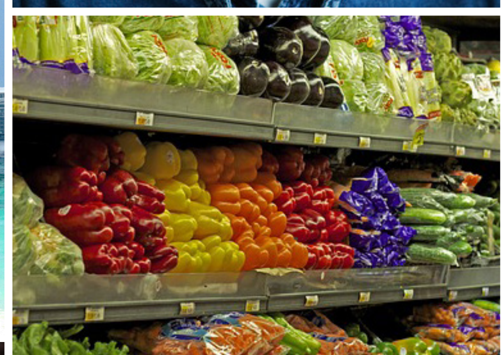
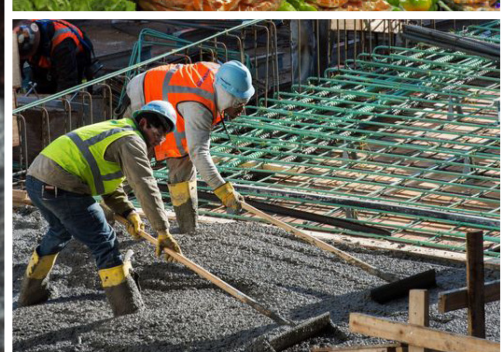
CAYMAN ISLANDS
GOVERNMENT

THE CAYMAN ISLANDS' SEMI-ANNUAL ECONOMIC REPORT 2025





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The Economics and Statistics Office

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Contents

Overview*

- Advanced economies mainly expanded in the second half of 2025, with the US economy growing by 3.8%.
- Cayman's gross domestic product is estimated to have grown in real terms at an annualised rate of 2.7% in the first half of 2025.
- The Consumer Price Index increased on average by 1.9%, mainly driven by higher costs for restaurants & hotels, communication, and education.
- The value of merchandise imports rose 10.3% to $912.1 million.
- Civil service employment rose by 3.9%, while work permits increased by 0.6%.
- Broad liquidity or money supply expanded by 5.7% to reach $9.0 billion.
- Domestic credit expanded by 1.7% as credit to the private sector rose by 3.1%; in contrast, public sector borrowings fell by 10.9%.
- The weighted average lending rate fell slightly to 8.46% from 9.50%, while the prime lending rate declined to 7.5% from 8.5%.
- Bank and trust licences decreased by 9.2% to 79, while insurance licences rose by 1.7% to 736.
- Total number of funds registered in the Cayman Islands rose by 2.6% with private funds increasing by 3.5% and mutual funds rising by 1.5%.
- Stock exchange listings rose by 0.2%, while market capitalisation fell by 4.7%.
- New company registrations increased by 6.3% to 6,440, while new partnership registrations fell by 3.3% to 1,856.
- Stayover arrivals rose by 3.4%to 259,338, while cruise arrivals rose by 0.3% to 634,492.
- The value of building permits increased by 48.2% to $252.2 million, while project approvals fell by 13.3% to $142.2 million.
- The total value of property transfers declined by 5.5% to $626.7 million. While residential property prices rose by 186.7% between 2015 and 2024.
- Electricity consumption increased by 1.4%, while water consumption rose by 4.7%.
- The central government's overall fiscal surplus slowed to $164.9 million compared with $182.2 million a year ago.
- The total outstanding debt of the central government fell to $381.0 million from $430.1 million a year ago.
- Cayman's cross-border banking position worsened over the last decade, but strong performance in other areas supported the jurisdiction's prominence in the financial space.

*Comparative data over the first six months of 2024, except when otherwise indicated. Percentage calculations may not be exact due to rounding off.

1. International Economy

1.1 Economic Growth[1]

The global economy showed moderate resilience in the first half of 2025, despite ongoing trade frictions and policy uncertainty. The United States (US) recorded an annual growth rate of 3.8%, driven by higher consumer spending and lower imports. This was partly offset by weaker investment and exports. In contrast, Canada's economy contracted by 1.6%, reflecting lower goods exports and reduced business investment. These declines were partly tempered by a build-up of business inventories, stronger household spending, and lower goods imports.

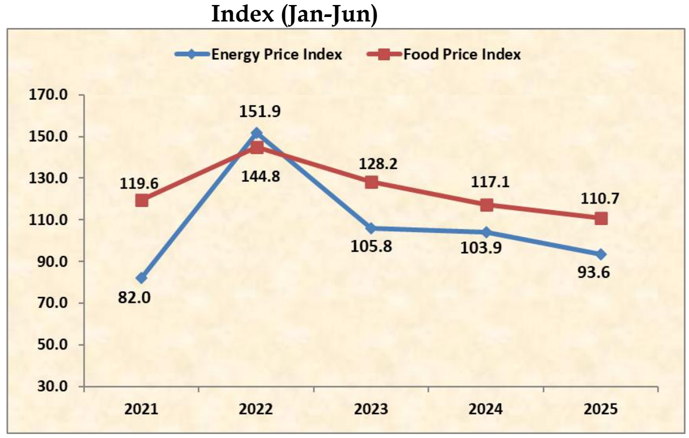
Growth in the United Kingdom (UK) and the Euro Area slowed to 0.3% and 0.1%, respectively, compared to 0.7% and 0.6% in the first quarter of 2025. The UK expansion was supported by higher government consumption, particularly in health, public administration, and defence, alongside increased gross capital formation. Meanwhile, in the Euro Area, household final consumption expenditure, government final expenditure, and changes in inventories provided the main sources of growth.

1.2 Inflation[2]

From January to June 2025, inflation rates across major economies remained generally stable compared with the same period in 2024. The United States, Canada, and the Euro Area reported inflation rates of 2.6 percent, 2.0 percent, and 2.2 percent, respectively, reflecting slight declines from 3.2 percent, 2.8 percent, and 2.5 percent in 2024. In contrast, the UK experienced a modest 0.5 percentage-point increase, with inflation rising to 3.9%.

Food and energy prices were notably lower than the previous year (see Figure 1). The food price index declined by 5.5%, falling from 117.1 to 110.7. This downturn was led by a 10.0% drop in grains, alongside decreases of 3.1% in oils and meat and 4.3% in other food categories. Global rice prices tumbled to multi-year lows, reflecting India's re-entry into the export market, subdued international demand, and increased supply from Thailand and Vietnam.

Figure 1: Global Crude Oil Prices and Food Prices Index (Jan-Jun)



Source: World Bank commodity prices (The Pink Sheet)

The energy price index fell to 93.7 from 103.9, representing a 9.9% reduction. This was mainly due to lower average prices for crude

[1] Data sourced from the US Bureau of Economic Analysis, Statistics Canada, UK Office for National Statistics and Eurostat.

[2] Data obtained from the US' Bureau of Labour Statistics, Bank of Canada, Office for National Statistics and Eurostat.

oil (down 14.6%), jet fuel (down 16.8%), and diesel prices (down 12.9%). For the period January to June 2025, the average price of crude oil stood at US$70.08 per barrel, down from US$82.07 in 2024.

1.3 Interest Rates and Exchange Rates[3]

As inflationary pressure eased in the first half of 2025, two of the four advanced economies implemented rate cuts, while the other two maintained their policy rates from the first quarter of 2025.

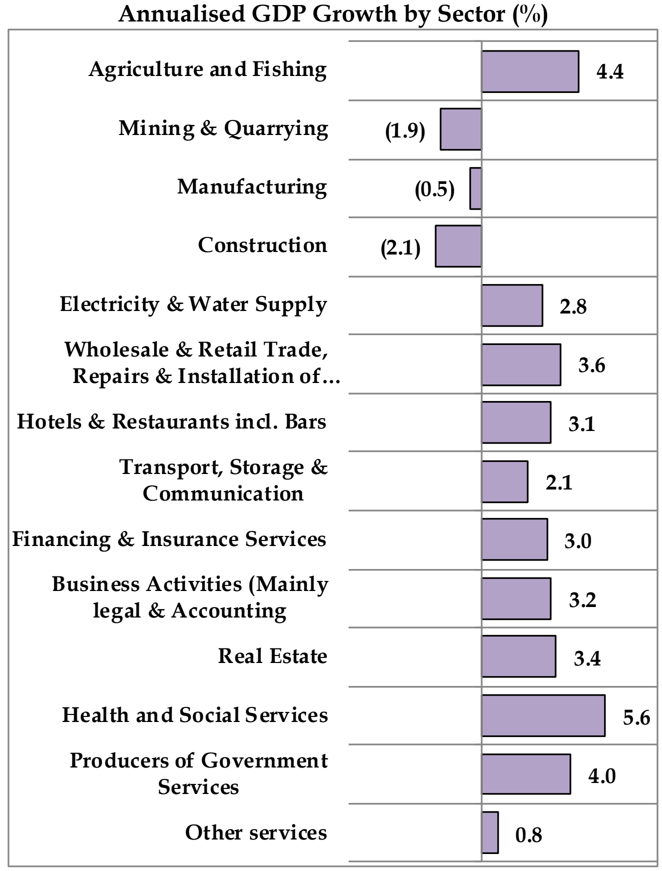
The Federal Reserve held its target range at 4.25% to 4.50%, while the Bank of Canada held its rate steady at 2.75%. Conversely, the Bank of England reduced its policy rate by 25 basis points (bps), from 4.50% to 4.25%. Meanwhile, the European Central Bank (ECB) lowered its main refinancing rate from 2.65% to 2.15%. The ECB also reduced the marginal lending facility rate and the deposit facility rates by 50 bps each, to 2.40% and 2.00%, respectively.

From January to June 2025, the US dollar weakened against two of the three major currencies relative to the same period in 2024. The exchange rate depreciated by 1.2 percent against the Euro and by 2.6 percent against the British pound. In contrast, the US dollar appreciated by 3.8 percent against the Canadian dollar. However, the US dollar maintained the same valuation against the Euro, year over year.

2. Cayman Islands' Estimated GDP

Available indicators suggest that the Cayman Islands' gross domestic product (GDP) rose by an estimated 2.6% in real terms for the second quarter of 2025. This reflects a mild deceleration from the 2.9% estimated in the first quarter.

Figure 2: Estimated First Half of 2025 Annualised GDP Growth by Sector (%)



Source: Economics and Statistics Office

Indicators for the first half of the year suggest the economy expanded by 2.7%. The expansion was supported by moderate growth across several service-oriented and social sectors. Health and social services led the

[3] Data obtained from the Federal Reserve Bank, Bank of England, Bank of Canada, European Central Bank

increase with an estimated 5.6% rise, reflecting sustained demand for medical and social care. Government services grew by 4.0%, while agriculture and fishing expanded by 4.4%.

Other key drivers included wholesale and retail trade (up 3.6%), real estate (up 3.4%), and electricity and water supply (up 2.8%), all pointing to healthy consumer demand consistent with higher population levels. Hotels and restaurants grew by 3.1%, signalling continued recovery in tourism as arrivals approach pre-pandemic levels. Financing and insurance services expanded by 3.0%, while business activities and administrative services rose by 3.2%, underscoring the stability of the Islands' financial services sector. The overall expansion was partly offset by contractions in construction (down 2.1%), mining and quarrying (down 1.9%), and manufacturing (down 0.5%).

The economic performance in the first half of the year supports the macroeconomic outlook for calendar year 2025, with real GDP growth projected at 2.6%. Growth in the year is premised on continued demand for financial and domestic activities, with robust performance in auxiliary sectors.

