

*The Auditor's Communication With Those Charged  
With Governance*

**Marshall Islands Development Bank**

(A Component Unit of the Republic of the Marshall Islands)

*Year ended September 30, 2024*



August 14, 2025

To the Board of Directors of  
Marshall Islands Development Bank

We have performed an audit of the financial statements of the business-type activities of Marshall Islands Development Bank (MIDB), a component unit of the Republic of the Marshall Islands, as of and for the year ended September 30, 2024, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated August 14, 2025.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

## **REQUIRED COMMUNICATIONS**

Professional standards require the auditor to provide the Board of Directors (the Board) with additional information regarding the scope and results of the audit that may assist the Board in overseeing the financial reporting and disclosure processes which the management of MIDB is responsible. We summarize these required communications as follows:

### **Overview of the planned scope and timing of the audit**

Our audit scope and timing are consistent with the plan communicated in our engagement letter dated February 5, 2025 and at our audit planning meeting with management.

### **Auditors' Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted Government Auditing Standards (GAGAS)**

The financial statements, required supplementary information, and supplementary information are the responsibility of MIDB's management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Our responsibilities are included in our audit engagement letter.

**Changes to the audit strategy, timing of the audit and significant risks identified**

Our audit strategy is consistent with the plan communicated during the May 2025 meeting.

**Matters relevant to our evaluation of the entity's ability to continue as a going concern**

We did not identify any events or conditions that led us to believe there was substantial doubt about MIDB's ability to continue as a going concern.

**Our views about the qualitative aspects of the entity's significant accounting practices, including:**

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year.

We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in Note 2 of the basic financial statements.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

**Related party relationships and transactions**

We noted no significant matters regarding MIDB's relationships and transactions with related parties other than disclosed in Note 12 to the financial statements.

**Changes to the terms of the audit with no reasonable justification for the change**

None.

**Significant unusual transactions**

We are not aware of any significant unusual transactions executed by MIDB.

**Difficult or contentious matters subject to consultation outside of the audit team**

There were no difficult or contentious matters that required consultation outside of the audit team.

**Material corrected misstatements related to accounts and disclosures**

Refer to “Management Representations Letter” in Appendix A.

**Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial**

Refer to “Management Representations Letter” in Appendix A.

**Significant deficiencies and material weaknesses in internal control over financial reporting**

No material weaknesses have been identified.

**Fraud and noncompliance with laws and regulations (illegal acts)**

We are not aware of any matters that require communication.

**Obtain information relevant to the audit**

Inquiries regarding matters relevant to the audit were performed during the May 2025 meeting and at the update status meetings during the audit.

**Independence matters**

We are not aware of any matters that in our professional judgment would impair our independence.

**New accounting pronouncements**

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 101 – *Compensated Absences*
- GASB Statement No. 102 – *Certain Risk Disclosures*
- GASB Statement No. 103 – *Financial Reporting Model Improvements*
- GASB Statement No. 104 – *Disclosure of Certain Capital Assets*

**Significant issues discussed with management in connection with the auditor’s initial appointment or recurring retention**

We are not aware of any matters that require communication.

**Disagreements with management and significant difficulties encountered in dealing with management when performing the audit**

There were no difficulties encountered in dealing with management in performing the audit.

**Management's consultations with other accountants**

We are not aware of any consultations made by management with other accountants or specialists.

**Other material written communications with management**

None.

**Other matters**

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

**AICPA ethics ruling regarding third-party service providers**

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with MIDB or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.

**Representations we are requesting from management**

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix A.

**Engagement team's involvement with preparation of the financial statements**

Under GAS 2018 Revision, Chapter 3 Ethics, Independence and Professional Judgment, Paragraph 3.73-74 Provision of Nonaudited Services to Audited Entities explains that the audit team should make consideration of management's ability to effectively oversee the non-audit services to be provided. The engagement team should determine that the audited entity has designated an individual who possesses suitable skill, knowledge or experience and that the individual understands the services to be performed sufficiently to oversee them. The engagement team should document consideration of management's ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- The preparation of the financial statements is based on MIDB's trial balance with our understanding that MIDB's underlying books and records are maintained by MIDB's accounting department and that the final trial balance prepared by MIDB is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of MIDB.
- MIDB's Chief Financial Officer has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

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This communication is intended solely for the information and use of the Board of Directors and management of MIDB and the Office of the Auditor-General, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

A handwritten signature in black ink that reads "Ernst & Young". The signature is written in a cursive, flowing style.

