



ANNUAL REPORT 2024

Company Profile

The Cayman Islands Monetary Authority (CIMA) is the primary regulatory body responsible for overseeing and ensuring the stability and integrity of the financial services industry in the Cayman Islands. Established in 1997, CIMA's mission is to safeguard the financial system, protect consumers, and enhance the reputation of the Cayman Islands as a global financial center.

Our Mission

To protect and enhance the integrity of the financial services industry of the Cayman Islands.

Our Vision

A thriving, innovative and well regulated Cayman Islands financial services system and currency that meets applicable international standards and provides value to stakeholders.

Principal Functions



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Statement by Board Chairman

Garth MacDonald
Chairman of the Board of Directors



On behalf of the Board of Directors I am pleased to report on the advancements made by CIMA in 2024. This past year marked a period of significant accomplishment, as we advanced key priorities outlined in our Strategic Plan and further strengthened our long-standing commitment to safeguarding financial stability, driving regulatory innovation, and reinforcing public confidence in the Cayman Islands' financial system.

2024 was not just a year of planning, but one of delivery. The Authority shifted from strategic design to strategic execution, ensuring that well-defined goals were translated into tangible outcomes.

At every level of the organisation, our people demonstrated a shared sense of mission. As a result, CIMA continues to evolve into a more agile, responsive, and future-ready regulator — one that continues to meet the demands of an increasingly dynamic and interconnected global financial environment.

In an era of growing geopolitical and financial complexity, protecting the Cayman Islands from illicit financial activity remains a central pillar of CIMA's mandate. This year, we completed a comprehensive self-assessment of our anti-money laundering and counter-terrorism financing frameworks. This rigorous evaluation allowed us to identify areas of strength, address vulnerabilities, and align more closely with evolving international standards.

Recognising that today's regulatory challenges require modern tools, CIMA made major strides in upgrading the Authority's IT infrastructure & skillsets. These improvements will enable more robust risk-based supervision and early identification of emerging threats. As we prepare for the Caribbean Financial Action Task Force's Fifth Round of Mutual Evaluations in 2027, these foundational upgrades demonstrate our unwavering commitment to transparency, accountability, and international cooperation.

We continued to modernise our regulatory frameworks in 2024, with a focus on both current and emerging risks. Key areas of progress included the development of consolidated supervision approaches, refinement of crisis management planning, implementation of key Basel III components, and enhanced oversight of Virtual Asset Service Providers (VASPs) and reinsurance entities. Among the most impactful developments was the formal designation of Domestic Systemically Important Deposit-Taking Institutions (DSIDTIs). This designation enhances our ability to monitor potential systemic risks and strengthens the resilience of our banking sector.

Statement by Board Chairman cont'd

CIMA's achievements would not be possible without the dedication and expertise of its staff. We are proud to support a culture where staff are encouraged to learn, grow, and lead. These efforts have strengthened our internal capabilities and ensure that we remain responsive to both current and future regulatory demands. Our people are the Authority's most valuable asset, and their commitment continues to drive the progress and success of our institution.

The Cayman Islands Dollar is more than a means of exchange — it is a symbol of national identity and pride. In 2024, we advanced the design and development of a new series of banknotes. This upcoming family of notes will feature modern security features, enhanced durability, and inclusive elements for the visually impaired. This initiative underscores our commitment to innovation, public trust, and financial inclusion.

As we look to 2025, the organisation does so with a clear vision for what lies ahead. The progress achieved throughout 2024 has laid a strong and strategic foundation for CIMA to continue evolving as a forward-thinking regulator — one that leads with purpose and remains steadfast in safeguarding the integrity of the Cayman Islands as a globally respected financial centre.

On behalf of the Board of Directors, I extend my sincere gratitude to our dedicated staff, industry stakeholders, and regulatory partners. With your continued collaboration and support, we remain confident in our shared ability to uphold Cayman's reputation for resilience, sound governance, and excellence on the international stage.

Statement by Chief Executive Officer

Cindy Scotland, OBE
Chief Executive Officer



As we reflect on the past year, we do so with a sense of determination, pride, and readiness for the future. The foundation laid in 2023 positioned us to take meaningful strides in 2024, particularly in embracing innovation and technology as tools for building a more agile, responsive, and resilient Authority.

Over the course of the year, we advanced several key digital initiatives designed to modernise how we regulate, supervise, and engage with our stakeholders. These efforts have not only increased our operational efficiency but also strengthened our ability to respond swiftly to the dynamic and increasingly complex global financial landscape.

Industry Activity

The Cayman Islands' financial services industry remained robust and stable in 2024, demonstrating continued resilience amid global economic uncertainty, rapid technological change, and growing regulatory expectations. Licensing and registration trends across core sectors remained steady, with moderate changes in activity reflecting both consistency and cautious optimism.

As of December 2024, there were 30,150 regulated funds, up from 29,353 the previous year. This growth, spanning mutual and private funds, reflects sustained investor confidence despite macroeconomic headwinds. Hedge funds returned 10%, while assets under management rose 8%. Liquidation levels remained steady, resulting in net growth and record-high assets under management. Additionally, Financial Annual Return filings underscored growing interest in digital assets and Environmental, Social, and Governance (ESG) strategies, with cryptocurrency-focused funds increasing by 7% and ESG funds rising by 25%.

In the banking sector, the long-term trend of consolidation continued, with licensed banks declining from 87 to 79 by year-end. Nonetheless, the sector remained stable, supported by strong capital bases and no major shifts in the services offered by domestic retail banks. We continued to monitor emerging risks, including cybersecurity, climate risk, green financing, and global economic developments, to safeguard the integrity of the sector.

Securities investment business activity remained steady, with 42 active licensees and 1,411 Registered Persons at the end of the year.

The virtual asset sector also experienced growth and regulatory maturity in 2024. As of December, 19 Virtual Asset Service Providers (VASPs) were actively registered with CIMA. A total of 61 applications were received under the Virtual

Assets (Service Providers) Act (2024 Revision), with a clear regulatory pathway established through Phase 1 of the framework. To further strengthen the regime, we gazetted legislative amendments and issued detailed guidance in anticipation of Phase 2, which will introduce a licensing regime to enhance prudential oversight and bolster market confidence.

The fiduciary services sector saw a 2.56% decrease in licensed trust and company management service providers, ending the year with 381 entities. Meanwhile, the insurance sector maintained its global leadership position, particularly in healthcare captives, with 804 active licensees. Strong demand continued, with 42 new licenses issued, on par with the previous year and reflecting long-term international interest in Cayman's well-regulated environment.

Internal Restructuring

To ensure we remain operationally efficient in a rapidly evolving regulatory and financial landscape, CIMA embarked on a comprehensive internal restructuring initiative in 2024. This strategic effort aimed to realign our organisational structure with our core objectives, international standards, and the increasing complexity of the global financial sector.

Key actions included streamlining and consolidating functions across divisions to improve efficiency and reduce operational redundancies. By eliminating duplication and enhancing cross-functional collaboration, the Authority has fostered a more cohesive approach to supervision and policy implementation. We introduced new leadership roles to strengthen governance and provide clearer strategic direction within and across departments.

Our restructuring also involved modernising internal processes through targeted digital transformation initiatives. By integrating advanced technology solutions, we have enhanced data-driven decision-making, improved internal workflow, and elevated the quality and responsiveness of our service delivery to stakeholders. This effort positions the Authority to act more nimbly and effectively in the face of emerging risks and opportunities, while maintaining our commitment to excellence in financial regulation and oversight.

Empowering Our People

Our people are at the heart of everything we do. As CIMA evolves to meet the demands of a dynamic regulatory environment, so too does our focus on developing and empowering our workforce. In 2024, we continued to prioritise the recruitment of bright, forward-thinking professionals and the retention of experienced personnel who embody our values of integrity, expertise, and public service.

We took meaningful steps to foster a culture of continuous professional development, learning, and engagement. Over the course of the year, 12 members of staff successfully obtained advanced qualifications from internationally recognised bodies, including the National Association of Insurance Commissioners (NAIC). These achievements not only elevate the skillset of our internal teams but also reflect CIMA's commitment to building deep, sector-specific regulatory expertise.

Statement by Chief Executive Officer cont'd

Internally, we expanded our training and mentoring programmes, created new opportunities for cross-divisional knowledge-sharing, and encouraged leadership at all levels of the organisation. Together, these initiatives are helping to build a more agile, capable, and motivated workforce, one that is prepared to take on the challenges of tomorrow with professionalism and purpose.

Strengthening Our Regulatory Readiness

In 2024, significant attention was directed toward strengthening CIMA's regulatory readiness in preparation for the 5th Round of Mutual Evaluations by the Caribbean Financial Action Task Force by the Caribbean Financial Action Task Force (CFATF)- a crucial assessment of the jurisdiction's anti-money laundering and counter-terrorism financing framework.

This process involved a meticulous review and enhancement of CIMA's supervisory practices, legal frameworks, and internal controls to ensure alignment with international standards set by the Financial Action Task Force (FATF). We deepened collaboration with government ministries, law enforcement, and other competent authorities to improve inter-agency coordination and information sharing.

CIMA also increased its efforts to raise awareness of evolving financial crime risks and bolster the jurisdiction's resilience. Regulatory outreach, technical workshops, and updated guidance for licensees were key components of our readiness strategy, designed to strengthen compliance across the financial services sector.

These collective efforts affirm the Authority's ongoing commitment to safeguarding the integrity of the Cayman Islands' financial system and upholding the highest standards of transparency, international cooperation, and regulatory effectiveness.

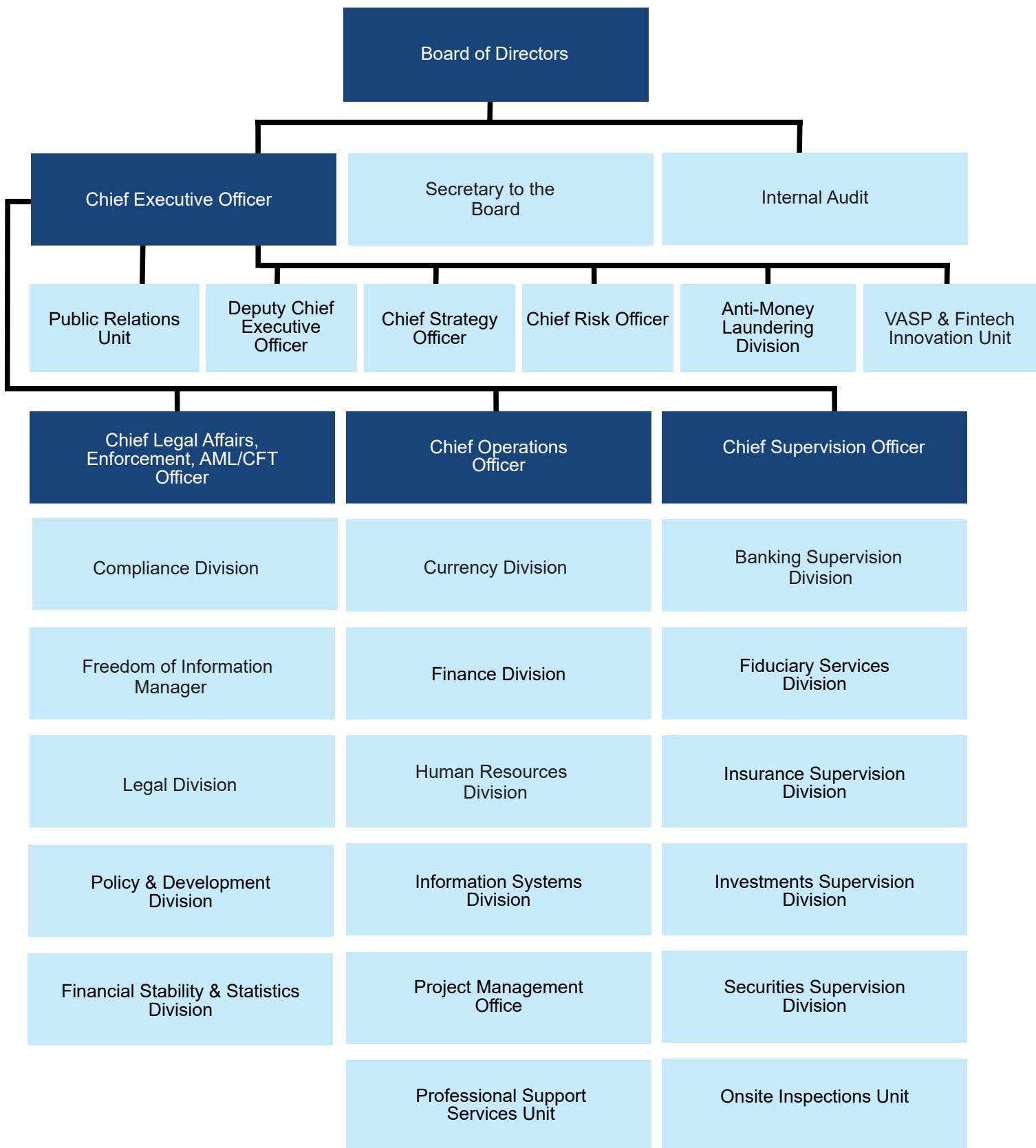
Looking Ahead

As we look to 2025 and beyond, our focus remains on ensuring a stable, modern, and internationally respected financial system. Guided by the principles of good governance, innovation, and public trust, we will continue to adapt, lead, and protect the integrity of the Cayman Islands as a premier financial jurisdiction.

To our stakeholders, partners, and the wider community, thank you for your continued support. Together, we look ahead with purpose, ambition, and confidence in what we can achieve.

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Board of Directors



Chief Executive Officer
Cindy Scotland, OBE



Chairman
Garth MacDonald



Deputy Chairman
Johann Moxam



Director
Helen Dombowsky



Director
Ormond Williams



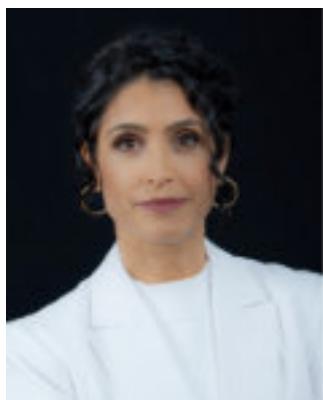
Director
Langston Sibbly, KC



Director (Non-voting)
Dr. Dax Basdeo



Director
Anna Goubault



Director
Sabrina Foster



Director
Vaughan Carter

Management Team

Executive Management

Cindy Scotland, OBE Chief Executive Officer

Patrick Bodden Chief Operations Officer

Anna McLean Chief Supervision Officer

Supervision

Judiann Myles Head, AML/CFT

Jennifer Smith Deputy Head, AML/CFT

Megan Powell Deputy Head, AML/CFT

Abubakar Nyanzi Deputy Head, AML/CFT

Gloria Glidden Head, Banking

Shakira Cox Deputy Head, Banking

Paul Onsakia Deputy Head, Banking

Pranav Variava Head, Investments

Gaone Dube Deputy Head, Investments

Christopher Bouck Deputy Head, Investments

Rohan Bromfield Head, Fiduciary Services

Leticia Frederick Deputy Head, Fiduciary Services

Reisan Moiten Deputy Head, Fiduciary Services

Kara Ebanks Head, Insurance

George Kamau Deputy Head, Insurance

Management Team

Gamuchirai Usai	Deputy Head, Insurance
Peter Fox	Reinsurance Specialist
Jessica Ebanks	Head, Securities
Razaak Busari	Head, Onsite Inspections
Stephanie Azan	Deputy Head, Onsite Inspections
Isabel Gumeyi	Head, VASP & Fintech Innovation
Legal	
Helen Spiegel	Acting Deputy General Counsel
Stephanie Adolphus	Senior Legal Counsel
Jodie Woodward	Senior Legal Counsel
James Elliott	Senior Legal Counsel
Renee Caudeiron	Senior Legal Counsel
Compliance	
Audrey Roe	Head, Compliance
Kara Owens	Deputy Head, Compliance
Jennifer Hydes	Deputy Head, Compliance
Financial Stability & Statistics	
Yoshneck Mutomba	Deputy Head, Financial Stability & Statistics
Michelle Majid	Deputy Head, Financial Stability & Statistics

Management Team

Policy & Development	
Rayford Britton	Head, Policy & Development
Paul McAllister	Deputy Head, Policy & Development
Ife Adanna Romeo-Bernard	Deputy Head, Policy & Development
Kennedy Mutunga	Deputy Head, Policy & Development
Risk Management	
Janique Samson	Chief Risk Officer
Operations	
Deborah Ebanks	Head, Currency
Dominique Lloyd	Deputy Head, Currency
Chad MacDonald	Head, Information Systems
Godden Ndoro	Deputy Head, Information Systems
Ronald Singh	Deputy Head, Information Systems
Deborah Musson-Blackwood	Chief Human Resources Officer
Eric Webster	Deputy Chief Human Resources Officer
Gilda Moxam-Murray	Chief Financial Officer
Tammy Archer	Deputy Chief Financial Officer
Tina Harris	Head, Professional Support Services
Prabha Namburi	Chief Strategy and Projects Officer

Management Team

Internal Audit

Deloris Gordon

Head, Internal Audit

Kioko Muasya

Deputy Head, Internal Audit

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Section 1

About Us

Nature & Scope of Activities

AML Monitoring

Monitor and ensure compliance with AML regulations

Local and International Representation

Represent the interest of the Cayman Islands at international forums and advising Government on recommendations of those organisations

ORA Assistance

Provides assistance to overseas regulatory authorities (ORA) and other competent authorities

Consumer Protection

Seek to promote and enhance market confidence and consumer protection through public education initiatives

Currency

Issue and redeem currency notes and coins and manage currency reserves

Regulation and Supervision

Regulate and supervise licensed and registered financial services businesses operating in and from the Cayman Islands

Government Advisory

Advise Government on the Authority's monetary, regulatory and cooperative functions; whether such functions are consistent with those discharged by an ORA, including the legislation and regulations of foreign jurisdictions

Structure

Banking Supervision Division

Monitors the activities of banks, money service business, building societies, and credit unions.

On-site Inspection Unit

On-site supervision involves inspections and supervisory visits at licensees' place of operation both in the Cayman Islands and overseas. These inspections can be full-scope or may be limited to specific areas of the licensee/registrant's operations.

The objectives of the inspection process are to understand the licensee's business activities and operating environment, detect problems of compliance with the relevant legislations, and gather information on matters identified as requiring policy considerations.

Investments Supervision Division

Oversees the activities of funds and fund administrators.

Financial Stability & Statistics Division

Assists in the provision of responses, of both a statistical and non-statistical nature on the financial sector, to various international and domestic organisations.

Fiduciary Services Division

Ensures the enforcement of prudent practices by professionals in the trust and corporate service industries.

Securities Supervision Division

Solely focused on the regulation of activities relating to securities investment business practitioners.

Enforcement Division

Investigates serious breaches of the regulatory legislations and directing and administering formal enforcement actions taken by the Authority; conducts risk weighted due diligence checks on persons who have applied to act as directors, shareholders, managers, officers and controllers of licensed entities; administers and responds to non-routine requests from overseas regulatory authorities.

Anti-Money Laundering Division

Develop and implement the Authority's AML/CFT supervisory and regulatory strategy while ensuring an efficient and effective operation that meets or exceeds international standards as well as providing timely feedback to improve industry's AML/CFT compliance thereby reducing the risk exposure of licensees.

Insurance Supervision Division

Monitors the activities of domestic and international insurance licensees through an integrated risk based supervisory approach of off-site and on-site supervision.

Currency Division

Responsible for the issue, re-issue, and withdrawal of Cayman Islands circulating currency notes and coins. The division also administers the sale and redemption of numismatic coins to and from local and overseas collectors.

Information Systems Division

Responsible for the maintenance of the Authority's existing information and technological systems, the planning and implementation of new systems and developments relating to these.

Human Resources Division

Manages all employee matters relating to recruitment, employee training and development, as well as the administration of personnel policies, procedures and practices for the effective functioning and well-being of staff.

Finance Division

Facilitates all financial matters relating to budget, annual licence fee collection, payroll, and accounts payable. The division is also responsible for preparation of the Authority's financial statements and the Purchase & Ownership Agreements between the Cabinet of the Cayman Islands Government and the Authority.

Legal Division

Provides legal advice to the Board of Directors, the Chief Executive Officer, and all divisions within the Authority. The division has a central role in the provision of formal assistance to overseas regulatory authorities, and provides support on all aspects of the Authority's responsibilities for combatting money laundering and terrorist financing, including civil litigation and drafting legal documents such as directives, memoranda of understanding, and instructions for amendments to existing legislation.

Policy & Development Division

Focuses on research for financial sector regulation and supervision and provides support mainly to the Authority's supervisory divisions regarding advice on

policy issues and legislation. Also responsible for the coordination of the development of Rules, Statements of Guidance and Statements of Principle.

VASP & Fintech Innovation Unit

Responsible for the risk-based supervision of persons licensed/registered under the Virtual Asset (Service Providers) Act, including sandbox licensees providing virtual asset services and fintech services, operating in and from the Cayman Islands.

Public Relations Unit

Responsible for creating and maintaining a positive public image for CIMA, ensuring transparent communication with stakeholders, the media, and the general public. This includes handling media inquiries, preparing press releases, coordinating publications, managing crisis communications, and organising industry outreach events.

Project Management Office

Acts as a central point in managing various projects and allocating appropriate and adequate resources as necessary for the successful completion of projects in a timely manner. Also provides support for the implementation of CIMA's strategic plan and change management initiatives.

Professional Support Services Unit

Responsible for the development and implementation of property management, business continuity, procurement, document management, reception and mailroom functions.

Governance

The Government of the Cayman Islands wholly owns the Authority. In accordance with the Monetary Authority Act, the Government appoints CIMA's Board of Directors, including its Chief Executive Officer.

In its relations with the Government, the Authority channels its communications through the Financial Secretary and the Minister of Financial Services.

CIMA is a statutory authority under the Public Management and Finance Act. As such, the Legislative Assembly must approve its two-yearly expenditure budget and funding. The Authority is subject to an annual statutory audit. The Government funds the Authority by purchasing specified services as agreed in the Authority's two-yearly purchase agreements with the Government.

The Authority's Board of Directors is responsible for the policies and general administration of the affairs and business of the Authority. The Chief Executive Officer is responsible for the day-to-day administration of the Authority.

The Authority has set out, in its Regulatory Handbook, the policies and procedures that it follows in performing its regulatory and cooperative functions.

Our People

Over the years, CIMA has consistently served as a solid foundation for responsible oversight of the financial industry in the Cayman Islands.

Our success is largely attributed to the collaborative approach we embrace daily, supported by a robust and dependable infrastructure. We prioritise investing in our people, offering a variety of personal and professional development opportunities, including career advancement, training, and staff recognition, all while fostering a family-oriented environment.

In 2024, the Authority successfully onboarded 62 new employees, representing 12 different nationalities, including the Cayman Islands. The Authority is dedicated to promoting a diverse, equitable, and inclusive workplace where employees, regardless of gender, race, ethnicity, national origin, or disability, feel valued, respected both intellectually and emotionally. We firmly believe that fostering such an environment is key to building a skilled and committed workforce that supports the protection and growth of the Cayman Islands' financial services industry.

Despite these efforts, the Authority experienced the departure of 22 employees, many of whom were recruited by local industry stakeholders. As of Q4 2024, the total staff complement stood at 306.

Table 1: Number of staff across each division

Division/Office	Staff Total
Anti-Money Laundering	31
Banking Supervision	23
Internal Auditor	4
Compliance	23
Currency	6
Fiduciary Services	17
Finance	9
Financial Stability	13
Human Resources	11
Information Systems	27
Insurance Supervision	23
Investments Supervision	44
Legal	12
Office of the CEO	9
Onsite Inspection Unit	15
Policy & Development	13
Professional Support Services	9
Project Management	1
Securities Supervision	10
Virtual Assets Service Providers & Fintech	6
Total	306

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We prioritise investing in our people, offering a variety of personal and professional development opportunities, including career advancement, training, and staff recognition, all while fostering a family-oriented environment.

Our Community Work

At CIMA, our dedication extends beyond regulatory excellence to fostering a positive and lasting impact on the community we serve. Aligned with our mission to enhance the financial sector's integrity, efficiency, and transparency, we remain steadfast in our commitment to social responsibility. Our community engagement initiatives reflect our core values of collaboration, integrity, and leadership while supporting our strategic objectives of increasing public outreach and education and being recognised as an employer of choice.

Employee-Led Charity Initiatives

A cornerstone of our community involvement is our employee-driven charity fund pool. Staff members voluntarily contribute monthly to this fund, fostering a culture of generosity and collective responsibility. Each year, our employees participate in an annual vote to select local charities or individuals in need who will benefit from these contributions.

This initiative not only strengthens community ties but also reinforces our commitment to improving lives and fostering a more resilient Cayman Islands.

Throughout the year, our divisions actively engage in charitable activities, particularly through our annual "Giving Tree" initiative in December. Each division selects a charity of their choice and organises fundraising activities, promoting collaboration and service across the organisation.

Community-Based Projects and Partnerships

We engage in various hands-on community projects, including annual beach clean-ups for Earth Day, reflecting our commitment to environmental sustainability. Our annual CIMA 5K Walk/Run brings the community together while raising funds for local charities, reinforcing our dedication to supporting causes that improve the well-being of our citizens.

Our educational outreach supports our strategic objective to increase public engagement. The annual student mixer connects public and private sector representatives to educate young people about the financial services industry, fostering awareness and inspiring future financial professionals. We also collaborate with the Cayman Islands Civil Service Credit Union to deliver financial literacy courses, empowering community members with essential financial knowledge.

Integrating Community Engagement with Strategic Goals

Our community initiatives are closely aligned with our strategic objectives. By enhancing public education and engagement, we strengthen understanding of financial services regulation and CIMA's role in maintaining financial stability. These efforts also reflect our commitment to being an employer of choice, fostering a workplace culture that encourages community involvement.

Through partnerships and collaborative projects, we amplify our ability to deliver on our mission. Whether through charitable giving, educational programmes, or environmental stewardship, our community work enhances public engagement while reinforcing our regulatory mandate.

As we look ahead, CIMA remains committed to expanding our community partnerships and outreach efforts. By aligning these initiatives with our strategic plan, we continue to uphold our values, deliver tangible benefits to the community, and ensure a positive and lasting impact on the Cayman Islands.

Scholarship & Internship Programmes

Internship Programme

In 2024, CIMA welcomed 27 students into our two-month paid undergraduate internship programme, providing them with a unique opportunity to gain hands-on experience in the financial services sector.

Designed for Caymanian students seeking an exciting and challenging professional development experience, the programme offers exposure to a variety of areas within CIMA, allowing participants to work alongside senior leaders and industry professionals. Interns are matched with mentors in their relevant divisions, ensuring they receive guidance aligned with their career interests across both regulatory and operational fields. This includes areas such as human resources, public relations, professional support services, and facilities management -offering a comprehensive understanding of the diverse functions within the Authority.

By investing in young talent and fostering professional growth, we provide participants with practical experience and insights into potential career paths within the financial services industry. This initiative not only supports the professional development of future industry leaders but also strengthens our commitment to building a skilled and knowledgeable workforce in the Cayman Islands.

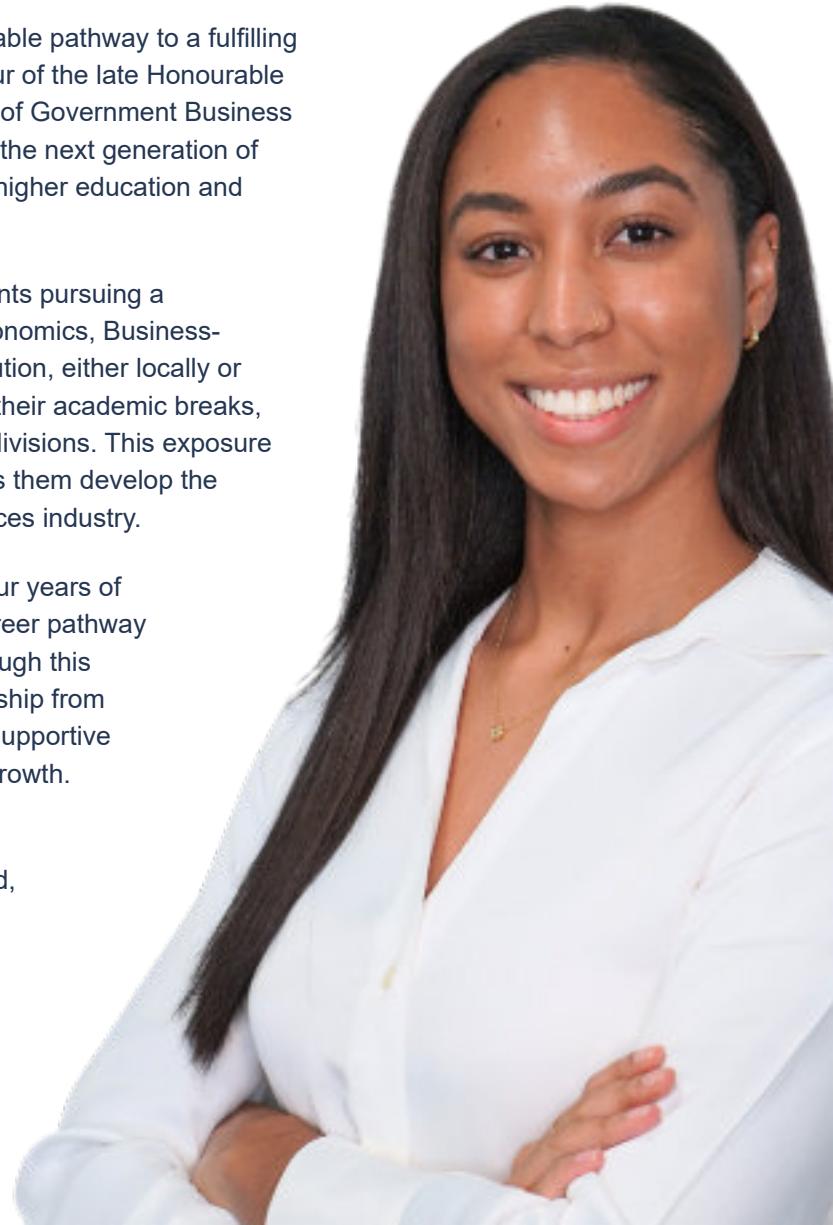
Thomas Jefferson Memorial Scholarship Programme

The Thomas Jefferson Memorial Scholarship offers a valuable pathway to a fulfilling and dynamic career at CIMA. Established in 2007 in honour of the late Honourable Thomas Jefferson, former Financial Secretary and Leader of Government Business the scholarship reflects CIMA's commitment to developing the next generation of Caymanian financial professionals by providing access to higher education and structured career opportunities.

