

Cayman National Bank
Pillar 3 Disclosure Report

As at 30 June 2026



**CAYMAN
NATIONAL**

A Subsidiary of  Republic Financial Holdings Limited

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1. INTRODUCTION

- 1.1. Cayman National Bank Ltd. ("CNB") was incorporated under the Companies Act of the Cayman Islands on November 21, 1973. CNB is a wholly owned subsidiary of Cayman National Corporation Ltd. ("CNC") (incorporated in the Cayman Islands).
- 1.2. CNC is majority owned by Republic Bank Trinidad and Tobago (Barbados) Limited ("RBTTBL"), a subsidiary of Republic Financial Holdings Limited ("RFHL"). The shares of RFHL are listed and publicly traded on the Trinidad and Tobago Stock Exchange Limited ("TTSE").
- 1.3. CNB holds a category 'A' banking license subject to the provisions of the Banks and Trust Companies Act of the Cayman Islands and provides full-service banking facilities. CNB owns the entire issued share capital of Cayman National Property Holdings Ltd. ("CNPH"), a company incorporated under the Companies Act of the Cayman Islands on June 4, 1996. The principal business of CNPH is to provide office space for CNC and its subsidiary companies and to hold other leased premises in the Cayman Islands. CNPH is fully consolidated into CNB's Financial Statements, as such, any reference to CNB throughout this document refers to CNB's consolidated position inclusive of CNPH.
- 1.4. This Quarterly CNB Pillar 3 Disclosure Report includes CNB's data as at 30 June 2026 and has been developed to meet the requirements of the Cayman Islands Monetary Authority's ("CIMA") **Market Discipline Disclosure Requirements (Pillar 3), Rules and Guidelines** ("CIMA's Pillar 3 Rules"). CNB's consolidated position, inclusive of CNPH, is subject to CIMA's Pillar 3 Rules, and as such is included throughout this Quarterly CNB Pillar 3 Disclosure Report. Please note that certain total amounts in the tables in this report may not sum up due to rounding and all amounts are reported in Cayman Islands dollars ("KYD"), unless otherwise specified.
- 1.5. This CNB Pillar 3 Disclosure Report has been reviewed and approved by CNC's Executive Committee ("ExCo").

2. CAPITAL MANAGEMENT

2.1. Overview of Risk Weighted Assets – OV1

- 2.1.1. Table 1 provides an overview of Risk Weighted Assets (“RWA”) and Minimum Capital Requirements per risk type. As is evident in Table 1, Total RWA decreased slightly by KYD 1.63 million from KYD 957.06 million as at 31 March 2026 to KYD 955.42 million as at 30 June 2026. The decrease in Total RWA was driven by a 0.22% decrease in Credit Risk RWA from KYD 755.03 million as at 31 March 2026 to KYD 753.33 million as at 30 June 2026.

Table 1: OV1 – Overview of RWA

OV1: Overview of RWA				
KYD ('000)		a	b	c
		RWA		Minimum capital Requirements
		30-Jun-26	31-Mar-26	30-Jun-26
1	Credit risk (excluding counterparty credit risk) (CCR)	753,333	755,026	101,700
2	Securitisation exposures	-	-	-
3	Counterparty credit risk	-	-	-
4	Of which: current exposure method	-	-	-
5	Of which: standardized method	-	-	-
6	Market risk	216	155	29
7	Of which: Equity risk	-	-	-
8	Operational risk	201,875	201,875	27,253
9	Of which: Basic Indicator Approach	201,875	201,875	27,253
10	Of which: Standardised Approach	-	-	-
11	Of which: Alternative Standardised	-	-	-
12	Total (1 + 2 + 3 + 6 + 8)	955,424	957,056	128,982

2.2. Leverage Ratio – LR1 & LR2

- 2.2.1. The Leverage Ratio regulatory measure is a non-risk based measure to restrict the build-up of leverage in the banking sector. The Leverage Ratio is derived as Tier 1 Capital against a measure of exposure as prescribed by CIMA.
- 2.2.2. Table 2 provides a reconciliation between the regulatory exposure measure and the financial statements of CNB.

Table 2: LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure

LR1: Summary comparison of accounting assets vs leverage ratio exposure measure		
KYD ('000)		30-Jun-26
1	Total consolidated assets as per published financial statements	2,262,211
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	-
9	Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	-
10	Adjustment for off balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	4,970
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(6,774)
12	Other adjustments	8,254
13	Leverage ratio exposure measure	2,268,661

2.2.3. The following provides detail on the adjustments identified in Table 2:

- a. Row 10 - Off-Balance Sheet items post the Credit Conversion Factor ("CCF") and Credit Risk Mitigation ("CRM") are not reflected on the balance sheet and are therefore an adjustment item reported in row 10 of Table 2 above.
- b. Row 11 - Includes Goodwill and a deduction of related party exposures (if any), as approved by CIMA.
- c. Row 12 - Other adjustments include unearned loan origination fees. These fees are recorded as contra accounts that reduce gross loan balances but are reclassified as liabilities on the balance sheet for regulatory purposes. This is because gross loan balances, rather than net loan balances, are used in the calculation of the capital adequacy ratio. Additionally, other adjustments include general provisions, which function as contra accounts against the loan portfolio. Unlike unearned loan origination fees, these general provisions are added to Tier 2 capital rather than being subtracted from Tier 1 capital.