With crude oil prices remaining low and both cost-push and demand-pull inflationary pressures in the international market relatively weak, the inflation outturn for the first half of the year trended below projection. As a result, the average consumer price index (CPI) inflation forecast for the whole year has been revised downward to 1.9%.

The general stabilization of inflation in the United States is expected to temper local inflationary pressures over the last two quarters, while international energy prices are projected to remain subdued. Although there is some risk from potential US tariff measures, they are not expected to outweigh the prevailing downward pressures on inflation.

Table 1: Macroeconomic Performance and Outlook

	2022	2023	2024	Projection 2025
	Percent (%)			
Real GDP	5.8	5.8	3.1	2.6
CPI Inflation	9.5	3.8	2.6	1.9
Unemployment Rate	2.13	3.3	2.4	2.8

* Real GDP is estimated for 2024
Source: Economics and Statistics Office

The projected unemployment rate is maintained at 2.8% for the year, which is in line with the projection for output growth. The expectation for resilience in service-related sectors is anticipated to minimize slack in the labour market and keep unemployment levels low for the year.

3. Inflation[4]

Consumer prices in the Cayman Islands rose by 1.9% during the first six months of 2025, compared with 1.6% in the corresponding period of 2024 (see Table 2 and Figure 4). The first quarter recorded 1.8% inflation, while the second quarter was 1.9%; both increases exceeded the corresponding quarters of 2024. The sub-indices for all divisions increased over the half-year period, except for housing and utilities, which declined.

[4] A detailed inflation report is posted at www.eso.ky

Table 2: Inflation Rates (%, Jan-June)

Categories	Avg. Inflation Rates (%) Half year 2024	Half year 2025
Food & Non-alcoholic Beverages	1.4	3.0
Alcohol and Tobacco	(0.1)	2.2
Clothing and Footwear	(0.5)	0.8
Housing and Utilities	3.0	(1.9)
Household Equipment	2.3	0.5
Health	2.2	3.6
Transport	(2.7)	5.7
Communication	8.9	6.5
Recreation and Culture	1.7	1.3
Education	8.7	8.4
Restaurants and Hotels	(1.3)	7.8
Misc. Goods and Services	1.6	0.9
Overall CPI Inflation	1.6	1.9

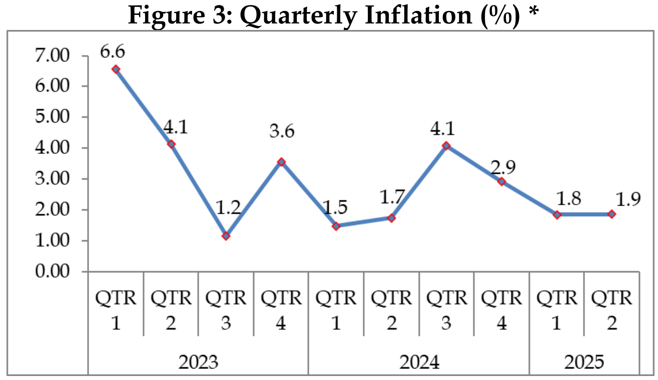
Source: Economics and Statistics Office

The education index posted the largest increase of 8.4%, maintaining a similar pace of acceleration to 2024, when the index by 8.7%. The increase was traced to higher costs in pre-primary and primary education, which rose by 16.8%. The restaurants and hotels index also inched up, rising by 7.8% relative to a 1.3% decline in the previous year. The main contributors to the increase were *restaurants, cafes, and the like,* and *accommodation services*.

Communication prices rose by 6.5%, reflecting the second consecutive year of accelerated cost pressures. This increase was primarily due to higher prices for *telephone and telefax services* and *equipment for the reception, recording and reproduction of sound and pictures*. The transport index recorded an increase of 5.7%, reversing the 2.7% fall in 2024. This was mainly due to the higher cost for the *purchase of motor vehicles* (up 28.6%) and *other purchased transport services* (up 16.7%). In contrast, the *fuel* sub-category declined by 4.9%, consistent with lower global energy prices.

The food and non-alcoholic beverages index increased by 3.0%, more than double the 1.4% rise recorded in 2024. This was driven by an 11.6% uptick in *milk, cheese, and eggs*, and a 10.9% increase in *oils and fats* as well as *mineral waters, soft drinks, fruit and vegetable juices*. Health-related cost also rose by 3.6%, compared to the 2.2% in the prior year. This was primarily due to higher prices for *pharmaceutical products, other medicinal products* and *medical services*.

Figure 3: Quarterly Inflation (%) *

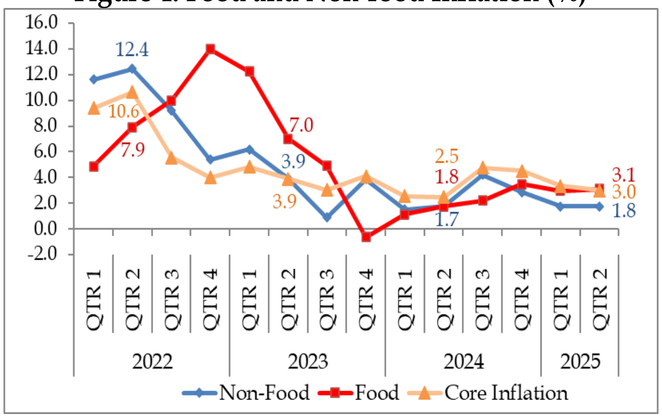


*Inflation of current quarter CPI over the same quarter a year ago.
Source: Economics and Statistics Office

Other increases were observed in alcohol and tobacco (up 2.2%), clothing and footwear (up 0.8%), household equipment (up 0.5%), recreation and culture (up 1.3%), and miscellaneous goods and services (up 0.9%). In contrast, the housing and utilities index declined by 1.9%, compared with a 3.0% increase in 2024. The reduction reflected lower cost for *electricity, furniture and furnishing, water supply*, and *materials for the maintenance and repair of the dwelling*.

Core inflation, which excludes food, electricity, and fuel, averaged 3.0% in the second quarter of 2024, up from 2.5% in the same period a year earlier (see figure 5). Both non-food and food inflation also edged up to 1.8% and 3.1% respectively, compared to the 1.7% and 1.8% in the previous year.

Figure 4: Food and Non-food Inflation (%)



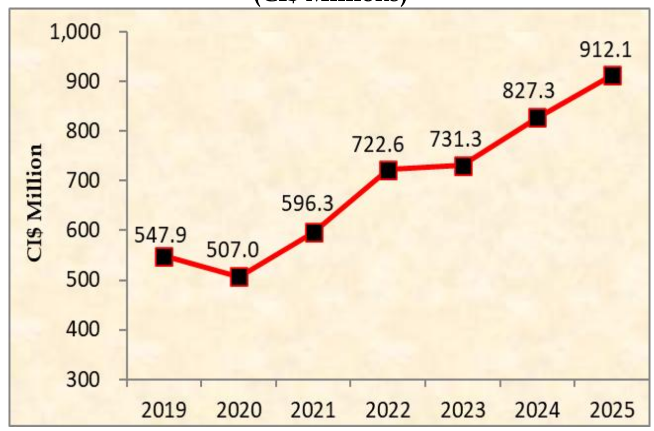
Source: Economics and Statistics Office

4. Trade[5]

Merchandise imports rose to $912.1 million, up from the $827.3 million in 2024 (see Figure 5). This represents an increase of 10.3% or $84.8 million, continuing the sustained growth since 2020.

The growth in imports was primarily fuelled by non-petroleum products, which increased by 13.3% (or $94.5 million) to $806.3 million, representing 88.4% of total imports. Notably, eight of the nine Standard International Trade Classification (SITC) categories recorded higher import values. The leading contributors were miscellaneous manufactured articles, which climbed to $196.5 million (up 22.6% or $36.2 million), and food & live animals, totalling $167.1 million (up 15.2% or $22.0 million).

Figure 5: Merchandise Imports (Jan-June) (CI$ Millions)



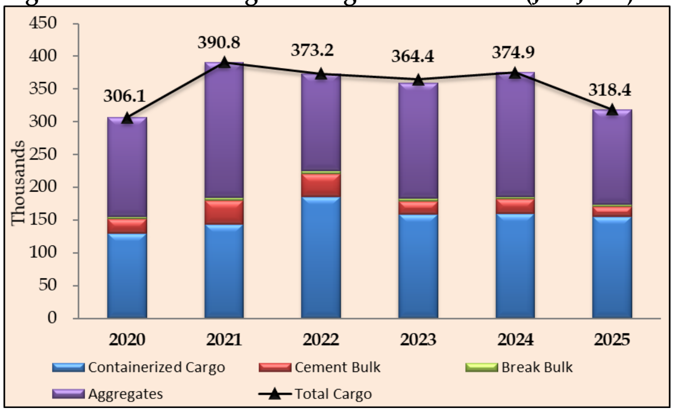
Source: Cayman Islands Customs & Border Control and ESO

By contrast, the value of petroleum imports declined to $105.9 million, reflecting a fall of 8.4% (or $9.7 million) from the $115.6 million in 2024. This decrease occurred despite an increase in the volume of fuels imported, suggesting a drop in average import prices.

For the review period, cargo import volumes increased by 1.5% to 369.9 thousand tonnes (see Figure 6). This growth was primarily driven by a 7.3% (or 12.8 thousand tonnes) rise in aggregates, a 15.8% (or 3.1 thousand tonnes) increase in cement bulk, and a modest 0.5% (or 0.8 thousand tonnes) uptick in containerized cargo. In contrast, break-bulk and bagged cement recorded declines of 24.8% and 2.0%, respectively. Aggregates totalled 189.4 thousand tonnes, and containerized cargo reached 159.7 thousand tonnes; together, they accounted for 94.4% of total cargo imports.

[5] A detailed trade report is posted at www.eso.ky

Figure 6: Total Tonnage of Cargo in thousands (Jan-June)



Source: Cayman Islands Port Authority

The quantity of imported fuel totalled 29.7 million imperial gallons in the first half of 2025, up 6.0% from the same period of 2024 (see Table 3). This increase was driven by growth across all fuel categories. Diesel imports increased by 4.6% to 18.1 million imperial gallons, gasoline rose by 6.7% to 7.1 million imperial gallons, aviation fuel grew by 9.8% to 3.1 million imperial gallons, and propane climbed by 12.6% to 1.3 million imperial gallons. Diesel remained the dominant component, accounting for 60.9% of total fuel imports.

Table 3: Oil Imports (Jan-June)

	2023	2024	2025	% Change
	Millions of Imperial Gallons			
Total Fuel	**29.3**	**28.0**	**29.7**	**6.0**
Diesel	15.9	17.3	18.1	4.6
Gas	8.8	6.7	7.1	6.7
Aviation Fuel	3.1	2.9	3.1	9.8
Propane	1.4	1.2	1.3	12.6

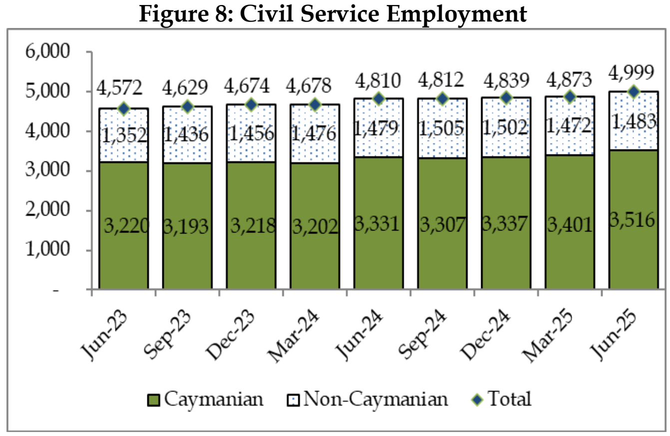
Source: Cayman Islands Port Authority

5. Employment

5.1 Central Government Employment

There were 4,999 civil servants employed by the Cayman Islands government at the end of June 2025. This represents an increase of 3.9% or 189 employees relative to the 4,810 civil servants in June 2024 (see Figure 8). Of the total, 3,516 employees (70.3%) were Caymanian, while the remaining 1,483 (29.7%) were non-Caymanian.