The scholarship awards up to CI\$25,000 per year to students pursuing a Bachelor's or Master's Degree in Finance, Accounting, Economics, Business-Administration, or Actuarial Science at an accredited institution, either locally or overseas. Recipients are required to work at CIMA during their academic breaks, gaining practical, hands-on experience across a range of divisions. This exposure not only enhances their technical knowledge but also helps them develop the professional skills needed to succeed in the financial services industry.

Upon completing their studies, scholars commit to up to four years of full-time employment with CIMA, providing a structured career pathway with clear opportunities for growth and advancement. Through this guaranteed employment, recipients gain access to mentorship from senior leaders, ongoing professional development, and a supportive environment that fosters both personal and professional growth.

By investing in the education and career development of young Caymanians, CIMA is committed to building a skilled, diverse workforce and shaping future leaders who will contribute to the ongoing stability and growth of the Cayman Islands' financial services industry.

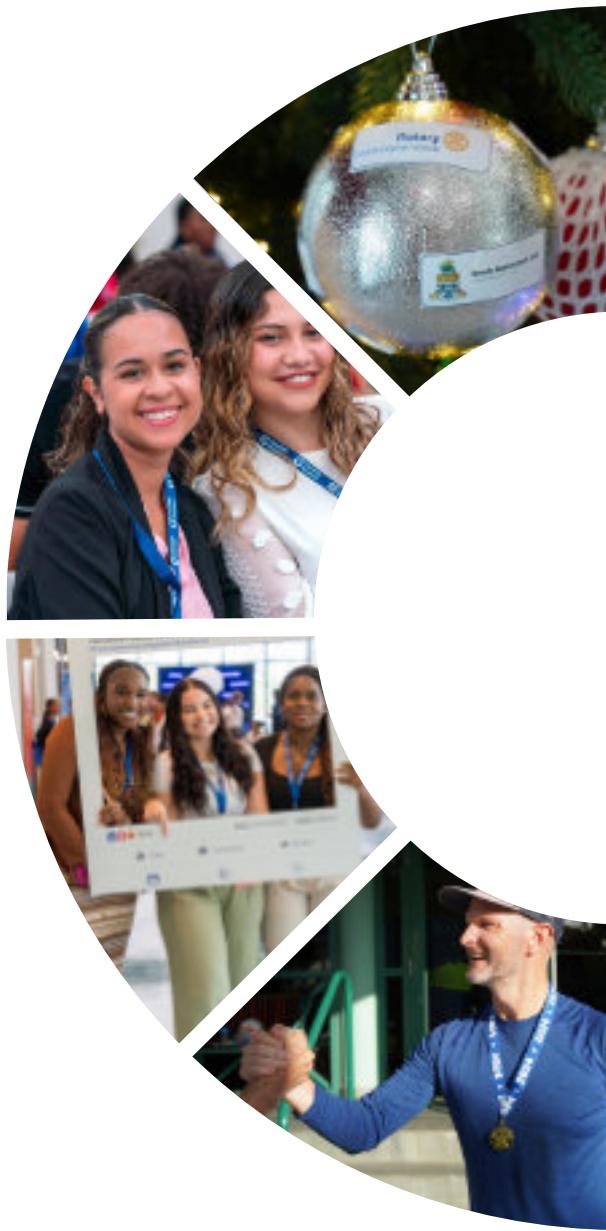


Community Partnerships

January 2024

Special Olympics Annual Golf Classic

CIMA staff proudly participated in the Special Olympics Annual Golf Classic, supporting a meaningful cause that empowers athletes with intellectual disabilities. The event brought together members of the community to promote inclusion through sport and raise funds for Special Olympics Cayman Islands.



February 2024

John Gray High School Career Fair

CIMA staff offered professional guidance to over 1,500 students on potential career paths and highlighting internship opportunities within CIMA.

Clifton Hunter High School Career Fair

CIMA staff offered professional guidance to over 700 students on potential career paths and highlighting internship opportunities within CIMA.

CIMA Health Fair

In partnership with AETNA, CIMA hosted a Health Fair in February, bringing together a range of local wellness providers to promote holistic health and well-being. Staff had the opportunity to engage with experts from various areas of wellness and support the local Blood Bank through on-site blood donations.

March 2024

Rock Your Socks - World Down Syndrome Day

In recognition of World Down Syndrome Day, CIMA staff participated in Rock Your Socks Day and made charitable donations in support of local organisation T21 Cayman. The initiative raised awareness and contributed funds to support individuals with Down syndrome in the Cayman Islands.



April 2024

Chamber Earth Day Clean-Up

CIMA staff joined over 3,000 volunteers across the island for Cayman's largest annual clean-up, helping to remove litter from beaches, roadsides, parks, and public spaces. This initiative supports environmental sustainability and reflects our continued commitment to community partnerships and preserving the natural beauty of the Cayman Islands.

May 2024

7th Annual CIMA 5K Charity Walk/Run

CIMA hosted its 7th Annual 5K Walk/Run charity event, with \$24,411.08 in proceeds supporting literacy and numeracy initiatives in participating local government primary schools and the Lighthouse School. The event continues to promote community wellness while investing in the educational development of young minds across the Cayman Islands.

August 2024

Student Mixer & Career Fair

CIMA welcomed over 400 students and, together with our industry partners, provided professional guidance on potential career paths within the financial services sector. The event highlighted internship and employment opportunities, featured on-site interviews, and reinforced CIMA's commitment to empowering future talent in the Cayman Islands.

December 2024

CIMA Giving Tree

Staff selected local charities to support through various fundraising efforts. This collective effort embodies the spirit of giving and reinforces CIMA's commitment to supporting the wider community during the holiday season.

Section 2

Industry Overview



Banking and Related Services

CIMA is responsible for the supervision of all banking entities and their related trust companies, nominee (trust) companies, and trust (controlled subsidiary) companies, as well as money services businesses operating in and from within the Cayman Islands.

Cooperative societies conducting credit union business, building societies, and development banks are not required to be licensed in the Cayman Islands, but are entities created by statute, supervised by CIMA. As at Q4 2024, CIMA supervised two (2) cooperative credit unions, one (1) building society, and one (1) development bank.

During the reporting period, the Authority implemented several initiatives related to its banking supervision activities:

Regulatory Framework Initiatives

The Rule and Regulatory Policy for Domestic Systemically Important Deposit-Taking Institutions (“DSIDTIs”) became effective in May 2024. This framework establishes criteria for identifying deposit-taking institutions that could pose significant disruption to the Cayman Islands’ financial system and economy in the event of their distress or failure. It also outlines approaches to mitigating the negative externalities posed by these institutions. Bilateral meetings with designated entities were held in Q4 2024, with formal designation notifications to follow in Q1 2025. DSIDTIs will have 12 months from the date of formal notification to comply with the higher loss absorbency requirement.

Efforts to enhance the regulatory framework have continued, with ongoing work focused on aligning with international best practices, addressing emerging risks, and incorporating lessons learned from international bank failures in 2023.

In addition, work continued on the Basel Core Principles Self-Assessment, following the release of updated principles in April 2024. This contributed to the Board’s approval of a Basel III Implementation roadmap, which will be executed over the next three to four years in various components.

Furthermore, a Rule and Statement of Guidance on Recovery and Resolution Planning were drafted in 2024. These measures, which outline the requirements and considerations for recovery and resolution planning by regulated entities where applicable, will be issued for consultation in Q1 2025.

International Bank Failures

In 2023, several bank failures in the US and Europe raised concerns about a potential global banking crisis. In response, an internal working group was established to assess the causes of these bank failures and recommend any necessary legislative and supervisory changes. Following the approval of the Crisis Management Framework roadmap in Q3 2024, the Crisis Management Working Group was formed. In January 2025, a circular will be issued outlining the supervisory expectations and planned activities of the working group.

Efforts continue to implement the recommendations identified by the working group, with collaboration across internal stakeholders. Additionally, international standard-setters, such as the Basel Committee on Banking Supervision, are being closely monitored to determine if any changes will be recommended following these recent bank failures.

Financial Stability

The second Financial Stability Report was issued, covering a five-year period up to Q4 2022. This report identifies sources of systemic risk and evaluates the resilience and financial strength of all sectors within the financial system.

Various initiatives related to financial stability and macro-prudential supervision were also carried out, including stress testing.

AML/CFT Compliance

AML/CFT supervisory activities continued within the banking sector, including conducting risk assessments, collecting data, and identifying licensees for potential inspection based on findings from supervisory activities. These efforts are part of the ongoing preparations for the 5th round of the FATF assessment.

Emerging Risks and Trends

Emerging risks and regulatory trends have been closely monitored. Staff members served on technical working groups under the Caribbean Group of Banking Supervisors focusing on:

- Cybersecurity
- Climate Risk and Green Financing

In 2024, a comprehensive survey focused on climate change and other environmental risks was issued. The results are currently being evaluated, and regulatory filings are being reviewed to assess how licensees are incorporating climate-related financial risks into their business and risk strategies.

Banking and Related Services cont'd

In addition to cybersecurity and climate risk, there has been close monitoring of developments related to digitisation and automation. An increase in licensees seeking to become digital banks or automate various processes continues to be observed.

Attention was also given to economic and global developments such as above-target inflation, elevated interest rates, and supply chain disruptions, with an assessment of their potential impact on the Cayman Islands banking system. Despite these challenges, the banking system has remained resilient, with minimal effects on asset quality and delinquency rates for banks regulated by CIMA.

Information Technology and Automation

IT and automation initiatives are seen as critical for improving operational efficiency by optimising technological processes.

Efforts continued to enhance the regulatory reporting portal, refine existing workflows, and improve data reporting and analysis. Further, there is active involvement in plans to implement a new regulatory reporting and supervision tool.

Outreach Activities

Engagement continues with local, regional, and international industry groups to stay informed on the evolving regulatory and economic landscape.

As part of these efforts, the following circulars and surveys were issued during the year:

- Complaints Handling Survey: Aimed at understanding the effectiveness of complaints handling frameworks within supervised institutions.
- Residual Sales Proceeds: A survey to assess how retail banks and other deposit-taking institutions apply proceeds from property sales to discharge mortgaged properties.
- Business Continuity and Crisis Management Plan: A survey to evaluate the measures in place to minimise service interruptions and ensure that supervised institutions can restore critical functions within a reasonable timeframe.
- CrowdStrike Outage: A survey to assess the direct and indirect impact of the CrowdStrike cybersecurity provider's outage on supervised entities or their affiliates.

There continues to be regular dialogue with major correspondent banks to provide updates on the jurisdiction.

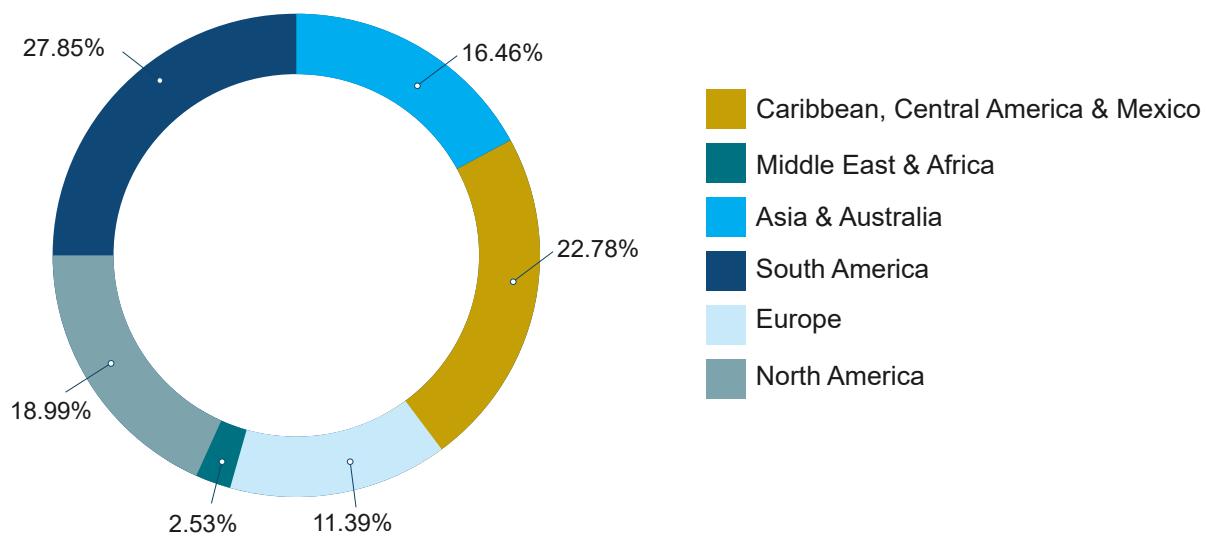
The Sector

The Banks and Trust Companies Act (2021 Revision) (the “BTCA”), as amended, authorises CIMA to issue two main categories of banking licences, namely Category “A” and Category “B”. Category “A” banks are allowed to operate both in the domestic and international markets. For the domestic market, Category A retail banks can provide services to retail and non-retail clients whereas Category “A” non-retail banks can provide services to resident clients not conducting business in the Cayman Islands. However, Category A Non-retail banks can also provide services to employees and other licensees. Both Category “A” retail and non-retail banks can provide services to international clients without restrictions. Category “A” banks can also offer principal office/authorised agent services to Category “B” banks that do not have a physical presence in the Cayman Islands. Category “B” licence permits international banking business with limited domestic activity. The holders of a Category “B” licence are primarily used as financial intermediaries to raise funds in the international market to provide capital for parent entities and for the financing of external/cross-border business on their own account in the international market.

Table 2: Supervised banking licenses

Licensees	Q2-2023	Q4-2023	Q2-2024	Q4-2024
Category “A” Bank	11	11	11	11
Category “B” Bank	85	76	76	68
Money Services Business	5	5	5	5
Trust Company	37	35	35	33
Nominee (Trust)	18	18	14	11
Trust (Controlled Subsidiary)	7	7	7	7
Total	163	152	148	135

Figure 1: Region of origin of Cayman-licensed Category "A" and Category "B" banks



Licensing Activity

Banks continually consolidate and restructure in search of cost efficiencies, and improvements in operational risk management and governance as a result of global macroeconomic changes and changes in international laws and regulations. Accordingly, we continue to see a decline in the number of banks licensed in the Cayman Islands over the last five years. However, there remains interest in obtaining banking licences resulting in one new Category "B" licences issued during the year. The number of banking licensees supervised in the Cayman Islands decreased by 9% from 87 at Q4 2023 to 79 at Q4 2024.

Figure 2: Number of bank licences by category

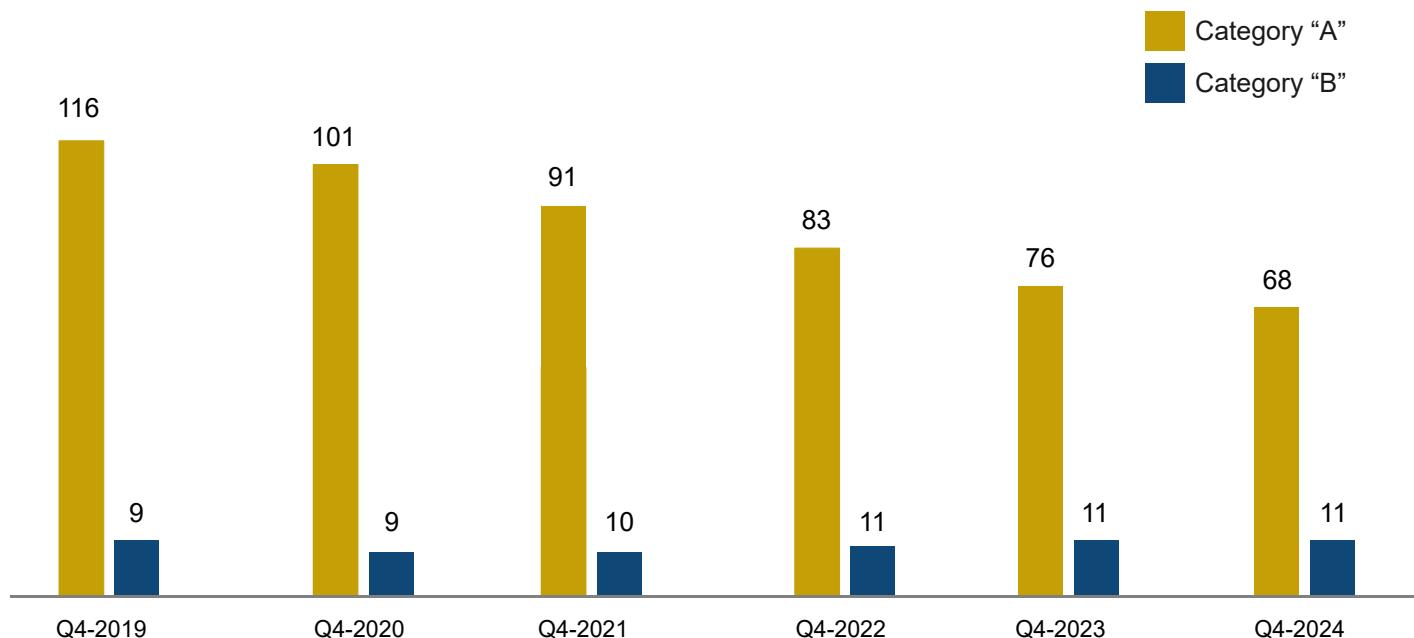
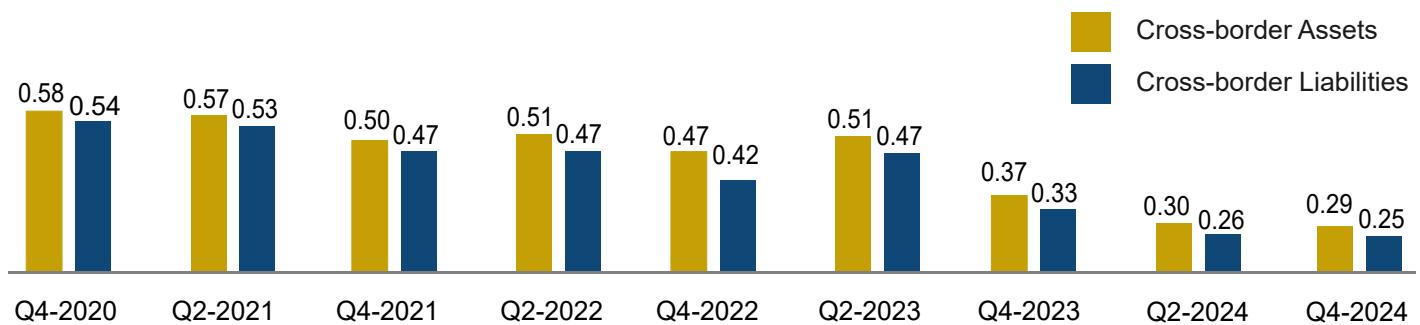


Table 3: Number of bank licences per selected jurisdictions

Jurisdiction	Q4-2019	Q4-2020	Q4-2021	Q4-2022	Q4-2023
Cayman Islands	125	110	101	94	87
Bahamas	70	69	65	61	61
Panama	83	67	58	56	56
Jersey	24	24	21	20	20
Luxembourg	128	126	123	120	118
Switzerland	248	247	241	235	234
Hong Kong	181	190	183	170	179
Singapore	156	154	153	143	141

Figure 3: Cross-Border Assets and Liabilities of Cayman Islands-licensed banks (US\$ trillions)

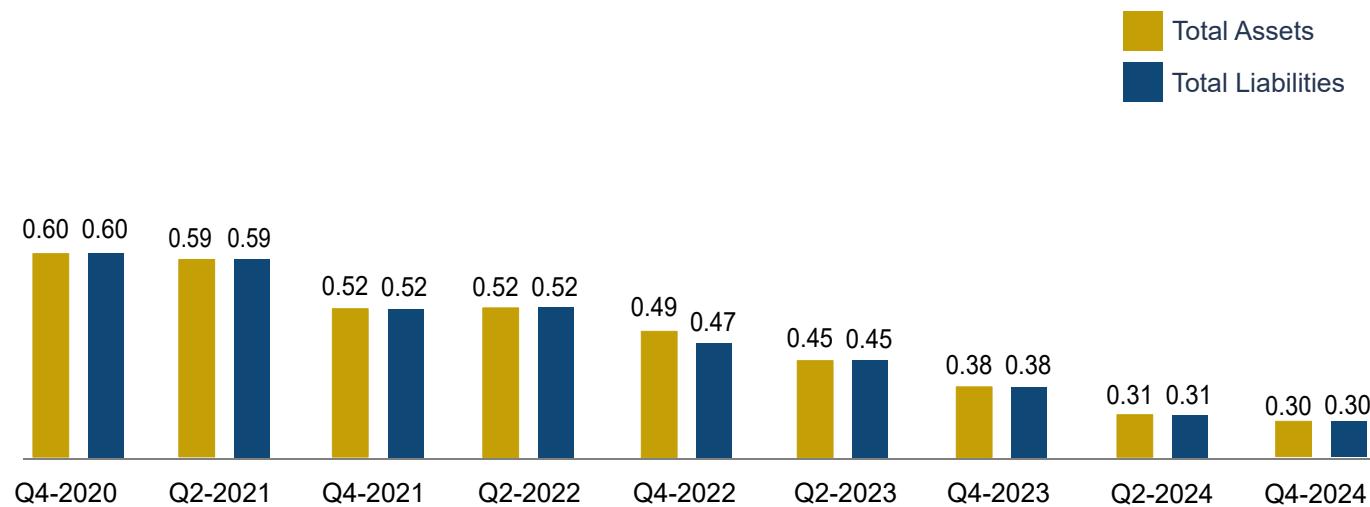


As at Q4 2024, the jurisdiction ranked twenty-first internationally in terms of cross-border assets of US\$288 billion, and twenty-fourth internationally by cross-border liabilities of US\$250 billion booked by banks licensed in the Cayman Islands. Cross-border activity decreased in 2023 due to licence surrenders in the year. Figure 4 provides a comparison of the level of cross-border assets and liabilities booked by banks licensed in the Cayman Islands from Q4 2020 to Q4 2024.

Banking and Related Services cont'd

Assets and Liabilities

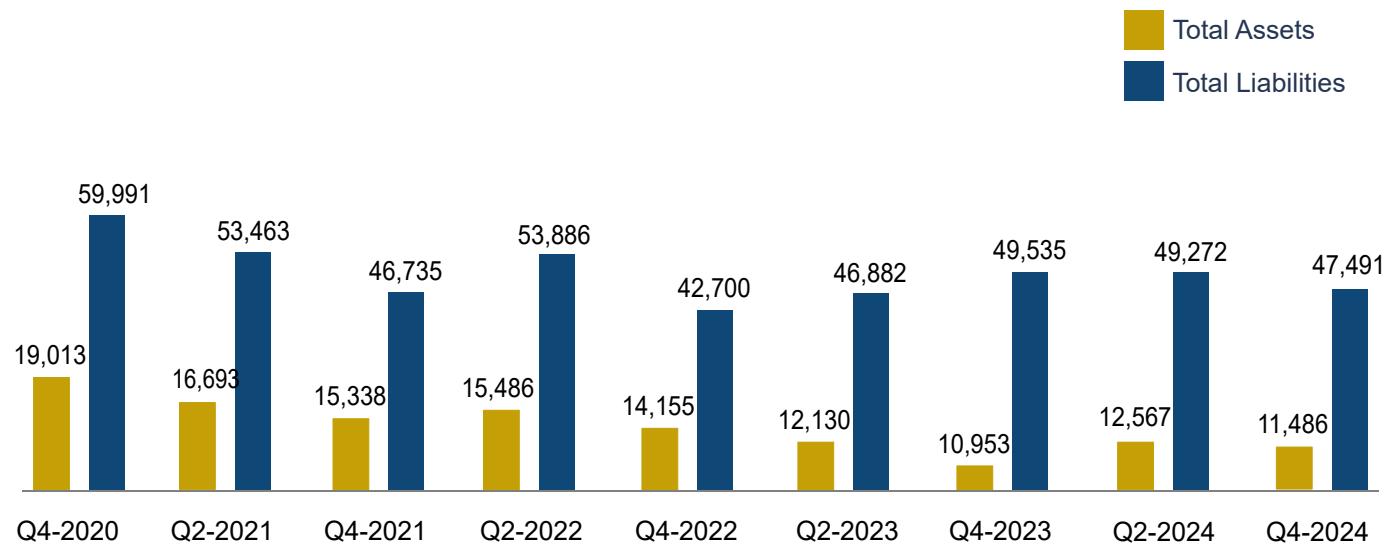
Figure 4: Total Assets and Liabilities of Cayman Islands-licensed banks (US\$ trillion)



Domestic Assets and Liabilities in Foreign Currency

The domestic assets and liabilities in foreign currency positions are largely interbank exposures with Cayman Islands licensed Category "B" banks and other financial intermediaries and intra-bank positions. Also included in these positions are Category "A" banks' lending to the resident domestic sector, which largely consists of residential mortgages, commercial private sector lending and loans to other financial intermediaries, namely investment funds. Figure 5 illustrates the assets and liabilities in foreign currencies from December 2020 to December 2024.

Figure 5: Domestic Assets & Liabilities of Cayman Islands-licensed banks in Foreign Currency (US\$ million)



Banking and Related Services cont'd

Domestic Sector – Category “A” Retail Banks

The domestic assets and liabilities in foreign currency positions are largely interbank exposures with Cayman Islands licensed Category “B” banks and other financial intermediaries and intra-bank positions. Also included in these positions are Category “A” banks’ lending to the resident domestic sector, which largely consists of residential mortgages, commercial private sector lending and loans to other financial intermediaries, namely investment funds.

Table 4: Financial Soundness Indicators

	Q4-2020	Q4-2021	Q4 -2022	Q4-2023	Q4-2024
Capital Adequacy					
Capital to Risk-Weighted Assets	26.6%	26.8%	28.3%	31.1%	34.9%
Capital to Total Assets	11.6%	12.1%	12.2%	14.1%	18.7%
Asset Quality					
Non-performing Loans	1.7%	1.8%	1.7%	1.9%	1.9%
Specific Provisions to Impaired Loans	39%	41.8%	39.7%	33.8%	31.7%
Earnings and Profitability					
Return on Equity	5.3%	13.8%	18.3%	25.3%	31%
Return on Assets	0.7%	1.7%	2.2%	3.3%	5.5%
Interest Margin	70.9%	66.4%	69.9%	75.9%	81.9%
Non-interest Expenses	69.6%	54.1%	46.8%	38.6%	22.8%
Liquidity					
Liquid Assets to Total Assets	34.6%	28.2%	26.4%	25.8%	25.1%

Capital Adequacy Ratios

The CAR increased from 31.1% as at Q4 2023 to 34.9% as of Q4 2024 while the ratio of regulatory capital to total assets increased from 14.1% in Q4 2023 to 18.7%. The increase in the capital ratios is mainly due to higher profits for the year, which are also reflected in the increase in Return on Assets from 3.3% as of Q4 2023 to 5.5% as of Q4 2024. The CAR remains comfortably above the minimum CAR requirements of 10% required by the BTCA or 8% by the Basel Committee on Banking Supervision and demonstrates that the sector is well-capitalised.

Asset Quality

Non-performing loans ("NPLs") as a percentage of total gross loans for the retail banking sector rose to 2% following further rapid increases in interest rates. However, the overall loan book quality and provisioning levels remain relatively stable due to the Cayman Islands' strong economic environment and resilience of the sector.

Earnings and Profitability

Relative to the previous year, the sector continued to report increases in profits due largely to the interest rate environment and the economic recovery of the jurisdiction. As a result of the higher profits, the average Return on Equity ("ROE") and the Return on Assets ("ROA") were higher than the previous year.

