CAYMAN ISLANDS
GOVERNMENT

Unaudited Quarterly Financial Report

Six-Month Period Ended 30 June 2018

Core Government

Prepared by:

Ministry of Finance and Economic Development
Government of the Cayman Islands
Government Administration Building
PO Box 106
Grand Cayman KY1-1009
Cayman Islands

Tel:(345) 949-7900 | Email: FOI.FIN@GOV.KY

Foreword

This financial report presents the unaudited financial information, along with analysis and commentary, for the second fiscal quarter ended 30 June 2018 for Core Government, and is stated in Cayman Islands Dollars. The results of Core Government along with, Statutory Authorities and Government Owned Companies (SAGC's) are shown in the Statement of Financial Performance.

The information contained herein is based on records obtained from the General Ledger of the Government's financial management system. It is also based on the representations and judgments provided by the Chief Financial Officers of Ministries, Portfolios, Offices, and Statutory Authorities and Government Companies (SAGC's).

Effective 1 January 2018 the Government transitioned to a 12-month financial year (1 January – 31 December).

As required by section 29 (1) of the Public Management and Finance Law (PMFL) (2018 Revision), the unaudited quarterly financial report will be published by notice in the Gazette, within six weeks after the end of each of the first three quarters in each financial year. The Ministry aims to Gazette the remaining Third Quarter Report (1 July - 30 September 2018) by 12 November 2018.

Contents

Executive Summary

The financial results of the Core Government for the six month period ended 30 June 2018 (the period) show a $190.7 million surplus ($201.1 million for the Entire Public Sector) and bank balances of $576.1 million in cash and deposits.

When combined with the performance of SAGC's, the overall surplus was $67.0 million higher than the $134.1 million surplus the budget anticipated for the period. This was primarily due to higher coercive revenues (a positive variance of $33.1 million) complemented by lower levels of expenditures in Personnel Costs (a variance of $10.2 million) and Supplies and Consumables (a variance of $11.4 million) within Core Government.

The Government experienced favourable variances to budget in most revenue lines, albeit not to the extent accomplished in coercive revenues. Sales of goods and services and investment revenue exceeded the budget by $2.2 million and $3.1 million, respectively. Additionally, favourable variances in Personnel Costs and Supplies and Consumables, were accompanied by lower expenditures in Transfer Payments (a variance of $1.8 million) and higher than anticipated Gains on financial and Non-financial Instruments (a variance of $2.0 million).

Persistent adherence to policy continues to yield significant improvements in the overall cash and deposits balance held by Core Government. Operating Cash and Deposits were $406.6 million and Reserves and Restricted Deposits were $169.5 million, for a total Cash and Deposits balance of $576.1 million.

Savings in areas such as Personnel Costs and Supplies and Consumables, experienced in the First Quarter, remain intact; however, it is unlikely that the current level of savings will be maintained throughout the final half of 2018 as savings may be reallocated to cover new or unforeseen expenditures.

A summary of the financial results are presented in Table 1 – Executive Summary, on page 6.

Table 1 – Executive Summary

All Figures are stated in CI Dollars (Unaudited)

FINANCIAL PERFORMANCE	Current Year Actual 1 January 2018 - 30 June 2018 $000s	Current Year Budget 1 January 2018 - 30 June 2018 $000s	Variance $000s
Operating Revenue	498,484	460,120	38,364
Operating Expenses, Financing Costs and Non-Operating Costs	307,760	323,266	15,506
Operating Surplus of Central Government	**190,724**	**136,854**	**53,870**
Surplus/(Deficit) Made by Public Entities	10,363	(2,796)	13,159
Surplus of the Entire Public Sector	**201,087**	**134,058**	**67,029**

FINANCIAL POSITION	Current Year Actual As at 30 June 2018 $000s	Prior Quarter Actual As at 31 March 2018 $000s	Change $000s
Debt Balance at Period-End	432,803	448,555	(15,752)
Net Assets	1,298,734	1,330,158	(31,424)

