

Cayman National Bank
Pillar 3 Disclosure Report

As at 30 June 2025



**CAYMAN
NATIONAL**

A Subsidiary of  Republic Financial Holdings Limited

Table of Contents

1. INTRODUCTION	3
2. CAPITAL MANAGEMENT	4
2.1. Overview of Risk Weighted Assets – OV1.....	4
2.2. Leverage Ratio – LR1 & LR2.....	4
3. LIQUIDITY RISK	7
3.1. Liquidity Coverage Ratio – LIQ1	7

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). The shares of CNC are listed and publicly traded on the Cayman Islands Stock Exchange ("CSX").
- 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. RFHL, through its wholly owned subsidiary RBTTBL, made an all-cash conditional offer to purchase the outstanding ordinary shares of Cayman National (the "Offer"). The Offer had opened on May 30, 2025 with a stated closure date of July 29, 2025. Prior to the Offer, RFHL held 74.9% of CNC's shares. If, at the close of the Offer, RFHL's ownership level exceeds 75%, CNC may be delisted from the CSX.
- 1.4. 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.
- 1.5. This Quarterly CNB Pillar 3 Disclosure Report includes CNB's data as at 30 June 2025 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.
- 1.6. 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 by KYD 17.09 million from KYD 906.07 million as at 31 March 2025 to KYD 888.98 million as at 30 June 2025. The decrease in Total RWA was driven by a 2.33% decrease in Credit Risk RWA from KYD 730.57 million as at 31 March 2025 to KYD 713.57 million as at 30 June 2025.

Table 1: OV1 – Overview of RWA

OV1: Overview of RWA				
KYD ('000)		a	b	c
		RWA		Minimum capital Requirements
		30-Jun-25	31-Mar-25	30-Jun-25
1	Credit risk (excluding counterparty credit risk) (CCR)	713,569	730,572	96,332
2	Securitisation exposures	-	-	-
3	Counterparty credit risk	-	-	-
4	Of which: current exposure method	-	-	-
5	Of which: standardized method	-	-	-
6	Market risk	124	212	17
7	Of which: Equity risk	-	-	-
8	Operational risk	175,287	175,287	23,664
9	Of which: Basic Indicator Approach	175,287	175,287	23,664
10	Of which: Standardised Approach	-	-	-
11	Of which: Alternative Standardised	-	-	-
12	Total (1 + 2 + 3 + 6 + 8)	888,980	906,071	120,012

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-25
1	Total consolidated assets as per published financial statements	1,938,811
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)	5,151
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(4,172)
12	Other adjustments	8,715
13	Leverage ratio exposure measure	1,948,505

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

- Row 10 - Off-Balance Sheet items post the Credit Conversion Factor and Credit Risk Mitigation are not reflected on the balance sheet and are therefore an adjustment item reported in row 10 of Table 2 above.
- Row 11 - Includes Goodwill and a deduction of related party exposures (if any), as approved by CIMA.
- 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 increased from 11.99% reported as at 31 March 2025 to 12.15% reported as at 30 June 2025. The increase in the Leverage Ratio is due to an overall decrease in Total Exposures. This reduction was mostly attributable to an overall decline in CNB's deposit portfolio, due to the competitive interest rate environment.

Table 3: LR2 – Leverage Ratio common disclosure

LR2: Leverage Ratio common disclosure			
KYD ('000)		a	b
		30-Jun-25	31-Mar-25
On-Balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1,949,957	1,976,451
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)	(2,431)	(3,857)
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	(4,172)	(4,172)
7	Total on balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	1,943,354	1,968,422
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-25	31-Mar-25
Other off-balance sheet exposures			
19	Off-balance balance sheet exposure at gross notional amount	189,621	187,277
20	(Adjustments for conversion to credit equivalent amounts)	(184,470)	(182,116)
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)	5,151	5,161
Capital and total exposures			
23	Tier 1 capital	236,671	236,671
24	Total exposures (sum of rows 7, 13, 18 and 22)	1,948,505	1,973,583
Leverage ratio			
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	12.15%	11.99%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	12.15%	11.99%
26	National minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	9.15%	8.99%

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 2025, which has been derived by using the simple average balances of month end balances for April 2025, May 2025 and June 2025.

3.1.2. CNB’s total HQLA of KYD 424.33 million consists of KYD 283.15 million of Level 1 HQLA, KYD 96.86 million of Level 2A HQLA and KYD 44.32 million of Level 2B HQLA. 43.87% of funding is attributable to Retail Deposits, 28.49% to Small Business Customers, 9.40% to Banks, 8.03% to Other Financial Institutions, 6.43% to Sovereign deposits and 3.78% to Non-Financial Institutions. 95.32% of HQLA is denominated in USD, 2.50% in KYD, 1.96% in GBP, 0.17% in CAD and 0.05% in EUR. 71.20% of Total Net Cash Outflows is denominated in KYD, 24.38% in USD, 1.83% in JPY, 1.03% in EUR, 0.93% in GBP, 0.58% in CAD and 0.05% in CHF.

3.1.3. CNB's average LCR ratio increased from 163% reported as at 31 March 2025 to 186% reported as at 30 June 2025, due to net cash outflows retracting at a faster rate than HQLA assets. HQLA assets and deposit compositions have remained relatively stable over the quarter, however, as part of CNB's Liquidity management strategies there has been steady growth in placement deposits which reduced the net cash outflows accordingly.

Table 4: LIQ1 – Liquidity Coverage Ratio as at 30 June 2025

LIQ1: Liquidity Coverage Ratio ("LCR")			
30 June 2025 KYD ('000)		a	b
		Total unweighted value	Total weighted value
High-quality liquid assets			
1	Total HQLA		424,328
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which;	1,061,470	78,532
3	Stable deposits	-	-
4	Less stable deposits	1,061,470	78,532
5	Unsecured wholesale funding, of which:	408,289	236,700
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	155,970	38,993
7	Non-operational deposits (all counterparties)	252,319	197,707
8	Unsecured debt	-	-
9	Secured wholesale funding		
10	Additional requirements, of which:	195,924	8,857
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	170,148	8,507
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	25,776	350
16	TOTAL CASH OUTFLOWS		324,089
Cash Inflows			
17	Secured lending (e.g. reverse repos)	-	-
18	Inflows from fully performing exposures	-	-
19	Other cash flows	172,826	96,340
20	TOTAL CASH INFLOWS	172,826	96,340
			Total adjusted value
21	Total HQLA		424,328
22	Total net cash outflows		227,749
23	Liquidity Coverage Ratio (%)		186%