86,668</u>	<u>29,880</u>	<u>418,424</u>	<u>85,561</u>	<u>620,533</u>
<b>Net Book Value – December 31, 2023</b>	<b><u>1,213,332</u></b>	<b><u>-</u></b>	<b><u>11,876</u></b>	<b><u>10,041</u></b>	<b><u>1,235,249</u></b>
<b>Net Book Value – December 31, 2022</b>	<b><u>1,242,221</u></b>	<b><u>-</u></b>	<b><u>19,480</u></b>	<b><u>17,343</u></b>	<b><u>1,279,044</u></b>

The prior year cost and accumulated depreciation have been adjusted with fully depreciated assets that were removed from the fixed asset register but were inadvertently included in the above movement schedule.

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**7. PROPERTY AND EQUIPMENT (CONTINUED)**

As of January 1, 2021, the fair value of the building is estimated at \$1,300,000 based on an internal valuation report dated December 3, 2021, prepared by the Lands & Survey Department of the Cayman Islands Government. The valuation was prepared in accordance with International Valuation Standards (2017) and Royal Institution of Chartered Surveyors (RICS) Valuation Global Standards 2020, as well as the International Financial Reporting Standards (IFRS). Market Value used in the valuation report is defined in accordance with Valuation Standards as: “The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.” In arriving at the valuation for the building, the Investment Method was used. The Investment Method of valuation is based on capitalization or conversion of present and predicted income (cash flows) to produce a capital value. It assesses what level of net revenue can be generated by letting the building and what yield in terms of percentage return on invested capital would be a reasonable expectation for an investor in this type of property. The net revenue used in the valuation is based on comparable office rents of other office buildings in the area and is calculated as income from leasing the building after accounting for operating costs. The yield used in the valuation is 8.32%. The resulting net revaluation surplus of \$495,000 was recorded in other comprehensive income for the year ended December 31, 2021, and was included in revaluation reserve balance on the statement of financial position of \$960,287. The carrying amount of building before revaluation in 2021 is \$805,000. Based on the revaluation, the useful life of the building has been revised downward from 50 years to 45 years during 2021.

The revaluation exercise is done every 5 years. Consequently, the next revaluation is scheduled for 2025 or 2026.

**Movement in Revaluation Reserve – Building**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Balance brought forward	960,287	960,287
Revaluation surplus (deficit)	-	-
<b>Revaluation reserve balance carried forward</b>	<b><u>960,287</u></b>	<b><u>960,287</u></b>

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**8. LEASE**

The Bank leases warehouse storage facility. The lease coming forward from prior years runs for 5 years from July 2017 to July 2022 with monthly lease payments of \$540. A new lease for the same property was entered, running from July 2022 to July 2025, with monthly lease payments of \$600.

**Right-of-Use Asset**

	<b>2024</b>	<b>2023</b>
	\$	\$
Cost - warehouse storage unit b/fwd under previous lease, January 1	20,554	20,554
Less accumulated depreciation January 1	(10,529)	(3,425)
Less depreciation for current year	(6,603)	(7,104)
<b>Balance at December 31</b>	<b>3,422</b>	<b>10,025</b>

**Lease Liability**

**Maturity Analysis**

	<b>2024</b>	<b>2023</b>
	\$	\$
Due in less than one year	4,166	6,776
Due in one to two years	-	-
Due in two to five years	-	4,121
Due over five years	-	-
<b>Total</b>	<b>4,166</b>	<b>10,897</b>

Interest expense recognized on lease liability for the year amounted to \$469 (2023: \$819). Total lease payments for the year amounted to \$7,200.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are comprised of funds held in hand for the payment of fees on behalf of customers, professional fees and other payables. As of December 31, the balances were as follows:

	<b>2024</b>	<b>2023</b>
	\$	\$
Funds in hand for payment of fees on behalf of customers	77,123	67,254
Professional fees	119,874	117,891
Accrued leave liability	19,302	13,406
Credit card	5,474	6,404
Other payables	31,376	3,354
<b>Total</b>	<b>253,149</b>	<b>208,309</b>

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**10. AUTHORIZED AND CONTRIBUTED CAPITAL**

The authorized capital of CIDB is C\$50 million as stated in Section 14(1) of the Cayman Islands Development Bank Act, (2018 Revision). On December 31, 2024, the amount of contributed capital of \$44,819,185 (2023: \$41,819,185) amounted to 90% (2023: 84%) of the \$50 million authorized capital in accordance with Section 14(3) of the Cayman Islands Development Bank Act, (2018 Revision) which requires that the paid-up portion of authorized capital should not be less than 3% of the authorized capital. During the year ended December 31, 2024, the Bank received \$3,000,000 in contributed capital from the Cayman Islands Government (2023: \$4,500,000).