- 2.2.4. As evident in Table 3 below, the Basel III leverage ratio decreased from 11.86% reported as at 31 March 2026 to 10.97% reported as at 30 June 2026. The decrease in the Leverage Ratio was driven by a combination of an increase in Total Exposures and decrease in Tier 1 Capital during the quarter. The increase in Total Exposures was primarily attributable to deposit-funded expansion of on-balance-sheet assets, while the decrease in Tier 1 Capital reflects the impact of slightly higher provisions and increased deductions for intangible assets.

Table 3: LR2 – Leverage Ratio common disclosure

LR2: Leverage Ratio common disclosure			
KYD ('000)		a	b
		30-Jun-26	31-Mar-26
On-Balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	2,275,896	2,125,621
2	Gross up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on balance sheet exposures that are deducted from Basel III Tier 1 capital)	(5,431)	(4,410)
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	(6,774)	(4,172)
7	Total on balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	2,263,691	2,117,039
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
9	Add on amounts for potential future exposure associated with all derivatives transactions	-	-
10	(Exempted central counterparty (CCP) leg of client cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add on deductions for written credit derivatives)	-	-
13	Total derivative exposures (sum of rows 8 to 12)	-	-
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	-	-

LR2: Leverage Ratio common disclosure			
KYD ('000)		a	b
		30-Jun-26	31-Mar-26
Other off-balance sheet exposures			
19	Off-balance balance sheet exposure at gross notional amount	206,540	209,132
20	(Adjustments for conversion to credit equivalent amounts)	(201,570)	(204,198)
21	(Specific and general provisions associated with off balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	Off-balance sheet items (sum of rows 19 to 21)	4,970	4,934
Capital and total exposures			
23	Tier 1 capital	248,977	251,580
24	Total exposures (sum of rows 7, 13, 18 and 22)	2,268,661	2,121,973
Leverage ratio			
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	10.97%	11.86%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	10.97%	11.86%
26	National minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	7.97%	8.86%

3. LIQUIDITY RISK

3.1. Liquidity Coverage Ratio – LIQ1

- 3.1.1. The Liquidity Coverage Ratio (“LCR”) is designed to ensure that a bank has sufficient unencumbered high-quality liquid assets (“HQLA”) that can be converted into cash to meet its liquidity needs for a 30-calendar day liquidity stress scenario. Table 4 below provides a breakdown of CNB’s LCR as at 30 June 2026, which has been derived by using the simple average balances of month end balances for April 2026, May 2026 and June 2026.
- 3.1.2. CNB’s total HQLA of KYD 533.52 million consists of KYD 373.74 million of Level 1 HQLA, KYD 114.00 million of Level 2A HQLA and KYD 45.78 million of Level 2B HQLA. 39.7% of funding is attributable to Retail Deposits, 21.65% to Small Business Customers, 13.16% to Sovereign deposits, 9.43% to Banks, 8.75% to Non-Financial Institutions and 7.31% to Other Financial Institutions. 96.07% of HQLA is denominated in USD, 2.11% in KYD, 1.64% in GBP, 0.14% in CAD and 0.04% in EUR. 53.04% of Total Net Cash Outflows is denominated in USD, 44.87% in KYD, 0.92% in EUR, 0.73% in GBP, 0.4% in CAD and 0.03% in CHF.

- 3.1.3. CNB's average LCR ratio increased marginally from 138% reported as at 31 March 2026 to 139% reported as at 30 June 2026, reflecting a stable liquidity position throughout the quarter. HQLA remained predominantly composed of Level 1 assets, supplemented by Level 2A and Level 2B assets. Weighted cash outflows continued to be driven primarily by unsecured wholesale funding, particularly non-operational deposits. Consistent with the trend observed in the previous quarter, the LCR remained most sensitive to deposits moving into the 30-day maturity horizon and resulting wholesale outflow requirement relative to changes in HQLA. Notwithstanding these dynamics, the LCR remained comfortably above the regulatory minimum requirement, demonstrating CNB's strong liquidity position and prudent liquidity risk management.

Table 4: LIQ1 – Liquidity Coverage Ratio as at 30 June 2026

LIQ1: Liquidity Coverage Ratio ("LCR")			
30 June 2026 KYD ('000)		a	b
		Total unweighted value	Total weighted value
High-Quality Liquid Assets			
1	Total HQLA		533,515
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which;	1,065,033	80,625
3	Stable deposits	-	-
4	Less stable deposits	1,065,033	80,625
5	Unsecured wholesale funding, of which:	673,779	359,599
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	170,653	42,663
7	Non-operational deposits (all counterparties)	503,126	316,936
8	Unsecured debt	-	-
9	Secured wholesale funding		
10	Additional requirements, of which:	207,751	9,506
11	Outflows related to derivative exposures and other collateral requirements	-	-
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	182,969	9,148
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	24,782	358
16	TOTAL CASH OUTFLOWS		449,730
Cash Inflows			
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	-	-
19	Other cash flows	139,328	65,415
20	TOTAL CASH INFLOWS	139,328	65,415
			Total adjusted value
21	Total HQLA		533,515
22	Total net cash outflows		384,315
23	Liquidity Coverage Ratio (%)		139%