Liquidity

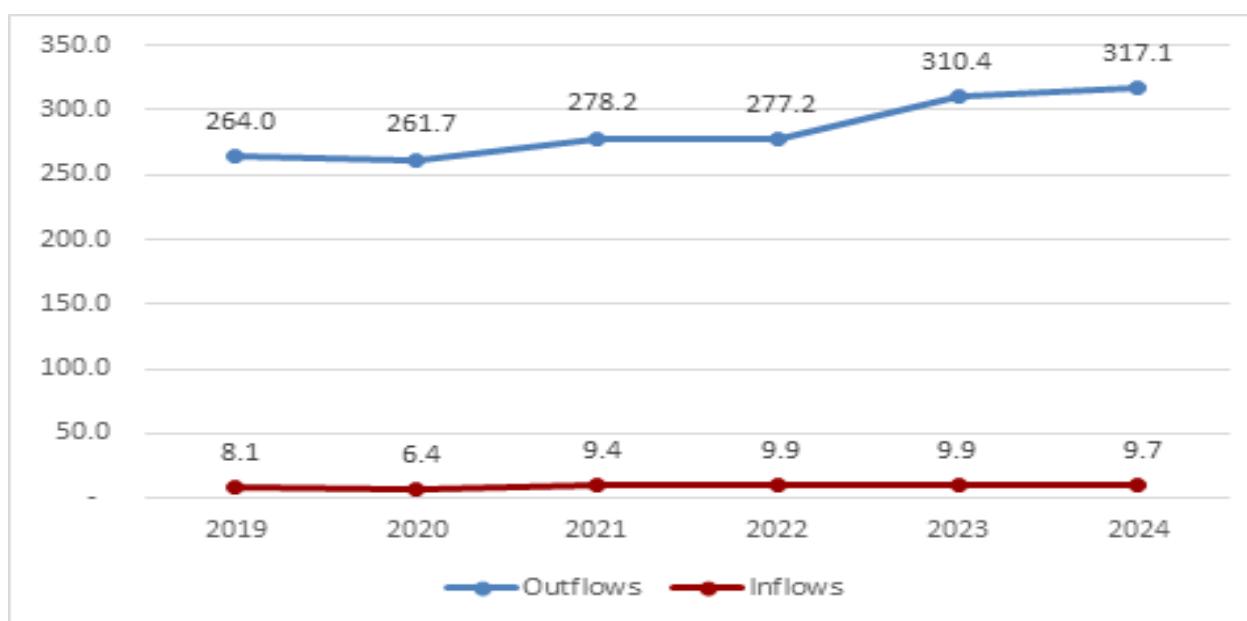
The ratio of liquid assets to total assets for retail banks marginally increased to 25.5% as of Q4 2024 mainly due to reallocations to higher earning assets.

Effective 1 June 2019, CIMA implemented a comprehensive Liquidity Risk Management framework for banks, which included the Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR"). All Category "A" banks are required to maintain a minimum LCR and NSFR of 100%. As at Q4 2024, the average LCR and NSFR for Category "A" banks were 175% and 221%, respectively, signifying the resilience in liquidity and funding profiles of retail banks in the Cayman Islands.

Money Services Businesses

CIMA supervises three active money services businesses ("MSB") that cater primarily to the resident domestic market and are predominantly used by the expatriate community to send money to their home countries. The Financial Action Task Force ("FATF") defines the business of MSBs as "financial services that involve the acceptance of cash, cheques, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network to which the [MSB] provider belongs."

Figure 6: Total remittance outflows and inflows (US\$ million)



Total remittance outflows increased relative to outflows for December 2023 and remained higher than the average annual outflows for years 2019 – 2023. There was a marginal decrease in total remittance inflows year on year which resulted in the highest average annual inflows over the past five years. The increase in remittance outflows indicates positive economic recovery following the COVID-19 pandemic. The proportion of remittances by country is generally consistent with the demographic distribution of the expatriate community in the Cayman Islands, which reaffirms that MSBs are predominantly used by the expatriates to send money to their home countries.

Figure 7: Proportion of total remittance outflows

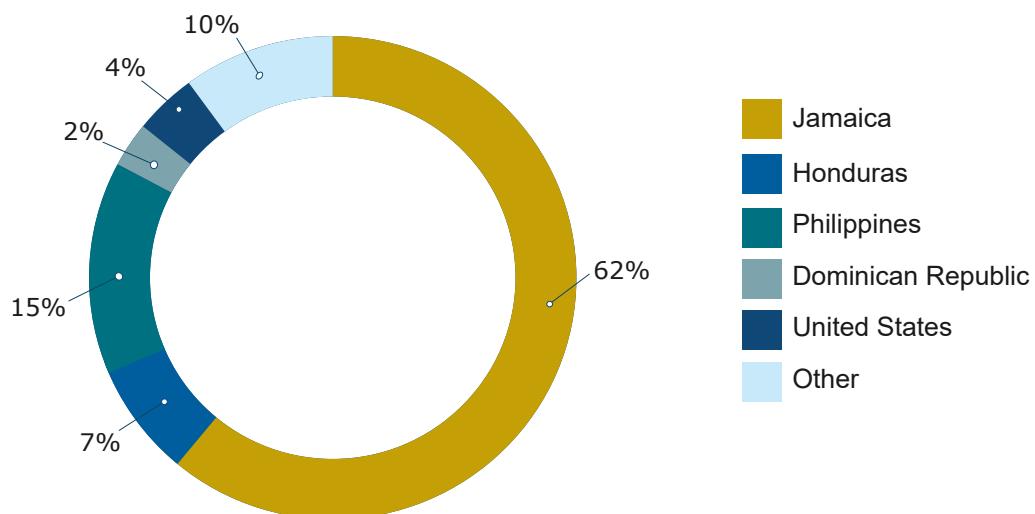
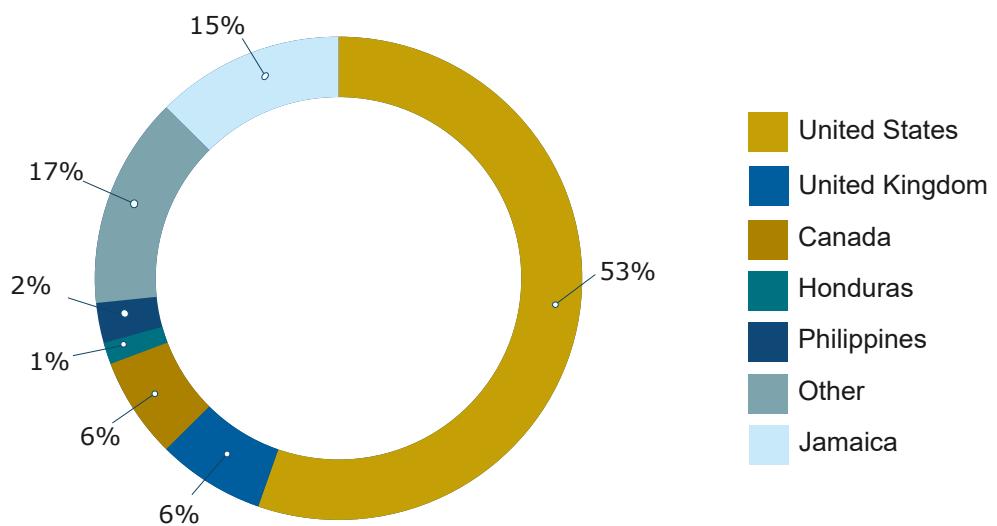


Figure 8: Proportion of total remittance inflows

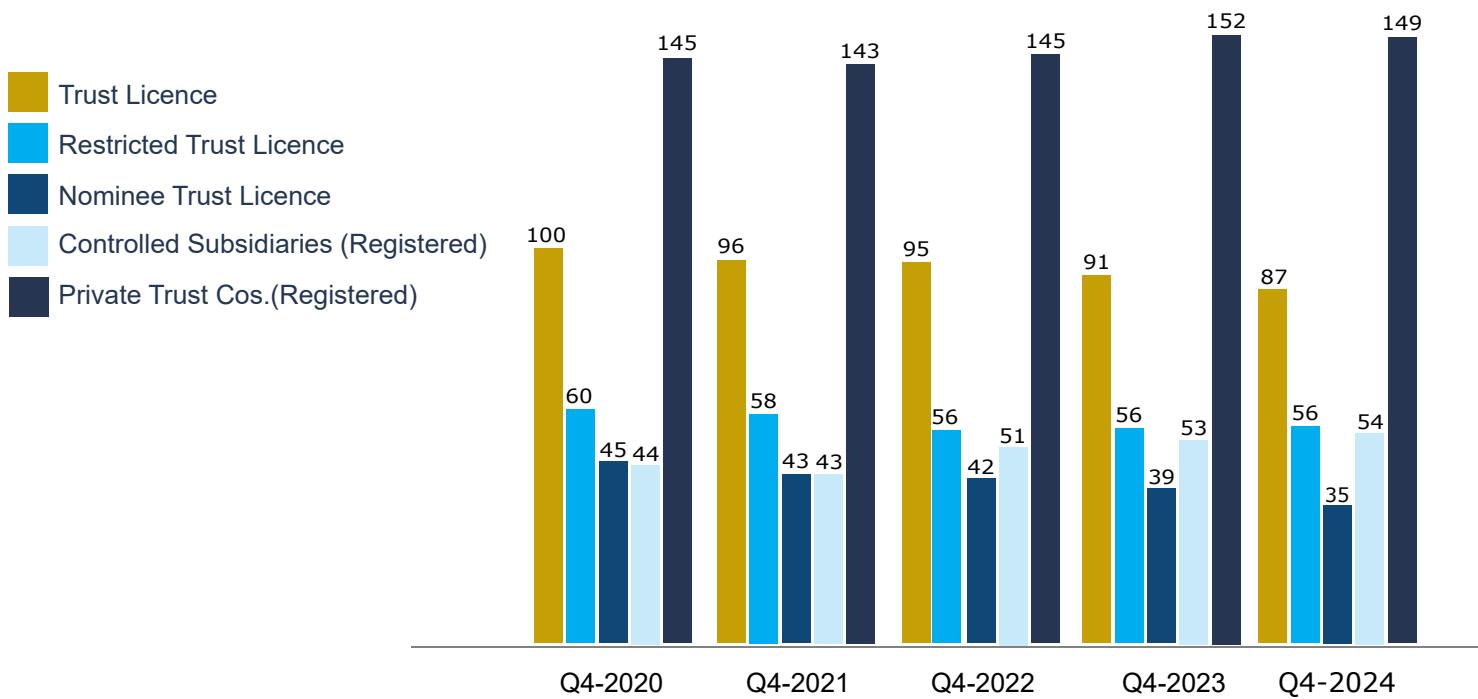


Trusts

Pursuant to the Banks and Trust Companies Act (2021 Revision), and the Private Trust Companies Regulations (2020 Revision) (the “PTCR”), no company is allowed to carry out corporate trust business unless it is licensed or registered by CIMA.

Licence Categories		Registration Categories	
Trust	Licensee authorised to carry on the business of acting as trustee, executor or administrator	Controlled Subsidiary	Registrant authorised to provide trust services including the issuing of debt instruments or any other trust business connected with the trust business of its parent that holds a Trust Licence
Restricted Trust	Licensee authorised to undertake trust business only for persons listed in any undertaking accompanying the application for the licence	Private Trust Company	Registrant authorised to provide trust services to “connected persons” as defined in Section (2) of the PTCR
Nominee (Trust)	Licensee authorised to act solely as the nominee of a trust licensee, being the wholly-owned subsidiary of that licensee		

Figure 9: Number of trust companies by licence or registration category



Corporate Services

The Cayman Islands holds its own among locations from which corporate/company management services are provided and the sector for the most part remained consistent over the last year. The increase by 1 corporate services licence does not in itself represent an upward trend. Additionally, an analysis of the companies management licences terminations yielded no reason for supervisory nor jurisdictional concern.

All providers of corporate services are required to be licensed by CIMA under the following categories: 1) a companies management licence, which allows the holder to provide company management services as listed in Section 3(1) of the Companies Management Act (2021 Revision) or; 2) a corporate services licence, which allows the holder to provide only the corporate services specified in Section 3(1)(a) through (e) of the Companies Management Act (2021 Revision). Licensed trust companies are also authorised to provide corporate services.

Figure 10: Number of corporate services providers by license category

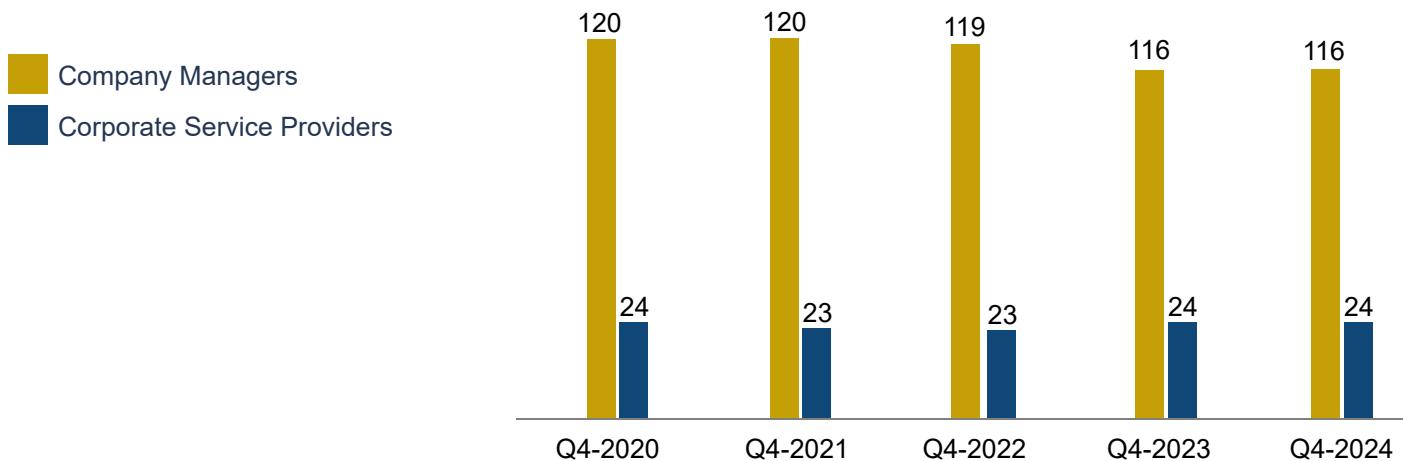


Table 5: Director authorisation activity

Authorisation Type	Q4-2020	Q4-2021	Q4 -2022	Q4-2023	Q4-2024
Registration	113	129	132	115	118
Licence - Professional Director	61	63	61	76	84
Licence - Corporate Director	24	18	17	17	15

Virtual Asset Service Providers

The Cayman Islands was among the first jurisdictions to establish a comprehensive regulatory framework for Virtual Asset Service Providers (“VASPs”) under the Virtual Assets (Service Providers) Act (2024 Revision) (“VASP Act”), which originally came into effect in October 2020. The jurisdiction took a phased approach in implementing the VASP regulatory regime and as at December 2024. Currently, Phase 1 is in effect with the primary focus being on the oversight of Anti-Money Laundering/Combatting the Financing of Terrorism/Combatting Proliferation Financing/Targeted Financial Sanctions (“AML/CFT/CPF/Sanctions”), cybersecurity and other key risk areas.

Given the nuanced and fast paced nature of the VASP ecosystem, the VASP and FinTech Innovation Unit (“VASP Unit”) continued to work on several regulatory initiatives in collaboration with various internal and external stakeholders. These stakeholders include CIMA’s Policy & Development Division and the Ministry of Financial Services (“MFS”), in order to continue providing regulatory guidance and enhancing the regulatory framework in line with international best practices balanced with the need to address emerging risks and promote innovation.

In preparation for Phase 2, the MFS, in collaboration with the Cayman Islands Monetary Authority (the “Authority”), proposed amendments to the VASP Act, which was gazetted on 19 December 2024 to amend definitions and provide new definitions of terms used in the act; to improve the supervision of certain virtual asset activities; to provide that the fees payable under the act are non-refundable; and for incidental and connected purposes. Commencement of Phase 2 will introduce the licensing regime for implementing a robust supervisory regime including a greater prudential oversight of the VASP sector. Further, in December 2024, the Authority issued Rules and Statement of Guidance regarding the obligations for Virtual Asset Custodians and Trading Platforms.

Additionally, on 24 December 2024 the MFS issued a draft VASP (Amendment) Bill for consultation, which proposes to amend the definition of “issuance of a virtual asset” or virtual asset issuance. In particular, it proposes a limited exemption of the issuance of an equity interest (as defined under the Mutual Funds Act) or an investment interest (as defined under the Private Funds Act) from the current VASPA regime. The Authority provided feedback to MFS on the VASP (Amendment) Bill.

In May 2024, the Authority also issued a Regulatory Policy for the Registration and Licensing of VASPs which provides guidance on the process and criteria to approve the registration or license of a VASP. Additionally, updates were made to the VASP Registration Application Form to increase efficiencies and better enhance the registration process.

Virtual Asset Service Providers cont'd

Table 6: VASP Registrations

	Q4-2023	Q4-2024
Total VASP Entities	19	18
Types of VA Services		
Trading Platforms	4	3
Custody Services	9	11
Issuance of Virtual Assets	2	1
Exchange of Virtual Currency to Virtual Currency/Fiat	11	10
Financial Services Relating to Virtual Assets	7	5

Onsite Inspections and Offsite Monitoring

The Authority conducted AML/CFT and cybersecurity onsite inspections of four VASP registrants during the period September 2023 to November 2023. These onsite inspection reports were issued to the respective registrants during the month of July 2024.

An ad hoc on-site inspection of another VASP Registrant commenced on 5 June 2024 and final prudential and AML/CFT inspection reports were issued to the registrant in November 2024. Further onsite inspections are being scheduled for 2025.

Additionally, the Authority commenced limited scope desk-based reviews of registered virtual asset service providers in September 2024. As part of this process, questionnaires were sent to the registrants to gather information on areas such as corporate governance, internal controls, AML/CFT, cybersecurity, financial position, and, where applicable, custody of assets. The desk review is expected to produce a summary of the findings and recommendations for communication to industry in early 2025.

Policing the Perimeter

The Authority collaborated with domestic authorities such as Cayman Islands Bureau of Financial Investigations and Financial Reporting Authority as part of policing the perimeter to share information as well as formal reporting. Multiple entities have been issued with requirements/directions letters to provide information, seek registration, and/or to cease and desist activity since the commencement of the VASP Act. In addition, the Authority also collaborated with regulators in other jurisdictions on ongoing monitoring initiatives, various emerging trends, regulatory measures and innovative considerations.

The Authority continues to collect data on registered virtual asset service providers through the completion of the VASP Travel Rule Return and the AML Survey – VASP Form on a quarterly and annual basis respectively.

Outreach and Industry Engagement

The VASP Unit continued to encourage potential VASP applicants to meet with the Authority either prior to applying or soon after to allow open dialogue around the registration process as well as to provide clarity on requirements and timelines.

As part of outreach efforts, a representative of the VASP Unit presented on the VASP registration process at the ACAMS Anti-Financial Crime/CFT Symposium – Grand Cayman in May 2024. Additionally, the VASP Unit in collaboration with AMLD and Securities Supervision Division hosted its first industry webinar in July 2024. The webinar focused on the VASPs regulatory regime, registration process, ongoing monitoring, the Travel Rule, AML surveys, and onsite inspections. The Authority encouraged the entities providing virtual asset services and their Registered Offices, AML/CFT officers and other service providers to leverage the discussion as an opportunity to stay informed regarding the supervisory insights and the latest regulatory developments impacting VASPs.

Various meetings were held in 2024 between the VASP Unit and industry representatives to foster collaboration and promote knowledge sharing given the fast pace of innovation and developments in the virtual asset ecosystem.

Market Trends and Consumer Protection

There were some major milestones and developments globally in the virtual asset space in 2024 with the total cryptocurrency market capitalisation exceeding \$3 trillion as at 31 December 2024. As an example, Bitcoin underwent its fourth halving event in April 2024 and by December 2024, the price of Bitcoin surged across the \$100,000 threshold. There has been increased institutional conversation, interest and activity regarding exchange-traded funds, tokenisation of real-world assets, and decentralised finance driven by client demand and the potential for new revenue opportunities. Given this increased nexus of VASP activities with business models in securities, investment and banking, the VASP Unit continued internal collaborations with Banking Supervisory Division, Investment Division as well as Securities Supervision Division. The VASP Unit will continue to leverage and invest in technology such as blockchain analytics tools and collaborate with the Information Systems Division for additional tools including the use of artificial intelligence to assist in optimizing the supervisory processes.

The VASP Unit received several complaints from retail investors who have invested in various virtual asset related products and services but have unfortunately encountered bad actors. The VASP Unit encourages potential investors to remain vigilant and to perform detailed due diligence prior to investing particularly when virtual asset prices increase as this tends to attract bad actors. The VASP Unit will continue to host outreach sessions and issue consumer protection circulars.

As the virtual asset industry evolves, regulation will remain crucial in fostering sustainable innovation. The VASP Unit will continue to build capacity, enhance regulatory measures and guide VASPs and other relevant industry participants in enhancing their strategies, internal controls, and corporate governance to achieve sustainable growth and success.

Insurance

The insurance industry in the Cayman Islands has two distinct sectors regulated and supervised by the Cayman Islands Monetary Authority (the “Authority”):

Domestic insurance segment provides insurance coverage to Cayman Islands residents and businesses through locally incorporated and licensed insurance companies or through foreign insurers licensed in the Cayman Islands as branch operations. The market also includes intermediaries who represent insurance companies in Agent/Agency capacity as well as Brokers representing consumers.

International insurance segment provides insurance coverage for foreign risks through insurance and reinsurance companies incorporated and licensed in the Cayman Islands but conducting business overseas. The international segment also provides intermediation through locally incorporated insurance brokers representing consumers who are located outside of the Cayman Islands.

The Authority grants four main classes of insurer licences to companies conducting insurance/reinsurance business in or from within the Cayman Islands, namely, Class ‘A’ licence for domestic insurers (this includes locally incorporated companies as well as foreign incorporated companies operating in Cayman Islands as branches), Class ‘B’ licence for international insurers (this includes captives providing self-insurance to affiliated entities as well as commercial entities conducting business with third parties), Class ‘C’ licence for international insurers whose obligations are fully collateralised through funding mechanisms such as issuance of ILS e.g. Catastrophe Bonds (“Cat Bonds”), and Class ‘D’ licence for large open-market commercial reinsurers conducting property and casualty business and/or long term business.

In addition to insurer licences, the Authority also grants licence to insurance managers who are incorporated and based in the Cayman Islands with the responsibility of providing key services to Class ‘B’ and ‘C’ insurers, including provision of place of business and maintenance of full books and records.

Table 6: Insurance licensing activity

License Type	Q4-2023 Issued	Q4-2024 Cancelled	Q3-2024 Issued	Q4-2024 Total
Class A	25	1	0	24
Class B, C, D	683	28	42	697
Insurance Managers	19	0	3	22
Brokers	23	0	0	23
Agents	37	0	1	38
Total	787	29	46	804

Figure 11: Cayman Islands domestic licences by category

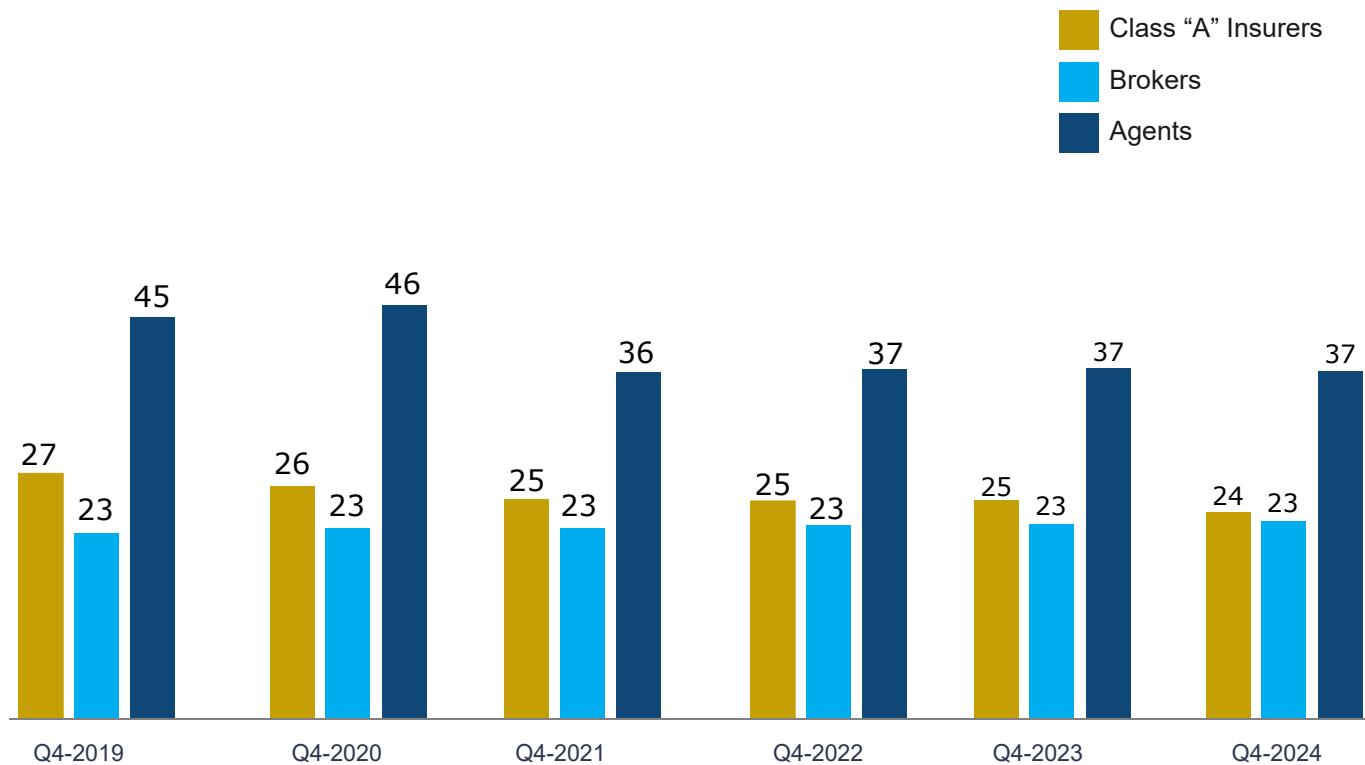
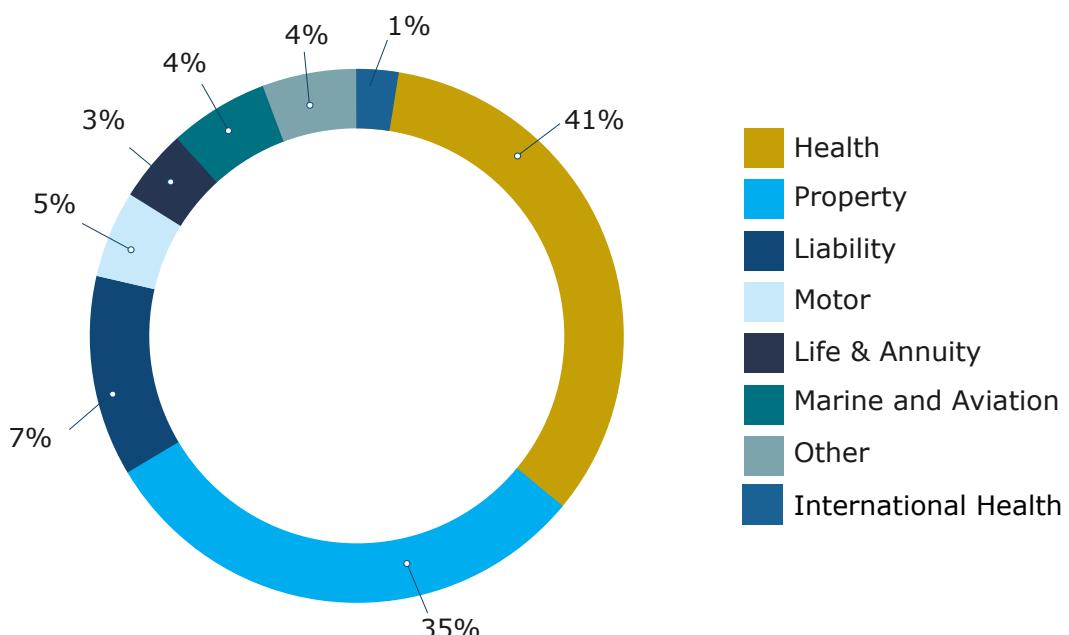


Figure 12: Coverage provided by domestic Class 'A' insurers, measured by Gross Written Premiums per the last annual filing



Insurance cont'd

Table 7: Domestic insurance companies performance statistics by primary line of business per the last quarterly unaudited filings for the year-ended 30 September 2024 (in US\$ 000')

	Property	Motor	Health	Liability	Marine & Aviation	Other	International Business	Life	Total
Gross Written Premiums	179,194	60,611	388,122	59,694	38,143	33,845	198,125	34,994	992,728
Assumed premiums	18,126	418	310	103,693	14,771	5,441	33,359		176,118
Ceded premiums	-172,478	-23,853	-14,117	-5,308	-2,190	-379	-178,411	-5,646	-402,382
Unearned premium adjustment	235	-901	23	-1,006	56	9	11,308	0	9,724
Net Earned Premium	25,077	36,275	374,338	157,073	50,780	38,916	64,381	29,348	776,188
Net Claims and Adjustment Expenses Paid	1,654	21,769	316,563	72,440	5,277	100,073	15,111		532,887
Life: Policy holder Benefits & Dividends								11,098	11,098
Net change in reported outstanding claims	1,723	-4,057	-143	24,424	18,356	-81,859	4,921		-36,635
Life: Net changes to Actuarial Liabilities								10,331	10,331
Change in IBNR	0	467	319	17	0	0	111		914
Incurred Loss Sub Total	3,377	18,179	316,739	96,881	23,633	18,214	20,143	21,429	518,595
Acquisition Expenses	-9,894	-467	28,512	4,317	1,471	1,402	-1,257	6,304	30,388
Total Underwriting Expenses	-6,517	17,712	345,251	101,198	25,104	19,616	18,886	27,733	548,983
Underwriting Income/Loss	31,594	18,563	29,087	55,875	25,676	19,300	45,495	1,615	227,205

□

International Insurance Segment

The international insurance segment in the Cayman Islands began in the mid-1970s with the medical malpractice insurance crisis in the United States of America ("U.S.") and was later formalised with the introduction of the Insurance Law in 1979. Unable to obtain commercial insurance, healthcare organisations began to form captives in the Cayman Islands to provide for their self-insurance and risk management needs.