Figure 8: Civil Service Employment

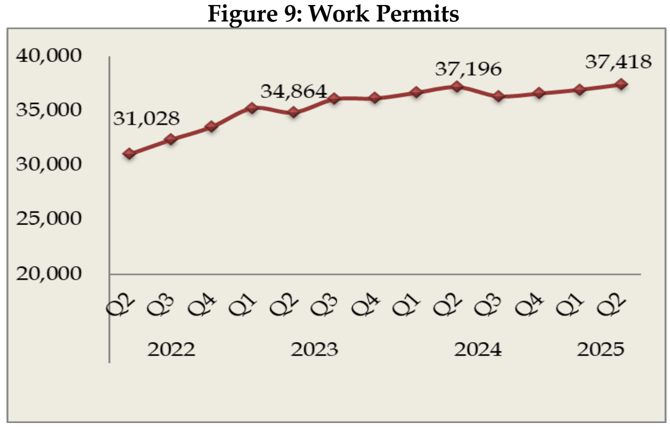


Source: Portfolio of the Civil Service

5.2. Work Permits

The number of active work permits increased to 37,418 in the first six months of 2025, up 0.6% (222 permits). This was a notable slowdown from the 6.7% increase to 37,196 permits in June 2024 and the 12.4% increase to 34,864 permits in June 2023 (see Figure 10).

Figure 9: Work Permits



Source: Workforce Opportunities & Residency Cayman

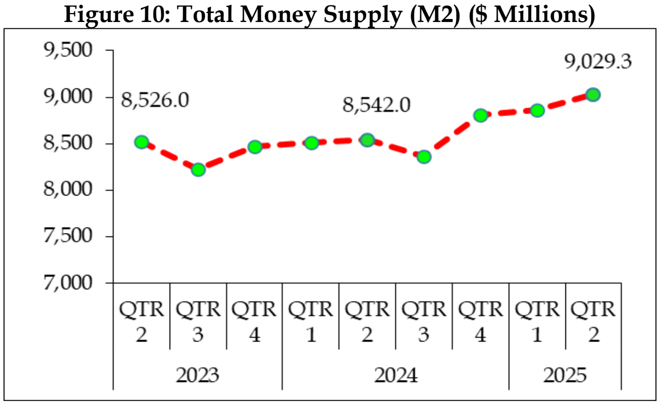
The accommodation and food service activities sector, which accounted for the largest share of permit holders, grew by 1.7% or 108 permits. Meanwhile, financial and insurance activities rose by 10.8% (or 227 permits), and activities of households as employers increased by 1.9% (or 91 permits).

6. Money & Banking

Liquidity conditions strengthened in the first half of the year, supported by deposit growth across all segments. Broad liquidity expanded by 5.7% during the period, reflecting a 12.2% rise in KYD-denominated deposits and a 3.3% increase in foreign currency deposits.

The rise in local currency deposits was led by a 17.4% surge in time and savings deposits, complemented by a 4.6% rise in demand deposits. The stronger preference for time and savings instruments aligns with the higher interest rate environment that has persisted in recent quarters. Despite the overall increase in deposits, currency in circulation contracted by 2.3% (see Figure 10 and Table 4).

Figure 10: Total Money Supply (M2) ($ Millions)



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

The expansion in broad liquidity (M2), representing the liabilities of the banking system, contributed to a 12.2% build-up in net foreign assets during the review period.

Table 4: Monetary and Banking Indicators ($ Millions)

	Jun-24	Jun-25	% Change
Total Assets	**8,542.0**	**9,029.3**	5.7
Net Foreign Assets	**5,653.9**	**6,326.8**	11.9
Monetary Authority	201.1	206.1	2.5
Commercial Banks	5,452.8	6,120.7	12.2
Net Domestic Assets	**2,888.1**	**2,702.4**	(6.4)
Domestic credit	4,244.5	4,318.6	1.7
Claims on central government	397.6	351.3	(11.6)
Claims on other public sector	14.5	15.8	8.4
Claims on private sector	3,832.4	3,951.5	3.1
Other items net	(1,356.4)	(1,616.2)	19.2
Broad Liquidity	**8,542.0**	**9,029.3**	5.7
Broad money (KYD) M2	**2,543.3**	**2,830.1**	11.3
Currency in circulation	169.5	165.6	(2.3)
KYD Deposits	**2,373.8**	**2,664.6**	12.2
Demand deposits	953.6	997.1	4.6
Time and savings deposits	1,420.2	1,667.5	17.4
FOREX deposits	5,998.6	6,199.1	3.3
of which: US dollars	5,671.6	5,811.8	2.5
US dollars share (%)	*94.5*	*93.8*	

Source: Cayman Islands Monetary Authority & Economics and Statistics Office

6.1. Net Foreign Assets (NFA). The improvement in commercial banks' net foreign asset position during the quarter was achieved primarily through a sharp reduction in foreign liabilities, which outweighed a decline in foreign assets. The foreign assets of the Cayman Islands Monetary Authority (CIMA) expanded by 2.5% for the period (see Table 5).

Foreign liabilities fell by 39.2%, led by a 37.4% ($878.3 million) drop in non-resident deposits. Other liabilities also contracted significantly, declining by 46.4%. On the asset side, commercial banks' foreign assets decreased by 5.7%, driven mainly by a 6.8% ($299.6 million) reduction in foreign investments. Additional declines were recorded in foreign currency holdings in other banks (down 0.6% or $19.2

million) and non-resident loans (down 20.2% or $160.0 million).

Table 5: Net Foreign Assets ($ Millions)

	Jun-24	Jun-25	% Change
Net Foreign Assets	**5,653.9**	**6,326.8**	11.9
Monetary Authority	201.1	206.1	2.5
Commercial Banks	5,452.8	6,120.7	12.2
Foreign Assets	**8,377.6**	**7,898.9**	(5.7)
Bal. with Banks & Branches	3,187.9	3,168.7	(0.6)
Total Investment	4,399.2	4,099.6	(6.8)
Total Non-Resident Loans	790.5	630.6	(20.2)
Foreign Liabilities	**2,924.8**	**1,778.1**	(39.2)
Total Non-Resident Deposits	2,346.6	1,468.4	(37.4)
Other Liabilities	578.2	309.8	(46.4)

Source: Cayman Islands Monetary Authority & Economics and Statistics Office

6.2. Net Domestic Assets/Domestic Credit. As liquidity in the financial system strengthened, commercial banks capitalized on the opportunity to expand their domestic loan portfolios during the review period. Overall domestic lending rose by 1.7%, driven by a 3.1% increase in credit to the private sector. In contrast, public sector indebtedness contracted by 10.9%, driven by a 11.6% decline in credit to the central government. Borrowings by parastatals, however, moved in the opposite direction, rising by 8.4% (see Table 6).

Table 6: Net Domestic Assets ($ Millions)

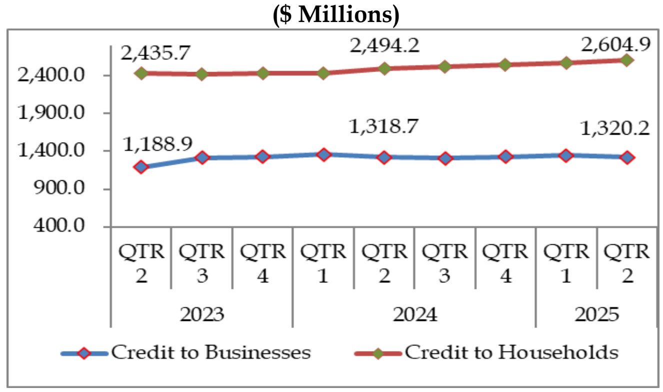
	Jun-24	Jun-25	% Change
Domestic Credit	**4,244.5**	**4,318.6**	**1.7**
Credit to Public Sector	412.1	367.1	(10.9)
Credit to Central Government	397.6	351.3	(11.6)
Credit to Other Public Sector	14.5	15.8	8.4
Credit to Private Sector	3,832.4	3,951.5	3.1

Source: Cayman Islands Monetary Authority & Economics and Statistics Office

The increase in private sector credit reflected growth in loans to both households and businesses. Household lending expanded by 4.4%, while business loans edged up by 0.1% (see Figure 11 and Table 7).

Credit to households rose by $110.7 million (4.4%) to $2,604.9 million, with all sub-categories rising. Lending for domestic properties increased by 4.5%, while motor vehicle loans expanded by 13.0%. Credit for education and technology rose by 21.8%, and miscellaneous activities grew by 0.8%.

Figure 11: Credit to Business and Households ($ Millions)



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

Table 7: Net Credit to the Private Sector ($ Millions)

	Jun-24	Jun-25	% Change
Total Private Sector Credit	**3,832.4**	**3,951.5**	**3.1**
Credit to Businesses	**1,318.7**	**1,320.2**	**0.1**
Production & Manufacturing	**239.3**	**326.6**	**36.5**
Mining	5.0	5.9	18.7
Manufacturing	8.6	8.9	3.6
Utilities	13.9	25.8	85.8
Construction	211.8	286.0	35.0
Services	**154.5**	**159.8**	**3.4**
Accommodation, Food, Bar & Entertainment Services	66.9	70.1	4.8
Transportation, Storage & Communications	4.7	13.5	186.1
Education, Recreational & Other Professional Services	83.0	76.3	(8.1)
Trade and Commerce	**912.4**	**822.7**	**(9.8)**
Wholesale & Retail Sales Trade	159.5	134.6	(15.6)
Real Estate Agents, Rental and Leasing Companies	317.5	260.1	(18.1)
Other Business Activities (General Business Activity)	435.4	428.1	(1.7)
Other Financial Corporations	**12.5**	**11.1**	**(11.1)**
Credit to Households	**2,494.2**	**2,604.9**	**4.4**
Domestic Property	2,200.6	2,300.4	4.5
Motor Vehicles	66.6	75.3	13.0
Education and Technology	2.1	2.5	21.8
Miscellaneous*	225.0	226.7	0.8
NonProfit Organizations	**19.4**	**26.4**	**35.5**

Source: Cayman Islands Monetary Authority & Economics and Statistics Office

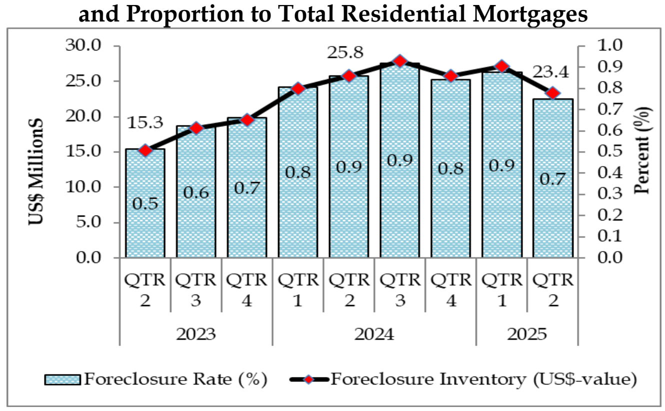
Business lending increased modestly by $1.5 million (0.1%) to $1,320.2 million. The construction sector was the main driver, with loans rising by 35.0% ($74.1 million). Additional increases were recorded in utilities, which accessed 85.8% ($11.9 million) more credit, and communications, which saw a 186.1% ($8.7 million) rise in funding.