**11. STATUTORY RESERVE FUND**

Under Section 20 of the Cayman Islands Development Bank Act, (2018 Revision), the Bank is required to establish a reserve. The Bank transfers 20% of its annual net income until the balance reaches the paid-up portion of the authorized capital of the Bank (currently \$44.8 Million). There was no transfer to the Reserve Fund for the year ended December 31, 2024, as the Bank made a net operating loss of \$69,544 (2023: \$1,517,128). As of December 31, 2024, the Statutory Reserve Fund has a balance of \$176,923 (2023: \$176,923).

**12. PENSION AND OTHER POST-RETIREMENT BENEFITS**

**Public Service Pension Plan**

Pension contributions for eligible employees of the Bank are paid to the Public Service Pension Fund (the “Fund”). The Fund is administered by the Public Service Pensions Board (“the Pensions Board”) and is operated as a multi-employer plan. Prior to January 1, 2000, the scheme underlying the Fund was a defined benefit scheme. With effect from January 1, 2000, the Fund had both a defined benefit and a defined contribution element, with participants joining after January 1, 2000, becoming members of the defined contribution element only.

**Defined Pension Contribution Plan**

A defined contribution plan is a pension plan under which the Bank pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Bank in a fund under the control of the Pensions Board. Where employees leave the plan prior to vesting fully in the contributions, the contributions payable by the Bank are reduced by the amount of the forfeited contributions.

CIDB contributes 12.4% of the employees’ monthly pensionable earnings to the Public Service Pension Fund. The total amount contributed by CIDB for the year ended December 31, 2024, was \$143,557 (2023: \$148,622). On September 8, 2021, the Public Service Pensions (Contribution Rates) Regulations, 2021 was gazetted bringing the contribution rates from January 1, 2020, actuarial valuation into effect. The prescribed employer contribution rates as specified in Section 2 of the regulations have been established at 6.4%. Plan Member or employee contribution rates remains at 6% default rate as specified in Section 17 (1) of the Public Service Pensions Act (2023 Revision). Pension contributions are paid for all eligible employees on their pensionable emoluments. The Bank’s 16 employees (2023: 16) all participate in a defined contribution scheme. Under the plan, the obligations and assets are both equal to the account balances held on behalf of the participants and no actuarial valuations are required. The Plan is funded at rates of:

Defined Pension Contribution Plans:	<u>2024</u>	<u>2023</u>
Employee	6%	6%
Employer	6.4%	6.4%

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**12. PENSION AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)**

**Post-Retirement Healthcare Liability**

On March 16, 2023, the Board of Directors of CIDB approved post-retirement healthcare benefit for CIDB's future retiring employees. CIDB contracted actuary, Mercer of Canada, to conduct an actuarial valuation of the post-retirement healthcare plan as of March 31, 2023, December 31, 2023, and December 31, 2024. On January 23, 2025, the Board of Directors of CIDB approved the setting aside of the annual funding amount for \$100,000. This annual funding amount will be applied in 2025 and onwards.

The estimated accounting liability and defined benefit cost, prepared in accordance with IAS 19 are summarized in the table below.

	<b>2,024</b>	<b>2,023</b>
	<b>(\$)</b>	<b>(\$)</b>
<b>Actuarial liability</b>		
Define benefit obligation	1,112,000	1,034,000
Fair value of plan assets	-	-
<b>Net defined benefit liability (asset)</b>	<u><b>1,112,000</b></u>	<u><b>1,034,000</b></u>
 <b>Defined benefit cost</b>		
Past service cost	148,000	879,000
Current service cost	-	106,000
Interest cost	53,000	35,000
<b>Total defined benefit cost</b>	<u><b>201,000</b></u>	<u><b>1,020,000</b></u>
 <b>Remeasurements (recognized in other comprehensive income)</b>		
Effect of changes in financial assumptions	(114,000)	16,000
Effect of experience adjustments	(9,000)	(2,000)
<b>Total remeasurements included in OCI</b>	<u><b>(123,000)</b></u>	<u><b>14,000</b></u>
 Total defined benefit cost recognized in P&L and OCI	<u>78,000</u>	<u>1,034,000</u>
<b>Total defined benefit cost recognized in P&amp;L and OCI</b>	<u><b>78,000</b></u>	<u><b>1,034,000</b></u>