Over the years, businesses have made extensive utilisation of captives as part of their overall risk management strategy, reducing the amount of premiums they pay to commercial insurers by retaining risk internally and self-insuring it through their captive insurance companies. Further, captives provide flexibility and additional coverage capacity to owners giving them a better platform to access and negotiate with the commercial (re)insurance markets.

With a mature and stable captives' industry, Cayman Islands is now attracting major commercial operators which has seen increased licensing of commercial insurance and reinsurance companies within the Class 'B(iii)' and 'D' licence categories. As at December 31, 2024, approximately 70% of the international insurance market companies in the Cayman Islands is made up of self-insurance vehicles (captives) while 30% is made up of commercial insurance and reinsurance companies. Total written premiums are however dominated by the commercial insurance and reinsurance companies. The market continues to experience the hard market conditions marked by rising premiums. The regulatory environment has been relatively stable and there has been a notable surge in new license formations, particularly commercial insurance and reinsurance companies transacting life and annuity insurance as well as property insurance.

Figure 13: Number of insurance/reinsurance companies licensed in the Cayman Islands to conduct international insurance business

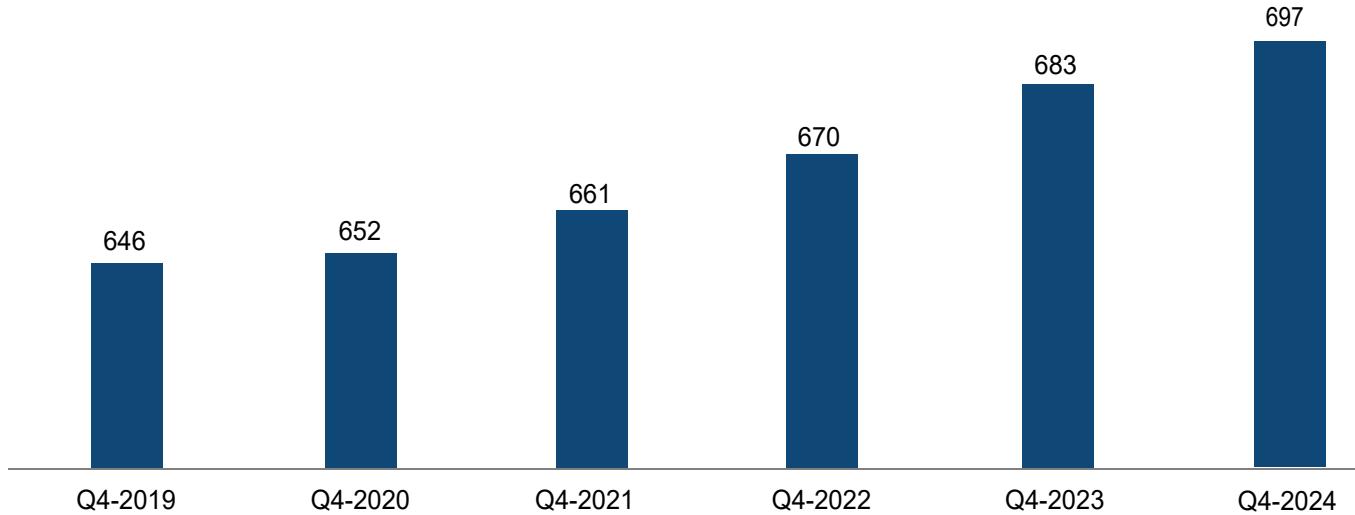


Figure 14: Total premiums & assets generated and held by international insurance and reinsurance companies licensed in the Cayman Islands (US\$ billion)

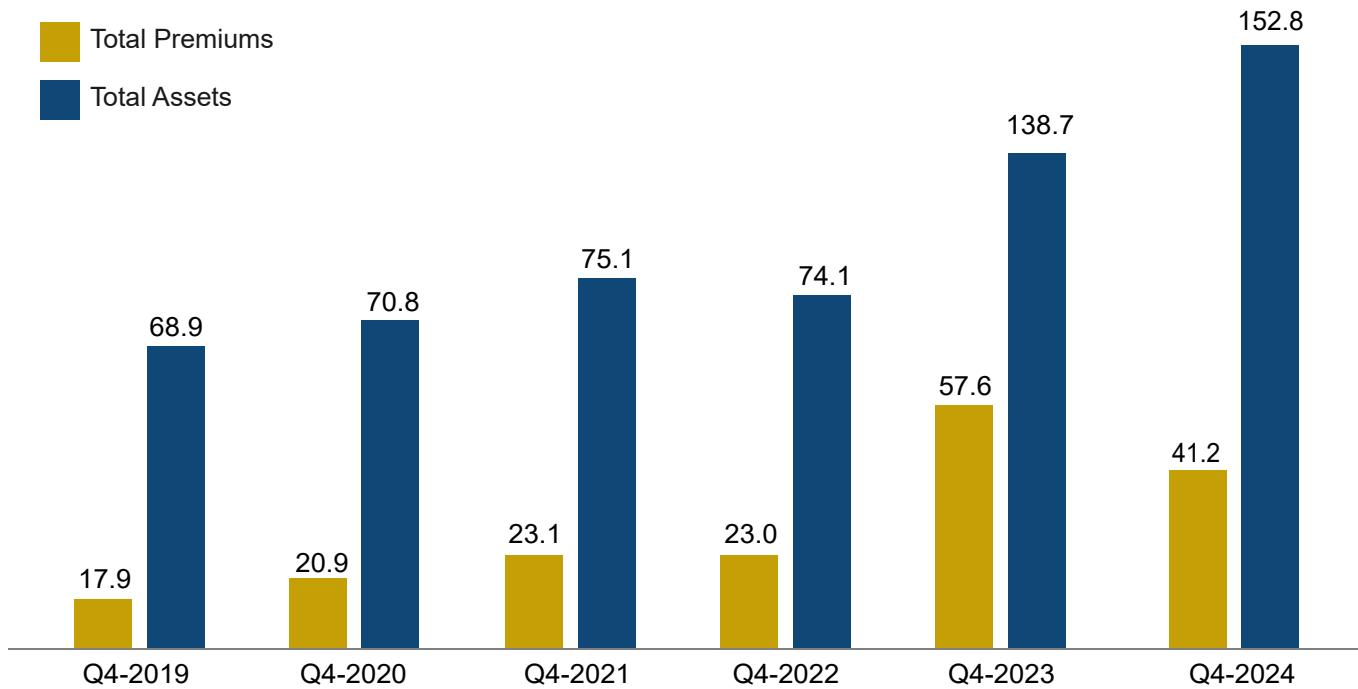


Figure 15: Primary Class of Business conducted by Cayman Islands domiciled international insurance and reinsurance companies (by number of licensed entities), 2024

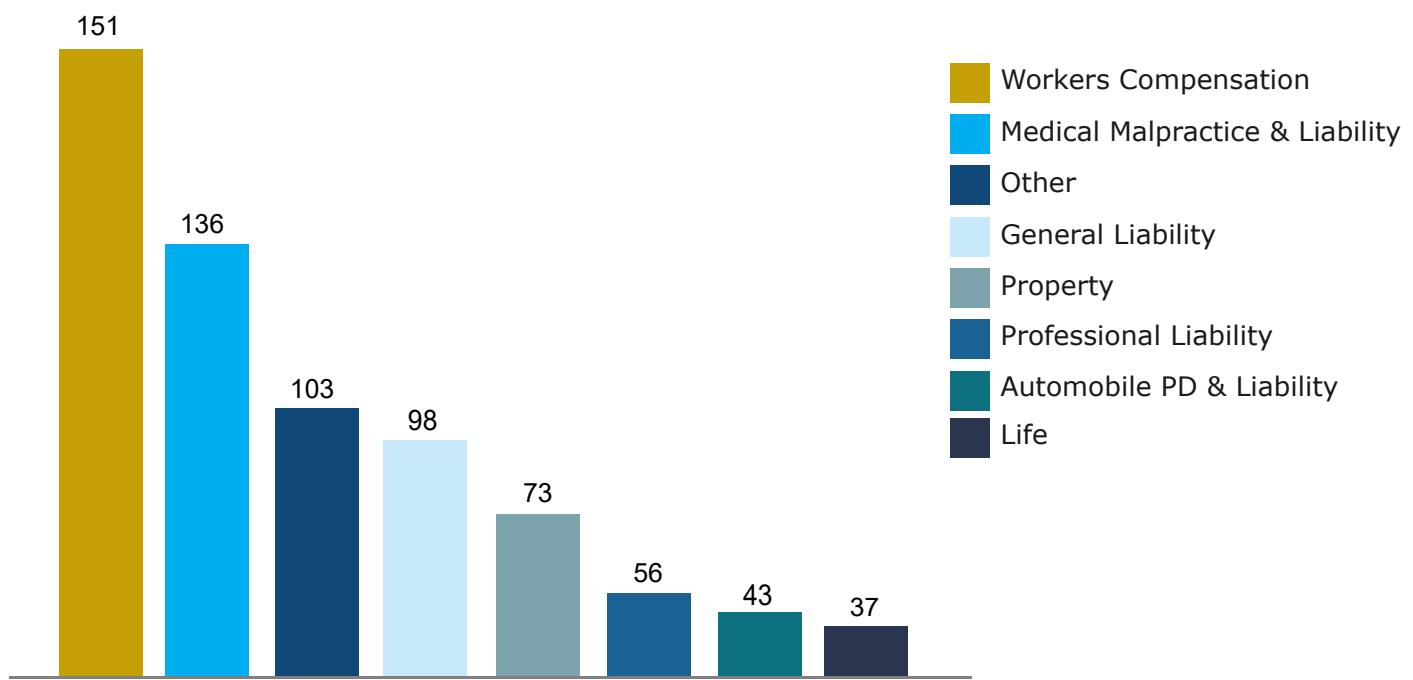
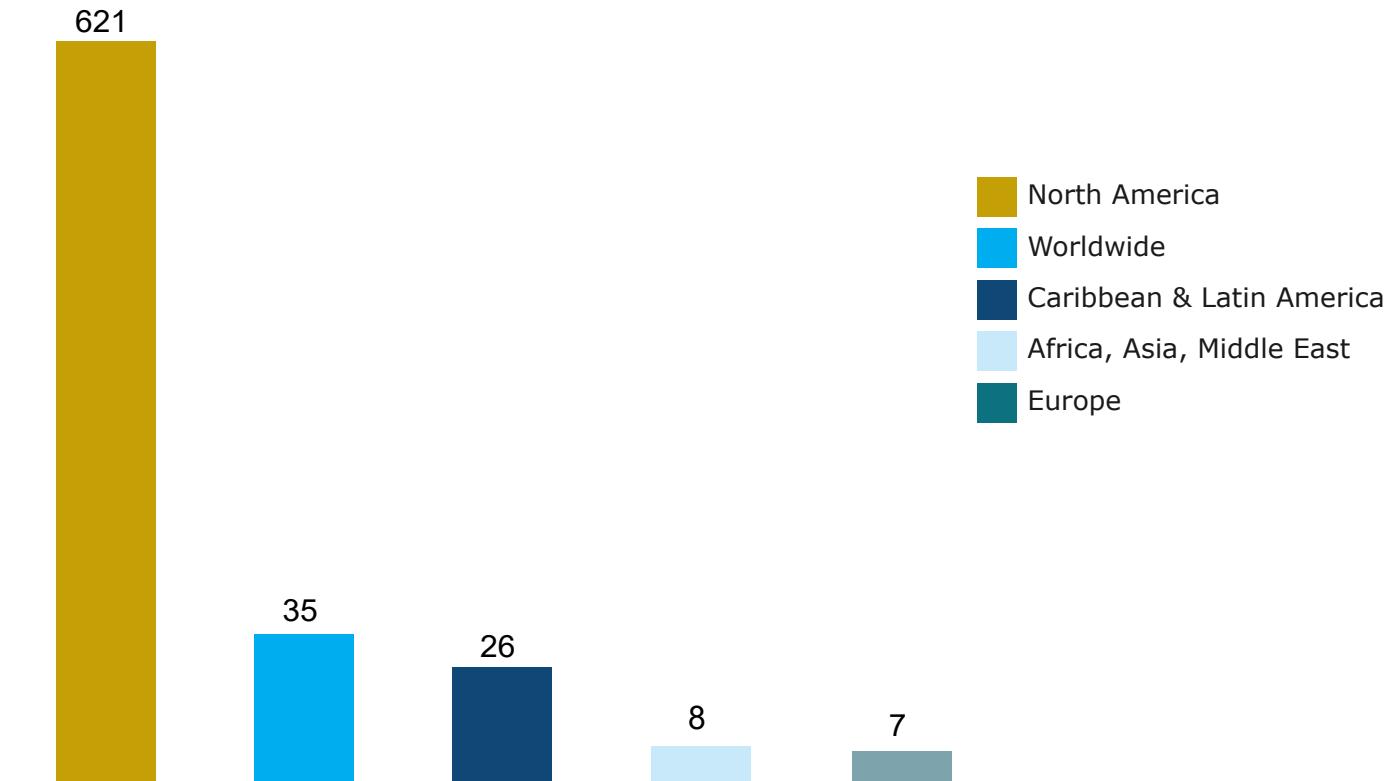


Figure 16: Original source of business (risk location) covered by Cayman Islands domiciled international insurance and reinsurance companies (by number of licensed entities), 2024



Outlook - International Insurance Segment

The global insurance market, particularly the U.S. which is the key source of business for the Cayman Islands international insurance sector continued to harden in 2024 thus resulting in premium rate increases, contract exclusions, higher deductibles, and reduced coverage. New risks and threats have emerged, such as nuclear verdicts in some liability lines of business, social inflation, insurtech risks, reinsurance capacity constraints, frequency and severity of natural catastrophic events/climate risk and geo-political risks, all of which are impacting the insurance market. The state of the global insurance market is expected to continue, at least in the medium term and insurance companies are expected to continue innovating and adapting to the changing environment. It is projected that the growth of the insurance market in the Cayman Islands will persist, particularly in the international insurance sector. Increased captive utilisation, such as the introductions of new lines of business and expansion of capacity for some existing insurance coverages, is also expected to continue.

The Cayman Insurance market has demonstrated resilience to the challenges in the global market. The jurisdiction continues to strengthen its position as a leading insurance domicile for captives, leader in healthcare captives and an emerging market for commercial insurance and reinsurance companies. New formations continue to surge in the jurisdictions as evidenced by the upward trend in the total number of companies conducting international insurance business, which increased from 646 as at 31 December 2019 to 697 as at 31 December 2024. The size and complexity of the companies has evolved over the years, with significant traction recorded in the life and annuity sector where, multi-jurisdictional companies have established operations in the Cayman Islands. The international insurance market in the Cayman Islands is expected to continue to diversify with more formations of commercial insurance and reinsurance companies.

Technological innovations remain one of the key drivers for development of new formations in the Cayman Islands. The market has seen growth in Insurtech entities which are utilising artificial intelligence for risk selection, pricing, and loss adjudication mainly covering U.S. property and casualty exposures. This trend is expected to continue to evolve as more entrepreneurs seek to leverage on emerging technologies and new risks emerge due to changes in the environment. There is an increased awareness and empowerment of insurance consumers, especially with the utilisation of technology.

Despite the challenges facing the global insurance market, optimism remains that the insurance sector in the jurisdiction will sustain its growth trajectory. Introduction of new insurance products and alternative ways of managing risks is anticipated. The acceleration of digital technology and innovation, along with the reshaping of physical and transition risks, will further emphasise the need for flexible and efficient insurance solutions. Global environmental changes, shifting consumer expectations and emerging risks have prompted regulatory changes that require adaptation and navigation by insurance companies.

Investment Funds and Fund Administration

Investment funds generally fall into two broad categories: Mutual Funds and Private Funds.

Mutual Funds are generally open-ended and have unlimited duration. There are four types of mutual funds regulated pursuant to the Mutual Funds Act (2021 revision), as follows: Section 4(3) or registered fund; Section 4(1)(a) or licensed fund; 4(1)(b) or administered fund; 4(4) or limited investor fund.

Private Funds are generally closed-ended and tend to have limited duration. Private funds are regulated pursuant to the Private Funds Act (2021 Revision) (“PFA”).

Mutual Fund Administrators must be authorised by CIMA to carry out fund administration, which is defined as providing any of the following services for a Mutual Fund: Net Asset Value Calculation and Registrar and Transfer Agent services, provision of principal office services to regulated Mutual Funds in the Cayman Islands, or provision of operator services (director, trustee or general partner) to a Mutual Fund. The PFA sets out that the administration of a Private Fund may be carried out by a CIMA licensed Mutual Fund Administrator.

A full mutual fund administrator licence allows the holder to provide administration to an unlimited number of funds, whereas a restricted mutual fund administrator licence allows administration to no more than 10 funds.

Table 8: Regulated mutual funds activity

	Q4-2020	Q4-2021	Q3-2022	Q4-2023	Q4-2024
Authorised	2,521	1,614	1,057	749	1,090
Terminated	1,429	1,066	1,107	994	1,079
Net annual change	1,092	548	(50)	(245)	11

Table 9: Regulated private funds activity

	Q4-2020	Q4-2021	Q3-2022	Q4-2023	Q4-2024
Authorised	12,830	2,239	1,703	1,268	1,405
Terminated	0	276	722	752	682
Net annual change	12,830	1,963	981	516	723

Investment Funds and Fund Administration cont'd

Table 10: Number of domestic regulated funds

	Q4-2020	Q4-2021	Q3-2022	Q4-2023	Q4-2024
Registered Mutual Funds	7,972	8,499	8,795	8,681	8,785
Master Mutual Funds	2,988	3,198	3,224	3,175	3,154
Administered Mutual Funds	294	295	290	269	257
Licensed Mutual Funds	59	55	51	50	46
Limited Investor Mutual Funds	583	672	635	627	616
Total Mutual Funds	11,896	12,719	12,995	12,802	12,858
Private Funds	12,695	14,679	15,854	16,551	17,292

Figure 17: Mutual fund administrators by category

- █ Full
- █ Restricted
- █ Exempted

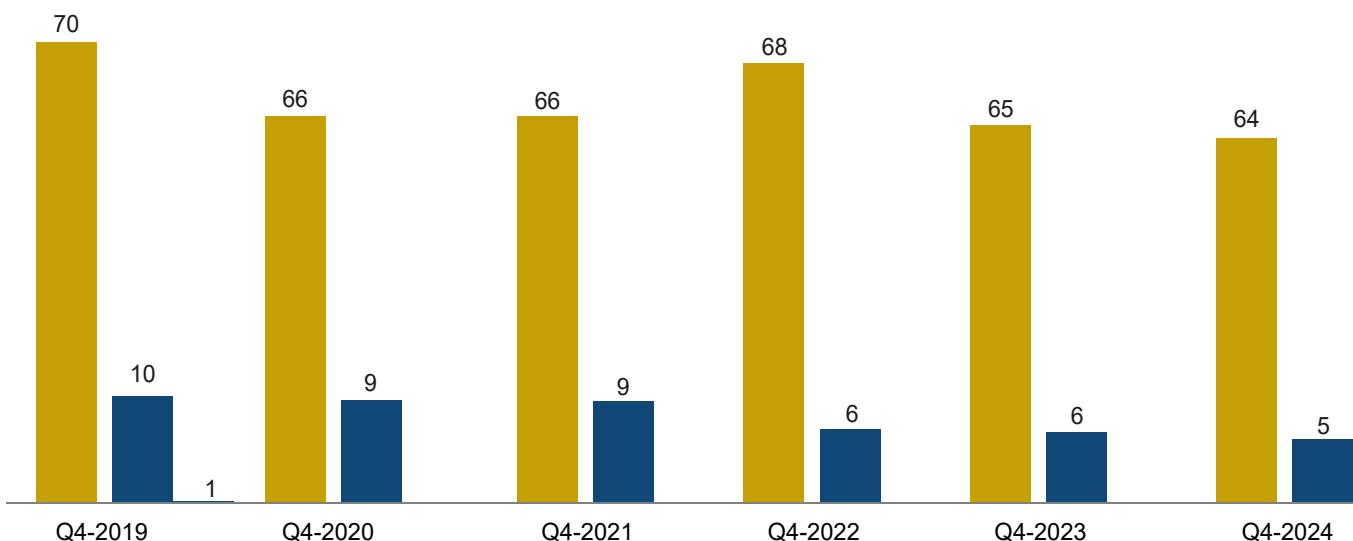
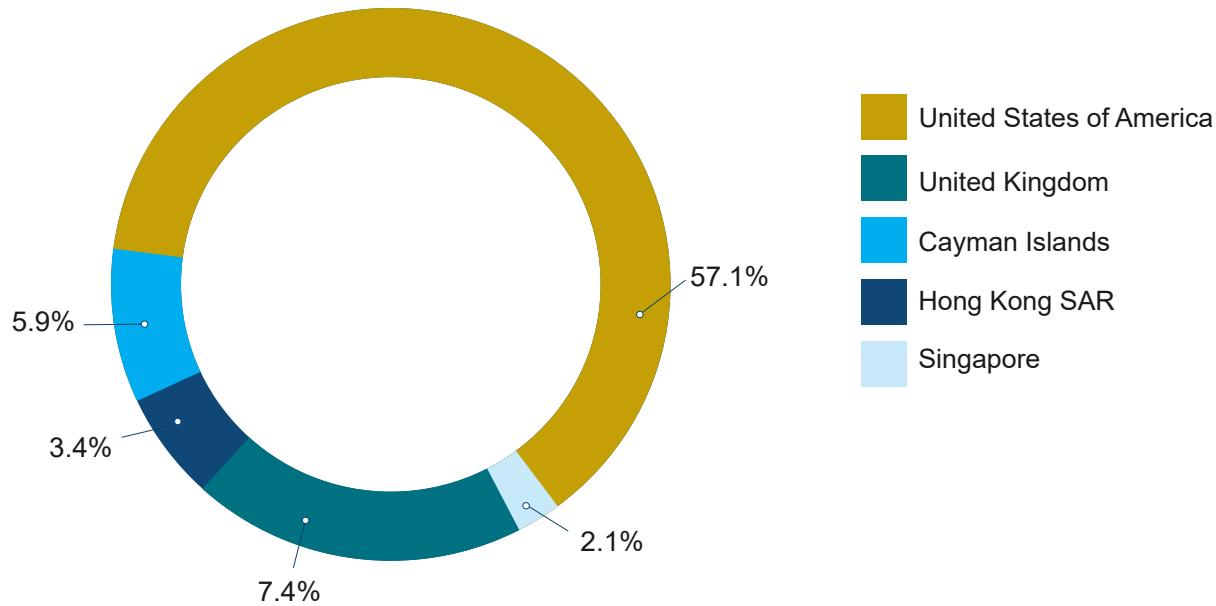


Figure 18: Top 5 investment manager locations (measured by net assets)



Hedge Fund Performance

In 2024, global financial markets continued their upward trajectory, building on the momentum from 2023. By the end of the year, hedge funds globally delivered a 10% return (MSCI World Index), driven primarily by performance gains. In Q3 2024, assets under management for global hedge fund assets increased by 8% as compared to the start of the year. Trend-following hedge funds had a strong start to 2024, more than doubling the gains of the S&P 500 before accounting for fees. The cryptocurrency market also showed signs of recovery. Following the challenges of the 2022 crypto winter, there was a renewed interest and cautious optimism among investors in 2024.

The hedge fund industry also experienced a notable increase in new fund launches, reversing the declining trend observed in 2023. According to Hedge Fund Research (HFR), Q1 2024 saw 146 new hedge fund launches, marking a 70% increase from the previous quarter and the highest level since Q1 2022. This growth in launches was led predominantly by Equity Hedge funds, with an estimated 75 new funds, accounting for more than half of the first quarter's launches. The increase reflects a renewed confidence among fund managers and investors, despite ongoing geopolitical risks and market volatility. Notably, the number of hedge fund liquidations remained steady, with 106 funds closing during the same period, indicating a net positive growth in the industry.

Investment Funds and Fund Administration cont'd

Overall, the hedge fund industry's performance in 2024 indicates a rebound from the previous year's decline, with increased fund launches and steady liquidations contributing to a record level of assets under management. The increase in fund authorisations is in line with the global trend.

According to the FAR filings for the year 2023, investment strategies such as 'Crypto/Digital/Virtual Assets-related' ("Crypto") and Environmental, Social and Governance ("ESG") are getting notable traction. The filing data indicates that 471 funds have adopted the Crypto strategy, reflecting an increase of 7% from the previous year. Similarly, 50 funds were noted to follow the ESG strategy, marking a significant growth of 25% over the previous year.

Table 11: Number of active funds in the Cayman Islands and other jurisdictions

	Q4-2020	Q4-2021	Q3-2022	Q4-2023	2024
Bahamas	726	726	734	696	605
Bermuda	796	799	804	796	781
BVI	1,707	1,871	1,959	1,978	2,051
Ireland *	818	826	869	907	920
Jersey	750	713	637	624	620
Guernsey	841	856	979	953	933
Cayman Islands	24,591	27,398	28,849	29,353	30,150

The above table depicts the growth rate of the funds industry in key offshore jurisdictions where investment funds are predominantly domiciled. Based on the latest numbers available, the most significant changes for competing jurisdictions were reflected by Bahamas and BVI.

Note:

The latest available numbers for 2024 are as at the following period: Bahamas – Nov 2024; Bermuda – Q3 2024; BVI – Q2 2024; Ireland – Jul 2024; Jersey – Q2 2024; and Guernsey – Q3 2024.

* Active funds for Ireland comprised of AIFs (excluding sub-funds) and excludes UCITS.

Securities

The Sector

Securities investment business (“SIB”) conducted in and from the Cayman Islands includes dealing in securities, arranging deals in securities, managing securities and advising on securities. The Securities Investment Business Act (2020 Revision) (the “SIBA”) provides for the regulation of persons engaged in these activities in or from the Cayman Islands, including market makers, broker-dealers, securities arrangers, securities advisors and securities managers.

Such persons must be licensed and regulated by the Authority, unless they meet the criteria to be exempt from the licensing requirement, in which case, they are to be registered and regulated as Registered Persons as defined pursuant to schedule 4 and section 5(4) of the SIBA. Entities in these categories conduct SIB exclusively for institutions, high net worth or sophisticated investors.

The amendments to the SIBA, which was gazetted on 16 January 2020 to amalgamate legislative changes within 2019, gave the Authority supervisory, inspection and enforcement powers to more effectively regulate SIB Registered Persons. These registrants were required to apply to the Authority by 15 January 2020 in order to transition to a new category of “Registered Person”, previously the “Excluded Person” category.

Since the amendments to the SIBA, there has been approximately a 55% decrease in registrations from the older Excluded Persons regime to the newer Registered Persons which amounted to 1,411 registrations as at Q4 2024. The decrease in registrations from the older to newer regime of registrants was primarily due to the legislative changes that have taken effect to meet the economic substance requirements under the Economic Substance Legislation Amendment Act, which require securities (fund) managers to have physical presence, as well as the SIB Amendment Act that gives the Authority enhanced regulatory oversight of SIB Registered Persons in order to align with AML/CFT requirements for SIB licensees.

During the year, the Authority approved two additional SIB licences with one licensee to focus on broker dealer while the other focused on broker dealing in conjunction with arranging activities as well. These patterns noted in 2024 differ from that in prior years in which market maker and broker-dealer combined were seen as the most sought-after licensable activities from entities based outside of the jurisdiction but wanted a SIB licence in the Islands, primarily due to the European Securities and Markets Authority, as well as the Financial Conduct Authority’s, continued restrictions¹ on the marketing, distribution and sale of contract for differences agreements to retail clients.