Board of Directors  
Marshall Islands Development Bank

August 14, 2025

## Appendix

A – Management Representations Letter

A – Management Representations Letter



**MARSHALL ISLANDS DEVELOPMENT BANK**

P.O. Box 1048  
Majuro, Republic of the Marshall Islands  
Phone: (692)625-3230, 625-3223, 625-5270  
Web: [www.mimdb.com](http://www.mimdb.com)

August 14, 2025

**Ernst & Young LLP**  
231 Ypao Road Suite 201  
Ernst & Young Building  
Tamuning, Guam 96913

In connection with your audits of the financial statements of the business-type activities of Marshall Islands Development Bank (the Bank), a component unit of the Republic of the Marshall Islands, which comprise the statements of net position as of September 30, 2024 and 2023, and the related statements of revenues, expenses and changes in net position and of cashflows for the years then ended, and the related notes to the financial statements, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the financial position of the business-type activities of the Bank and the changes in financial position and cash flows in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

**Management's responsibilities**

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated February 5, 2025, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding years.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bank's ability to continue as a going concern for one year after the date that the financial statements are issued, and provided appropriate financial statement disclosure, when applicable, related to going concern and the use of the going concern basis of accounting.



A – Management Representations Letter, continued



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We acknowledge our responsibility for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters. This responsibility includes identifying the use of new technologies or techniques in preparing such information (e.g., the use of generative artificial intelligence), and additional details you may require regarding the use of any such technologies and techniques in order to perform your audit procedures.
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the Bank from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

From November 8, 2024 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements of any opinion unit that comprises the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

***Governmental entities***

We recognize that we are responsible for the Bank's compliance with the laws, regulations, provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

We have provided you all previous audits, attestation engagements, and other studies related to the audit objectives and whether the related recommendations have been implemented.

A – Management Representations Letter, continued



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***Governmental entities, continued***

There has been no noncompliance or possible noncompliance with provisions of contracts or grant agreements in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

We have informed you of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.

We have taken timely and appropriate steps to remedy fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements, that you have reported.

***Uncorrected misstatements***

We believe that the effects of any uncorrected misstatements (including those related to supplementary information), summarized in the accompanying schedule (Appendix B), accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements and to the supplementary information.

***Corrected misstatements***

We have reviewed and approved the adjustment, summarized in the accompanying schedule (Appendix A), and reflected this adjustment in the financial statements.

***Internal control***

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting.

***Minutes and contracts and internal audit reports***

The dates of meetings of shareholders, directors, committees of directors and important management committees, are as follows:

<b>Date of Meeting</b>	<b>Meeting Type</b>
October 6, 2023	Special Meeting
October 25, 2023	Regular Meeting
November 22, 2023	Regular Meeting
November 23, 2023	Special Meeting
December 27, 2023	Regular Meeting
January 31, 2024	Regular Meeting
February 23, 2024	Regular Meeting
March 25, 2024	Regular Meeting

A – Management Representations Letter, continued



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April 22, 2024	Regular Meeting
May 29, 2024	Regular Meeting
June 14, 2024	Special Meeting
June 26, 2024	Regular Meeting
July 24, 2024	Special Meeting
August 1, 2024	Regular Meeting
August 28, 2024	Regular Meeting
August 29, 2024	Special Meeting
September 25, 2024	Regular Meeting
October 30, 2024	Regular Meeting
December 4, 2024	Regular Meeting
January 29, 2025	Regular Meeting
February 13, 2025	Special Meeting
February 26, 2025	Regular Meeting
March 7, 2025	Special Meeting
April 30, 2025	Regular Meeting

We have made available to you all minutes of the meetings of shareholders, directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant agreements and contracts, including amendments, and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that have a material effect on the financial statements.

We also have made available to you all internal audit reports that were issued to management during the year that address internal control over financial reporting.

***Methods, significant assumptions, and data used in making accounting estimates***

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

***Ownership and pledging of assets***

Except for right-of-use assets recognized in accordance with GASB Statement No. 87, for which we were provided a right-to-use another entity's nonfinancial asset (the underlying asset), the Bank has satisfactory title to all assets appearing in the statements of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which the Bank has satisfactory title appear in the statements of net position.

A – Management Representations Letter, continued



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***Receivables and revenues***

Adequate provision has been made for any receivable as of the statement of net position dates that may not be collectible, including any losses, costs and expenses that may be incurred related to the collection of those receivables.