CASH BALANCES	Current Year Actual As at 30 June 2018 $000s	Prior Quarter Actual As at 31 March 2018 $000s	Change $000s
Net Cash Flow from/(used in) Operating Activities	161,308	178,013	(16,705)
Net Cash flow (used)/ from in Investment Activities	(176,037)	(194,394)	18,357
Net Cash Flow (used) by Financing Activities	(18,044)	(2,563)	(15,481)
Net Movement in Cash from Period Activities	**(32,773)**	**(18,944)**	**(13,829)**
Cash and Cash Equivalents at 1 January 2018 (start of year)	61,128	61,128	-
Cash and Cash Equivalents at the End of the Period (Deposits held < 90 days)	**28,355**	**42,184**	**(13,829)**
Fixed Deposits (Maturity > 90 days)	**547,737**	**574,508**	**(26,771)**
Total Cash and Deposits	**576,092**	**616,692**	**(40,600)**
Operating Cash and Deposits	406,587	443,580	(36,993)
Reserve and Restricted Deposits	169,505	173,112	(3,607)
Total Cash and Deposits	**576,092**	**616,692**	**(40,600)**

Source: CIG General Ledger 9 July 2018

Statement of Financial Position – Core Government

GOVERNMENT OF THE CAYMAN ISLANDS
UNAUDITED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018
All figures are stated in 000s and in CI Dollars

As at 30 June 2017		As at 30 June 2018	As at 31 March 2018	Change
	Current Assets			
22,395	Cash and Cash Equivalents	28,355	42,184	(13,829)
598	Loans Made	556	545	11
14,046	Trade Receivables	10,138	6,291	3,847
3,922	Inventories	4,474	3,954	520
445,585	Marketable Securities	547,737	574,508	(26,771)
6,610	Prepayments	8,228	3,178	5,050
11,876	Other Receivables	24,843	35,718	(10,875)
505,032	**Total Current Assets**	624,331	666,378	(42,047)
	Non Current Assets			
523	Loans Made	78	342	(264)
150	Trade Receivable	427	427	-
273	Other Receivables	233	253	(20)
831	Investments held in Associates	831	831	-
1,432,422	Property, plant and Equipment	1,416,632	1,419,095	(2,463)
392,510	Net Worth of Public Entities	263,083	240,574	22,509
1,826,709	**Total Non-Current Assets**	1,681,284	1,661,522	19,762
2,331,741	**Total Assets**	2,305,615	2,327,900	(22,285)
	Current Liabilities			
12,523	Trade Payables	15,290	15,333	(43)
40,867	Other Payables and Accruals	56,578	70,309	(13,731)
61,569	Unearned Revenue	59,865	65,031	(5,166)
8,290	Employee Benefits	8,093	7,664	429
34,845	Borrowings	25,676	30,289	(4,613)
158,094	**Total Current Liabilities**	165,502	188,626	(23,124)
	Non-Current Liabilities			
-	Other Payables and Accruals	13,917	13,910	7
254	Self Financing Loans	-	282	(282)
433,377	Borrowings	407,127	417,984	(10,857)
413,276	Unfunded Pension Liability	420,335	376,940	43,395
846,907	**Total Non-Current Liabilities**	841,379	809,116	32,263
1,005,001	**Total Liabilities**	1,006,881	997,742	9,139
1,326,740	**Total Assets Less Total Liabilities**	1,298,734	1,330,158	(31,424)
	Net Assets			
182,662	Reserves	169,831	173,406	(3,575)
489,169	Revaluation Reserves	490,848	483,058	7,790
174,003	Surplus/(Deficit) for the period	201,087	198,928	2,159
480,905	Accumulated Surplus	436,968	474,766	(37,798)
1,326,740	**Total Net Assets**	1,298,734	1,330,158	(31,424)

Balances reflected in the **Statement of Financial Position** for the period ended 30 June 2018 were as follows:

Cash

Cash and Cash Equivalents (including fixed deposits with maturity durations not exceeding 90 days) were $28.4 million and Marketable Securities (comprised of fixed deposits with maturity durations exceeding 90 days) were $547.7 million, for a total of $576.1 million with respect to bank account balances. Due to the significant cash balances, the Government now places funds on longer-term fixed deposits. These longer-term deposits are reflected as Marketable Securities (on the Statement of Financial Position) and are not included in the definition of 'Cash and Cash Equivalents', which only represent deposits that are less than 90 days to maturity.

Borrowings

Core Government debt at the end of the period was $432.8 million. This was $35.4 million lower than the debt balance at 30 June 2017.