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**12. PENSION AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)**

**Unfunded Post-Retirement Healthcare Liability (continued)**

The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the defined benefit cost for the following year. The principal financial and demographic assumptions used at the Year End and the Prior Year End are shown in the table below.

	Fiscal Year Ending on the Year End		Fiscal Year Ending on the Prior Year End	
Discount rate	5.80% per year		5.15% per year	
Mortality rates	RP-2014		RP-2014	
Mortality improvements	Scale MP-2021		Scale MP-2021	
Dependent coverage for active members	Males	73%	Males	73%
	Females	50%	Females	50%
Age difference between spouses	A male is assumed to be 3 years older than his female spouse		A male is assumed to be 3 years older than his female spouse	

	Fiscal Year Ending on the Year End and Prior Year End			
Health care cost trend rates	Health	5.20% per annum in 2023 grading down to 4.0% per annum in and after 2045		
	Vision care <sup>1</sup>	4.00% per annum		
	Dental	4.00% per annum		
Turnover and retirement assumptions	The probability of an employee staying with the Bank until age 60 or age 65 is summarized below. If an employee leaves the Bank prior to age 60, they are assumed to have terminated employment. Employees leaving at age 60 or 65 are assumed to retire. No turnover or retirement is assumed between ages 60 and 65.			
	<b>Current age</b>	<b>Age 60</b>	<b>Age 65</b>	
	< 29	60%	40%	
	30-39	80%	60%	
	40-49	100%	80%	
	50+	100%	100%	
Age 65 per capita claims costs <sup>2</sup>	Based on BritCay premium rates, adjusted to average age 65. Health – \$8,560 per participant Vision care – \$60 per participant Dental – \$420 per participant			
Aging factors	The change in claiming levels from one age to the next are shown below for sample ages:			
	<b>Age</b>	<b>Health</b>	<b>Vision</b>	<b>Dental</b>
	55	3.8%	-0.5%	-0.4%
	60	4.5%	-0.6%	-0.7%
	65	2.6%	-0.6%	-0.9%
	70	3.6%	-0.5%	-1.1%
	75	3.4%	-0.6%	-1.3%
	80	3.2%	-0.6%	-1.8%
	85	2.7%	-0.7%	-2.9%
Administrative expenses	Included in projected premiums			

<sup>1</sup> A net trend rate of 0.0% was used in the valuation to account for vision care maximums.

<sup>2</sup> At mid-point of valuation year, 1 August 2023

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**12. PENSION AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)**

**Unfunded Post-Retirement Healthcare Liability (continued)**

Plan name	Post Retirement Healthcare Program	
	31 Dec 2024	31 Dec 2023
	KYD	KYD
<b>I. Significant actuarial assumptions</b>		
<i>Weighted-average assumptions to determine defined benefit obligation</i>		
Discount rate	5.80%	5.15%
Health care cost trend rates		
Immediate trend rate	5.09%	5.20%
Ultimate trend rate	4.00%	4.00%
Year rate reaches ultimate trend rate	2045	2045
<i>Weighted-average assumptions to determine defined benefit cost</i>		
Discount rate	5.15%	5.25%
Health care cost trend rates		
Immediate trend rate	5.20%	5.20%
Ultimate trend rate	4.00%	4.00%
Year rate reaches ultimate trend rate	2045	2045
<b>J. Sensitivity analysis</b>		
<i>Present value of defined benefit obligation</i>		
Discount rate - 25 basis points	1,154,400	1,076,000
Discount rate + 25 basis points	1,072,000	993,000
Health care cost trend rates - 100 basis points	948,000	879,000
Health care cost trend rates + 100 basis points	1,313,000	1,222,000
Post-retirement mortality assumption - 10%	1,160,000	1,081,000
Post-retirement mortality assumption + 10%	1,069,000	992,000
<i>Duration of defined benefit obligation</i>		
Weighted average duration of defined benefit obligation (in years)	16.21	16.87
Plan name	Post Retirement Healthcare Program	
	31 Dec 2024	31 Dec 2023
	KYD	KYD
<b>K. Expected cash flows for following year</b>		
1. Expected employer contributions	19,000	
2. Expected total benefit payments		
Year 1	19,000	
Year 2	21,000	
Year 3	33,000	
Year 4	46,000	
Year 5	61,000	
Next 5 years	396,000	

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**12. PENSION AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)**

**Unfunded Post-Retirement Healthcare Liability (continued)**

Estimated defined benefit cost for the fiscal year ending on the following year-end.