6.3. Residential Mortgage Foreclosures

Data from the Cayman Islands Monetary Authority (CIMA) indicates that as of June 2025, 76 properties valued at US$23.4 million were in the foreclosure inventory of local commercial banks. This compares with 71 properties valued at US$25.8 million in the corresponding period of 2024.

Despite the slight increase in the number of properties in foreclosure, the foreclosure rate (foreclosure inventory as a share of total residential mortgages) declined to 0.7% in June 2025, down from 0.9% a year earlier. During the quarter, one foreclosure was completed, compared with three in the same period of 2024.

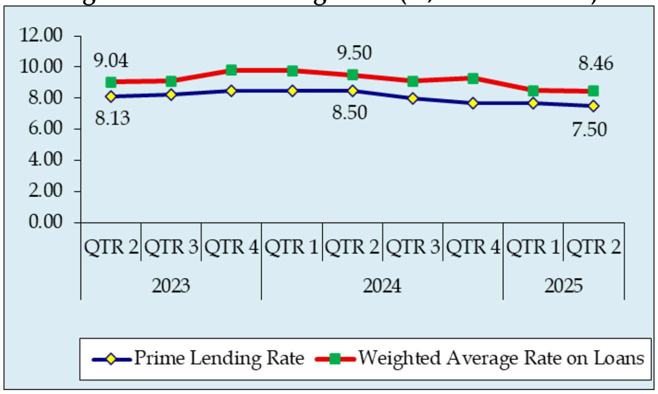
Figure 12: Residential Mortgages Foreclosures Inventory and Proportion to Total Residential Mortgages



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

6.4. Interest Rates. The Cayman Islands' prime lending rate declined by 100 bps to 7.50% in the quarter. Consistent with the decline in the prime rate, the KYD-weighted average lending rate fell to 8.46% from 9.50% in 2024 (see Figure 13).

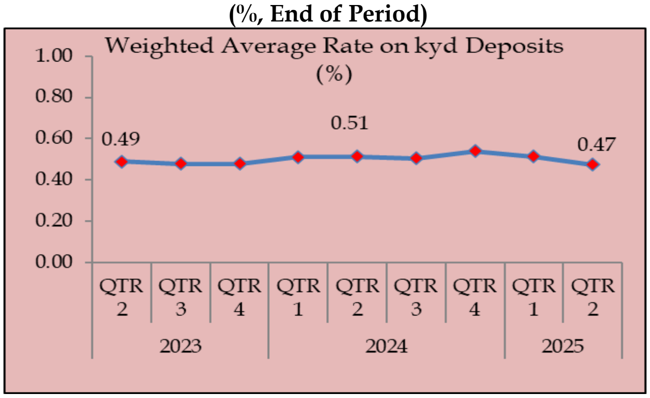
Figure 13: KYD Lending Rates (%, End of Period)



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

The weighted-average savings rate on KYD deposits fell to 0.47% from 0.51% a year ago.

Figure 14: Weighted Average KYD Deposit Rates (%, End of Period)



Source: Cayman Islands Monetary Authority & Economics and Statistics Office

7. Financial Services

Most financial indicators strengthened over the review period, with increases in insurance licences, private funds, mutual funds, stock exchange listings, new company registrations, and new partnership registrations. However, bank and trust licences and stock market capitalisation declined.

7.1 Banks & Trusts

The total number of bank and trust licences declined to a record low of 79 at the end of June 2025, down by 9.2% from 87 in 2024 (see Table 8).

Table 8: Bank & Trust Companies

	Jun 2023	Jun 2024	Jun 2025	% Change
Banks and Trusts	**96**	**87**	**79**	**(9.2)**
Class A	11	11	11	-
Class B	85	76	68	(10.5)
Trust Companies	**113**	**111**	**111**	**0.0**
Restricted	56	56	54	(3.6)
Unrestricted	57	55	57	3.6

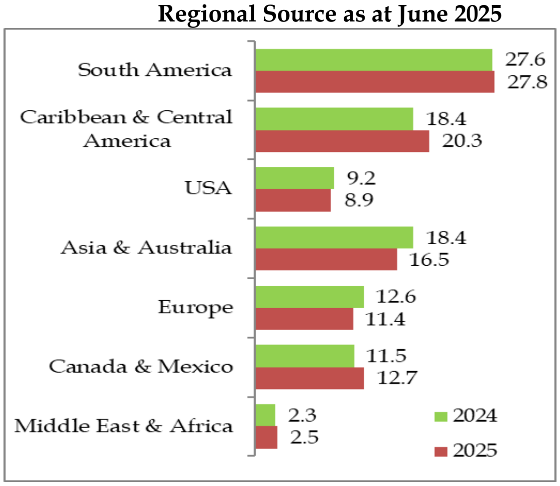
Source: Cayman Islands Monetary Authority

This drop was entirely attributed to a 10.5% reduction in Class 'B' licences, which decreased to 68. These licences, which allow banks to operate primarily with non-residents, have been in decline since the 2007 financial crisis. The decline reflects shifting global regulatory standards and strategic restructuring within the offshore banking sector, making the maintenance of Class B licences less attractive or viable for some institutions. In contrast, the number of Class A licences remained steady at 11 for the fourth consecutive year.

The total number of active trust company licences remained unchanged at 111 for the review period. This reflected a 3.6% increase (or 2 licences) in restricted licences, which rose to 54, offset by a corresponding 3.6% decrease (or 2 licences) in unrestricted licences, which declined to 57.

South America remained the leading jurisdiction for banking licences with 22 banks representing 27.8 percent of the total (see Figure 15). The Caribbean & Central America followed with 16 licences, while Asia & Australia accounted for 13.

Figure 15: Percentage Proportion of Registered Banks by Regional Source as at June 2025



Source: Cayman Islands Monetary Authority

7.2 Insurance

The number of licensed insurance entities rose by 1.7% to 736 at the end of June 2025 (see Table 9). This increase was driven by an expansion in captive insurance companies, which rose to 712, up from 700 in 2024. Within this group, Class B insurers were the sole contributors to the increase, with 14 new licences, bringing the total to 687. In contrast, Class C licences declined by two to 16, while Class D licences remained unchanged at nine. Similarly, the number of Class A domestic insurers remained steady at 24, the same as the previous year.

Table 9: Insurance Companies

	Jun 2023	Jun 2024	Jun 2025	% Change
Domestic - Class 'A'	27	24	24	0.0
Captives	675	700	712	1.7
Class 'B'	649	673	687	2.1
Class 'C'	18	18	16	(11.1)
Class 'D'	8	9	9	0.0
Total	**702**	**724**	**736**	1.7

Class B: Captives and Segregated Portfolio Companies.
Class C: Special Purpose Vehicles
Source: Cayman Islands Monetary Authority

Professional liability and healthcare were the main classes of business that contributed to the increase in captive insurance. Professional liability increased by 7.3% (or 4) to 59, and healthcare rose by 26.8% (or 4) to 191 (see Table 10). Healthcare licenses maintain the largest market share at 26.8%.

The dominant source market for the Cayman Islands' captive insurance business was North America, with 624 companies. This equated to a 89.0% share of the market.

Table 10: Captive Insurance Licences by Primary Class of Business, June 2025

	Jun-24	Jun-25	% Change	% Proportion
Healthcare	188	191	1.6	26.8
Workers' Compensation	154	151	(1.9)	21.2
Property	71	73	2.8	10.3
General Liability	103	104	1.0	14.6
Professional Liability	55	59	7.3	8.3
Other	129	134	3.9	18.8
Total	**700**	**712**	**3.7**	**100.0**

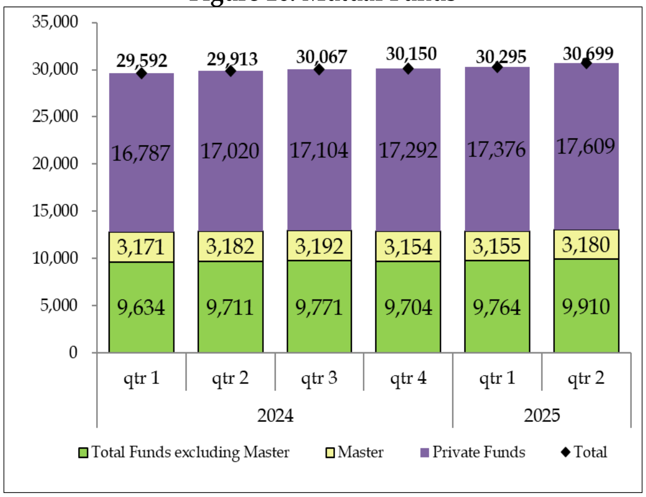
Source: Cayman Islands Monetary Authority

7.3 Registered Funds

The total number of funds registered in the Cayman Islands rose to 30,699, a 2.6% increase from the 30,295 in 2024 (see Figure 16). This is due to a 3.5% increase in private funds and a 1.5% increase in mutual funds. As a result, private funds accounted for 57.4% of all registered funds, while mutual funds made up the remaining 42.6%.

The increase in mutual funds was primarily due to a 2.7% rise in registered funds, which reached 9,003. However, other sub-categories recorded declines: master funds fell by 0.1%, limited investor funds by 2.7%, administered funds by 5.2%, and licensed funds by 8.3%.

Figure 16: Mutual Funds



Source: Cayman Islands Monetary Authority

7.4 Stock Exchange

The Cayman Islands' Stock Exchange listed 2,755 instruments at the end of June 2025, a slight increase of 0.2% from 2750 in the same period of 2024. The increase was due to higher listings of investment fund securities and specialist debt securities, which rose to 120 (up 4.3%) and 2,408 (up 1.0%), respectively.

These gains were partly offset by declines in corporate & sovereign listings, which fell by 11.1%, and in insurance-linked securities, which decreased by 3.1% compared to 2024. The number of primary equity securities remained unchanged at three for the fourth consecutive year, while no retail debt security was listed (see Table 11).

Table 11: Number of Stock Listings by Instruments, end June

Instrument	2023	2024	2025	% Change
Investment Fund Security	101	115	120	4.3
Specialist Debt Security	2,367	2,383	2,408	1.0
Corporate & Sovereign Debt Security	257	217	193	(11.1)
Primary Equity Security	3	3	3	0.0
Secondary Equity Security	0	0	0	-
Insurance Linked Security	36	32	31	(3.1)
Retail Debt Security	1	0	0	-
Total	**2,765**	**2,750**	**2,755**	**0.2**

Source: Cayman Islands Stock Exchange

Market capitalization declined by 4.7% to US$825.0 billion in 2025, with decreases in four of the six traded instruments. The sharpest fall was observed in specialist debt securities, which contracted by 5.4% (or US$39.8 billion). Declines were also recorded in corporate & sovereign debt securities (down 5.0%), primary equity (down 1.2%), and insurance-linked securities (down 2.8%). In contrast, investment fund was the only category to register growth, rising to US$12.9 billion (up 64.5%).