***Financial instruments***

The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the financial statements:

- The extent, nature and terms of financial instruments with off-balance-sheet risk.
- The amount of credit risk of financial instruments with off-balance-sheet risk and information about the collateral supporting such financial instruments.
- Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

***Investments in subsidiaries and other entities***

The Net Asset Value (NAV) method is used to account for the Bank's investment in common stock of Marshall Islands Holdings, Inc. and Marshall Islands Service Corporation as the Bank does not have a readily determinable fair value.

***Leases***

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87 - as amended. We have appropriately considered any renewal, termination or purchase options in the contract.

To measure the lease liability, we used the rate the lessor charges to us or the rate implicit in the lease. When the interest rate could not be readily determined, we then estimated our incremental borrowing rate (IBR). We believe our IBR is a reasonable estimate and represents an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

***Long-lived assets used, including amortizable intangible assets***

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets used, including intangible assets that are subject to amortization, may not be recoverable.



A – Management Representations Letter, continued



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***Related party relationships and transactions***

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56 - as amended, has been considered and appropriate adjustments or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

***Side agreements and other arrangements***

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

***Arrangements with financial institutions***

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

***Events of default under debt agreements***

No events of default have occurred with respect to any of the Bank's debt agreements.

***Contingent liabilities***

There are no unasserted claims or assessments, including those our lawyers have advised us of, that are probable of assertion and must be disclosed in accordance with GASB Statement No.62 - as amended.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

There have been no internal investigations or communications from regulatory agencies or government representatives in any jurisdiction concerning investigations or allegations of noncompliance with laws or regulations, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements.

A – Management Representations Letter, continued



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***Contingent liabilities, continued***

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No.62 - as amended, nor are there any accruals for loss contingencies included in the statements of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No.62 - as amended.

***Oral or written guarantees***

There are no oral or written guarantees other than those reported in the basic financial statements, including guarantees of the debt of others.

***Purchase commitments***

At September 30, 2024 and 2023, the Bank had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at those dates.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2024 and 2023 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

***Non-compliance with laws and regulations, including fraud***

We acknowledge that we are responsible to determine that the Bank's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Bank's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Bank.

A – Management Representations Letter, continued



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***Independence***

We have communicated to you the names of all the Bank's affiliates, as described in the AICPA Code of Professional Conduct ET section 1.224.020 *State and Local Government Client Affiliates*, officers and directors, or individuals who serve in such capacity for the Bank.

We are not aware of any business relationship between the Bank and Ernst & Young LLP or any other member firm of the global Ernst & Young organization (any of which, an "EY Firm"), other than one pursuant to which an EY Firm performs professional services.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the Bank's audit.

***Conflicts of interest***

There are no instances where any officer or employee of the Bank has an interest in a company with which the Bank does business that would be considered a "conflict of interest". Such an interest would be contrary to Bank policy.

***Effects of adopting new accounting standards***

We have not completed the process of evaluating the effects that will result from adopting the following amendments to the codification provided in the Governmental Accounting Standards Board (GASB), as discussed in Note 2:

- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

The Bank is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such amendments are adopted.

***Required supplementary information***

We acknowledge our responsibility for the required supplementary information on management's discussion and analysis, which have been measured and presented conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement.

There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

A – Management Representations Letter, continued



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There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

***Supplementary information***

We are responsible for the preparation and fair presentation of the Combining Statement of Net Position and Combining Statement of Revenues, Expenses and Changes in Net Position (the "supplementary information") and its form and content in conformity with the GASB. We believe the supplementary information, including its form and content, is fairly stated in all material respects in conformity with the GASB.

There have been no changes in the methods of measurement or presentation of the supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

***Additional representations***

- We have identified and disclosed to you, all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- We have identified and disclosed to you, all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the basic financial statements.
- We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments and tax levies and refunds.
- Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable fund balance, and restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of revenues, expenses and changes in net position.



A – Management Representations Letter, continued



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- Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and, if applicable, depreciated.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and net position was properly recognized under the policy.
- We are following either our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or are following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
- Subsequent events have been evaluated and classified as recognized or nonrecognized through the date of this letter.
- Quantitative and qualitative information regarding the allowance for doubtful accounts has been properly disclosed in the financial statements. Allowance for doubtful accounts is determined by specific identification and collective assessment of accounts receivables. In specific identification, we considered collection history and debtors' ability to pay.
- Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the statement of net position date and have been appropriately reduced to their estimated net realizable value. Additionally, the Bank is responsible for determining and maintaining the adequacy of the allowance for loans and lease losses, other receivables, as well as estimates used to determine such amounts. Management believes that the allowances are adequate to absorb currently estimated bad debts in the account balances.
- All additions to the Bank's property accounts consist of replacements or additions that are properly capitalizable and are for the purpose of increasing capacity, extending facilities, reducing operating costs, or meeting changed operating conditions.
- We believe that the Bank is in compliance with all significant limitations and restrictions of the subsidiary loan agreement covenants with the Republic of Marshall Islands relating to the Home Energy Efficiency and Renewable Energy Project as of September 30, 2024.