Plan name	Post Retirement Healthcare Program
Fiscal year ending on	31 Dec 2025
Reporting currency	KYD
<b>A. Components of projected defined benefit cost</b>	
1. Service cost	
a. Current service cost	138,000
b. Past service cost	-
c. (Gain) / loss on settlements	-
<b>d. Total service cost</b>	<b>138,000</b>
2. Net interest cost	
a. Interest expense on DBO	64,000
b. Interest (income) on plan assets	-
c. Interest expense on effect of (asset ceiling)/onerous liability	-
<b>d. Total net interest cost</b>	<b>64,000</b>
3. Remeasurements of Other Long Term Benefits	-
4. Administrative expenses and/or taxes (not reserved within DBO)	-
5. <b>Defined benefit cost included in P&amp;L</b>	<b>202,000</b>
6. Remeasurements (recognized in other comprehensive income)	-
7. <b>Total defined benefit cost recognized in P&amp;L and OCI</b>	<b>202,000</b>
<b>B. Expected cash flows used to determine defined benefit cost</b>	
1. Employer contributions	-
2. Participant contributions	-
3. Benefit payments from plan assets	-
4. Benefit payments from employer	19,000
<b>C. Weighted-average assumptions to determine defined benefit cost</b>	
Discount rate	5.80%
Health care cost trend rates	
Immediate trend rate	5.09%
Ultimate trend rate	4.00%
Year rate reaches ultimate trend rate	2045
Post-retirement mortality assumption	N/A

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### **13. RELATED PARTY TRANSACTIONS**

#### **a) Cayman Islands Government Dividend Policy**

The Cayman Islands Government has a policy for the payment of annual dividends by Statutory and Government Owned Companies (SAGCs), which is in accordance with Section 16 of the Public Management and Finance Act (2020 Revision) and Section 39 of the Public Authorities Act (2020 Revision). In accordance with Section 39(3) of the Public Authorities Act (2020 Revision), the SAGC is required to pay dividends in accordance with the formulae established by the Minister of Finance after consultation with the board in writing, unless otherwise directed by Cabinet. Dividends are calculated and paid to Government based on the higher of 5% of operating revenue and 50% of operating surplus.

An SAGC is exempt from paying dividends in accordance with Section 19 of the policy. CIDB is, therefore, claiming exemption under Section 19a of the policy (and which has been approved by the Accountant General), which allows exemption if “the operations of the SAGC are not self-sustainable (i.e. the SAGC is reliant on core government subsidies, capital injections or charitable donations to fund its operating activities)”. CIDB is currently economically dependent upon Government to meet annual operating expenses and receives an annual output from Government that amounted to \$605,267 (2023: \$526,317). In addition, up until December 31, 2024, CIDB received annual capital injection of \$3 Million (2023: \$4.5 Million) from Government that went towards the repayment of a long-term debt that was held with a local financial institution; this debt was fully repaid in December 2024. As such, no dividends have been accrued in these financial statements for year ended December 31, 2024 (2023: Nil).

#### **b) Transaction with the Cayman Islands Government**

In accordance with Section 39(2) of the Public Authorities Act (2020 Revision), subject to Section 39(1), the SAGC is required to pay over to the Government any surplus cash reserves being held for more than 90 days. In previous years, Cabinet has waived the requirement under Section 39(2) for an SAGC to pay over to the Government any excess cash being held over 90 days. CIDB expects to receive a similar waiver for the year ended December 31, 2024.

Section 36(1) of the of the Public Authorities Act (2020 Revision) requires public authorities to pay an annual capital charge for the use of equity invested by the Government in the authority. The capital charge is set by the Minister of Finance after consultation in writing with the authority’s board of directors. The Bank did not accrue any capital charge payable for financial year 2024. Going forward, CIDB may be required to pay a capital charge in accordance with the Public Authorities Act (2020 Revision).