Table 12: Market Capitalisation by Instruments (US$ Billions), end June

Instrument	2023	2024	2025	% Change
Investment Fund	19.4	7.8	12.9	64.5
Specialist Debt	700.8	740.4	700.6	(5.4)
Corporate & Sovereign Debt Security	154.4	113.2	107.5	(5.0)
Primary Equity	0.4	0.5	0.5	(1.2)
Secondary Equity	0.0	0.0	0.0	-
Insurance Linked Security	4.6	3.6	3.5	(2.8)
Retail Debt	0.4	0.0	0.0	-
Total	**880.0**	**865.6**	**825.0**	**(4.7)**

Source: Cayman Islands Stock Exchange

7.5 New Company Registrations

At the end of June 2025, new company registrations rose by 6.3% (383) to 6,440, marking the second consecutive year of growth (see Table 13). Four of the six categories contributed to the expansion. Exempt companies, which represented 77.3% of new registrations, rose to 4,975, up from 4,602 in 2024. Growth was also recorded for limited liability companies (up 12.9%), foreign companies (up 7.8%), and non-resident companies (up 50%). Despite the rise in new registrations, company terminations totalled 4,921 during the period.

Table 13: New Company Registrations, end of June

	2022	2023	2024	2025
Total	**7,148**	**5,103**	**6,057**	**6,440**
Exempt	5,497	3,910	4,602	4,975
Non-Resident	10	4	8	12
Resident	426	406	381	354
Foreign	519	332	348	375
FDN	163	112	315	269
LLC	533	339	403	455
Percentage Change (%)				
Total	**(20.7)**	**(28.6)**	**18.7**	**6.3**
Exempt	(23.6)	(28.9)	17.7	8.1
Non-Resident	11.1	(60.0)	100.0	50.0
Resident	(15.6)	(4.7)	(6.2)	(7.1)
Foreign	27.5	(36.0)	4.8	7.8
FDN*	143.3	(31.3)	181.3	(14.6)
LLC	(35.2)	(36.4)	18.9	12.9

Source: Registrar of Companies
* Started in February 2018

7.6 New Partnership Registrations

New partnership registrations reached 2,315 at the end of June 2025, an increase of 24.7% relative to 2024 (Table 14). Exempt partnerships accounted for the majority of the expansion, rising to 2,223 (up 23.7%). Foreign partnerships also increased to 88 (up 54.4%), while limited partnerships rose to three (up 200%). Registrations of limited liability partnerships (LLPs) remained unchanged at one, the same as in 2024.

Partnership terminations during the period amounted to 974, with the majority attributable to partnerships that were struck off by the Registrar (478) and voluntary dissolution (458).

Table 14: New Partnership Registrations, end June

	2022	2023	2024	2025
Total	**2,696**	**1,923**	**1,856**	**2,315**
Exempt	2,596	1,834	1,797	2,223
Foreign	97	87	57	88
Limited			1	3
LLP	3	2	1	1
Percentage Change (%)				
Total	**(7.9)**	**(28.7)**	**(3.5)**	**24.7**
Exempt	(8.7)	(29.4)	(2.0)	23.7
Foreign	32.9	(10.3)	(34.5)	54.4
Limited			-	200.0
LLP	(66.7)	(33.3)	(50.0)	-

Source: Registrar of Companies

8. Tourism

Total visitor arrivals to the Cayman Islands reached 893,830 in the first half of 2025, reflecting an overall increase driven by growth in both air and cruise arrivals. This upward trend highlights continued recovery and strengthening in the tourism sector.

8.1 Air Arrivals

Stay-over arrivals to the Cayman Islands rose by 3.4% in the first half of 2025, reaching 259,338 visitors. All regional markets recorded increases except for Europe. The USA remained the dominant source, with arrivals rising by 3.7% to 218,505. The Canadian market followed with a 4.2% increase to 17,911 visitors, while other regional markets grew by 1.0% to 11,109. In contrast, European arrivals declined slightly by 0.3%.

Despite year-on-year growth, total stay-over arrivals accounted for 92% of the total recorded in the first half of 2019, before the COVID-19 pandemic, highlighting the sector's continued recovery.

Table 15: Air Arrivals by Regional Market (Jan – June)

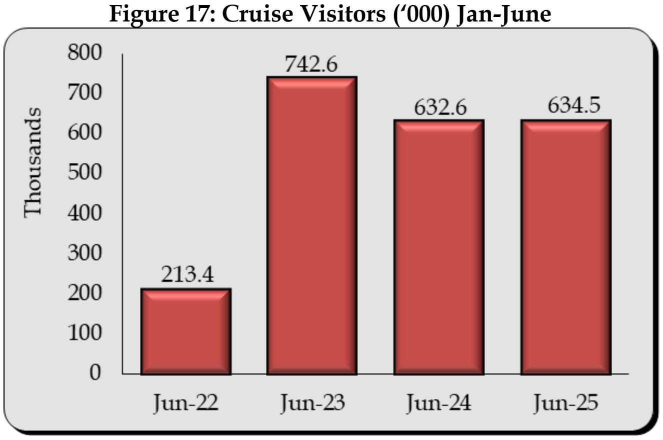
	2023	2024	2025	% Change
	In Thousands			
USA	196.9	210.7	218.5	3.7
Europe	10.5	11.1	11.1	(0.3)
Canada	17.7	17.2	17.9	4.2
Others	10.3	11.7	11.8	1.0
Total	235.4	250.7	259.3	3.4
USA (% share)	83.6	84.0	84.3	

Source: Tourism Department

8.2 Cruise Arrivals

Cruise arrivals to the Cayman Islands rose by 0.3% in the first half of 2025, reaching 634,492 visitors. This modest increase was supported by 23 additional port calls in the second quarter, bringing the total for the first half of the year to 220.

Figure 17: Cruise Visitors ('000) Jan-June



Source: Tourism Department

9. Construction

Construction intentions in the first half of 2025 were mixed, as the total value of building permits increased while project approvals declined. This contrast suggests ongoing momentum in permitted developments, even as fewer new projects received formal approval.

9.1 Building Permits

The total value of building permits surged 48.2% to $252.2 million. This increase was attributed to expansions across most categories and signals continued confidence in the construction sector (see Table 16).

Table 16: Value of Building Permits (Jan- Jun)

	Building Permits (CI$ Mil)			%
	2023	2024	2025	Change
Residential	102.8	114.5	171.1	49.4
Houses	*33.5*	*59.3*	*63.4*	*6.8*
Apartments	*69.3*	*55.2*	*107.7*	*95.1*
Commercial	56.0	45.7	12.8	(71.9)
Industrial	2.0	0.3	7.3	2,837.6
Hotel	-	-	11.8	-
Government	-	2.9	0.8	(74.2)
Other	7.7	6.8	48.4	613.5
Total	**168.5**	**170.2**	**252.2**	**48.2**

Source: Planning Department

The residential category, comprising houses and apartments, expanded by 49.4% for the review period. This growth was primarily driven by a 95.1% surge in apartment permits, which included a mix of high-end units and a significant repair-work project valued at $20.6 million. House permits also contributed to the overall increase, rising by 6.8% during the period.

Following a two-year absence of activity in the hotel category, its value rebounded to $11.8

million, driven by a single five-storey hotel project valued at $11.0 million. Similarly, the industrial category rebounded to $7.3 million from $0.3 million during the same period last year. The ‘other’ category surged to $48.4 million from $6.9 million in 2024, largely fuelled by miscellaneous infrastructure enhancements. In contrast, the commercial category contracted by 71.9% ($32.9 million), while the government category fell by 74.2% ($2.2 million).

Consistent with the rise in value, the number of building permits increased by 20.9% to 475 compared with the same period last year. The residential and ‘other’ categories recorded the sharpest increases for the period.

Table 17: Number of Building Permits (Jan-Jun)

	Number of Permits			%
	2023	2024	2025	Change
Residential	161	184	238	29.3
Houses	*77*	*118*	*156*	*32.2*
Apartments	*84*	*66*	*82*	*24.2*
Commercial	38	42	31	(26.2)
Industrial	6	4	8	100.0
Hotel	-	-	3	-
Government	5	12	19	58.3
Other	134	151	176	16.6
Total	**344**	**393**	**475**	**20.9**

Source: Planning Department

9.2 Project Approvals

Project approval values declined by 13.3% in the first half of 2025, as most categories contracted. Residential approvals fell by 21.5% to $143.3 million, driven by a reduction in high-value apartment and house projects. The commercial and industrial categories also recorded declines of 19.7% and 84.5%, respectively. Notably, there were no hotel project proposals during the period, compared to projects valued at $18.0 million in the previous year.

In contrast, only two categories saw growth: government approvals rose by $19.6 million to $21.1 million, and the ‘other’ category expanded by $29.7 million to reach $46.3 million.

Table 18: Value of Project Approvals (Jan-Jun)

	Project Approvals (CI$ Mil)			%
	2023	2024	2025	Change
Residential	138.9	182.7	143.3	(21.5)
Houses	*51.1*	*64.1*	*48.2*	*(24.8)*
Apartments	*87.8*	*118.5*	*95.1*	*(19.8)*
Commercial	18.0	34.2	27.4	(19.7)
Industrial	7.9	26.5	4.1	(84.5)
Hotel	12.0	18.0	-	(100.0)
Government	0.5	1.5	21.1	1,343.0
Other	25.2	16.6	46.3	178.9
Total	**202.5**	**279.3**	**242.2**	**(13.3)**

Source: Planning Department

Similarly, the total number of project approvals fell by 43.0% to 260. The largest absolute declines were seen in the residential and other categories.

Table 19: Number of Project Approvals (Jan-Jun)

	Number of Approvals			%
	2023	2024	2025	Change
Residential	194	189	90	(52.4)
Houses	*115*	*125*	*50*	*(60.0)*
Apartments	*79*	*64*	*40*	*(37.5)*
Commercial	15	10	18	80.0
Industrial	4	5	2	(60.0)
Hotel	2	1	-	(100.0)
Government	3	8	12	50.0
Other	193	243	138	(43.2)
Total	**411**	**456**	**260**	**(43.0)**

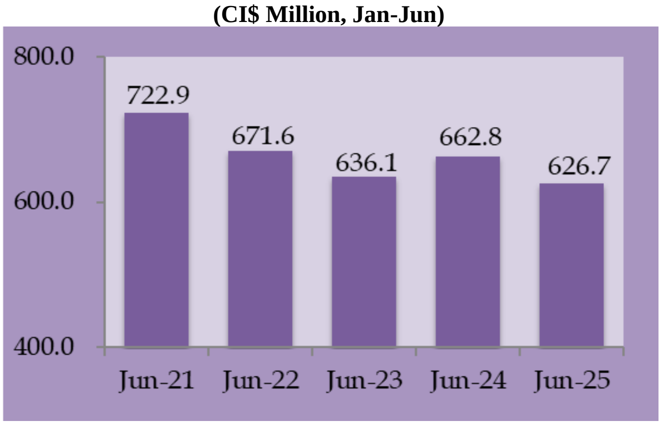
Source: Planning Department

10. Real Estate

10.1 Property Transactions

Real estate activity softened during the first half of 2025, as both the value and volume of traded properties declined. The total value of property transactions fell by 5.5% to $626.7 million, reflecting a contraction in both freehold and leasehold property values. The value of freehold properties contracted by 0.4%, while leasehold fell by 60.1%.