Statement of Financial Performance – Core Government

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Revenues				
431,260	Coercive Revenue	472,839	439,737	33,102	691,357
18,999	Sales of Goods & Services	20,217	18,051	2,166	34,717
3,476	Investment Revenue	5,346	2,292	3,055	4,583
786	Donations	61	15	46	30
31	Other Revenue	21	25	(4)	50
454,552	**Total Revenues**	**498,484**	**460,120**	**38,364**	**730,737**
	Expenses				
131,393	Personnel Costs	140,253	150,479	10,226	301,410
41,234	Supplies and Consumables	41,272	52,649	11,377	101,138
2,457	Leases	2,574	2,876	302	5,770
15,999	Depreciation	16,191	15,101	(1,090)	30,038
12,908	Finance Costs	12,066	12,132	66	23,968
295	Litigation Costs	108	292	184	583
51,475	Outputs from Statutory Authorities and Government Owned Companies	58,997	55,584	(3,413)	110,471
13,726	Outputs from Non-Government Output Suppliers	18,763	12,531	(6,232)	24,867
14,886	Transfer Payments	14,759	16,527	1,768	36,462
(1,952)	(Gains)/losses on financial instruments	(1,892)	(994)	898	(1,988)
(76)	(Gains)/losses on non-financial instruments	(449)	650	1,099	1,300
291	(Gains)/losses on Revaluation of Assets	-	-	-	-
-	Impairment of Inventory	1	-	(1)	-
1,912	Other Operating Expenses	5,117	5,439	322	10,092
284,548	**Total Expenses of Core Government**	**307,760**	**323,266**	**15,506**	**644,111**
170,004	**Net Surplus of Core Government**	**190,724**	**136,854**	**53,870**	**86,626**
3,999	Surplus/(Deficit) of Statutory Authorities and Government Owned Companies	10,363	(2,796)	13,159	(5,599)
174,003	**Net Surplus of Entire Public Sector**	**201,087**	**134,058**	**67,029**	**81,027**

The notes which appear on pages 14 to 25 are an integral part of the Statement of Financial Performance.

Revenues

Coercive Revenue

Coercive Revenue recorded for the first six months of 2018 was $33.1 million above budgeted expectations. This positive variance (the amount of each variance is shown in brackets in the details that follow) was mainly concentrated in Levies on Property (Stamp Duty – Land Transfers, $15.1 million), Import Duties (Other Import Duty, $4.4 million, Alcoholic Beverages Duty, $1.9 million, Gasoline and Diesel Duty, $1.4 million, and Motor Vehicle Duty, $1.1 million), Other Levies on International Trade and Transactions (Cruise Ship Departure Charges, $1.3 million) and Domestic Levies on Goods and Services (Bank and Trust Licenses, $4.1 million, Mutual Fund Administrators, $3.1 million, Tourist Accommodation Charges, $4.5 million, and Traders Licences, $1.4 million). These positive variances from the budget are offset by negative variances in Other Company Fees - Exempt, Annual Permanent Resident Work Permit Fees, Work Permit Fees and Provision for Continuation of Work Permit - Grant.

Stamp Duty on Land Transfers was higher due to higher volumes of property transactions coupled with increasing property values, this trend will likely continue through the end of 2018. Banks and Trust Licences Fees were higher than anticipated due to fewer terminations than expected and fees being charged on higher asset values held at the licensees. Mutual Fund Administrators fees were higher due to the increase in volume of funds processed when compared to expectations. Tourist Accommodation Charges were favourable mainly due to record high visitor arrivals (20% increase, in combined air & cruise arrivals over last year) as a result of persistent strategic marketing, coupled with the residual effects of the eastern Caribbean (BVI and Puerto Rico) being hit by devastating hurricanes last year.

Despite overall favourable results in revenues there were areas that fell short of projected results; in particular, Other Company Fees – Exempt Companies ($1.2 million negative variance), Annual Permanent Resident Work Permit Fees ($3.8 million negative variance), Work Permit Fees ($2.8 million negative variance) and Provision for continuation of permit – Grant ($2.9 million negative variance).

Annual Permanent Resident Work Permit Fees were lower due to the change in classes of permits being applied for at a lesser fee. Other Company Fees – Exempt Companies were unfavourable due to the timing of client payments. Provision for continuation of permit – Grant fees was lower as there are lower permanent residency applicants, and requests are either granted or denied. Work Permits Fees are also lower than anticipated due to refunds of cancellations.

As expected, revenue in the Second Quarter of $152.9 million was 56% ($192.7 million) lower than the First Quarter's revenue of $345.6 million. The majority of this change related to Coercive Revenue which decreased by 58% ($192.7 million), as the majority of financial services related income was earned and received in the First Quarter; however, Sales of Goods & Services and Investment Revenues held consistent in the Second Quarter producing a combined $12.8 million income, the same as generated in the previous quarter.