Table 12: Securities Investment Business licence applications

	Q4-2020	Q4-2021	Q3-2022	Q4-2023	Q4-2024
Licensees	35	48	47	45	42

Figure 19: Securities licensees by type

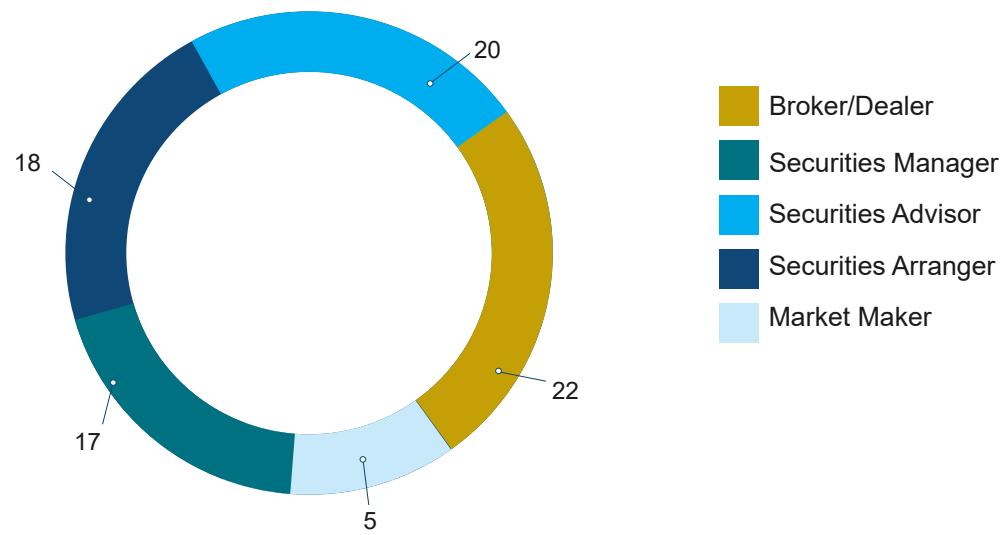


Table 13: Registered Persons licence applications

	Q4-2020	Q4-2021	Q3-2022	Q4-2023	Q4-2024
Registered Persons	1,650	1,692	1,654	1,527	1,411

Section 3

Organisational Developments

Execution of Monetary Functions

CIMA is the sole issuing authority for Cayman Islands currency (“CI currency”) and is responsible for the issue, and withdrawal of CI currency notes and coins against the United States (US) dollar, dealing with the local retail banks: Butterfield Bank (Cayman) Limited, Cayman National Bank Ltd., CIBC FirstCaribbean International Bank (Cayman) Limited, Proven Bank, RBC Royal Bank (Cayman) Limited, and Scotiabank & Trust (Cayman) Ltd. CIMA also administers the sale and redemption of numismatic coins to and from local and overseas collectors.

Currency Reserve Management

CI currency is issued on demand only against US currency at the rate of one CI dollar per 1.20 US dollars. It is repurchased on demand with US dollars at the same rate.

The currency in circulation is backed by the currency reserve assets in accordance with Section 32 of the Monetary Authority Act (2020 Revision). As at Q4 2024, the value of the currency reserve assets was CI\$218m representing 125.56% of total demand liabilities (i.e. currency in circulation).

Full details on the currency reserve assets, including specifics on the performance of the investments and cash and cash equivalent deposits that comprise the currency reserve assets, can be found within the Annual Financial Statements.

Numismatic Programmes

The Authority has entered into an Agreement with Scottsdale Mint to mint three new coins known as the Cayman Islands Sea Life Coin Programme. These 1 oz .999 silver bullion coins feature a Marlin, a Turtle, and a Stingray on the reverse, with the Cayman Islands Coat of Arms depicted on the obverse of all three coins which will be minted annually up to and including 2027.

The Marlin Coin: A legendary denizen of the deep, the Marlin holds a special place in the maritime lore of the Cayman Islands. This majestic creature, known for its strength and speed, graces the waters surrounding the Cayman Islands. With its elongated body, distinctive bill-like snout, and a dorsal fin that stretches skyward, the Marlin is a marvel of marine evolution. Beyond its role in sportfishing, the Marlin is deeply rooted in Caymanian culture, symbolizing the untamed spirit of the Caribbean waters. It captivates the imagination of locals and visitors alike.

The Turtle Coin: A stunning tribute to one of the most iconic marine creatures of the Cayman Islands, the Turtle Coin highlights the islands' rich marine heritage.

When Christopher Columbus discovered the Cayman Islands in 1503, he named them "Las Tortugas" due to the abundance of sea turtles in the surrounding waters. Over the years, turtles became integral to the local culture and economy, though heavy harvesting in the 18th and 19th centuries led to a drastic population decline. Recognizing the need for conservation, the Cayman Islands have since implemented strong measures to protect these creatures, transforming the Turtle into a symbol of marine conservation.

The Stingray Coin: Celebrating the grace and importance of Cayman Islands marine life, the Stingray Coin showcases one of the most enchanting creatures of the ocean. Stingrays have long been a part of the Cayman Islands' history and culture, inhabiting the shallow waters of the islands for centuries. One of the most famous locations is Stingray City, a renowned sandbar where locals and tourists can interact with and feed the gentle Southern Stingrays (*Dasyatis americana*). This interaction has fostered a deep appreciation for these remarkable creatures.



Table 12: Currency in circulation (in CI\$ million)

	Q4-2020	Q4-2021	Q4-2022	Q4-2023	Q4-2024
Banknotes	\$150.95	\$159.56	\$156.77	\$154.77	\$158.59
Coins	\$13.47	\$13.95	\$14.35	\$14.74	\$15.05
Total Currency	\$164.42	\$173.51	\$171.12	\$169.51	\$173.64

Table 13: Counterfeit banknotes withdrawn from circulation

	Q4-2020	Q4-2021	Q4-2022	Q4-2023	Q4-2024
\$100	0	16	78	2	0
\$50	1	1	1	0	0
\$25	0	10	0	0	0
\$10	0	0	4	0	0
\$5	0	0	0	0	0
\$1	0	1	0	0	0
Total Number of Notes	1	28	83	2	0
Total Dollar Value	\$164.42	\$173.51	\$171.12	\$169.51	\$173.64

Execution of Financial Stability

In 2024, significant statistical and reporting initiatives were undertaken, alongside macroprudential analyses and key international collaborations.

Statistical and Reporting Activities

In 2024, there was a continued commitment to producing accurate and timely statistics, essential for informed decision-making and maintaining financial stability. Key statistical outputs included the Locational Banking Statistics, Banking Statistical Digest, Investment Statistical Digest, Foreclosure Reports, Money Service Business Reports, Coordinated Portfolio Investment Survey, and Domestic Banking Activities. A thorough annual review exercise was conducted to ensure the integrity and accuracy of the Funds Annual Report submissions, contributing to the Global Monitoring Report on Non-Bank Financial Intermediation ("NBFI"). Additionally, a comprehensive review of the NBFI reporting framework was carried out to enhance the reliability of this output and ensure robust business continuity and resilience.

Financial Stability Report Initiatives

As part of the responsibility to ensure stability within the domestic financial system, work was key to the release of the second Financial Stability Report in 2024. Building on the insights from the inaugural edition, this report introduced a new macroprudential tool, the Aggregate Financial Stability Index, which assesses financial (in)stability by examining both the domestic and international economy. It also provided timely analysis on critical issues impacting financial stability. This achievement reflected the collaborative efforts across supervisory divisions, the Public Relations unit, and other stakeholders, showcasing a shared commitment to strategic objectives and transparency. Work for the third report, set for release in 2025, is already underway.

International Cooperation and Support

Active participation in international collaborations continued, with involvement in various working groups, collaborative projects, and international surveys. Notable achievements include representing the Cayman Islands on the Financial Stability Board's Non-bank Monitoring Experts Group, contributing to the annual data collection for NBFI, and completing the semi-annual vulnerability survey. Additionally, cooperation with international organizations such as the International Monetary Fund and the Caribbean Regional Technical Assistance Centre was maintained through participation in numerous meetings and workshops.

Climate Change Initiatives

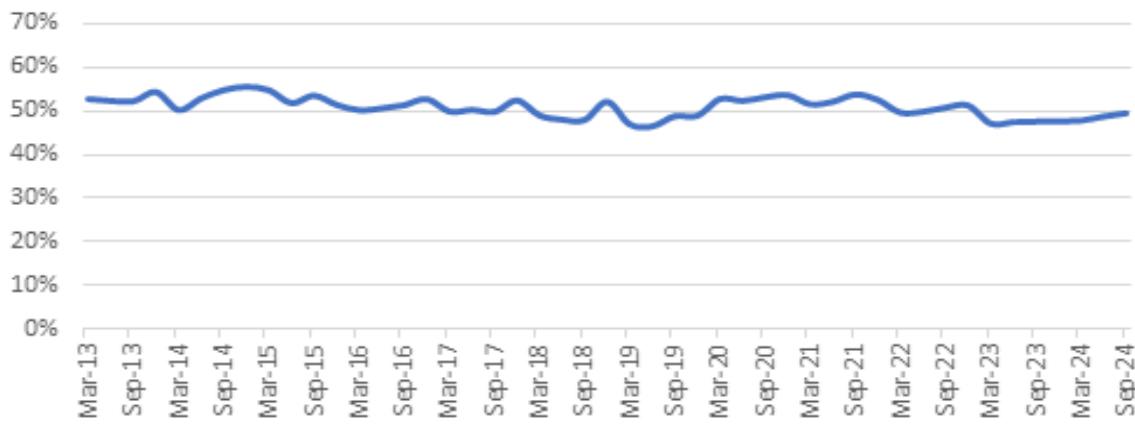
In line with the internal working group focused on Climate Change and Green Finance, proactive steps were taken to design and distribute a comprehensive survey to regulated entities to assess climate and environmental-related risks. The survey yielded valuable insights that will guide the strategic direction of the working group for 2025. Recognizing the importance of staff awareness on these issues, the working group also identified the need to enhance the Authority's staff knowledge on climate-related matters. In collaboration with the Onsite Inspection Division, internal training courses were developed to strengthen staff understanding of climate and environmental risks, supporting ongoing efforts to address these challenges.

Execution of Financial Stability cont'd

Macroprudential Monitoring

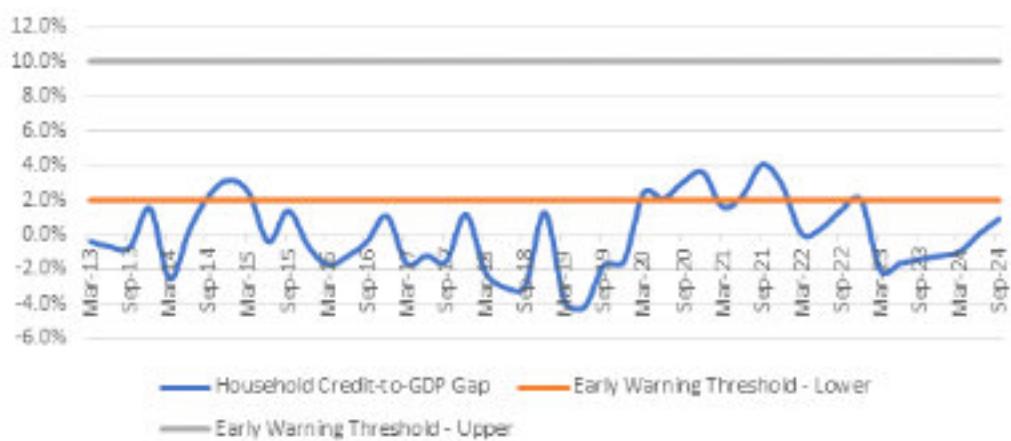
In 2024, capacity-building efforts were strengthened through the recruitment of a Senior Economist and a Statistician, along with participation in comprehensive training on financial stability issues. These initiatives were designed to enhance macroprudential monitoring and surveillance capabilities. Key macroprudential metrics, such as the Banking Stability Index and the Credit-to-GDP gap, were continuously updated and monitored, serving as critical tools for assessing financial stability risks. Household credit-to-GDP in the Cayman Islands has remained at moderate levels, averaging around 50% over the past decade.

Figure 20: Household credit-to-GDP



The Household credit-to-GDP gap examines the difference between the current ratio and its long-term trend. Currently, the gap has not breached the Basel lower bound early warning threshold (2%) which signals a stable credit environment relative to overall economic activity and therefore does not pose an early warning of systemic risk.

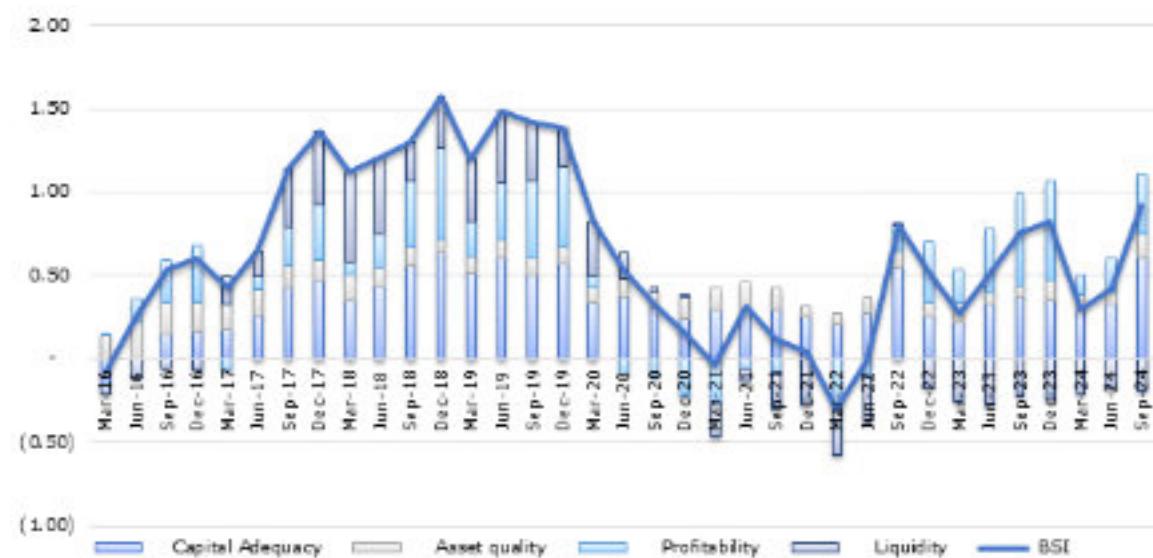
Figure 21: Household credit-to-GDP gap



Execution of Financial Stability cont'd

For the banking sector, the BSI has consecutively improved within the year and stands at 0.92 at-end September 2024 which is well above the last three-year average. The upward trajectory was driven by sustained high capital adequacy and improved profitability.

Figure 22: Banking Stability Index



As part of a proactive approach to macroprudential analysis, work was initiated on a top-down stress testing framework for Class "A" (local) non-life insurers. A report on this framework is expected to be published in 2025. In the last quarter of 2024, research and development also began on a systemically important financial institutions framework specific to the insurance sector, reflecting a commitment to enhancing resilience across key segments of the financial system. Recognising the critical role of Investment Funds in the Cayman Islands' financial ecosystem, work also began to compile and analyse financial health and soundness indicators for this sector. This initiative underscores the ongoing dedication to maintaining robust oversight across all facets of the financial system and adapting to emerging risks.

Financial Stability and Macroprudential Supervision Research

Additionally, a groundbreaking research paper titled "The Impact of Climate Change on Cayman's Domestic Financial Institutions: AI-Driven Solutions" was completed. This paper explored the intersection of climate risks and financial stability, highlighting the role of artificial intelligence in addressing climate-related challenges. It was presented at a conference hosted by the Central Bank of Barbados in November 2024. This marked a historic milestone as it was the first externally presented research paper of its kind, showcasing a commitment to contributing to regional economic discourse and advancing innovative solutions in the financial sector.

Data Management Initiatives

Automated systems were developed to securely store critical financial data, protecting it against potential loss and ensuring the integrity of key datasets. Tools were also created to facilitate communication with licensees regarding outstanding fees and financial submissions, incorporating dynamic templates for mail merging and notices addressing regulatory breaches related to overdue obligations. In addition, advanced dashboards and analytical tools were designed and deployed to provide quarterly insights into balance sheets and income statements, including compliance with international financial reporting standards (e.g., IFRS 17).

Regulatory Regime

Framework

The Authority's regulatory regime for the effective regulation and supervision of the financial services sector in the Cayman Islands comprises applicable pieces of legislation enacted by Government and supported by a myriad of regulatory measures developed and issued by the Authority via the Cayman Islands Gazette and posted on in the Authority's website. The Authority issues new and revised regulatory measures in compliance with its statutory mandates and aims to maintain alignment with internationally accepted standards in financial services supervision and regulation.

Table 14: List of domestic acts and international standards

Sector	Act	International Standard	Membership
All	<ul style="list-style-type: none">Monetary Authority Act, Monetary Authority (Administrative Fines) RegulationsProceeds of Crime ActAnti-Money Laundering RegulationsTerrorism ActPublic Authorities ActPublic Management and Finance ActCompanies Act and respective regulationsProliferation Financing (Prohibition) ActSpecial Economic Zones ActAnti-corruption ActHealth Insurance ActStandards of Public Life Act	<ul style="list-style-type: none">Financial Action Task Force Forty Recommendations on Money Laundering and Financing of Terrorism & Proliferation	<ul style="list-style-type: none">Caribbean Financial Action Task Force Regional Consultative Group for the Americas (Financial Stability Board)Network for Greening the Financial System ("NGFS")

Table 14: List of domestic acts and international standards cont'd

Sector	Act	International Standard	Membership
<ul style="list-style-type: none"> • Banks Trusts • Money Services Businesses • Credit Unions • Building Societies Corporate Services Providers • Company Managers 	<ul style="list-style-type: none"> • Banks and Trust Companies Act and respective regulations • Private Trust Companies Regulations • Money Services Act and respective regulations • Cooperative Societies Act and respective regulations. • Building Societies Act • Development Bank Act • Companies Act and respective regulation • Companies Management Act and respective regulations • Beneficial Ownership Transparency Act and respective regulations • Dormant Accounts Act and respective regulations 	<ul style="list-style-type: none"> • Basel Core Principles for Effective Banking Supervision • Standard on the Regulation of Trust and Corporate Service Providers 	<ul style="list-style-type: none"> • Group of International Finance Centre Supervisors ("GIFCS") • Caribbean Group of Banking Supervisors • Association of Supervisors of Banks of the Americas • Working Group on Cross Border Banking • Irving Fisher Committee on Central Bank Statistics

Table 14: List of domestic acts and international standards cont'd

Sector	Act	International Standard	Membership
• Insurance	<ul style="list-style-type: none"> • Insurance Act and respective regulations • Dormant Accounts Act and respective regulations 	<ul style="list-style-type: none"> • International Association of Insurance Supervisors ("IAIS") Core Principles of Insurance Regulation 	<ul style="list-style-type: none"> • IAIS • Group of International Insurance Centre Supervisors • Caribbean Association of Insurance Regulators
• Mutual Funds • Private Funds • Fund Administrators • Securities Investment Businesses	<ul style="list-style-type: none"> • Mutual Funds Act and respective regulations • Retail Mutual Funds (Japan) Regulations • Private Funds Act and respective regulations • Securities Investment Business Act and respective regulations • Directors Registration and Licensing Act and respective regulations 	<ul style="list-style-type: none"> • Objectives and Principles of Securities Regulation 	<ul style="list-style-type: none"> • Caribbean Group of Securities Regulators • International Organisation of Securities Commission ("IOSCO")
• Virtual Asset Service Providers	<ul style="list-style-type: none"> • Virtual Asset (Service Providers) Act and respective regulations • Virtual Asset (Service Providers) (Savings and Transitional) Regulations 		

Regulatory Regime cont'd

Rules, Guidelines, Policies and Procedures

The Authority ensures the ongoing development and issuance of regulatory measures, subject to approval by its Executive Management and Board of Directors. This includes researching international developments, analysing frameworks in other jurisdictions, assessing their impact on the local financial services industry, formulating policy options, providing in-house advice, and facilitating public consultations as needed.

All new and revised regulatory measures, issued as Rules, Statements of Guidance, Statements of Principle, Regulatory Policies, or Regulatory Procedures, are available on the CIMA [website](#).

Table 15: List of regulatory measures issued and updated by the Authority

When Issued	Regulatory Measure	Title	Description
February 2024	Guidance Notes	Guidance Notes on the Prevention and Detection of Money Laundering, Terrorist Financing and Proliferation Financing in the Cayman Islands – Sector Specific Guidance for Virtual Asset Service Providers – (VASP Travel Rule)	These amendments included FATF's Recommendation 16, which prescribes that originating VASPs must obtain and hold required/ accurate originator information along with the required beneficiary information on virtual asset transfers.
May 2024	Rule and Statement of Guidance	Market Conduct for Trust and Corporate Services Providers and Company Managers	This measure covers TCSPs' market conduct in the areas of integrity, fair treatment of clients, client money and assets, conflicts of interest, terms of business, complaints handling, and advertising and communication. It addresses the overall lack of enforceability in the Authority's TCSP regime and improve compliance with GIFCS Standards.

Table 15: List of regulatory measures issued and updated by the Authority cont'd

When Issued	Regulatory Measure	Title	Description
May 2024	Regulatory Policy	Registration or Licensing of Virtual Asset Service Providers	<p>This measure's main objective is to facilitate the Authority's receipt of complete applications while improving transparency and efficiency in the registration and licencing process for VASPs. Additionally, this measure is consistent with the Authority's development and issuance of regulatory policies for assessing and approving each financial services activity.</p>
October 2024	Regulatory Policy	Regulatory Policy – Recognition and Approval of an Actuary	<p>This measure sets out the minimum criteria and the process that the Authority will use for determining whether to recognise and approve an actuary pursuant to applicable sections of the Insurance Act and in accordance with the professional standards of all internationally recognised actuarial governing bodies, including those issued by IAIS.</p>

Regulatory Regime cont'd

Table 15: List of regulatory measures issued and updated by the Authority cont'd

When Issued	Regulatory Measure	Title	Description
October 2024	Rule and Statement of Guidance	Recruitment and Selection Standards for Trust and Corporate Service Providers and Company Managers	This measure seeks to update and introduce new Rules by replacing the 2019 Statement of Guidance ("SOG") on Recruitment and Selection Standards for TCSPs. This will address an enforceability issue highlighted by GIFICS in its 2020 Mutual Evaluation Report, strengthening the Authority's regulatory regime for TCSPs.
October 2024	Regulatory Policy and Procedures	Regulatory Handbook and its Appendices Volume 1	The revised Regulatory Handbook sets out the policies and procedures the Authority follows in performing its legal obligations and principal functions. It emphasises the Authority's commitment to transparency and accountability and the constant thrust to improve operations and provide regulated persons with relevant information.

Table 15: List of regulatory measures issued and updated by the Authority cont'd

When Issued	Regulatory Measure	Title	Description
December 2024	Rule	Obligations for the provision of virtual asset services - Virtual Asset Custodians and Virtual Asset Trading Platforms	This measure sets out the Authority's rules applicable to custodians and trading platforms for providing virtual asset services.
December 2024	Statement of Guidance	Guidance for the Provision of Virtual Asset Services – Virtual Asset Custodians and Virtual Asset Trading Platforms	This measure sets out the Authority's guidance applicable to virtual asset custodians and virtual asset trading platforms in relation to the provision of virtual asset services. The issuance of this SOG will ensure that VASPs are fully aware of the supervisory framework and compliance expectations as Phase Two of VASP Act is enacted. Additionally, refinements to the SOG will ensure that the Authority adequately addresses risk management, cybersecurity, conflicts of interest, client communications and assets protection.

Other Regulatory Developments and Priorities

In executing advisory and cooperative functions, the Authority also aims to bolster the legislative framework in the jurisdiction. During 2024, analyses and recommendations for legislative amendments were made through the Authority's presentation of the following Cabinet Paper for consideration to the Minister responsible for Financial Services:

Consolidated Supervision

Proposed legislative amendments to the relevant regulatory Acts to enhance the regulatory/supervisory framework for consolidated supervision within the Cayman Islands. These legislative amendments aim to introduce specific definitions and references across the relevant regulatory Acts to provide more legal sufficiency and powers relevant to consolidated supervision.

In addition, over this fiscal, the Authority contributed to regulatory data and evidence on an international scale by participating in the following surveys:

- FSB Crypto implementation survey - The Authority submitted responses to the Financial Stability Board ("FSB") Secretariat on 30 January 2024 for a "Crypto Implementation Survey". The objective of the survey was to collect information from jurisdictions about implementation status and challenges related to crypto-asset activities specific to the Cayman Islands. Jurisdictions' survey results collected by the FSB will be used to inform the work of the FSB to promote the effective cross-border implementation of FSB recommendations.
- FSB Vulnerabilities Survey 2024 H1 and H2 for Regional Consultative Groups ("RCGs") - The Authority submitted responses to the Financial Stability Board ("FSB") Secretariat in 2024 for a "FSB Vulnerabilities Survey 2024 H1 and H2 for RCGs". The objective of the survey was to gather views on the top regional, global, and emerging vulnerabilities of the FSB's membership. The summarised results of the survey will be a key input into the FSB's vulnerabilities assessment, drafted by the Analytical Group on Vulnerabilities ("AGV") and discussed by the Standing Committee on the Assessment of Vulnerabilities ("SCAV").

CIMA's Self-Assessments Against International Financial Standards and Principles

In November 2024, the Authority conducted an update on four self-assessments of its regulation and supervision frameworks for the banking, insurance, fiduciary and securities sectors against the relevant internationally applied standards and principles. The outcome of these self-assessments was a cadre of new regulatory projects that the Authority seeks to plan, prioritise, and implement in due course, for increased compliance with the recommendations of the relevant international standard setting bodies.

- 2024 BCP Self-Assessment. This highlighted the progress on the Authority's application and compliance with the 2024 Basel Core Principles ("BCPs") for Effective Banking Supervision. The BCPs are promulgated by the Basel Committee on Banking Supervision (the "BCBS") and establish the minimum standards for sound prudential regulation and supervision of banks and banking systems. The Core Principles form a key basis of assessments undertaken by the IMF and the World Bank through the Financial Sector Assessment Program ("FSAP") to determine the effectiveness of countries' bank supervision systems and practices.

Regulatory Regime cont'd

- 2024 IAIS ICP Self-Assessment. This outlines the Authority's adherence to the revision of the IAIS Insurance Core Principles ("ICPs"), specifically related to valuation, capital adequacy, climate risk, and the holistic framework. It also highlights how the recent revision of the ICPs may necessitate further amendments to the current insurance regulatory and supervisory regime in these critical areas.
- 2024 IOSCO Self-Assessment. This described how the Authority's framework for securities regulation compares to the Objectives and Principles of Securities Regulations promulgated by IOSCO. The results of the same highlight some disparities in oversight, which, once the Authority addresses, will strengthen the regulatory and supervisory framework and increase alignment with IOSCO Principles.
- 2024 GIFCS Assessment. This assessed the Authority's regime in the fiduciary services sectors against GIFCS Standards. The Standards establish the framework for effective supervision of TCSPs in areas such as AML/CFT developments, corporate governance requirements, and other legal and prudential conditions.

Implementation of Basel III Reforms in the Cayman Islands

The Authority completed an evaluation of its implementation status of Basel III reforms for the banking sector in the Cayman Islands, including a high-level assessment of the potential impacts of completing the remaining components of these reforms. The Basel III reforms are a set of internationally agreed on regulatory measures promulgated by the Basel Committee on Banking Supervision to deal with market liquidity risk, stress testing, and capital adequacy in banks. The Authority continues to finalise its implementation plan for the remaining Basel III components and is working towards the roll-out of date of mid-2027. The Basel III related regulatory measures will aim to strengthen and align the Authority's regulatory framework with the best practices and updated prudential monitoring of the applicable banks operating in the Cayman Islands.

The Crisis Prevention, Management and Resolution Framework (including Recovery & Resolution planning)

In line with the Authority's legislative obligation to protect the financial system, the Authority has revamped its planning and development of a comprehensive crisis management framework for the Cayman Islands. This aims to prepare, prevent and respond to financial distress within any regulated institution or the broader financial system. This project has resulted in the development of regulatory measures relating to Recovery and Resolution Planning, which are carded to be issued for consultation with the Minister responsible for Financial Services and the Private Sector Associations in early 2025.

Environmental, Social and Governance ("ESG")

The Authority's ESG efforts continue in part through its strategic Working Group on Climate Risk and ESG initiatives, in cooperation with the best practices of NGFS. The Authority issued Climate Change and Environmental-Related Risk surveys to regulated entities to assess the current landscape, identify key areas of concern, and develop informed policies and strategies to better regulate and monitor these climate risks. A detailed analysis of the survey results is being carried out and will shape the Authority's suitable climate-risk related regulatory response in due course.

Compliance and Enforcement

As part of its regulatory functions, the Authority conducts due diligence on persons/entities who have applied to act as directors, shareholders, managers, officers and controllers of licensed entities, investigates serious breaches of the regulations, and where necessary, takes enforcement action.

Due Diligence

In carrying out due diligence, the Authority follows its Regulatory Policy – Assessing Fitness and Propriety and Procedure – Assessing Fitness and Propriety.

Table 16: Due diligence applications referred to the Compliance Division

	Q4-2020	Q4-2021	Q4-2022	Q4-2023	Q4-2024
Total applications	238	246	254	202	231

Enforcement

Based on the nature and seriousness of the breach, the Authority will determine whether and what enforcement action is necessary. The Authority draws its enforcement powers mainly from the Monetary Authority Act (as amended), Regulatory Acts and the Anti-Money Laundering Regulations (as amended) (the AMLRs, which range from:

- Suspending, revoking or cancelling licences or registrations
- Imposing conditions
- Requiring the substitution or removal of a director, operator, senior officer, general partner, promoter, manager or shareholder of a licensee or registrant
- Suspending or cancelling directors registrations
- Appointing controllers
- Appointing advisors
- Requiring a regulated entity to obtain an independent AML/CFT Audit
- Imposing administrative fines
- Applying to the Grand Court of the Cayman Islands for an order directing that a licensee or registrant be wound up
- Requiring licensees or registrants to take such action as the Authority reasonably believes necessary; and
- Referring contraventions that result in offences and criminal penalties to the appropriate authorities

Additionally, the Authority also takes other supervisory actions such as issuing warning notices and supervisory letters.