Figure 18: Value of Property Transfers (CI$ Million, Jan-Jun)

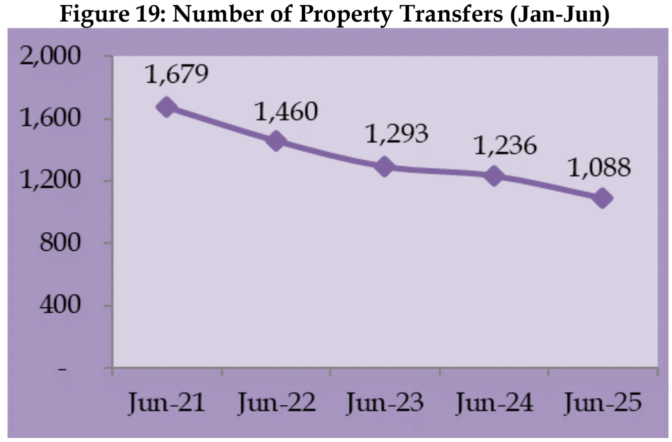


Source: Lands & Survey Department

The number of property transfers decreased by 12.0% to 1,088 transactions. This was largely driven by a 14.8% drop in freehold transfers, which totalled 966 for the period. In contrast, leasehold transfers rose by 19.6% to 122, indicating some renewed interest in shorter-term or commercial property arrangements.

The overall decline suggests a cooling in property deals, particularly within the high-value leasehold segment. Notably, the level of real estate transactions remains above pre-pandemic benchmarks, signalling continued resilience and underlying demand in the property market. This performance may reflect investor confidence, stable economic conditions, and sustained interest in Cayman's real estate offerings.

Figure 19: Number of Property Transfers (Jan-Jun)

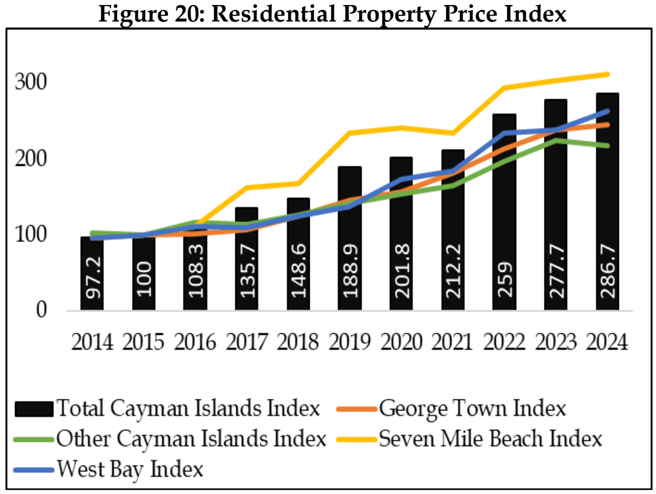


Source: Lands & Survey Department

10.2 Property Prices

The Cayman Islands Residential Property Price Index recorded substantial growth in condominium prices across the Islands between 2015 and 2024. Over the nine-year period, the index surged by 186.7%, driven primarily by a remarkable 211.9% increase in the Seven Mile Beach (ocean side only) area. This highlights the sustained demand for premium waterfront properties over the last decade.

Figure 20: Residential Property Price Index



Source: Lands & Survey Department

Between 2023 and 2024, the overall index rose by 3.2%, reflecting continued upward momentum in key residential zones. George Town saw a 2.9% increase, Seven Mile Beach rose by 2.7%, and West Bay experienced the strongest growth at 10.5%. In contrast, the index for Other Cayman areas declined by 3.0%, suggesting a cooling in property values outside the main residential hubs.

11. Utilities

11.1 Electricity

Electricity demand increased by 1.4% in the first half of 2025, reaching 368.1 thousand megawatt hours (MWh). This growth was driven by higher consumption across the residential, commercial, and public lighting segments. Residential electricity usage rose by 0.2%, while commercial consumption increased by 2.8%. Similarly, public lighting demand grew by 1.3%, reflecting broader infrastructure needs.

Table 20: Utilities Production/Consumption

	Jun-24	Jun-25	% Change
Millions of US Gallons			
Water Production	1,581.9	1,723.5	9.0
Water Consumption	1,312.3	1,374.5	4.7
'000 of megawatt hrs			
Electricity Production (Net)	367.5	374.5	1.9
Electricity Consumption	362.9	368.1	1.4
Residential	195.6	196.1	0.2
Commercial	165.1	169.8	2.8
Public	2.1	2.2	1.3
Total Customers	33,949	34,627	2.0
Residential	29,179	29,787	2.1
Commercial	4,770	4,840	1.5

Source: Cayman Islands Water Authority, Cayman Water Company, Caribbean Utilities Company

The higher electricity consumption was largely driven by an increase in the number of customers, even as average usage per customer moderated. The total number of residential and commercial customers grew by 2.1% and 1.5%, respectively, contributing to the overall rise in demand.

The average consumption per customer declined by 0.6% for the period. This was primarily due to a 1.8% contraction in average residential usage, which offset gains in the commercial segment, where average consumption rose by 1.4%. These shifts suggest evolving consumption patterns, possibly influenced by energy efficiency measures or changing household and business behaviours.

11.2 Water

Similar to the increased demand observed for electricity, domestic water production and consumption rose during the review period. Water production increased by 9.0%, while consumption grew by 4.7%, reflecting higher demand across residential and commercial sectors. This uptick in utility usage occurred against the backdrop of a modest population increase and expanding economic activity, both of which contributed to greater pressure on infrastructure and public services.

11.3 Telecommunications

Traditional Telephone usage, as indicated by domestic and international minutes, declined by 36.3% in the first half of the year compared with the same period in 2024. This resulted from a 41.3% reduction in domestic minutes and a 1.7% decline in international minutes.

Despite the reduction in minutes, the number of fixed and mobile handsets increased by

4.4%, reaching 133,023 units. In contrast, broadband connections contracted by 4.9% to 31,050, suggesting a shift in communication preferences and possible saturation in internet service uptake (see Table 21).

Table 21: Telecommunication Sector Indicators

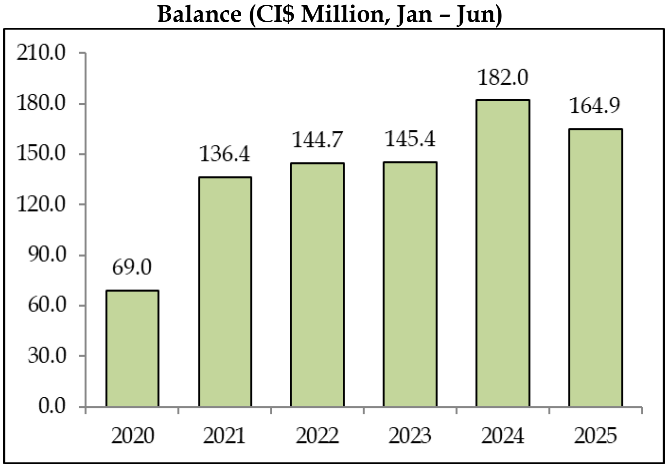
	Jun-24	Jun-25	% Change
Fixed and Mobile handsets in operation	154,340	161,100	4.4
Total fixed & mobile minutes ('000)	94,702	60,358	(36.3)
Fixed and mobile domestic minutes	82,747	48,605	(41.3)
Fixed and mobile int'l retail minutes	11,955	11,753	(1.7)
Broadband connections	32,657	31,050	(4.9)

Source: The Utility Regulation and Competition Office

12. Fiscal Operations of the Central Government

Net lending (overall surplus) for the first half of 2025 decreased by 9.4% to $164.9 million (see Figure 20 & Table 22). Despite the decline, this outturn represents the second-highest half-year surplus in the post-pandemic era.

Figure 20: Central Government Overall Fiscal Balance (CI$ Million, Jan – Jun)



Source: Treasury Department

The reduction in surplus relative to the previous year was primarily due to expenditure growing faster than revenue. Increased spending reflected higher operational costs and a rise in net investment in non-financial assets (capital expenditure). On the revenue side, gains were driven by higher tax collections and other income, partially offsetting the impact of rising expenses.

Table 22: Summary of Fiscal Operations (Jan-Jun)

	Jun-24	Jun-25	% Change
	CI$ Million		
Revenue	**714.8**	**766.3**	**7.2**
Expense	**516.8**	**575.4**	**11.3**
Net Operating Balance	**197.9**	**190.9**	**(3.6)**
Net Investment in Nonfinancial Assets[1]	15.9	26.0	63.0
Expenditure	**532.8**	**601.4**	**12.9**
Net Lending (Overall Surplus)	**182.0**	**164.9**	**(9.4)**
Financing:			
Net Acquisition of Financial Assets	158.8	140.8	(11.3)
Net Incurrence of Liabilities	(23.2)	(24.0)	3.6

Source: Treasury Department & Economics and Statistics Office

The **net operating balance (current balance)**, defined as revenue minus expenses, declined by 3.6% to $190.9 million in 2025, down from $197.9 million in 2024.

12.1 Revenue

Total government revenue rose to $766.3 million at the end of June 2025, an increase of $51.5 million or 7.2% increase (see Table 23). This growth was driven by a 7.7% ($51.1 million) rise in taxes and a 0.8% ($0.4 million) uptick in other revenue.

Taxes collected during the first six months of 2025 totalled $719.1 million, marking an increase from the $668.0 million collected at the end of June 2024. This growth was driven by gains across all major sub-categories, except for taxes on international trade and transactions, which remained broadly consistent with the previous year.

Taxes on goods and services rose by 9.5%, while taxes on property increased by 9.0%. While "other taxes" grew by 114.6%, their impact was negligible in absolute terms and had a limited effect on the overall tax revenue.

Table 23: Revenue of the Central Government (Jan-Jun)

	Jun-24	Jun-25	% Change
	CI$ Million		
Revenue	**714.8**	**766.3**	**7.2**
Taxes	**668.0**	**719.1**	**7.7**
Taxes on International Trade & Transactions	124.7	124.1	(0.5)
Taxes on Goods & Services	495.4	542.3	9.5
Taxes on Property	47.5	51.7	9.0
Other Taxes	0.5	1.1	114.6
Other Revenue	**46.8**	**47.2**	**0.8**
Sale of Goods & Services	24.4	24.3	(0.2)
Investment Revenue	16.7	12.0	(28.1)
Fines, Penalties and Forfeits	5.1	9.1	78.2
Transfers n.e.c.	0.6	1.7	197.8

Source: Treasury Department & Economics and Statistics Office

Taxes on goods and services rose by 9.5% (or $46.9 million) to $542.3 million during the first half of 2025, accounting for 75.4% of total tax revenue (see Table 24). This growth was primarily driven by increased inflows from financial services licences, which rose by 12.6%. Additional contributors included other domestic taxes (up 6.9%), traders' licences (up 4.8%), and other stamp duties (up 2.5%).