Expenses

Personnel Costs

Costs relating to personnel for the first six months of 2018 amounted to $140.3 million; a savings in Personnel Costs of $10.2 million compared to a budget of $150.5 million. This favourable variance is the result of several Ministries and Portfolios having numerous vacant posts that still have not yet been filled, including positions for the Fire Service, Prison, and WORC project.

Personnel Costs were consistent at approximately $70.0 million for each quarter.

Supplies and Consumables

Favourably lower than projected expenses of $41.3 million were recorded for the first six months of the 2018 year, producing a savings of $11.3 million compared to budgeted costs were $52.6 million.

The most significant savings continue to be related to Purchase of Services which accounts for 67% of the overall variance. Ministries and Portfolios continue to indicate that spending is anticipated to increase as the year progresses and costs will realign closer to budgeted projections by the end of the 2018 year.

Supplies and consumables increased by $1.4 million when compared to the First Quarter; this increase was mainly in the purchase of services.

Performance of Statutory Authorities and Government Owned Companies

Public Entities recorded a combined net Operating Surplus of $10.4 million, this was $13.1 million more favourable than budgeted for the period. Based on the most recent information received from SAGCs, this favourable variance is largely attributed to semi-annual results being higher than expected at the Cayman Islands Airports Authority, Cayman Islands Monetary Authority, the Health Services Authority, the Water Authority and the Port Authority of the Cayman Islands. These favourable variances were offset by unfavourable performances of Cayman Airways Limited, the Cayman Islands National Insurance Company and the Cayman Turtle Centre.

When compared to the First Quarter, SAGCs increased their contribution to the Net Surplus by $8.1 million in the Second Quarter. There have been indications that this favourable performance is likely to taper off during the remaining six months of the year.

Statement of Cash Flows – Core Government

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF CASH FLOWS
For the Six Month Period Ended 30 June 2018

All figures are stated in 000s and in CI Dollars

Cash Flow from Operating Activities	Actual Results 1 January 2018 to 30 June 2018	Actual Results 1 January 2018 to 31 May 2018	Change
Operating Cash Inflows			
Coercive Receipts	441,614	398,444	43,170
Sale of Goods and Services	18,618	16,285	2,333
Sale of Goods and Services to Other Public Entities	1,487	961	526
Interest Received	3,594	1,624	1,970
Other Receipts	6,746	5,737	1,009
Total Operating Cash Inflows	472,059	423,051	49,008
Operating Cash Outflows			
Personnel Costs	(141,532)	(118,098)	(23,434)
Supplies and Consumables	(49,816)	(40,173)	(9,643)
Outputs from Public Entities	(57,700)	(44,580)	(13,120)
Outputs from Non-Governmental Suppliers	(17,316)	(14,736)	(2,580)
Transfer Payments	(14,662)	(12,880)	(1,782)
Financing/Interest Expense	(12,324)	(12,319)	(5)
Other Payments	(17,401)	(15,036)	(2,365)
Total Operating Cash Outflows	(310,751)	(257,822)	(52,929)
Net Cash Flows from Operating Activities	161,308	165,229	(3,921)
Cash Flows from Investing Activities			
Investing Cash inflows			
Proceeds from sale of Property Plant and Equipment	582	466	116
Proceeds from Sale of Investments: Maturity of Fixed Deposits and Loans Repayments	231,960	99,290	132,670
Dividends and Capital Withdrawal from Public Entities	7,375	7,324	51
Total investing Cash Inflows	239,917	107,080	132,837
Investing Cash Outflows			
Purchase of Property Plant and Equipment	(16,897)	(14,856)	(2,041)
Purchase of Investments: Placement of Fixed Deposits and Loans Issued	(380,784)	(267,865)	(112,919)
Equity Injections in Public Entities	(18,273)	(16,491)	(1,782)
Total Investing Cash Outflows	(415,954)	(299,212)	(116,742)
Net Cash Flows from Investing Activities	(176,037)	(192,132)	16,095
Cash Flows from Financing Activities			
Repayment of Borrowings (loan principal)	(18,044)	(18,044)	-
Net Cash Flows from Financing Activities	(18,044)	(18,044)	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	(32,773)	(44,947)	12,174
Cash at the beginning of the period: 1 January	61,128	61,128	
Cash and Cash Equivalents at the end of the period (Deposits held < 90 days)	28,355	16,181	12,174
Fixed Deposits (Maturity > 90 days)	547,737	567,228	(19,491)
Total Cash and Deposits	576,092	583,409	(7,317)

Operating Activities

Net cash inflows from Operating Activities totalled $161.3 million for the period.