The Authority's Enforcement Manual and Enforcement Manual (Procedure For Administering Administrative Fines) describes the policies, procedures and tools for the exercise of its enforcement powers in the event of non-compliance with the Regulatory Acts and the AMLRs by a regulated entity. The manual includes the steps the Authority will follow in the event of non-compliance by a regulated entity. The Compliance Division and the Legal Division are responsible for the exercise of enforcement actions, under the authorisation of the Authority's Board of Directors.

Figure 23: Enforcement actions initiated

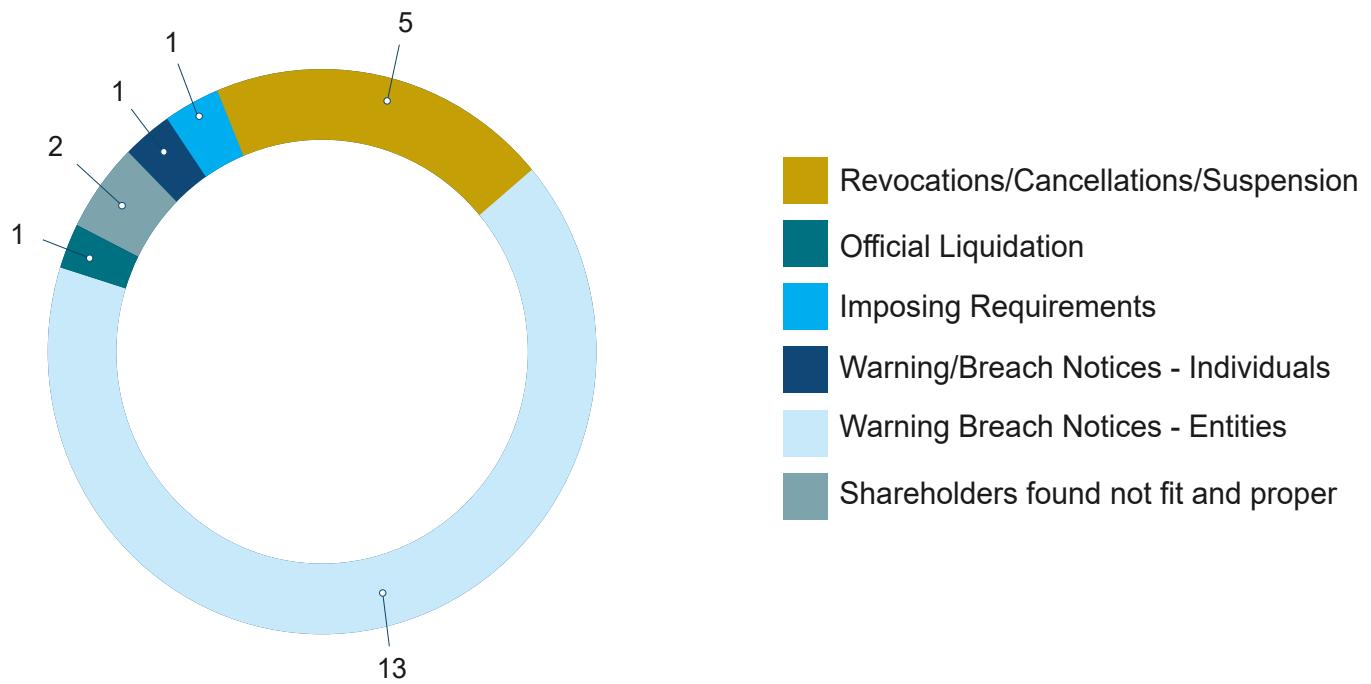


Table 17: Entity list of enforcement actions initiated

Entity	Type of Authorisation Held	Enforcement Action
Onetradex Ltd.	Securities - Full	Official Liquidation
Onetradex Ltd.	Securities - Full	Revocation of Licence
Anatoly Alexandrovich Braverman	Registered Director	Suspension of Registration
Krill Alexandrovich Dmitriev	Registered Director	Suspension of Registration
Valor Capital	Securities - Registered Person	Cancellation of Registration
Dzintars Derkacs	Registered Director	Cancellation of Registration

Note: Not all enforcement actions are published.

Other Compliance-related Matters

Among its duties, the Authority is also tasked with investigating persons or entities that appear to be conducting regulated business without the proper authorisation. In addition, in keeping with its mandate to protect the jurisdiction from individuals or entities seeking to reap illegal benefit by false association with the Cayman Islands, the Authority continues to update the [list of fraudulent websites](#).

Local Cooperation

The Authority filed 11 Suspicious Activity Reports with the Financial Reporting Authority of the Cayman Islands (the “FRA”) during the Reporting Period. The FRA made 145 Onward Disclosures to the Authority during the same period, pursuant to the Memorandum of Understanding between the FRA and the Authority.

CIMA also processed nine Inter-Agency Requests from local competent authorities pursuant to the Inter-Agency Multilateral Memorandum of Understanding and made 11 Inter-Agency Requests to local competent authorities pursuant to the Inter-Agency Multilateral Memorandum of Understanding. Additionally, four referrals were submitted to the Cayman Islands Bureau of Financial Investigations for criminal investigation.

Sanctions

As of 2022, the Authority became tasked with the oversight of targeted financial sanctions relating to Russia, in addition to the previously established compliance reporting to the Financial Reporting Authority. In this regard, the Compliance Division is the domestic inter-agency liaison and represents the Authority on national committees.

Execution of Cooperative Functions

Cross-Border Cooperation

The provision of assistance to overseas regulatory authorities is one of CIMA's principal functions. Such international cooperation takes place primarily through the exchange of information, facilitated through Memorandums of Understanding ("MOUs"), other agreements and through CIMA's active participation in international forums.

Memoranda of Understanding

MOUs and similar agreements establish a common framework for mutual assistance and cooperation between CIMA and other regulatory bodies. These agreements identify the type of supervisory and enforcement information that may be exchanged and the mechanism to exchange the information. In this way, they enhance the existing working relationships between the authorities. Copies of the current MOUs and cooperation agreements are available on the CIMA website. As of 2024, discussions pertaining to two proposed bilateral MOUs are approaching completion. The Authority intends to finalise these agreements in 2025.

Assistance to Overseas Regulatory Authorities

As part of its mandate, the Authority works collaboratively to ensure timely and effective responses to requests for assistance from overseas regulatory authorities ("ORAs"). The Legal Division plays a key role in advising on and coordinating these responses, working closely with other divisions, particularly Compliance, to ensure adherence to the MAA, the Regulatory Handbook, and relevant procedures.

The Compliance Division primarily supports cases where information is not readily available within the Authority's records and must be obtained from external parties. Through this coordinated effort, the Authority upholds regulatory transparency and international cooperation.

As of Q4 2024, there were 402 requests for assistance from ORAs.

Local Cooperation

AML/CFT Supervisors

Several organisations, including the Registrar of Companies and Non-Profit Organizations, the Cayman Islands Department of Commerce and Investment, the Cayman Islands Institute of Professional Accountants, and the Authority, have established the Supervisors Forum. This national platform enables AML/CFT supervisors to discuss regulatory issues, enforcement challenges, risks, trends, and other key matters while fostering a coordinated approach to compliance.

The Cayman Islands participated in the CFATF 59th Plenary and Working Group Meeting in Hanover, Jamaica, from 1 to 6 December 2024. During the meeting, the United States officially joined CFATF, increasing its membership to 25 and reinforcing its commitment to supporting the organisation's objectives as it transitions from the 4th to the 5th Round of Mutual Evaluations in March 2026.

Human Resource Management & Development

The Authority is committed to recruiting, developing, and retaining high-performing individuals by collectively providing comprehensive employee support through policies, programs, and services, all while reinforcing CIMA's core values and fostering engagement for success.

In our continuous effort to enhance our human resources practices and work-life balance, the Authority has regularly reviewed and updated its policies, procedures, and service offerings. This ongoing assessment has led to the implementation and revision of key policies, as well as the acquisition of a new HRIS and LMS, which are currently under development.

Throughout the year, the Authority made significant strides in several key areas, including recruitment, on-boarding, and employee development. Efforts to enhance overall staff wellness were prioritized, alongside initiatives aimed at recognizing employee contributions and fostering a positive work environment.

Employee Relations & Wellness

Collectively, we have made notable strides in recognizing and supporting the hard work and dedication of our staff across the Authority. A total of thirty-one (31) promotions were earned throughout the year, spanning several divisions including Anti-Money Laundering, Compliance, Fiduciary Services, Financial Stability & Statistics, Information Systems, Insurance Supervision, Investments Supervision, Policy & Development, Onsite Inspection, Legal, Securities Supervision, and the VASP & FinTech Innovation Unit.

The Authority has established a team structure, ensuring that employees are placed into teams upon commencement, which are aligned with our wellness initiatives. These team assignments typically remain consistent throughout an employee's tenure. To support our wellness goals, the Wellness Committee offered various activities and competitions throughout the year, encouraging staff to engage in healthy habits, such as regular exercise, attending wellness workshops, participating in sporting events, maintaining a nutritious diet, getting sufficient sleep, and practicing stress-reduction techniques.

In February 2024, we organized our inaugural health fair, offering a variety of activities including blood donations, health screenings (sugar and cholesterol), BMI assessments, B-Complex and immunization injections, financial well-being preparedness, environmental presentations, EAP informational sessions, yoga, massage, mindfulness sessions, pastoral services, and fitness competitions. Later in November 2024, we hosted the 3rd Annual Sports Day Event, bringing together staff from all levels and abilities to compete in track & field events and intellectual challenges, promoting camaraderie and healthy competition.

Employee Recognition

Our employee recognition programs continue to be embraced across the Authority, with initiatives such as the Employee of the Quarter, the Chief Executive Officer's Leadership Award, and Staff Recognition Awards celebrating excellence in service to both stakeholders and colleagues. Additionally, we introduced the annual Wellness Champion Award, recognizing the employee who has demonstrated outstanding commitment to health and wellness activities, accumulating the highest number of wellness points over the year.

Internships

The Authority proudly provided 27 young Caymanians with invaluable internship opportunities, divided into two cohorts. Each intern was carefully vetted through an application and interview process before being placed in various divisions within CIMA that aligned with their academic interests. During their internships, HR facilitated sessions on career readiness, resume writing, wellness, workplace etiquette, and the role of CIMA. The interns also organized collective fundraising activities, with the funds donated to a local charity of their choosing. For the 2024 cohorts, Meals on Wheels was the beneficiary of their fundraising efforts.

Learning & Development

In May 2024, our Learning and Development team hosted a CIMA-wide training session on "Diversity, Empathy, and Inclusion" (DEI), conducting a total of seven sessions. Two sessions were tailored specifically for leaders, with 40 leaders attending the "Leading Diversity, Empathy, and Inclusion" training. This training equipped leaders with the tools and knowledge necessary to foster an inclusive and empathetic workplace culture. Following this, the DEI training was made available to all staff, with over 270 employees attending five interactive sessions. These sessions helped staff members at all levels understand, appreciate, and leverage diversity, contributing to a culture of respect and empathy.

As part of our ongoing Learning & Development strategy, we partnered with ACAMS to host a six-week bootcamp in April 2024, aimed at enhancing knowledge and skills within the AML & Compliance fields. This initiative was also designed to prepare staff for the upcoming CFATF 2027 Mutual Evaluation. A total of 20 staff members participated in the bootcamp, and 75% of them successfully passed the CAMS examination. This achievement is a testament to their dedication and the Authority's commitment to supporting continuous professional development. The success of this program reflects our CEO's commitment to fostering a culture of growth and development within the Authority.

Information Systems

CIMA continues to facilitate business practices in a secure and resilient manner, leveraging advanced information and communications technology.

Disaster Recovery & Business Continuity

As part of our proactive approach, annual tests are conducted before the hurricane season to ensure the effectiveness of our Disaster Recovery and Business Continuity plans. This year, we incorporated valuable improvements from the previous year's tests, enhancing resilience and efficiency. Our Disaster Recovery and Business Continuity were rigorously tested through our robust remote desktop infrastructure, supporting our hybrid work policy. The network's redundancy is ensured with matching hardware in two separate buildings, providing failover capabilities. The Authority is looking to expand to a 3rd site off island to further enhance our resiliency.

Systems Security

The financial sector remains a prime target for cyber threats, making cybersecurity a top priority. The ongoing hybrid work model introduces new threat vectors and expands our attack surface. Despite evolving threat patterns, we successfully mitigated risks with enhanced remote desktop security measures and continuous monitoring. The Authority is working closely with the RCIPS Financial Intelligence Unit and the Cayman Islands Government Financial Reporting Authority to proactively identify scammers and impersonators. This underscores our commitment to cybersecurity excellence, utilising industry-standard practices and the NIST framework.

As of Q4 2024, the following tasks were accomplished:

The Automated Screening Tool

The Automated Screening Tool automates the sanctions screening process for all CIMA-regulated entities. The primary objective is to improve the efficiency, consistency and accuracy of the Authority's sanctions screening process which will ensure compliance with international standards. The project roadmap has three milestones:

- **Phase 1:** Scrub entity information from our Customer Relationship Management (“CRM”) application, MARS and check them against the World Check One’s API to identify any entities that may be sanctioned. This phase also produced reports that the AML and supervisory divisions can use in their processes.
- **Phase 2:** Flag and show entities that are identified as high risk on our CRM application, MARS for all users to be aware of the entity’s status.
- **Phase 3:** Provide a user interface to enable divisions to collaborate and correct errors and inaccuracies in the screening process.

The team has completed Phase 2 and is awaiting approval to release to production.

Information Systems

AML Improvements

There were several improvements done to the MARS-Strix integration which helped the improve several business operations. These included:

- Providing comprehensive documentation for the integration between MARS and Strix.
- Added the “AML Survey Strix” as an additional contact in MARS for all entities without a primary contact to resolve a system issue.
- Automated the process to update Strix records when new information is obtained on MARS and increased the frequency of the process. This ensures MARS and Strix are synchronised on the data that is shared between the two systems reducing risk.
- Additional strengthening in our cyber security posture.
- Preparations for office move including network upgrades, corporate Wi-Fi, secure printing and meeting room improvements.
- Rolled out Microsoft Forms to aid with industry surveys.
- Established a Change Advisory Board.

ZOHO Helpdesk

Documented helpdesk processes and the expected lookup values for the different request types. This information has been shared with the vendor and a meeting is scheduled for Q1 2025 to get a quote and estimated build time. The Authority is also exploring options to manage the change requests and approval processes.

Future State Vision

CIMA is seeking to leverage advanced technologies in enhancing its regulatory and supervisory functions, including cloud computing for flexibility and scalability, artificial intelligence and machine learning for real-time risk assessment and fraud detection, and Zero Trust Security Architecture for safeguarding data. RegTech and SupTech innovations, along with advanced analytics, will help with improving compliance and decision-making while Blockchain and Distributed Ledgers will ensure secure transaction recording. There is room for Robotic Process Automation to help with automating routine tasks. Application Programming Interface-led integration enhances data exchange, and low-code/no-code platforms empower non-technical users to innovate and automate processes.

Internal Audit

Internal Audit supports effective governance of CIMA and reports independently to the Audit & Finance Sub-Committee of the Board of Directors. The work of Internal Audit provides the Board with the assurance that CIMA's operations and activities are conducted efficiently and effectively and in compliance with relevant Acts, regulations, policies and procedures and that adequate internal controls are implemented to mitigate risks to the achievement of its objectives.

Professional Support Services

The Cayman Islands experienced numerous weather systems in 2024. From flooding rains to tropical storms and hurricanes, the Authority's operations and physical facilities remained intact owing to robust business continuity programs.

The Authority made significant progress in 2024 to further strengthen the resilience of its physical operations. New office premises for the Authority is being constructed in the nation's capital and financial center. Set for completion in Q2 2025, the new office premises facilitates the Authority's staff growth necessary for robust regulation of the financial services industry.

Communication and Public Relations

Through the Public Relations Unit (the “PR Unit”), CIMA provides communications support to assist in executing its functions and enhancing relationships with internal and external stakeholders, including the general public.

Events and Activities

Much of our continued communication efforts involved coordinating various initiatives as it related to enhanced AML/CFT compliance across regulated sectors as well as targeted financial sanctions following the Russian-Ukraine war. This included featured public articles and notices, and assistance in various training and outreach projects.

External Publications

Throughout the year, senior staff produced written articles, information gathering and interviews for various publications such as the Cayman Captive Magazine and the IFC Cayman Report.

CIMA Publications

As part of our ongoing work, we continued to produce and disseminate news releases, notices and advisories, supervisory information circulars, news stories and updates, Annual Report and Fact Sheet via the CIMA website and social media platforms.

Additional communication material included The Anchor, the AML/CFT Activity Report, the 2023 Investments Statistical Digest and the 2023 Banking Statistical Digest, among other internal publications.

Direct Public Information and Assistance

The PR Unit regularly responded to local, regional and international media requests. Regular updates were also posted to the Authority’s LinkedIn and Facebook company pages, in addition to frequent updates to the CIMA website.

Internal Support

The PR Unit continued to work closely with the various divisions to provide communication support in the form of photographic, graphic design and content development for multiple staff projects and activities, as well as develop formal speeches and presentations for CIMA’s management team and other senior staff.

The PR Unit was also instrumental in coordinating and overseeing the main activities of our 25th anniversary celebrations, including various staff recognition and award programmes as previously mentioned.

Staff and Executive Management were also kept abreast of local and international market, regulatory and political developments affecting the financial services industry.

Section 4

Financial Control



Coercive Revenue Collection

The Authority collected \$172.9m in coercive fees from regulated entities on behalf of the Cayman Islands Government, with no imposed administrative fines on behalf of the Cayman Islands Government.

Income

The Authority depends on the sale of its outputs to the Cabinet, as one of its main sources of income to meet its obligations. The outputs delivered, for a total of \$25.3m, were:

- The regulation of the Cayman Islands currency
- The collection of fees on behalf of the Cayman Islands Government
- The regulation of the financial services industry
- Assistance to Overseas Regulatory Authorities
- Policy advice & ministerial services
- Monitor compliance with the Anti-Money Laundering Regulations

The Authority's other sources of income are from the Directors Registration and Licensing fees, which were recorded at \$9.9m, CIMA Transactional fees \$8.1m, Commission Income \$1.6m, and Investment Income \$11.1m.

Net Income

The Authority's Total Comprehensive Income for the year was \$12.7m (2023: \$21.7m), of which \$5.0m was allocated to CIMA's Capital Expenditures Reserve, \$1.0m to CIMA's Litigation Costs Reserve and \$6.7m to CIMA's General Reserve.

Details of CIMA's financial position for the year can be seen in the Audited Financial Statements that follow.

Section 5

Management Discussion and Analysis

Highlight of Achievements

Key initiatives conducted throughout the year in support of the Authority's 2023 - 2024 Strategic Plan included:

Improve our technological/digital capability

CIMA is making significant strides in its automation efforts. In 2024, CIMA implemented a technological tool to enhance its Human Resource Management, alongside adopting a tool to improve Internal Audit and Risk Management practices. CIMA continues to identify and integrate suitable automation tools across other operational and supervisory areas.

Provide support for improving effectiveness in combating financial crime

As part of its commitment to enhancing the effectiveness of combating financial crime and preparing for the CFATF Mutual Evaluation scheduled for 2027, CIMA conducted an AML/CFT self-assessment to identify gaps and strengthen its AML/CFT/CPF/Sanctions framework. Additionally, CIMA has bolstered its data collection and analysis practices related to AML/CFT/CPF/Sanctions, supporting the effective implementation of risk-based supervision and enabling the identification of trends and emerging risks.

Establish proactive, sustainable, and effective financial services regulation

Our efforts to enhance various supervisory frameworks are ongoing, with a focus on initiatives such as crisis management, consolidated supervision, the Basel III Framework, VASP, and reinsurance supervisory frameworks. The designation of Domestic Systemically Important Deposit-Taking Institutions (DSIDTIs) has been completed. CIMA also conducted a survey to assess and understand climate-related risks in the financial services sector. Steps are underway to develop regulatory measures providing guidance on these risks, with a focus on addressing greenwashing concerns.

As part of its ongoing efforts to improve operational efficiency, CIMA is restructuring its operations by introducing two new divisions: the Litigation Division and the Authorisations, Licensing and Due Diligence Division. The Litigation Division will focus on resolving potential conflicts between legal advisory and litigation teams, ensuring timely and efficient handling of litigious matters. Meanwhile, the Authorisations, Licensing and Due Diligence Division will function as a center of excellence for licensing and registration across various sectors, streamlining the assessment of applications and the cancellation of licenses and registrations.

Highlight of Achievements cont'd

Additionally, CIMA has strengthened its internal capacity-building efforts by enhancing its training and development framework, supporting the continued professional growth of its staff.

Improve the integrity and quality of the Cayman Islands currency

CIMA has also made significant progress in developing a new family of banknotes, including considerations for changes in paper material and the introduction of new security features, along with enhancements for the visually impaired.

Audited Financial Statements

For the Financial Year Ended 31
December 2024

Board of Directors' Statement of Responsibility



These financial statements have been prepared by the Cayman Islands Monetary Authority in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)*.

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 and Chief Executive Officer 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 authorised by the Act, and properly record the financial transactions of the Cayman Islands Monetary Authority.

As Chairman and Chief Executive Officer we are responsible for the preparation of the Cayman Islands Monetary Authority financial statements and for the judgements made in them.

These financial statements fairly present the financial position, financial performance, and cash flows of the Cayman Islands Monetary Authority for the financial year ended 31 December 2024.

To the best of our knowledge we represent that these financial statements:

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

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

A handwritten signature in blue ink that reads "Garth MacDonald".

Garth MacDonald

Chairman

Cayman Islands Monetary Authority

Date: 30 April 2025

A handwritten signature in blue ink that reads "Cindy Scotland".

Cindy Scotland, OBE

Chief Executive Officer

Cayman Islands Monetary Authority

Date: 30 April 2025

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Cayman Islands Monetary Authority

Opinion

I have audited the financial statements of the Cayman Islands Monetary Authority (the "Authority"), which comprise the statement of financial position as at 31 December 2024 and the statements of comprehensive income, statement of changes in reserves and contributed capital and statement of cash flows 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 8 to 38.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority 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 Authority 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

As outlined in note 16 of the financial statements, the *Public Authorities Act (2020 Revision)*, Section 47 - *Terms and conditions and remuneration of staff*, came into effect on 1 June 2019 and required all Statutory Authorities and Government Companies to comply with its requirement to standardise salaries and benefits. At the date of this report, the standardisation process was still ongoing. Therefore, the potential impact of this requirement was not reflected in these financial statements. My opinion is not modified in respect of this matter.

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 Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR GENERAL'S REPORT (continued)

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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority'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 Authority 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 section 60(1)(a) of the Public Management and Finance Act (2020 revision). 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

30 April 2025
Cayman Islands

Statement of Financial Position

	Note	31 December 2024	31 December 2023
		\$000	\$000
ASSETS			
Currency Reserve Assets			
<i>Current Assets</i>			
Cash and Cash Equivalents	4b	135,397	124,419
Short-Term Investments	4a	2,770	3,740
Interest and Other Receivables		1,717	678
Stocks	7	2,323	2,610
<i>Non-Current Assets</i>			
Long-Term Investments	4a	75,818	71,769
Total Currency Reserve Assets		218,025	203,216
Operating Assets			
<i>Current Assets</i>			
Cash and Cash Equivalents	4b	17,280	27,553
Short-Term Investments	4a	18,722	17,803
Accounts Receivable	5a	1,127	3,942
Other Receivables and Prepayments	5b	1,132	1,465
<i>Non-Current Assets</i>			
Defined Benefit Pension Plan	9b	7,568	4,681
Property and Equipment	6a	12,932	4,997
Intangible Assets	6b	1,325	1,616
Right-of-use Assets	10	8,020	9,342
Total Operating Assets		68,106	71,399
TOTAL ASSETS		286,131	274,615
LIABILITIES, RESERVES AND CONTRIBUTED CAPITAL			
Liabilities			
<i>Current Liabilities</i>			
Demand Liabilities, Currency in Circulation	8a	173,641	169,515
Other Liabilities and Payables	8b	8,452	8,752
Lease Liability - Premises	10	1,910	1,705
Due to Cayman Islands Government	8c	-	3,000
<i>Non-Current Liabilities</i>			
Lease Liability - Premises	10	6,372	8,029
Defined Benefit Healthcare Program	9c	8,555	9,074
Total Liabilities		198,930	200,075
Reserves			
<i>General Reserve</i>			
		57,798	41,834
<i>Currency Issue Reserve</i>			
		375	375
<i>Capital Expenditures Reserve</i>			
		20,699	25,003
<i>Litigation Costs Reserve</i>			
		6,000	5,000
Total Reserves		84,872	72,212
Contributed Capital			
TOTAL LIABILITIES, RESERVES AND CONTRIBUTED CAPITAL		286,131	274,615

Approved on 30 April 2025

C. Scotland

Cindy Scotland, OBE
Chief Executive Officer
Cayman Islands Monetary Authority

G. Moxam-Murray

Gilda Moxam-Murray
Chief Financial Officer
Cayman Islands Monetary Authority

The accompanying notes on pages 8-38 form an integral part of these financial statements.

Statement of Comprehensive Income

	Note	31 December 2024	31 December 2023
		\$0	\$000
INCOME			
Services Provided to The Cayman Islands Government	12a	25,318	33,458
Directors Registration and Licensing Fees	2s	9,906	13,390
CIMA Transactional Fees	2s	8,092	8,043
Investment Income		11,053	8,901
Commission Income		1,550	1,478
Numismatic & Other Income		363	80
Realised Gain on Investments		163	6
TOTAL INCOME		56,447	65,356
EXPENSES			
Salaries and Benefits	14	33,171	28,909
Other Operational Expenses	13	5,281	5,073
Professional Fees		1,904	4,319
Depreciation and Amortisation	6	1,660	2,011
Accommodation	15	264	213
Pension Expenses	9a	1,719	1,611
Utilities		686	653
Training and Conferences		558	550
Official Travel		190	319
Realized loss on Sale of Securities		131	361
Depreciation expense - Right-of-use Asset	10	1,717	1,880
Interest expense - Lease Liability	10	592	742
Expected Credit (Gain) / Loss IFRS 9		1	(6)
TOTAL EXPENSES		47,874	46,635
NET INCOME FOR THE YEAR		8,573	18,721
OTHER COMPREHENSIVE INCOME / (LOSS)			
Items that may be reclassified to Profit or Loss in subsequent periods			
Net Gain (Loss) on Debt Securities at Fair Value		159	1,644
Expected Credit Gain / (Loss)	4c	1	(5)
Items that will not be reclassified to Profit or Loss in subsequent periods			
Remeasurement of Defined Benefit Pension Plan	9a	2,675	1,669
Remeasurement of Defined Benefit Healthcare Program	9c,14	1,252	(284)
TOTAL OTHER COMPREHENSIVE INCOME		4,087	3,024
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,660	21,745

The accompanying notes on pages 8-38 form an integral part of these financial statements.

Statement of Changes in Reserves and Contributed Capital

	General Reserve \$000	Currency Issue Reserve \$000	Capital Expenditures Reserve \$000	Litigation Costs Reserve \$000	Contributed Capital \$000
BALANCE AT 01 January 2024	41,834	375	25,003	5,000	2,328
Transfers in :					
From Income for the Year	12,660	-	-	1,000	-
Transfers out :					
Contribution Payable to CJ GOVT	-	-	-	-	-
To Capital Expenditures Reserve	(5,000)	-	5,000	-	-
To Litigation Costs Reserve	(1,000)	-	-	-	-
Capital Purchases	9,304	-	(9,304)	-	-
BALANCE AT 31 December 2024	57,798	375	20,699	6,000	2,328

31 December 2023

BALANCE AT 01 January 2023	35,427	375	17,665	-	2,328
Transfers in :					
From Income for the Year	21,745	-	-	-	-
Transfers out :					
Contribution Payable to CJ GOVT	(3,000)	-	-	-	-
To Capital Expenditures Reserve	(10,721)	-	10,721	-	-
To General Reserve	-	-	-	-	-
To Litigation Costs Reserve	(5,000)	-	-	5,000	-
Capital Purchases	3,383	-	(3,383)	-	-
BALANCE AT 31 December 2023	41,834	375	25,003	5,000	2,328

The accompanying notes on pages 8-38 form an integral part of these financial statements.