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**13. RELATED PARTY TRANSACTIONS (CONTINUED)**

**c) Transaction with the Cayman Islands Government (continued)**

CIDB acts as an agent for the Education Council Scholarship Fund and received \$45,000 in 2024 (2023: \$40,451) for services provided to the Ministry of Education and, which are outlined in a purchase agreement between CIDB and the Cayman Islands Government. CIDB also provides services to the Government under certain loan programs, for which CIDB received \$605,267 in 2024 (2023: \$526,317) for providing these services, which are outlined in a purchase agreement between CIDB and the Government. CIDB is economically dependent upon Government to meet its operational expenses.

The amounts received and disbursed on behalf of the Education Council Scholarship Fund are recorded on a timely basis by CIDB and the cash balances as of December 31, 2024, are included on CIDB's statement of financial position along with the corresponding amounts due to this fund, amounting to a net nil impact on CIDB's statement of financial position. The cash for the fund is held in a separate bank account on behalf of the Cayman Islands Government. The balance to be distributed from the fund and is due and payable to the fund as of December 31, 2024, and 2022 is as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Education Council Scholarship Fund	465	75,262
<b>Total</b>	<b>465</b>	<b>75,262</b>

**d) Transactions with Members of Management and Staff**

During the year ended December 31, 2024, CIDB had five key management personnel positions which consisted of the General Manager, Financial Controller, Senior Manager Administration Operations and IT, Senior Risk Manager and Senior Credit Manager. The total compensation received by key management personnel for the year ended December 31, 2024, totaled \$786,905 (2023: \$721,345), which represents salary, pension and medical expenses for the reporting period. Defined contribution pension plan expense for key management personnel for the year ended December 31, 2024, amounted to \$68,859 (2023: \$63,066). As of December 31, 2024, Senior Management held loans totaling \$343,507 (2023: \$494,849); these loans are included in the total net loan balance reflected on the statement of financial position. Income earned on Senior Management loans for the year ended December 31, 2024, amounted to \$20,337 (2023: \$20,540).

As of December 31, 2024, the total staff loan balance is \$1,376,329 (2023: \$1,054,144). For the year ended December 31, 2024, the Bank made provision for impairment losses of \$150 relating to an unsecured loan owed by one member of Senior Management (2023: \$136).

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**13. RELATED PARTY TRANSACTIONS (CONTINUED)**

**e) Transactions with those charged with Governance**

The Directors Fees of \$126,500 (2023: \$113,000) relate to the monthly fee paid the Directors. The remuneration of the Board is a monthly fee of \$3,000, \$2,000 and \$1,500 for the Chair, Deputy Chair and Directors respectively. Cabinet did not re-appoint one of the directors whose tenure expired at the end of February 2024. As of December 31, 2024, the Chairman of the Board of Directors is a guarantor for one loan (2023: one loan) to a customer. The total loan principal outstanding on December 31, 2024, on this loan was \$ 18,228 (2023: \$20,578).

**14. FAIR VALUE AND RISK ASSESSMENT OF FINANCIAL INSTRUMENT**

**Risk Management**

The Bank's board of directors has overall responsibility for the establishment and oversight of the Bank's risk management policies and procedures. The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Bank's Audit Committee oversees how management monitors compliance with the Bank's risk management policies and procedures and reviews their adequacy in relation to the risks faced by the Bank. The Audit Committee is assisted in its oversight role by the Internal Audit function. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. The Bank's schedule of lending rates is based on the Cayman Islands Bank Base Rate and Cost of Funds, plus an acceptable spread commensurate with the associated risks and tenure. Rates granted below the schedule lending rates, are considered exceptions, and are approved by the Credit Committee. Financial assets of the Bank include cash, cash equivalents, short-term fixed deposits, and loans to customers. Financial liabilities include accounts payable and accrued liabilities.

**a) Credit Risk**

Credit risk is the risk that the Bank will incur a loss because its customers fail to discharge their contractual obligations. The net carrying amount of loans to customers of \$26,651,214 represents the maximum exposure to credit risk as of December 31, 2024 (2023: \$27,093,804) for this category of financial assets. However, this risk is partially mitigated by collateral held as security for certain loans. Collateral held includes raw land, commercial and residential properties. Please refer to:

2.3 (e) *Financial Instruments* to see how key risk parameters are modelled and benchmarked.