Financial services licences alone accounted for 70.5% of taxes on goods and services and 53.2% of total taxes collected. The increase in this category was largely attributed to higher exempt company fees, reflecting a rise in company registrations as detailed.

Table 24: Domestic Tax Collection of the Central Government (Jan-Jun)

	Jun-24	Jun-25	% Change
	CI$ Million		
Financial Services Licences	339.5	382.4	12.6
ICTA Licences & Royalties	4.7	4.2	(11.3)
Work Permit and Residency Fees	64.7	63.7	(1.5)
Other Stamp Duties	8.0	8.2	2.5
Traders' Licences	5.0	5.2	4.8
Other Domestic Taxes	73.6	78.6	6.9
Of which:			
Tourist Accommodation Charges	28.0	30.6	9.0
Motor Vehicle Charges	5.3	4.8	(9.3)
Taxes on Goods & Services	**495.4**	**542.3**	**9.5**

Source: Treasury Department & Economics and Statistics Office

Taxes on property climbed to $51.7 million in the first half of 2025, up from $47.5 million during the same period in 2024 (see Table 23). The increase was primarily driven by higher stamp duty collections on land transfers and infrastructure fund fees, which rose by $2.4 million and $1.9 million, respectively. Meanwhile, **other taxes** doubled to $1.1 million from $0.5 million, largely due to funds recovered from defunct companies.

Other revenue also increased, reaching $47.2 million by the end of June 2025 (see Table 23). This comprised $24.3 million from the sale of goods and services, $12.0 million in investment income, $9.1 million from fines, penalties, and forfeits, and $1.7 million from transfers not elsewhere classified.

Tax receipts from international trade and transactions fell by 0.5% to $124.1 million during the first half of 2025, accounting for 17.3% of overall taxes collected (see Table 23). Within this category, import duties declined by 0.7% to $117.1 million, while other levies edged up by 0.5% to $6.9 million.

The decline in import duties was broad-based, except for "other import duty," which rose by 2.4% to $84.1 million. The most pronounced drop occurred in motor vehicle duty, which fell by 14.9% to $10.5 million. Additional reductions were recorded in gasoline and diesel duty (down 8.4%), tobacco products duty (down 5.0%), and alcoholic beverages duty (down 1.1%).

Among other levies, both the cruise ship departure fee and the environmental protection fund fee increased, owing to the rise in cruise arrivals during the period.

12.2. Expenditure

Central government expenditure rose to $601.4 million by the end of June 2025, up 12.9% from $532.8 million in the same period in 2024. This growth was driven by a combination of higher operational expenses and increased net investment in non-financial assets[6], particularly capital projects. The rise in spending reflects the government's continued commitment to infrastructure development and service delivery amid expanding economic activity.

[6] Net investment in nonfinancial assets is gross investment in nonfinancial assets less consumption of fixed capital.

Expenses (current expenditure) totalled $575.4 million at the end of June 2025, reflecting an 11.3% increase from $516.8 million in the previous year (see Table 25). All major spending categories recorded higher outlays, except for interest payments. Compensation of employees (personnel costs) rose by 11.2% to $252.5 million, accounting for 43.9% of total expenses. This increase was driven by a 11.2% rise in salaries and wages (including employee pension contributions), an 8.5% uptick in healthcare costs, and a 5.4% increase in employer/government pension expenses.

Spending on goods and services grew by 3.6% to $79.7 million. The main contributors were the supply of goods, which rose by 9.8% to $42.9 million, and the purchase of services, which increased by 13.9% to $11.0 million.

Consumption of fixed capital (depreciation) increased by $15.0 million to $29.4 million, reflecting the aging of government assets. Approximately half of this increase was attributed to buildings, which accounted for $13.9 million, up $7.2 million from the previous year.

Table 25: Expenses of the Central Government (Jan-Jun)

	Jun-24	Jun-25	% Change
	CI$ Million		
Expense	**516.8**	**575.4**	**11.3**
Compensation of Employees	227.1	252.5	11.2
Use of Goods and Services	76.9	79.7	3.5
Consumption of Fixed Capital	27.7	29.4	5.8
Subsidies	136.9	145.7	6.4
Social Benefits	35.8	53.3	48.8
Interest	8.9	7.8	(12.0)
Other Expense	3.4	7.0	104.9

Source: Treasury Department & Economics and Statistics Office

Subsidy payments, the second-largest expense category at 25.3%, rose to $145.7 million from $136.9 million. Notable increases included allocations to the Health Services Authority (up $6.4 million), the Cayman Islands National Insurance Company (up $2.7 million), and the University College of the Cayman Islands (up $1.9 million).

Social benefits surged by 48.8% to $53.3 million, driven by higher allocations for scholarships and bursaries, financial assistance (poor relief), and seamen ex gratia payments. The new community enrichment and well-being initiative also contributed to the rise in social spending.

Interest payments declined to $7.8 million, reflecting reduced borrowing costs in line with a lower debt balance. Other expenses increased to $7.0 million from $3.4 million, primarily due to higher litigation costs and claim settlements.

12.3. Investment in Non-financial Assets

Gross investment in non-financial assets (gross capital expenditure) increased by 26.7% to $55.4 million at the end of the review period (see Table 26). This growth was primarily driven by higher spending on fixed assets[7], partially offset by a reduction in inventories. With growth exceeding depreciation, net investment in non-financial assets rose to $26.0 million, up from $15.9 million in 2024.

Total investment in fixed assets amounted to $56.0 million, up $12.6 million (29.2%). This was largely attributed to expanded capital investment in ministries and portfolios, as well as executive assets, while capital spending by statutory authorities and government-owned companies declined.

Table 26: Investment in Non-Financial assets (Jan-Jun)

	Jun-24	Jun-25	% Change
	CI$ Million		
Gross Investment in Non-Financial Assets	**43.7**	**55.4**	**26.7**
Fixed Assets	43.3	56.0	29.2
Capital Investment in Ministries and Portfolios	7.0	16.8	140.0
Statutory Authorities and Government Owned Companies	16.1	11.5	(28.6)
Executive Assets	20.2	27.7	36.7
Inventories	0.4	(0.6)	(268.6)
Net Investment in Non-Financial Assets	**15.9**	**26.0**	**63.0**

Source: Treasury Department & Economics and Statistics Office

Capital investment in ministries and portfolios more than doubled, rising to $16.8 million from $7.0 million in the corresponding period

[7] Includes expenditure on buildings and structures as well as machinery and equipment.

of 2024. The largest increases were recorded by the Ministry of Education, Youth, Sports, Agriculture & Lands (up $7.2 million) and the Ministry of District Administration (up $2.3 million).

Investment in executive assets climbed to $27.7 million from $20.2 million in 2024, representing a $7.4 million (36.7%) increase. This was mainly driven by higher expenditure on land acquisition and road expansion projects. In contrast, capital investments in statutory authorities and government-owned companies declined by 28.6% to $11.5 million. Notable reductions in spending were observed for the National Housing Development Trust, Cayman Airways Limited, the Cayman Islands Development Bank, and the Cayman Islands Airport Authority.

12.4. Financing and Debt

Net acquisition of financial assets, including the assumed cash balance from the overall surplus, declined by 11.3% to $140.8 million during the review period (see Table 27). This reduction reflects a moderation in the accumulation of financial resources compared to the previous year.

Meanwhile, net incurrence of liabilities, representing net borrowing, improved to $24.0 million, up 3.6%. This shift was primarily due to higher loan repayments and the absence of new loan disbursements between January and June 2025.

Table 27: Net Financing (Jan-Jun)

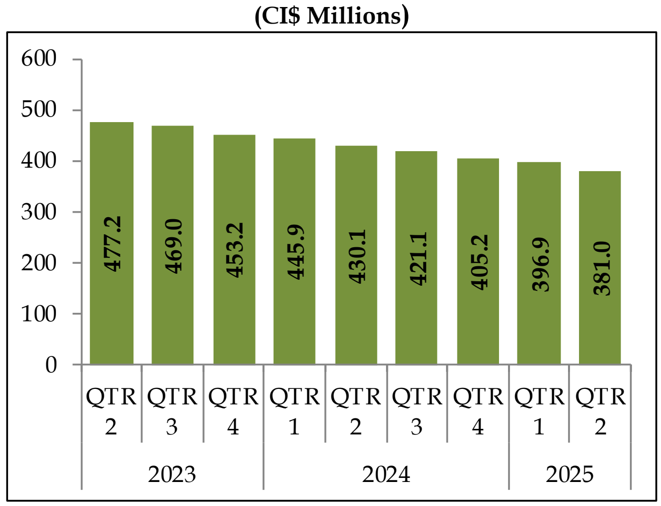
	Jun-24	Jun-25	% Change
	CI$ Million		
Financing:			
Net Acquisition of Financial Assets	158.8	140.8	(11.3)
Net Incurrence of Liabilities	(23.2)	(24.0)	3.6
Incurrence (Disbursement)	0.0	0.0	-
Reduction (Loan Repayment)	23.2	24.0	3.6

Source: Treasury Department & Economics and Statistics Office

As a result, the central government's outstanding debt fell to $381.0 million, down from $430.1 million in June 2024 (see Figure 21). The total public debt stock also declined from the previous quarter, by $15.9 million, or 4.0%.

All key central government debt indicators improved over the period. The debt service-to-revenue ratio declined to 4.2% from 4.5% in 2024. Interest expense as a share of total expenditure dropped to 1.4% from 1.7%, while interest expense as a share of revenue decreased to 1.0%, down from 1.2% in the prior year.

Figure 21: Central Government Outstanding Debt (CI$ Millions)



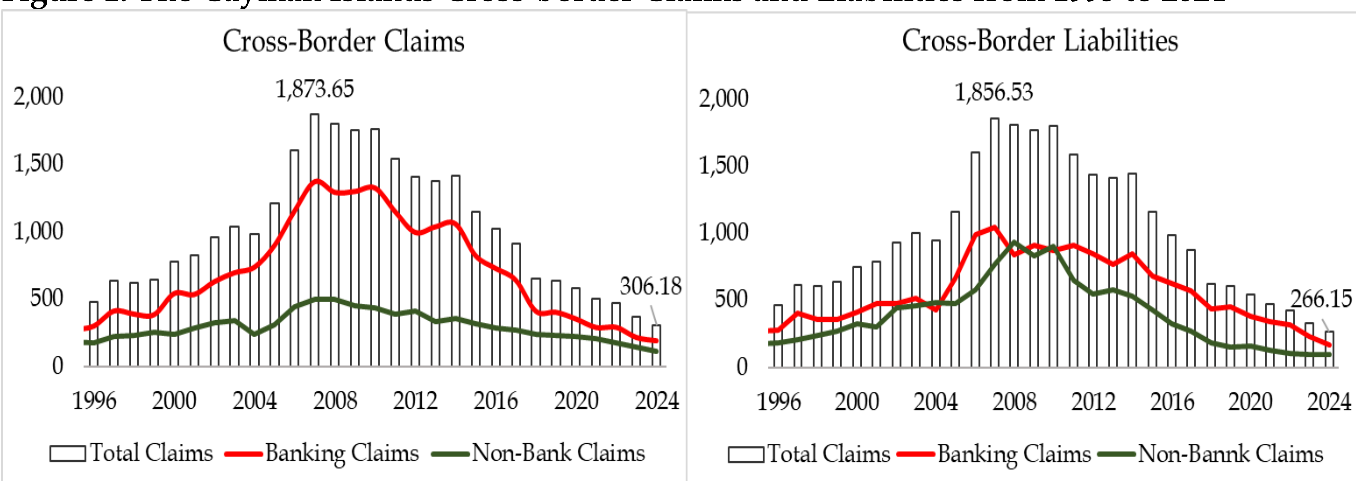
Source: Treasury Departmen

BOX 1: The Evolution of Caymans' Cross-Border Financial Position, 1995–2024

Pre-Crisis Growth and Global Prominence

Over the past thirty years, the Cayman Islands has played a prominent role in global finance, primarily as a cross-border financial center. The Bank for International Settlements (BIS) defines such centers as conduits for international investment, serving more as intermediaries than as ultimate sources or destinations of capital flows. *Figure 1* below illustrates how this role evolved in the Cayman Islands between 1995 and 2024.