Statement of Cash Flows

	Notes	31 December 2024 \$'000	31 December 2023 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Comprehensive Income for the Year		12,660	21,745
Adjustments for:			
Depreciation and Amortisation	6	1,660	2,011
Depreciation - Right-of-use Asset	10	1,717	1,880
Interest Expense - Lease Liability	10	592	742
(Gain) / Loss on Defined Pension Benefits	9b	(2,887)	(1,733)
(Gain) / Loss on Defined Health Care Benefits	9c	(519)	992
(Gain) / Loss on Expected Credit Loss		-	(2)
Net Unrealised Gain / (Loss) on Fair Value of Financial Investments		(1)	5
Decrease / (Increase) in Interest Receivable - Currency Reserve Assets		(1,039)	(45)
Decrease / (Increase) in Interest Receivable - Operating Assets		22	(63)
Decrease / (Increase) in Accounts Receivable		2,815	(337)
Decrease / (Increase) in Other Receivables and Prepayments		311	30
(Decrease) / Increase in Unearned Income - Directors Registration and License		46	45
(Decrease) / Increase in Unearned Income - CIMA Transactional Fees		(75)	33
(Decrease) / Increase in Other Liabilities and Payables		(272)	1,635
Decrease / (Increase) in Stocks		287	(317)
(Decrease) / Increase in Demand Liabilities		4,126	(1,802)
NET CASH PROVIDED BY OPERATING ACTIVITIES		19,443	25,019
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Equipment and Intangible Assets	6	(9,304)	(3,383)
Net Purchase of Financial Investments Currency Reserve Assets		(3,209)	(3,578)
Net (Gain) / Loss on Fair Value of Sales and Maturities of Financial Investments		131	361
Net purchase of financial investments Operating Assets		(918)	(4,809)
NET CASH FROM INVESTING ACTIVITIES		(13,300)	(11,509)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Lease Liability Payments	10	(2,438)	(2,426)
Contribution Paid to CI Government		(3,000)	-
NET CASH USED IN FINANCING ACTIVITIES		(5,438)	(2,426)
INCREASE IN CASH AND CASH EQUIVALENTS		105	11,084
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR		151,972	140,888
CASH AND CASH EQUIVALENTS, END OF THE YEAR	4b	152,677	151,972

The accompanying notes on pages 8-38 form an integral part of these financial statements.

Notes to the Financial Statements

1. Organisation and Objectives

The Cayman Islands Monetary Authority (the "Authority") was established under the *Monetary Authority Act, 1996* on 1 January 1997. Under the *Monetary Authority Act (2020 Revision)* (the 'Act (2020 revision)'), the primary functions of the Authority are:

- To issue and redeem Cayman Islands currency notes and coins and to manage the Currency Reserves;
- To regulate and supervise the financial services business;
- To provide assistance to overseas regulatory authorities; and
- To advise the Cayman Islands Government on regulatory matters.

As at 31 December 2024 the Authority has 306 employees (31 December 2023: 268). The Authority is located in Cricket Square, George Town, Grand Cayman, Cayman Islands.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of Preparation

Statement of compliance

The financial statements of the Authority are prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the accrual basis under historical cost convention except unless otherwise stated.

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

b) Foreign Currency Translation

Functional and presentation currency

The reporting currency is Cayman Islands dollars. All financial information is rounded to the nearest thousand dollars, except as otherwise indicated. Any discrepancies between totals and sums of components are due to rounding.

Transactions and balances

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Assets and liabilities are translated at the exchange rate in effect at the date of the statement of financial position.

c) Use of Estimates and Judgements

The preparation of financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

Notes to the Financial Statements

Significant Accounting Policies (continued)

a) *Financial Instruments*

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Authority's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. All debt instruments are classified as "Hold to collect and sell" and recognised at fair value through OCI. Accounts receivables are measured at the transaction price determined under IFRS 15.

Cash and Cash Equivalents are classified as amortised cost.

The Authority's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Authority commits to purchase or sell the asset.

Classification and measurement

Financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through profit or loss.

All debt instruments are subsequently measured at fair value with gains and losses arising due to change in the fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

Notes to the Financial Statements

Significant Accounting Policies (continued)

Financial Instruments (continued)

Derecognition

A financial asset is derecognised when:

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

On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Impairment of financial assets

The Authority recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For accounts receivables, the Authority applies a general approach in calculating ECLs.

For debt instruments at fair value through OCI, the Authority applies the low credit risk simplification. At every reporting date, the Authority evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Authority reassesses the credit rating of the debt instrument. In addition, the Authority considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Authority's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Authority's policy to measure ECLs on such instruments on a 12-month basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities comprise other liabilities and payables, accrued expenses and notes and coins in circulation.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Notes to the Financial Statements

Significant Accounting Policies (continued)

Financial Instruments (continued)

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derecognition

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

i) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of current and call deposits and fixed deposits maturing within three months from the date of measurement or year-end.

ii) Short-term Investments

Short-term investments represent fixed deposits with banks and other financial institutions or treasury bills with original maturities of greater than three months but less than twelve months from the date of acquisition.

iii) Stock of Notes and Coins for/ in Circulation

The stock of unissued currency notes is stated at cost of production. Only the cost of notes issued into circulation is expensed, on a "first in, first out" basis. All associated cost such as shipping, handling and insurance are expensed immediately.

When currency is issued, the face value of the currency is also recognised as a liability within the "Demand Liabilities, Currency in Circulation".

iv) Stocks of Numismatic Items

Stocks consist of gold and silver bullion arising from the melt-down of numismatic coins (the gold and silver bullion content of the following categories of numismatic coins: coins for resale, museum items and coins awaiting melt-down). Bullion stocks are stated at year-end market values for gold and silver bullion and unrealised gain/loss are recorded in the statement of comprehensive income.

v) Numismatic Coins in Circulation

The total nominal value of numismatic coins outstanding as at 31 December 2024 is \$14,492k (31 December 2023: \$14,492k). No liability for redeeming numismatic coins is recognised in the financial statements, since the amount of redemption cannot be reasonably estimated, and the probability of material redemption is remote. Redemption costs and sales proceeds are recorded in the statement of comprehensive income as incurred.

vi) Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income in the financial period in which they are incurred.

Notes to the Financial Statements

Significant Accounting Policies (continued)

Property and Equipment (continued)

Depreciation is charged to the statement of comprehensive income on the straight-line method to allocate the cost of each asset over their estimated useful lives as follows:-

• Furniture and Fixtures	5 years
• Motor Vehicles	5 years
• Office Equipment	5-7 years
• Computer Hardware	3-5 years
• Leasehold Improvements	the shorter of the term of the lease and the useful life.

The assets' useful lives are reviewed and adjusted where appropriate.

Property and equipment are derecognised on disposal or when no future economic benefits are 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 recognised in the statement of comprehensive income in the period the asset is derecognised.

a) Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance. The Authority's intangible assets comprise externally acquired computer software. Costs associated with maintaining computer software programmes are charged to the statement of comprehensive income in the financial period in which they are incurred.

All the Authority's intangible assets have a finite life. Amortisation is calculated using the straight-line method to allocate the cost of each asset over their estimated useful lives which is estimated to be three to ten years. Useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

i) Employee Benefit

Pension Plans

The Authority makes pension contributions for its eligible employees to the Public Service Pensions Plan, which is administered by the Public Service Pensions Board. The Plan has both a defined benefit and a defined contribution element. There are a number of employees who participate in other private plans, which are all defined contribution schemes.

Under defined contribution plans, the Authority pays fixed contributions and has no obligation to pay further contributions if the plan does not have sufficient assets to pay employee benefits relating to employee service in the current and prior periods. The Authority recognises contributions to a defined contribution plan when an employee has rendered services in exchange for those contributions.

A defined benefit plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the statement of financial position date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and the changes in actuarial assumptions are recognised in other comprehensive income.

Notes to the Financial Statements

Significant Accounting Policies (continued)

Employee Benefits - Pension Plans (continued)

Obligations for contributions to defined contribution and defined benefits pension plans are recognised as pension expense in the statement of comprehensive income as incurred.

Other Benefits

Other employee benefits include vacation days, sick leave, maternity and paternity leave, mental health days, personal days, other awards, and recognitions. Vacation days accumulate and vest and therefore a liability is accrued each year.

m) Allocation of Profits

Under Section 9 and 10 of the *Act (2020 Revision)*, the net profits of the Authority, after provision for all expenditure and reserves, shall be allocated such that the Currency Reserve Assets represent at least 100% of Demand Liabilities and the General Reserve represents at least 15% of Demand Liabilities. Any surplus not allocated in accordance with the above shall be transferred to the General Revenue of the Cayman Islands Government.

Under Section 39(3) of the Public Authorities Act (2020 Revision), the Authority is not required to pay dividends in accordance with the formula established by the Ministry as the Authority has been granted an exemption effective 1 January 2019 which applies to dividends payable in respect of each fiscal year thereafter. (Note 16).

n) General Reserve

The Authority maintains a General Reserve in accordance with Section 8 of the *Act (2020 Revision)*, to provide additional funding if necessary, for Demand Liabilities and obligations arising from other business of the Authority. In accordance with section 8 of the *Act (2020 Revision)* the General Reserve shall represent at least 15% of Demand Liabilities. As at 31 December 2024, the General Reserve was \$57,798k (31 December 2023: \$41,834k) equating to 33.29% (31 December 2023: 24.68%) of Demand Liabilities.

o) Currency Issue Reserve

The Currency Issue Reserve was adjusted as the stock of notes printed prior to 2004 was all issued into circulation. The Currency Issue Reserve as at 31 December 2024 was \$375k (31 December 2023: \$375k).

p) Capital Expenditures Reserve

Under Section 9 of the *Act (2020 Revision)*, the net profits of the Authority for any financial year shall include, but shall not be limited to, the income from the investments of the Authority, and the profit from the sales of investments belonging to the Authority and shall be determined by the Authority after meeting or providing for all expenditure for that year and making such provisions for contingencies and the establishment of such additional reserves as it may consider desirable. The Capital Expenditures Reserve has been established for the implementation and acquisition of key capital projects. As at 31 December 2024, the Capital Expenditure Reserve was \$20,699k (31 December 2023: \$25,003k).

q) Litigation Costs Reserve

The Litigation Costs Reserve has been established in accordance with Section 9 of the *Act (2020 Revision)*, to provide funding for costs in relation to litigation. As at 31 December 2024, the Litigation Costs Reserve was \$6,000k (31 December 2023: \$5,000k).

r) Contributed Capital

The authorised capital of the Authority is \$100 million, with The Cayman Islands Government being the sole subscriber. In 1998, the Government made a commitment to increase the Contributed Capital of the Authority to a minimum of \$10 million by yearly transfers of approximately \$0.5 million from Operating Surplus.

Notes to the Financial Statements

Significant Accounting Policies (continued)

Contributed Capital (continued)

In December 2009, Section 7 (5) of the Monetary Authority Act (2008 Revision) was amended by the Monetary Authority (Amendment Act, 2009), to allow Cabinet to vary the amount of paid-up capital held by the Authority, and where the capital is reduced any excess shall be transferred by the Authority to the Government. In June 2010, the Cayman Islands Government withdrew \$8.250 million. Contributed Capital as at 31 December 2024 was \$2.328 million (31 December 2023: \$2.328 million).

i) Revenue Recognition

The Authority adopted IFRS 15 (Revenue from Contracts with Customers) from 1 January 2018. This standard was applied using the modified retrospective method, with the cumulative effect recognised in general reserves on 1 January 2018. This core principle is delivered in a five-step model framework which are: (1) Identify the contract with a customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligations in the contract; and (5) Recognise revenue when the Authority satisfies a performance obligation.

The Authority's main source of income is derived from the services it provides to the Government of the Cayman Islands. The Authority's other sources of income are generated from Directors Registration and Licensing Fees (DRL fees), CIMA transactional fees, its investments, bank balances, and other currency transactions.

To be compliant with the Directors Registration and Licensing Act, 2014, and therefore deemed to be fully registered, Directors are required to file an annual registration (prescribed form) and pay the fee by 15 January.

DRL fees received (for current and prior years) are recognised as revenue in the year that the Director has fully registered for those years.

Penalties for late registrations are recognised as revenue in the year in which they are received.

Any DRL or CIMA transactional fees received in advance of the year for which they are earned, are recorded as unearned revenue and subsequently recognised as revenue for the pertinent year.

Commission Income is recognised as earned on redemption of currency in circulation.

Rendering of Services (Services provided to the Cayman Islands Government and CIMA Transactional Fees) are recognised as revenue when the related service is rendered.

Net Loss or Gain on Numismatic Items – bullion stocks are stated at year-end market values. Numismatic coins sales and expenses are accounted for with the revaluation gain/loss.

Investment Income and other sources of income are accrued as earned.

i) IFRS 16 Leases

The objective of IFRS 16 is to report information that (i) faithfully represents lease transactions and (ii) provides a basis for users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. To meet the objective, the Authority has recognised assets and liabilities arising from its lease agreements.

a) Going concern

Management has assessed that the Authority has the ability to continue as a going concern and has accordingly prepared these financial statements on a going concern basis.

Notes to the Financial Statements

2.1 Changes in Accounting Standards

Certain new accounting standards have been published that are not mandatory for the 31 December 2024 reporting period. The impact of these new standards is set out below:

Amendments to IFRS 16 – Leases which add to requirements to, for a seller-lessee would apply the subsequent measurement requirements in IFRS 16 to the lease liability that arises in a sale and leaseback transaction (Effective for annual reporting periods beginning on or after 1 January 2024).

The amendment applies to paragraphs 36-38 of IFRS 16 to a sale and leaseback transaction with variable lease payments, a seller-lessee be required:

- i) to determine the lease payments made (as described in paragraph 36(b)) as the payments included in the measurement of the lease liability. The payments included in that measurement are those that, when discounted using the discounted rate described in paragraph 37, result in an amount equal to the carrying amount of the lease liability.
- ii) not to re-measure the lease liability to reflect any reassessment of future variable lease payments.
- iii) to apply paragraph 38 in accounting for any difference between the payments made for the lease and those included in the measurement of the lease liability.
- iv) in applying paragraph 40 and 45 of IFRS 16 to lease modification and changes in the lease term related to a sale and leaseback transaction, a seller-lessee be required to determine the revised lease payments as the revised expected payments for the lease.

It is anticipated that the amendment will not have a significant impact on the Authority's financial statements. This will be assessed in greater detail closer the effective date of adoption.

IFRS 17 Insurance Contracts and Amendments (Effective for annual reporting periods beginning on or after 1 January 2024).

In June 2020, the IASB issued amendments to IFRS 17 which creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts. The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims. Insurance contracts are required to be measured based only on the obligations created by the contracts and an entity will be required to recognize profits as an insurance service is delivered, rather than on receipt of premiums. It is anticipated that IFRS 17 will not have a significant impact on the Authority's financial statements. This will be assessed more fully in the next financial year.

Notes to the Financial Statements

3. Financial Risk Management

a) *Financial instruments at fair value*

The fair value of investments, held to collect and sell as per Note 2 (d) is classified using a fair value hierarchy that reflects the significance of the inputs disclosed in making the measurements:

Level 1 – quoted prices in active markets

Level 2 – inputs are observable either directly or derived from quoted prices

Level 3 – no observable inputs

The fair value hierarchy requires the use of observable market inputs wherever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

	<u>Level 1</u> \$000	<u>Level 2</u> \$000	<u>Level 3</u> \$000	<u>Total</u> \$000
Financial instruments at fair value as at 31 December 2024				
Investments, Hold to collect and sell	97,309	-	-	97,309
Total financial instruments	97,309	-	-	97,309

	<u>Level 1</u> \$000	<u>Level 2</u> \$000	<u>Level 3</u> \$000	<u>Total</u> \$000
Financial instruments at fair value as at 31 December 2023				
Investments, Hold to collect and sell	93,312	-	-	93,312
Total financial instruments	93,312	-	-	93,312

The Authority is exposed to interest rate risk, credit risk, liquidity risk, and market risk as a result of holding financial instruments. The following is a description of those risks and how the Authority manages its exposure to them.

b) *Interest Rate Risk*

The Authority is subject to interest rate risk on the cash placed with local and international institutions which attracts interest. The Authority is not exposed to significant interest rate risk as the cash and cash equivalents are placed on call and available on demand. The Authority's investments are at fixed interest rates. Volatility in market interest rates not only affect the return on investments, but also the discount rate used to measure funding valuations, pension and post-retirement healthcare liabilities, and IFRS 16 Lease Assessments. Interest rate risks, in terms of investment returns, are mitigated primarily by investing in fixed income instruments that are relatively easy to divest and the avoidance of derivatives.

No interest payments are charged to customers on late payments on accounts receivable.

Notes to the Financial Statements

Financial Risk Management (continued)

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation (IFRS 7). The Authority manages credit risk by adhering to the Authority's investment guidelines for its Currency Reserves Assets which establishes counterparty concentration limits and minimum standards that each counterparty must attain. The Authority's current, call, and fixed deposits are placed with high credit quality institutions. Credit risk with respect to long and short-term investments, accounts and interest receivable, and other receivables is limited as the Authority only transacts business with counterparties it believes to be reputable and capable of performing their contractual obligations.

	31 December 2024	31 December 2023
	\$000	\$000
Investments, Hold to collect and sell		
AAA	75,762	72,970
AA	7,681	9,225
A	<u>13,866</u>	<u>11,117</u>
	<u>97,309</u>	<u>93,312</u>
Cash and cash equivalents		
Cash at bank and in-hand		
AAA	262	247
AA	3,656	9,652
A	<u>16,601</u>	<u>21,656</u>
	<u>20,519</u>	<u>31,555</u>
Overnight repurchase agreements		
AAA	132,167	120,333
	<u>152,686</u>	<u>151,888</u>

e) Liquidity risk

Liquidity risk is the risk that an entity will have difficulties in meeting its financial obligations (IFRS 7). Liquidity risk is managed on a basis which generally requires the Authority to hold assets of appropriate quantity and quality to meet all its obligations as they fall due. The Authority's investment guidelines for its Currency Reserves Assets are, in order: security, liquidity, and income. Accordingly, the Authority believes that it is not exposed to any significant level of liquidity risk.

f) Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks (IFRS 7). The ranges of interest rates and maturity dates are presented in Note 4. The carrying amount of call accounts, fixed deposit accounts, interest receivable and other liabilities approximated their fair value due to the short-term maturities of these assets and liabilities. The fair value of investments is presented in Note 4. The fair values of other assets and liabilities are not materially different from the carrying amounts. Readily available markets enable the determination of fair values.

Notes to the Financial Statements

4. Currency Reserve and Operating Assets

Sections 32(8) of the *Act (2020 Revision)* mandates the preservation of Currency Reserve Assets, separately from all other assets of the Authority. These assets are to be used to fund the Authority's currency redemption obligations. (See Note 8.) They shall not be used to satisfy liabilities arising from any other business of the Authority. After all Demand Liabilities are extinguished, any surplus Currency Reserve Assets would form, in part, the assets of the General Reserve. (See Note 2 n.)

Under the *Act (2020 Revision)*, sections 32(2) and 32(6) respectively, the Currency Reserve Assets consist of external assets (not less in value than an amount equivalent to ninety percent of Demand Liabilities) and local assets (not to exceed ten percent of Demand Liabilities). Under 32(4) local assets shall be in value not less than the difference, if any, between the amount of its total demand liabilities and the value of external assets.

As at 31 December 2024, the value of Currency Reserve Assets was \$218,025k (31 December 2023: \$203,216k) representing 125.56% (31 December 2023: 119.88%) of total Demand Liabilities. The value of external assets equated to 122.47% (31 December 2023: 115.75%) while the value of local assets as at 31 December 2024 equated to 3.09% (31 December 2023: 4.13%) of Demand Liabilities.

Currency Reserve Assets comprise the following:

a) Investments

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial assets were acquired. The investments are actively traded, classed as 'hold to collect and sell', and meet the principal investment objectives of the Authority - security, liquidity, and income.

The investment portfolio is managed by independent fund managers in accordance with investment guidelines established by the Board of Directors of the Authority, in accordance with the *Act (2020 Revision)*. Management fees are calculated based on the market value of the portfolio and are payable quarterly in arrears. Either party may terminate the agreement with thirty days' notice.

Long-term Investments: U.S. Treasury Notes and Bonds and Corporate Bonds stated at market value, with interest rates ranging from 1.578% to 7.47% and maturity dates between 31 December 2025 and 20 January 2054.

There are six MBS securities with maturities over ten years (31 December 2023 – Four).

The investment guidelines states that:

- i) For amortizing securities (MBS) the average life shall be used in place of maturity.
- ii) The average maturity for the portfolio shall not exceed 5 years.

	31 December 2024	31 December 2023
	\$000	\$000
Range of maturities		
1-5 years	69,169	66,174
6-10 years	541	-
Over 10 years	6,108	5,595
	<hr/> <u>75,818</u>	<hr/> <u>71,769</u>

Notes to the Financial Statements

Currency Reserve and Operating Assets (continued)

Investments (continued)

Short-term Investments – Currency Reserve Fixed Deposit maturity date 12 June 2025.

	31 December 2024 \$000	31 December 2023 \$000
U.S. Treasury Notes	-	220
Corporate Bonds rated A or higher	-	656
Fixed Deposit	2,770	2,662
Total Short-term Investments	2,770	3,740

Short-term Investments – Operating AAA U.S. Treasury Bills maturity dates 07 Jan 2025 – 28 Jan 2025. Fixed Deposit maturity dates 01 Jan 2025 – 01 April 2025.

	31 December 2024 \$000	31 December 2023 \$000
U.S. Treasury Bills	14,154	13,472
Fixed Deposit	4,567	4,331
Total Short-term Investments	18,722	17,803

All investments are measured at fair value, designated as such upon initial recognition.

b) Cash and Cash Equivalents

The Authority maintains current, call and fixed term deposits with domestic and foreign banks. Under the *Act (2020 Revision)*, domestic deposits (as part of the Currency Reserve Assets) cannot exceed 10% of Demand Liabilities. At 31 December 2024, domestic deposits were \$4,599k (31 December 2023: \$5,512k) representing 2.65% (31 December 2023: 3.25%) of Demand Liabilities.

Interest was earned on domestic call accounts at a rate of 0.01% during the period ended 31 December 2024 (31 December 2023: 0.01%). The domestic fixed deposits earned interest at rates ranging between 2.70% to 5.40% during the period ended 31 December 2024 (31 December 2023: 4.70% to 5.40%).

The Federal Reserve call account balance is non-interest bearing; however, the excess balances are invested daily in a repurchase agreement. Interest is calculated on the average daily balance of the foreign investment call account. During the period ended 31 December 2024 no interest was earned (31 December 2023: None).

Overnight repurchase agreements for terms of one business day are acquired through buy back transactions with the US Federal Reserve to earn an overnight interest rate of 4.25% (31 December 2023: 5.30%).

Notes to the Financial Statements

Currency Reserve and Operating Assets (continued)

Cash and Cash Equivalents (continued)

	Holding Currency	31 December 2024	31 December 2023
			\$000
i) Operating Assets			
Current	KYD	(22)	(5)
Savings	KYD	3,259	6,146
Savings & Call	USD	4,948	1,261
Fixed Deposit	KYD	-	8,990
Fixed Deposit	USD	9,080	11,072
CI Cash on Hand		15	89
Total Current and Call Deposits		17,280	27,553
Total Cash and Cash Equivalent - Operating Assets		17,280	27,553
ii) Currency Reserve Assets			
Domestic Deposits	Holding Currency	31 December 2024	31 December 2023
Savings	KYD	1,561	1,476
Savings	USD	268	1,372
Foreign Deposits			
Federal Reserve Bank	USD	262	247
Investment Portfolio	USD	1,139	989
Federal Reserve Repurchases			
Agreement	USD	132,167	120,333
Total Call Deposits		135,397	124,419
Total Cash and Cash Equivalent - Currency Reserve		135,397	124,419
Total Cash and Cash Equivalent		152,677	151,972

iv) Financial Instruments

The IFRS 9 significant accounting policies applied in the current period are described in Note 2.

Cash and cash equivalents

All classes of cash and cash equivalents as disclosed in Note 4b are classified as amortised cost under IFRS 9. The ECLs for cash and cash equivalents balances were insignificant.

Investment securities

Debt instruments under IFRS 9, are classified as hold to collect and sell and measured at fair value through OCI and amortised cost.

The ECLs for short and long-term investments balances were insignificant.

Receivables

Receivable as disclosed in Note 5 are classified as amortised cost under IFRS 9. The ECLs for these receivables were insignificant.

Notes to the Financial Statements

5. Receivables and Prepayments

a) *Age profile of Accounts Receivable*

	31 December 2024	31 December 2023
Period Outstanding Days		
1-30	\$1000	\$1000
	1,127	3,942
	<u>1,127</u>	<u>3,942</u>

The creation and release of provision for impairment of receivables has been included in Other Operating expenses (Note 13) in the statement of comprehensive income. Receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include amongst others, the failure of a debtor to engage in a repayment plan with the Authority, and failure to make contractual payments for a period greater than 120 days past due. At 31 December 2024, there were no receivables greater than 120 days past due.

	31 December 2024	31 December 2023
Output Income	\$000	\$000
	-	2,922
CIMA Transactional Fees	668	581
Directors Registration and Licensing Fees	450	439
Accounts Receivable, net	<u>1,127</u>	<u>3,942</u>

b) *Other Receivables and Prepayments*

	31 December 2024	31 December 2023
Prepayments	\$000	\$000
	654	1,143
Other Deposits	232	146
Accrued Interest	70	95
Employee Advances	176	81
	<u>1,132</u>	<u>1,465</u>

Notes to the Financial Statements

6a. Property and Equipment

	Furniture & Fixtures	Household Improvement	Computer Equipment Hardware	Office Equipment	Motor Vehicle	TOTAL TANGIBLE	Work in Progress	GRAND TOTAL
Original Cost	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
Balance as at 1/1/2023	(347)	4515	2524	446	21	4722	1,117	15,369
Additions	-	-	11	5	-	9	\$119	9,311
Redeem	-	-	70	-	-	70	-	70
Balance as at 31/12/2023	(187)	4515	2534	461	20	4720	1,117	15,316

Accumulated Depreciation and Amortisation

Balance as at 1/1/2023	99	3002	1711	307	17	432	-	6,373
Depreciation and Amortisation for the year	117	712	251	26	3	476	-	4,766
Written off Depreciation	-	-	70	-	-	70	-	70
Balance as at 31/12/2023	126	4514	1936	413	20	539	-	13,399
 Net Book Value as at 31/12/2023	 126	 4514	 1936	 413	 20	 539	 -1,117	 12,282
 Net Book Value as at 31/12/2022	 26	 710	 806	 59	 3	 140	 -1,117	 6,987

	Furniture & Fixtures	Household Improvement	Computer Equipment Hardware	Office Equipment	Motor Vehicle	TOTAL TANGIBLE	Work in Progress	GRAND TOTAL
Original Cost	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
Balance as at 1/1/2022	1244	4511	2116	411	21	6,290	476	12,666
Additions	3	7	87	8	-	105	2,938	5,003
Redeem	-	-	37	-	-	37	(37)	-
Balance as at 31/12/2022	1247	4515	2,524	446	20	6,753	1,117	13,399

Accumulated Depreciation and Amortisation

Balance as at 1/1/2022	227	1,741	1,445	361	11	5,383	-	5,383
Depreciation and Amortisation for the year	222	1,002	273	21	4	1,590	-	1,590
Balance as at 31/12/2022	94	1,742	1,718	382	17	6,873	-	6,873
 Net Book Value as at 31/12/2022	 94	 1,742	 1,718	 382	 17	 6,873	 -1,117	 4,999
 Net Book Value as at 31/12/2023	 31	 1,741	 45	 81	 7	 3,068	 476	 3,443

Notes to the Financial Statements

6b. Intangible Assets

	Intangible	TOTAL	Work in Progress	GRAND TOTAL
Original Cost	1,000	1,000	0	1,000
Balance as at 31/12/2023	5,666	5,666	284	5,950
Additions	146	146	107	253
Reclass/Transfers	171	171	(171)	-
Disposals	(88)	(88)	(59)	(147)
Balance as at 31/12/2024	5,895	5,895	161	6,056

Accumulated Depreciation and Amortisation

Balance as at 31/12/2023	4,334	4,334	-	4,334
Depreciation and Amortisation for the year	485	485	-	485
Released on disposals	(88)	(88)	-	(88)
Balance as at 31/12/2024	4,731	4,731	-	4,731
Net Book Value as at 31/12/2024	1,164	1,164	161	1,325
Net Book Value as at 31/12/2023	1,332	1,332	284	1,616

	Intangible	TOTAL	Work in Progress	GRAND TOTAL
Original Cost	1,000	1,000	0	1,000
Balance as at 31/12/2022	5,685	5,685	132	5,817
Additions	128	128	152	280
Disposals	(147)	(147)	-	(147)
Balance as at 31/12/2023	5,666	5,666	284	5,950

Accumulated Depreciation and Amortisation

Balance as at 31/12/2022	4,059	4,059	-	4,059
Depreciation and Amortisation for the year	422	422	-	422
Released on disposals	(147)	(147)	-	(147)
Balance as at 31/12/2023	4,334	4,334	-	4,334
Net Book Value as at 31/12/2023	1,332	1,332	284	1,616
Net Book Value as at 31/12/2022	1,626	1,626	132	1,758

Notes to the Financial Statements

7. Stocks

	31 December	31 December
	2024	2023
	\$'000	\$'000
Bullion from the melt-down of coins	796	656
Coins for resale	595	349
Museum items	175	125
	<u>1,566</u>	<u>1,130</u>
Inventory of unissued currency notes and coins	755	1,480
Total Stocks	<u>2,323</u>	<u>2,610</u>

The amount of inventory recognised as expense during the period amounted to \$725k (2023: \$874k). The currency related expenses during the period amounted to \$15k (2023: \$15k). The Bullion stocks are stated at year-end market values for gold and silver bullion and held with a third party.

8. Liabilities

a) *Demand Liabilities*

Demand Liabilities represents the face value of currency notes and coins in circulation. These liabilities are fully funded by the Currency Reserve Assets.