6. *Loan to customers* to see expected credit loss allowances for the year.

Cash and short-term fixed deposits are held with reputable banks. As of December 31, 2024, the total net cash and equivalents of \$14,685,474 (2023: \$11,307,656) and net long-term fixed deposit of Nil (2023: Nil) represent the Bank's maximum exposure to credit risk for this category of financial assets. Please refer to note 3 (c) to see expected credit loss allowance on short-term fixed deposits for the year. The Bank manages credit risks on loans advanced to individuals and companies, which satisfies the Bank's lending requirements, by requiring borrowers to provide adequate security, limiting the total value of loans to a single borrower to 10% of its total capital and spreading its risk over several developmental sectors. In addition, there is an internal credit rating system that classifies loans based on credit risk.

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**14. FAIR VALUE AND RISK ASSESSMENT OF FINANCIAL INSTRUMENT (CONTINUED)**

**b) Liquidity risk**

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flow, which is inherent to the Bank's operations. The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, without incurring unacceptable losses or risking damage to the Bank's reputation.

**c) Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest will affect future cash flow or the fair values of financial instruments. CIDB provides loans and technical assistance in the areas of human resource development, housing and small business, particularly in the agricultural, tourism, and industrial sectors. The Bank minimizes interest rate risk principally by on-lending at variable rates of interest from its fixed deposits. The Bank manages the interest rate risk by placing deposits with international financial institutions and reviewing their interest rates quarterly. Details of rates and maturities are presented in Note 3(b).

**d) Fair Value**

The carrying values of cash, fixed deposits, loans to customers, other receivables, accrued liabilities and long-term liability are not materially different from their fair values.

**15. LONG-TERM DEBT**

A credit facility with a local financial institution was fully repaid in December 2023. No interest expense was incurred on the credit facility for the year ended December 31, 2024 (2023: \$159,896).

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**16. OTHER SIGNIFICANT EXPENSE ITEMS**

Further details of other significant expense items in the statement of comprehensive income include:

**a) Salaries and Other Staff Benefits**

	<b>2024</b>	<b>2023</b>
	\$	\$
Salaries	1,268,067	1,244,916
Medical expenses	414,709	360,634
Pension cost – Defined contribution plan	143,557	148,622
Recruitment and other related expenses	19,523	10,381
	<u><b>1,845,856</b></u>	<u><b>1,764,553</b></u>

**b) Accommodation Costs**

	<b>2024</b>	<b>2023</b>
	\$	\$
Strata fees	66,851	34,280
Electricity	29,980	33,887
Telephone	16,472	14,867
Insurance-contents	8,806	7,573
Janitorial costs	10,800	10,800
Other	49,984	40,101
	<u><b>182,893</b></u>	<u><b>141,508</b></u>

**c) Professional Fees**

	<b>2024</b>	<b>2023</b>
	\$	\$
Professional fees	100,954	129,157
Audit fee	86,000	86,000
Membership fees	1,473	1,513
	<u><b>188,427</b></u>	<u><b>216,670</b></u>

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**17. STATEMENT OF CONTINGENT LIABILITIES AND COMMITMENTS**

As indicated in note 13 (b) the Bank may be required under Section 36(1) of the of the Public Authorities Act (2020 Revision) to pay an annual capital charge for the use of equity invested by the Government in the authority. The capital charge is set by the Minister of Finance after consultation in writing with the authority's board of directors. The Bank had no known contingent liabilities in the prior year.

On December 31, 2024, and 2023, the Bank had commitments relating to the maintenance of the banking software. The amount committed per year is approximately \$24,752 (2023: \$24,090). As of December 31, 2024, the Bank had loan commitments amounting to \$383,157 (2023: \$449,581). These amounts, which are not reflected in the statement of financial position, reflect the un-disbursed portion of loans, which have been approved by Management.

**18. EVENTS AFTER THE REPORTING DATE**

On January 23, 2025, the Board of Directors of the Bank approved the setting aside the annual funding amount for \$100,000 for the post-retirement health benefit. This annual funding amount will be applied in 2025 and onwards. This is likely to reduce the post-retirement health liability in subsequent periods.

There are no other reportable subsequent events that require disclosure.