***Other matters***

We have received a draft copy of the financial statements of the Bank as of and for the years ended September 30, 2024 and 2023. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

A – Management Representations Letter, continued



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*Other matters, continued*

You have assisted in the preparation of the Bank's financial statements based on the information in the Bank's trial balance and accounting records. It is our understanding that:

- The Bank's underlying books and records are maintained by the Bank's accounting department and that the final trial balance prepared by the Bank is complete;
- All adjusting journal entries posted to the trial balance have been approved by the Bank; and
- Management of the Bank has designated a competent representative to oversee your services and that there are Bank personnel with sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements.

We acknowledge that we have reviewed the draft financial statements for accuracy and completeness, and we take responsibility for them.

*Subsequent events*

Subsequent to September 30, 2024, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the Bank's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of the Bank.

Very truly yours,

Dwight Heine, *Managing Director*

Kyo Gary, *Deputy Managing Director*

Mary Pedregosa – Gumapal, *Chief Financial Officer*

A – Management Representations Letter, continued



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**Appendix A – Corrected Misstatements**

**Communication schedule for corrected misstatements**

Entity: Marshall Islands Development Bank

Period ended: 30-Sep-2024

Currency: USD

Corrected misstatements			Analysis of misstatements Debit/(Credit)							Income statement effect of the current period	
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI		Debit/(Credit)	Non taxable
		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)		Debit/(Credit)	
AJE1	TB.01	To record grant revenue and related grant expense relative to Senior Citizen Housing Program									
		Grant-related expense								307,500	
		Contributions from RepMar								(307,500)	
AJE 2	EI, YE N	To record additional provision for loan losses									
		Provision for loan losses								600,000	
		Allowance for loan losses		(600,000)							
<b>Total of corrected misstatements before income tax</b>			0	(600,000)	0	0	0	0	0	600,000	
Financial statement amounts			21,503,943	33,035,815	(2,283,978)	(2,552,577)	(48,562,209)			(1,140,994)	
Effect of corrected misstatements on F/S amounts			0.0%	-1.8%	0.0%	0.0%	0.0%			-52.6%	

[For US PCAOB audits we are required to communicate all misstatements that are accumulated on our SAD.]

A – Management Representations Letter, continued



**MARSHALL ISLANDS DEVELOPMENT BANK**

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**Appendix B – Uncorrected Misstatements**

Communication schedule for uncorrected misstatements

Entity:		Marshall Islands Development Bank		Period Ended: 30-Sep-2024		Currency: USD						
Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period	
No.	WP ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non-taxable
(misstatements are recorded as journal entries with a description.)			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable		
Factual misstatements:												
Judgmental misstatements:												
SAD 01	EI YE	To record additional provision for loan loss							1,190,000	X		1,630,000
		Provision for loan losses										
		Allowance for loan losses	(1,190,000)									
Total of uncorrected misstatements before income tax			(1,190,000)	0	0	0	0	0	1,190,000			1,630,000
Total of uncorrected misstatements			(1,190,000)	0	0	0	0	0	1,190,000			1,630,000
Financial statement amounts			21,503,943	33,035,815	(2,283,978)	(2,357,477)	(48,582,709)		(1,140,994)			(1,145,493)
Effect of uncorrected misstatements on F/S amounts			-5.5%	0.0%	0.0%	0.0%	0.0%		-104.3%			-142.3%
Memo: Total of non-taxable items (marked "X" above)									1,190,000		0	
Uncorrected misstatements before income tax									-104.3%	1,190,000		1,630,000
Less: Tax effect of misstatements at current year marginal rate								0%		0		0
Uncorrected misstatements in income tax										0		0
Cumulative effect of uncorrected misstatements after tax but before turnaround									-104.3%	1,190,000		1,630,000
Turnaround effect of prior period uncorrected misstatements												
All factual and projected misstatements:									After tax		Memo: Before tax	
Judgmental misstatements (Note 3):									(1,630,000)		(1,630,000)	
Cumulative effect of uncorrected misstatements, after turnaround effect									38.6%			
Current year income before tax												(1,140,994)
Current year income after tax												(7,745,994)