Total Demand Liabilities comprise:

	31 December	31 December
	2024	2023
	\$'000	\$'000
Currency notes in circulation	158,586	154,773
Currency coins in circulation	15,055	14,742
Total Demand Liabilities	<u>173,641</u>	<u>169,515</u>

Notes to the Financial Statements

Liabilities (continued)

b) Other Liabilities and Payables

	31 December 2024	31 December 2023
	\$000	\$000
Unearned income - Director Registration Fees	4,700	4,654
Unearned income - CIMA Transactional Fees	13	89
Performance Awards & Honorarium	1,840	1,164
Accounts payable	1,030	1,185
Professional Fees	141	729
Other accruals	189	446
Annual leave accrual	491	425
Other Payables	48	60
	<hr/> <u>8,452</u>	<hr/> <u>8,752</u>

As at 31 December 2024, Other Payables included unsettled investment management and custody fees of \$15k (2023: \$18k).

c) Dividend due to CJ Government

In 2024 the Board approved to pay over \$3,000k of the net income for the period 2023 to the General Revenue of the Cayman Islands Government in accordance with Section 9 and 10 of the *Act (2020 Revision)*. During the year ended 31 December 2024, the net income allocation of \$3,000k was paid over to the Cayman Islands Government.

9. Post-Employment Benefits

a) All Pension Plans

Pension contributions for eligible employees of the Authority are paid to the Public Service Pensions Plan (the "Plan"), and other private sector pension plans.

The Plan is administered by the Public Service Pensions Board ("the Pensions Board") and is operated as a multi-employer plan. Prior to 1 January 2000, the Plan operated as a defined benefit ("DB") plan. With effect from 1 January 2000, the Plan had both a DB and a defined contribution ("DC") part, with participants joining after 1 January 2000 becoming members of the defined contribution element only.

Using the Projected Unit Credit method of measuring costs and obligations, the actuarial assessment for the Authority assessed the minimum normal annual contribution to be 13 % in the 'Actuarial Valuation as of 01 July 2005 for the purposes of establishing required contribution rates towards the Public Service Pensions Plan. This rate included a 1% for the cost of all the benefits that are provided over and above those related to the participant's total account balance. The 01 January 2020 actuarial valuation of the Public Service Pensions Plan for funding purposes has been completed and the Authority's prescribed employer contributions rates are 11.9% for DB participants and 6.4% for DC participants. The 01 January 2022 actuarial valuation of the Public Service Pensions Plan for funding purposes has been completed in 2024 and the Authority's prescribed employer contributions rates are 14.1% for DB participants and 6.4% for DC participants. For some employees in the defined benefit plan and the defined contribution plan, the Authority pays both the employer and employee contributions.

Notes to the Financial Statements

Post-Employment Benefits (continued)

And Pension Plans (continued)

The Plans are funded at rates of: -

	31 December 2024	31 December 2023
Defined Contribution Plans	%	%
Employee	6	6
Employer	6.4	6.4
Defined Benefit Plans	%	%
Employee	6	6
Employer	14.1	11.5

The Actuary to the Pensions Board has valued the Plan as at 31 December 2024. The defined contribution part of the Plan is not subject to actuarial valuation due to the nature of the benefits provided therein.

The total amount recognised as a pension expense for the period ended 31 December 2024 was \$(956k) (31 December 2023 \$(58)). The actual amount of pension expense relating to the defined benefits for staff should also include the effect of any changes in the actuarial determined liability. Pension expense is the expense under IAS 19, inclusive of service cost, amortisations and net interest. Current service cost represents the pension cost to the Authority associated with the financial year benefit accruals and is net of any participant contributions.

	31 December 2024	31 December 2023
	\$000	\$000
Public Service Pension Plan Defined Benefit	134	226
Public Service Pension Plan Additional cost contribution DB	170	69
Public Service Pension Plan Defined Contribution	1,114	923
Public Service Pension Plan Additional cost contribution DC	71	64
Private Pension Plans	442	393
Defined Benefit Pension cost IAS 19 valuation	(212)	(64)
Total Pension Expense All Plans	1,719	1,611
Remeasurement of DB Plan in OCI	(2,675)	(1,669)
Total Pension Expense	<u>(956)</u>	<u>(58)</u>

Notes to the Financial Statements

Post-Employment Benefits (continued)

b) Defined Benefit Pension

The actuarial position is as follows:

	31 December 2024	31 December 2023	31 December 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
Net Present Value of Funded Obligation	(9,821)	(10,866)	(9,906)	(15,012)
Fair Value of Plan Assets	17,389	15,547	12,854	15,344
Funded Status	7,568	4,681	2,948	332
Net Asset/(Liability)	7,568	4,681	2,948	332

	31 December 2024	31 December 2023
	\$'000	\$'000
Components of defined benefit pension cost		
Current service cost	273	245
Interest expense on DBO	554	530
Interest income on plan assets	(799)	(695)
Defined benefit cost included in P&L	26	80
Remeasurements (recognised in other comprehensive income)		
Effect of changes in demographic assumptions	-	-
Effect of changes in financial assumptions	(1,224)	(234)
Effect of experience adjustments	247	401
(Return) on plan assets (excluding interest income)	(1,696)	(1,836)
Total remeasurements included in OCI	(2,675)	(1,669)
Total defined benefit cost recognised in P&L and OCI	(2,647)	(1,589)
Employer Contributions		
Asset re-allocations true up	-	-
Total net defined benefit cost recognised in P&L and OCI	(2,647)	(1,589)
Reconciliation of defined benefit pension liability		
	31 December 2024	31 December 2023
	\$'000	\$'000
Previous year net defined benefit liability	(4,681)	(2,948)
Defined benefit cost included in P&L	26	80
Total remeasurement included in OCI	(2,675)	(1,669)
Employer contributions	(240)	(144)
Net Transfer in (including the effect of any business combinations/divestures/transfers)	-	-
Net defined benefit (asset)/liability	(7,568)	(4,681)

Notes to the Financial Statements

Post-Employment Benefits (continued)

Defined Benefit Pension (continued)

	31 December	31 December
	2024	2023
Change in defined benefit pension obligation		
	\$000	\$000
Defined benefit obligation at end of prior year	10,866	9,906
Current service cost	273	245
Interest expense	554	530
Transfers between Other Participating employers	(971)	(20)
Benefit payments from plan assets	-	(37)
Plan participant contributions	76	75
Remeasurements:-		
Effect of changes of demographic assumptions		-
Effect of changes of financial assumptions	(1,224)	(234)
Effect of experience adjustments	247	401
Defined benefit obligation at end of year	<u>9,821</u>	<u>10,866</u>

	31 December	31 December
	2024	2023
Change in fair value of plan assets		
	\$000	\$000
Fair value of plan assets as at end of prior year	15,547	12,854
Interest income	799	695
Employer contributions	240	144
Plan participant contributions	76	75
Transfers between Other Participating employers	(971)	(20)
Benefit payments from plan assets	-	(37)
Other significant events:-		
Increase/(Decrease) due to effect of any business combinations/divestitures/transfers	-	-
Remeasurements:-		
Return on assets (excluding interest income)	1,698	1,836
Fair value of plan assets at end of year	<u>17,389</u>	<u>15,547</u>

Composition of Plan Assets

The composition of the total plan assets managed by the PSPB, as at 31 December 2024 and 31 December 2023, was as follows:-

Notes to the Financial Statements

Post-Employment Benefits (continued)

Defined Benefit Pension (continued)

	31 December 2024	31 December 2023
	%	%
Global equity securities	81	81
Debt securities	18	18
Cash	1	1
Total	100	100

Actuarial Assumptions

The principal actuarial assumptions used to determine benefit obligations at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
	%	%
Effective discount rate for defined benefit obligation	5.75	5.15
Rate of salary increase	see note below	see note below
Price inflation rate	see note below	see note below
Rate of pension increases	see note below	see note below
Rate of salary increase –	5.0% in 2025, 4.0% in 2026, and 3.0% thereafter.	
Price inflation rate –	2.9% in 2025, 2.5% in 2026, 2.2% in 2027, and 2.0% thereafter.	
Rate of pension increase –	2.9% in 2025, 2.5% in 2026, 2.2% in 2027, and 2.0% thereafter.	

The economic assumptions used to determine Net Periodic Benefit Cost for the period ended 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
	%	%
Weighted-average assumptions to determine defined benefit cost:		
Effective rate for net interest cost	5.10	5.35
Effective discount rate for service cost	5.10	5.35
Effective rate for interest on service cost	5.15	5.40
Rate of salary increase	see note below	see note below
Price inflation rate	see note below	see note below
Rate of pension increases	see note below	see note below
Rate of salary increase –	4.0% in 2024, and 3.7% thereafter.	
Price inflation rate –	2.5% in 2024, 2.4% in 2025, and 2.0% thereafter.	
Rate of pension increase –	2.5% in 2024, 2.4% in 2025, and 2.0% thereafter.	
Other Assumptions:		
Mortality –	Standard U.S. mortality rates.	
Retirement Age –	attainment of age 57 and at least 10 years of service	
Asset Valuation –	Fair (Market) Value	

Notes to the Financial Statements

Post-Employment Benefits (continued)

Defined Benefit Pension (continued)

	31 December	31 December
	2024	2023
	\$000	\$000
Sensitivity analysis on defined benefit pension obligation		
Discount rate		
Discount rate - 25 basis points	10,239	11,352
Discount rate + 25 basis points	9,427	10,409
Inflation rate		
Inflation rate - 25 basis points	9,480	10,419
Inflation rate + 25 basis points	10,180	11,340
Mortality rates		
Mortality - 10% of current rates	9,092	11,072
Mortality + 10% of current rates	9,663	10,676
Expected cash flows for following year		
Expected employer contributions	158	176
Participant contributions	67	75
Defined benefit obligation by participant status		
Actives	6,639	8,307
Vested deferreds	3,182	2,359
Total	<hr/> 9,821	<hr/> 10,666

a) Defined Benefit Healthcare

The Authority has established a Post-retirement Healthcare program for some employees/retirees who are/were members of the PSPB Defined Benefits Pension plan. This group included some employees who were transferred to the Authority from core Cayman Island Government (CIG) upon the creation of the Authority. The intention was that the staff members transferred to the Authority will not be worse off after the transfer in terms of the employee benefits, they enjoyed as employees of the CIG.

This action (accepting responsibility to provide the same healthcare benefits enjoyed by CIG employees for the transferred employees and other long-serving employees who are members of the PSPB Defined Benefit plan) creates a valid expectation on the part of these employees and therefore results in a constructive obligation on the Authority. Consequently, for these employees, the Authority provides for a post-retirement healthcare obligation plan identical to the CIG (which is in accordance with paragraph 18(2) of Schedule 1 of the Personnel Regulations (2022 Revision)). Under this plan, the premiums for this healthcare coverage would be paid for by the Authority for all eligible employees, together with their spouses (until the end of their lives) and dependent children (until the end of their eligibility as a dependent child). To be eligible, the Authority would have been the employee's principal employer for 10 consecutive years and also retire in service with the Authority.

This coverage falls within the definition of a defined benefit as defined by IFRS and as such represents a future liability of the Authority. The Authority is therefore required to use the actuarial valuation method to determine the present value of its healthcare benefit obligations and the related current service costs for its future (qualified) retirees. IAS 19 requires that the funded or unfunded post-employment benefits to be recognised in the statement of financial position (in the case of net defined liability or asset) and the statement of comprehensive income (for the annual expense).

The Authority obtained the services of Mercer Actuaries of Canada to provide actuarial valuation service. The report of their valuation and the details of the valuation method and assumptions used are presented hereunder in accordance with IAS 19.

Notes to the Financial Statements

Post-Employment Benefits (continued)

Defined Benefit Healthcare (continued)

The Authority has a present value net defined healthcare benefit obligation of \$8,555k at the end of the financial year 31 December 2024 (31 December 2023: \$9,074k).

	31 December	31 December
	2024	2023
	\$'000	\$'000
Change in defined benefit healthcare obligation		
Defined benefit obligation at end of prior year	9,074	8,082
Current service cost	294	300
Interest expense	465	430
Cashflows - Benefits from employer	(26)	(22)
Remeasurements:-		
Effect of changes of demographic assumptions	-	(26)
Effect of changes of financial assumptions	(1,188)	371
Effect of experience adjustments	(64)	(61)
Defined benefit obligation at end of year	<u>8,555</u>	<u>9,074</u>
 Components of defined benefit healthcare cost		
Current service cost	294	300
Interest expense on DBO	465	430
Interest income on plan assets	-	-
Defined benefit cost included in P&L	<u>759</u>	<u>730</u>
 Remeasurements (recognised in other comprehensive income)		
Effect of changes in demographic assumptions	-	(26)
Effect of changes in financial assumptions	(1,188)	371
Effect of experience adjustments	(64)	(61)
Total remeasurements included in OCI	<u>(1,252)</u>	<u>284</u>
 Total defined benefit cost recognised in P&L and OCI	<u>(493)</u>	<u>1,014</u>

Notes to the Financial Statements

Post-Employment Benefits (continued)

Defined Benefit Healthcare (continued)

	31 December 2024	31 December 2023
Reconciliation of defined benefit healthcare liability		
Net defined benefit liability	\$000	\$000
Defined benefit cost included in P&L	9,074	8,082
Total remeasurement included in OCI	759	730
Cash Flows - Employer direct benefit payments	(1,252)	284
Net defined benefit liability	<u>(26)</u>	<u>(22)</u>
	<u>8,555</u>	<u>9,074</u>
Defined benefit obligation by participant status		
Actives	5,597	6,040
Retirees	2,958	3,034
Defined benefit obligation total	<u>8,555</u>	<u>9,074</u>

Actuarial Assumptions

The principal actuarial assumptions used to determine benefit obligations at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
	%	%
Weighted-average assumptions to determine defined benefit obligation		
Effective discount rate for defined benefit obligation	5.80	5.15
Healthcare cost trend rates:		
Immediate trend rates	5.15	5.19
Ultimate trend rate	4.00	4.00
Weighted-average assumptions to determine defined benefit cost		
Effective discount rate for defined benefit obligation	5.15	5.35
Effective rate for net interest cost	5.15	5.35
Effective discount rate for service cost	5.10	5.25
Effective rate for interest on service cost	5.15	5.30
Healthcare cost trend rates:		
Immediate trend rates	5.19	5.28
Ultimate trend rate	4.00	4.00

Notes to the Financial Statements

Post-Employment Benefits (continued)
Defined Benefit Healthcare (continued)

	31 December 2024 \$'000	31 December 2023 \$'000
Sensitivity analysis		
Change in defined benefit obligation		
Effective discount rates - 25 basis points	401	493
Effective discount rates + 25 basis points	(377)	(460)
Healthcare cost trend rates - 100 basis points	(1,384)	(1,634)
Healthcare cost trend rates + 100 basis points	1,743	2,101
Mortality assumption + 10%	(274)	(371)
Expected cash flows for following year		
Expected employer contributions	101	86
Expected total benefit payments		
Year 1	101	86
Year 2	118	101
Year 3	137	118
Year 4	162	137
Year 5	194	162
Next 5 years	1,481	1,291

10. Lease of premises

Accommodation

The Authority has the following:-

- i. Office Accommodation Leases with Cayman Islands Government effective 1 July 2011 on a year-to-year lease at an annual rent of CI\$47k and annual Common Area Maintenance ("CAMs") of CI\$205k.
- ii. Office Accommodation Leases with Cricket Square Ltd effective 1 June 2019 for ten (10) years at a current cost per square foot of US\$53.59 for rent;
- iii. Office Accommodation Leases with Cricket Square Ltd. effective 1 August 2020 for eight (8) years and ten (10) months at a current cost per square foot of US\$53.59 for rent;
- iv. Office Accommodation Leases with Cricket Square Three Ltd. effective 1 September 2019 for ten (10) years at a current cost per square foot of US\$47.64 for rent; and
- v. Storage Agreement with Rosseau Ltd effective 1 June 2023 for five (5) years at a current annual rent of CI\$112.0k and annual CAMs of CI\$7k.

Business Continuity Leases

As a part of its Business Continuity Plan the Authority has the following agreements:-

- i. An agreement with the DRC (Cayman Islands) Limited for dedicated seats effective 1 July 2023 for a period of three years at an annual rent of US\$224.4k;
- ii. An agreement with the DRC (Cayman Islands) Limited for dedicated suite effective 1 September 2023 for a period of five years at an annual rent of US\$87.12k; and
- iii. An agreement with the Brac Informatics Centre at an annual rent of CI\$83k.

Notes to the Financial Statements

Lease of premises (continued)

The right-of-use asset and the lease liability are reflected in the financial statements as follows:

Right-of-use asset

	2024 \$000	2023 \$000
Balance at 1 January	9,342	10,228
Additions	395	994
Depreciation charge for the year	(1,717)	(1,880)
Balance at 31 December	<u>8,020</u>	<u>9,342</u>

Lease liability

	2024 \$000	2023 \$000
Balance at 1 January	9,735	10,425
Additions	394	994
Interest Expense	591	742
Lease payments	(2,438)	(2,426)
Balance at 31 December	<u>8,282</u>	<u>9,735</u>

	Future minimum lease payments (undiscounted) \$000	Interest \$000	Present value of minimum lease payments \$000
Less than one year	2,357	(447)	1,910
Between one and two years	2,141	(346)	1,795
More than two years	5,108	(532)	4,577
	<u>9,607</u>	<u>(1,325)</u>	<u>8,282</u>

Amounts recognised in the Statement of Comprehensive Income

	2024 \$000	2023 \$000
Depreciation of right-of-use asset	1,717	1,880
Interest on lease liabilities	591	742
	<u>2,308</u>	<u>2,622</u>

The total cash outflows for leases in 2024 was \$2,438k (2023: \$2,426k).

Notes to the Financial Statements

11. Commitments

Capital and operating commitments

	One year or less	One to five years	Over five years	Total
	\$'000	\$'000	\$'000	\$'000
Capital Commitments				
Leasehold Fitouts and furniture	2,325	(1,558)	-	767
Total Capital Commitments	2,325	(1,558)	-	767
Operating commitments				
Non-cancellable contracts for the supply of goods and services	5,057	28,479	19,425	52,961
Total Operating Commitments	5,057	28,479	19,425	52,961
Total Commitments	7,382	26,921	19,425	53,728

The outstanding capital commitments are for the commitments related to new office accommodations at Cricket Square Ltd. The Authority signed the "Heads of Terms – Subject to Contract" for the Phase 7 office space in April 2022 and signed the lease on 9 March 2023.

In addition, the Authority has entered various operating commitments with terms less than one year to over five years term amounting to \$52,961k (2023: \$72,471k). A substantial part of this amount pertains to contract with Cricket Square Ltd. The Cricket Square Lease in note 10 will be replaced by the new lease for Cricket Square Phase 7, which has a rent commencement date of 1 February 2025 and is for a period of ten (10) years.

12. Related Party Transactions

a) Services Provided to the Cayman Islands Government

The Authority acts as the Government's custodian of the Cayman Islands currency as well as collector of license and other fees (these fees do not form a part of the Authority's revenue) and the regulator and supervisor of the financial services business.

One of the Authority's main sources of revenue is from the services provided to the Cayman Islands Government, which is used to cover the Authority's recurrent expenditure. As at 31 December 2024, the services provided to the Government was \$25,318k (31 December 2023: \$33,458k).

Commencing in the year ended 30 June 2007 the Authority's capital expenditure was funded from the Capital Expenditures Reserve, which was created from an allocation of the surplus for the year ended 30 June 2006; previously capital expenditure was funded by means of a Government grant. At the end of each financial year, the Authority contributes to the Government's general revenue after fulfilling Reserve requirements.

b) Directors

The Board of Directors of the Authority is appointed by Cabinet and consisted of the Chief Executive Officer ("CEO") and nine directors as at 31 December 2024 (eight directors at 31 December 2023). The fees of \$174k (2023: \$153k) relates to payments made to the eight directors only, as there is one ex-officio director.

c) Key Management Personnel

For the purposes of IAS 24 disclosure the Chief Executive Officer is included in the number and cost of the Senior Management Team. The total number of personnel on the Senior Management Team was 21 at year-end, but

Notes to the Financial Statements

Related Party Transactions (continued)

23 during the year (2023: 22) and salaries & other benefits expensed and/or paid in 2024 was \$4,674k (2023: \$4,578k).

a) Services Provided by Government Entities

The Authority obtained various goods and services from other departments/entities of the Cayman Islands Government, at prevailing market prices on an arm's length basis, in the current period in the amount of \$452k (2023: \$458k).

13. Other Operating Expenses

	31 December 2024	31 December 2023
	\$000	\$000
Maintenance and software licences	1,559	1,392
Other expenses	1,294	1,150
Currency Stock issues and related expenses	740	907
Common Area Maintenance cost (CAMS)	871	840
Merchant Discounts	233	315
Janitorial Services	192	192
Directors Fees	174	153
Management and Custody Fees	81	82
Business Continuity	137	42
Total	5,281	5,073

14. Salaries and Benefits

	31 December 2024	31 December 2023
	\$000	\$000
Salaries and Allowances	27,135	24,415
Performance Award and honorarium	1,820	1,151
Accrued Leave Provision	66	5
Medical Expense	3,391	2,607
DB Healthcare Expense	759	731
	33,171	28,909
Remeasurement of DB Healthcare liability in OCI	(1,252)	284
	31,919	29,193

15. Accommodation

As at 31 December 2024, total accommodation expense including conference room and parking was \$264k (2023: \$213k).

Notes to the Financial Statements

16. Contingencies

Section 47 of The Public Authorities Act, (2020 Revision)

Section 47 of the Public Authorities Act, (2020 Revision), (the "PAA") came into effect on 1 June 2019. The section requires public authorities to use the same salary scale as determined by Cabinet and requires the remuneration of employees of a public authority to be adjusted to reduce any differences between the public authorities' and public service's salary grades.

The Cayman Islands Government's Portfolio of the Civil Services evaluation of the Authority's salary grade versus that of the public service is still ongoing. The Authority is also in the process of conducting a full-scale analysis of the impact of adopting section 47 of the PAA. As such, management could not adjust for the impact of section 47 of the PAA in these financial statements. Management is also unable to derive an estimate of the potential impact of the evaluation on its financial statements and as such, no resultant provisions have been made in these financial statements.

Liability to the Cayman Islands Government – Compliance with the Public Authorities Act, (2020 Revision)

The Authority is required to comply with the Public Authorities Act, (2020 Revision), (the "PAA"). Section 36(1) of the PAA requires public authorities to pay an annual capital charge for the use of equity invested by the Government in the Office. The capital charge is set by the Minister of Finance and Economic Development ("the Ministry") after consultation with the public authority's board. There is no capital charge payable for 2024 (2023: \$0) because the rate for the 2024 financial year was set at 0%. Going forward, the Authority may be required to pay a capital charge in accordance with the PAA for future equity investments by the Government.

Section 39(2) of the PAA requires that where a public authority has surplus cash reserves for a period of more than ninety days, the surplus shall be paid to core Government, unless directed otherwise by Cabinet, after written consultation with the Board. In prior years, Cabinet has exempted public authorities from paying over surplus cash reserves and the Authority expects that a similar exemption will be made in respect of its surplus cash reserves as at 31 December 2024.

Under Section 39(3) of the Public Authorities Act (2020 Revision), the Authority is not required to pay dividends in accordance with the formula established by the Ministry as the Authority has been granted an exemption effective 1 January 2019 which applies to dividends payable in respect of each fiscal year thereafter.

The Ministry of Finance and Economic Development, Policy name: "Policy for the Payment of Annual Dividends by Statutory Authorities and Government Companies (SAGCs)," Policy Number 1 of 2019, section 5 and 5.b. states:

5. "The dividend formula, as provided in paragraph 18, applies to all SAGCs except for:
 - b. "The Cayman Islands Monetary Authority, where Net Profits of the Authority will be calculated, disbursed and transferred to the General Revenue of the Islands pursuant to the provisions of the Monetary Authority Act (2018 Revision) and in particular sections 9, 10 and 32 thereof."

Legal Proceedings

There are currently seven (7) ongoing judicial reviews of the Authority's regulatory decisions before various levels of the Cayman Islands courts, of which some are under seal and are therefore confidential. As the outcomes are still pending and have not been finally determined, it is not yet possible to estimate reportable costs.

Notes to the Financial Statements

17. Subsequent events

In March 2025, the Board granted its approval for the Authority to accrue \$1,300k for the payment of performance awards for the year ended 31 December 2024.

Section 7

Scrutiny by Parliament

Enactment of Legislation

CIMA plays a central role in the fight against money laundering and terrorism financing. As part of its mandate, CIMA continues to monitor issues which have an impact, or potential impact, on the jurisdiction. Amongst the measures taken are the enactment of appropriate legislation and internal regulatory reforms. During the 2024 reporting period, several legislative documents were tabled in Parliament, most of which related to anti-money laundering and financial terrorism procedures, beneficial ownership transparency and fees.

For a list of legislative documents implemented during the 2024 period, please see the Acts and Regulations section of our website.

Complaints

The Authority received a total of 167 complaints in 2024. Some of these included complaints against entities that were not registered with the Authority and complaints of entities potentially conducting business without a licence or registration to do so.

Freedom of Information

- 9 total requests received and processed
- 2 granted full access
- 3 granted partial access
- 1 no records found

Of the remaining requests, 2 were excluded entirely from release on the basis that the Freedom of Information Act ("FOI Act") excludes access to records containing information that may not be disclosed under Section 50 of the MAA, and the other request was handled outside of the FOI framework pursuant to section 6(4) of the FOI Act. Of the 3 requests for information granted in part, 2 also included information that was not disclosable under section 50 of the MAA and therefore excluded under the FOI Act, and 2 contained information that was exempt from disclosure under the FOI Act and therefore access to that information was denied. Eight requests were responded to within 30 days, and the timeframe for responding was extended for the other request under Section 7(4) of the FOI Act. One decision was appealed to the Office of the Ombudsman which was resolved without any further action required of CIMA and subsequently closed by the Ombudsman.

Section 8

Cross Government Commitment

Advisory Functions

The MAA requires CIMA to advise the Government on monetary, regulatory and cooperative matters. This includes providing advice as to whether CIMA's functions are consistent with those discharged by overseas regulators; whether the regulatory legislation is consistent with those of other countries and territories; and advising on the recommendations of international organisations.

The MAA also requires CIMA to consult with the local private sector on the proposed issuance or amendment of rules or statements of principle or guidance concerning the conduct of licensees and their officers and employees; statements of guidance concerning the requirements of the money laundering regulations, and rules or statements of principle or guidance to reduce the risk of financial services business being used for money laundering or other criminal purposes.

Through its involvement with overseas regulatory authorities, participation in local and international forums, and interaction and consultation with local and overseas market participants, CIMA is able to stay abreast of developments relevant to the local financial services sector, and the concerns of the industry, and to advise the Government based on the information gathered. CIMA also carries out its own research and assessment, including cost-benefit analyses of all new regulatory measures it proposes, and makes recommendations to the Government accordingly. Advice to the Government is provided through meetings, participation in various Government groups and through written reports and submissions, including financial sector legislative proposals (draft bills and regulations) and Cabinet papers.

The measures implemented or in development are covered in the Regulatory Developments section on page 67.

Future Objectives & Outlook

In line with our 2024 – 2026 Strategic Plan, CIMA is committed to continue delivering on its six main strategic objectives. These are:

1. Improve our technological capability for enhanced productivity, and to support efficient and effective regulation of the financial services industry
2. Provide support for improving effectiveness in combating financial crime and achieving a positive assessment on the FATF 5th Round Review of the Cayman Islands
3. Establish proactive, sustainable, and effective financial services regulation
4. Recognised as an employer of choice
5. Improve the integrity and quality of the Cayman Islands currency
6. Increase public outreach and education

The implementation of these plans will be closely monitored and reviewed on a quarterly and annual basis to ensure the degree to which each initiative is on time, on budget and within scope. They will also seek to strike an appropriate balance between the human and financial resources directed at implementing an agenda for change, and the resources needed for ongoing successful delivery of the activities and outputs outlined in the delivery model.

Risk Management

As the primary regulator of the Cayman Islands financial services industry, CIMA faces a diverse range of financial, operational, strategic, legal, and reputational risks, driven largely by an evolving financial services landscape.

CIMA has long embedded risk management into its supervisory functions through the implementation of a Risk-Based Supervisory Approach. In parallel, the Authority remains committed to integrating Enterprise Risk Management (ERM) into its internal operations. This approach seeks to preserve and enhance organisational value by aligning strategic planning and performance with appropriate capabilities, practices, and culture, all guided by the proactive identification, assessment, and management of risk.

CIMA recognises that strong risk management practices are key to building operational resilience and agility, while strengthening its reputation as a leading financial services regulator.

Key components of our risk management framework include:

1. Maintaining a robust governance structure led by the Board of Directors, supported by the Board's Risk Management Committee and the Chief Executive Officer;
2. Fostering a culture of continuous improvement by regularly reviewing and enhancing internal controls and performance; and
3. Embedding risk management practices across the organisation by assigning clear risk management responsibilities at all staff levels.

In 2024, the Authority reinforced its commitment to a strong risk management framework as a central element of stakeholder value creation. As part of this effort, CIMA initiated the recruitment of a Chief Risk Officer to lead the ERM initiative and embed the framework across all areas of the Authority's operations.



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