Figure 1: The Cayman Islands Cross-border Claims and Liabilities from 1995 to 2024



Source: Bank for International Settlements (BIS)

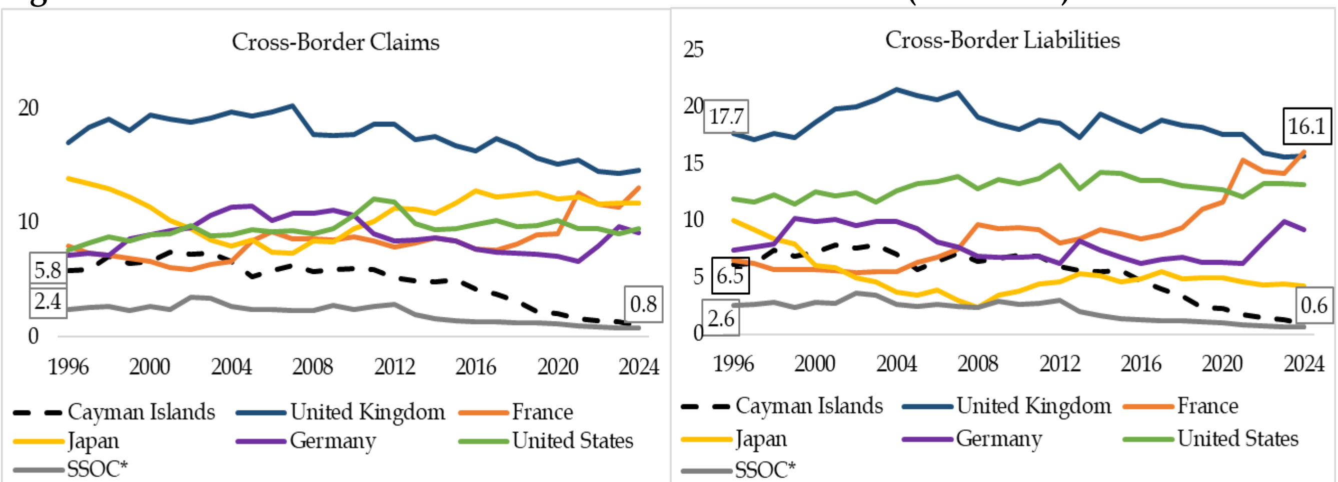
In 1996, the Cayman Islands held US$457.7 billion in cross-border claims, ranking 7th globally. Claims rose steadily through the early 2000s, reflecting stronger international demand for offshore banking services, and peaked at US$1.87 trillion in 2007 (ranking 6th). The banking sector accounted for the majority of this growth (*see Figure 3*). Cross-border liabilities, the funding side of offshore intermediation, also expanded from US$444.6 billion in 1995 (ranking 7th) to US$1.86 trillion in 2007 (ranking 5th).

Before 2007, the Cayman Islands' position closely trailed the top five economies, accounting for 5.8% of global claims and 6.1% of global liabilities (*see Figure 2*). These levels were broadly comparable to France (7.9% and 6.5%) and Germany (7.2% and 7.4%).

Impact of the Global Financial Crisis and Regulatory Developments

The global financial crisis of 2008 marked a turning point. Although the Cayman Islands remained a prominent conduit, both claims and liabilities began to decline (*see Figure 1*). This contraction reflected global deleveraging across the banking sector, alongside heightened international regulatory pressure to increase transparency and address risks associated with tax avoidance, money laundering, and financial opacity.

Figure 2: Share of Global Cross-Border Claims and Liabilities (1995–2024)[8]



Source: Bank for International Settlements (BIS)

Globally, cross-border activity weakened significantly after the crisis, with the Cayman Islands and four of the five leading centres experiencing sharp contractions between 2009 and 2016 (see Figure 3). In the subsequent period (2017–2024), other economies returned to positive growth, whereas the Cayman Islands continued to record declines. By 2024, total cross-border claims had fallen to US$306.2 billion, an 83.7% reduction from 2007, placing the jurisdiction 20th globally. Liabilities followed a similar trajectory, declining to US$266.2 billion and ranking 23rd. Consequently, the Cayman Islands' share of global claims and liabilities contracted to 0.8% and 0.7%, respectively, in 2024 (*see Figure 2*). The decline was evident across both bank and non-bank sectors, with bank-related contraction more pronounced (*see Figure 3*).

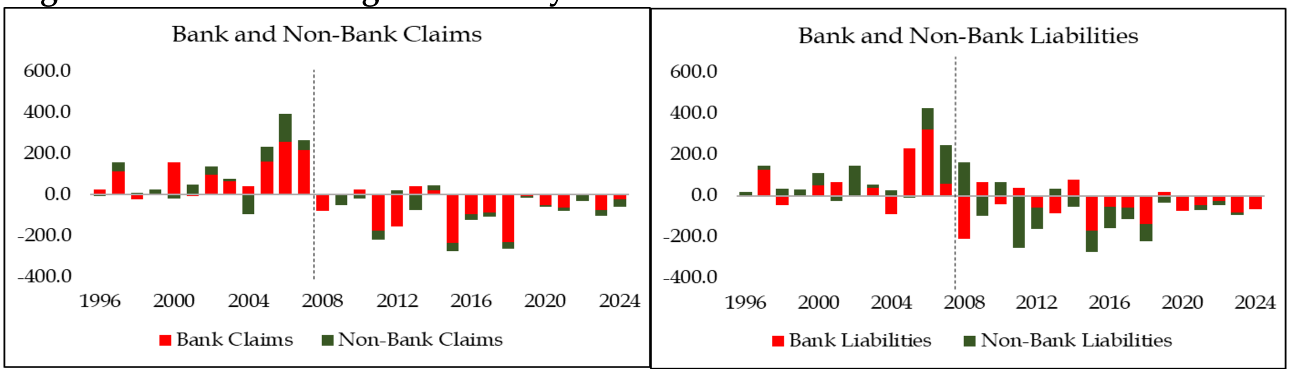
By contrast, other economies rebounded by the end of the review period. France's share rose to 12.8% of claims and 15.7% of liabilities, while Germany's share increased to 9.8% and 9.7%. Notably, in 1995, the Cayman Islands' claims and liabilities were more than double the aggregate of Guernsey, the Isle of Man, and The Bahamas. By 2024, the Cayman Islands and this group held equal shares of the global market (*see Figure 2*).

The divergence observed in the Cayman Islands relative to other financial centers after the 2008 financial crisis was not merely cyclical but reflected a broader structural shift in the offshore financial landscape. International banks adjusted their business models towards more locally

[8] SSOC represents **selected Smaller Offshore Centres** (Guernsey, Isle of Man, and The Bahamas).

focused operations, contributing to a reduction in cross-border bank lending, as highlighted in the IMF's 2015 report.

Figure 3: Nominal Changes in the Cayman Islands Cross-border Claims and Liabilities



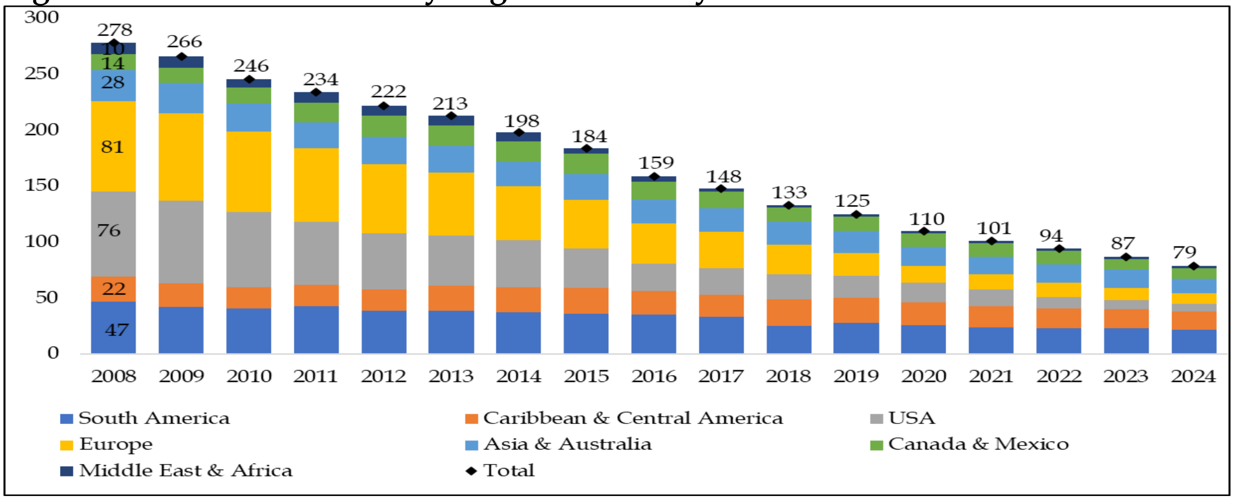
Source: Bank for International Settlements (BIS), Locational Banking Statistics

At the same time, the Cayman Islands adopted stricter regulatory and transparency frameworks, including the OECD's Common Reporting Standard[9] and the Financial Action Task Force (FATF[10]) guidelines. These measures, along with similar initiatives in other jurisdictions, encouraged banks to retain deposits onshore to meet liquidity requirements rather than placing them in offshore centers. This shift contributed to the reduction in the number of licensed banks in the Cayman Islands, falling from 278 in 2008 to 79 in 2024. The contraction was largely driven by advanced economies, with the United States and Europe showing the steepest declines and moving from the top sources of offshore banks to among the bottom three (*see Figure 5*).

[9] In response to the OECD's 2014 Common Reporting Standard (CRS), the Cayman Islands enacted the Cayman CRS Regulations.

[10] The Financial Action Task Force (FATF) leads global action to tackle money laundering, terrorist and proliferation financing.

Figure 4: Number of Banks by Region in the Cayman Islands



Source: Cayman Islands Monetary Authority

Resilience and Ongoing Significance in Global Finance

The Cayman Islands' trajectory from a leading cross-border financial hub in the pre-crisis era to its reduced prominence by 2024 reflects a global structural shift. However, despite the decline, the Cayman Islands remains a significant financial center. As of 2024, the jurisdiction was recognized by the United States Securities and Exchange Commission as the second-largest domicile for private funds, with more than 17,000 registered funds. The Cayman Islands was also the leading offshore center and the second-largest worldwide for licensed captive insurers, with approximately 700 companies.

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Cayman Islands Stock Exchange
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Cayman Islands Water Authority
Cayman Water Company
Workforce Opportunities & Residency Cayman
Lands and Survey Department
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Portfolio of the Civil Service

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