Investing Activities

Investing Activities relating to fixed deposit maturities yielded $232.0 million.

Additionally, $416.0 million was used for Investing Activities, of which $380.8 million relates to placements of fixed deposits. The effect of the movement (i.e. $380.8 million less $232.0 million) is an increase in the net amount placed on fixed deposits of $148.8 million. Additionally, $35.5 million was utilised for Capital Investment and Expenditures relating to purchases of Property, Plant & Equipment ($16.9 million) and Equity Investments in Public Entities ($18.3 million).

Financing Activities

Debt principal repayments were $18.0 million for the period.

Conclusion

The overall fiscal performance reported for the period shows a Net Surplus of $201.1 million, which is 50% ($67.0 million) higher than budgeted. This favourable position was due to revenues and expenses out performing initial projections by 8% ($38.4 million) and 5% ($15.5 million), respectively. Additionally, Statutory Authorities and Government Owned Companies (SAGCs) contributed a further $10.4 million to the overall surplus for the Entire Public Sector, which was $13.1 million higher than anticipated.

Government's Cash position ended at $576.1 million for the period - $110.5 million higher than anticipated, as Government continues to build on the favourable performance experienced in previous years. A significant portion of this cash will be used for the bond repayment in 2019.

As expected, the revenue produced in the Second Quarter was substantially lower than the First Quarter. This variance in revenue is a direct result of Financial Services Fees being due in the beginning of the year. Additionally, the Second Quarter showed an increase in expenses (compared to the First Quarter), the largest increase in expenses being related to Medical Care at Various Overseas Providers, which rose by $6.5 million. Total Expenses were higher than Total Revenues for Core Government in the Second Quarter by $6.0 million; however, SAGCs contributed $8.1 million for the quarter, which mitigated the loss of Core Government and provided a small overall Net Surplus of $2.2 million (for the quarter). The overall year-to-date Net Surplus for the Entire Public Sector at the end of the Second Quarter was $201.1 million.

The ability of Ministries, Portfolios and SAGCs to remain on target will be pivotal in enabling the Government to achieve the budgeted Net Surplus of $81.0 million at the end of the 2018 year. The performance of the first half of the year has positioned the Government to be optimistic about reaching its targeted performance. While it is anticipated that expenditure will increase in the second half of 2018, positive results in revenue are expected to sufficiently cover the additional costs.

Notes to the Second Quarter Statement of Financial Performance (Unaudited)

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Coercive Revenue				
	Levies on International Trade and Transactions				
80,068	Import Duties	86,749	78,083	8,666	156,164
8,355	Other	9,978	8,016	1,962	16,032
314,557	Domestic Levies on Goods and Services	334,665	329,165	5,500	451,587
27,160	Levies on Property	38,799	23,393	15,406	46,467
1,033	Fines	1,383	1,080	303	2,107
87	Other Executive Revenue	1,265	-	1,265	19,000
431,260	**Total Coercive Revenue**	**472,839**	**439,737**	**33,102**	**691,357**
	Sale of Goods and Services				
13,600	Fees and Charges	15,067	13,503	1,564	25,995
2,969	General Sales	2,735	2,689	46	5,329
724	Rentals	755	693	62	1,266
546	Other Goods and Services Revenue	372	336	36	467
1,160	Sales of Goods and Services to Public Entities	1,288	830	458	1,660
18,999	**Total Sales of Goods and Services**	**20,217**	**18,051**	**2,166**	**34,717**
	Investment Revenue				
6	Interest on Loans Made	8	7	2	13
3,400	Interest on Marketable Securties, Deposits and Cash	5,338	2,250	3,088	4,500
70	Investment in Cayman First	-	35	(35)	70
3,476	**Total Investment Revenue**	**5,346**	**2,292**	**3,055**	**4,583**
	Donations				
786	Other	61	15	46	30
786	**Total Donations**	**61**	**15**	**46**	**30**
	Personnel Costs				
101,848	Salaries and Wages (including Employee Pension Contributions)	105,295	116,227	10,932	232,872
18,393	Health care	20,657	22,791	2,134	45,648
10,704	Employer/Government Pension Expense	13,031	10,914	(2,117)	21,837
(55)	Movement in leave provision expense	785	72	(713)	147
503	Other Personnel Cost	485	475	(10)	906
131,393	**Total Personnel Costs**	**140,253**	**150,479**	**10,226**	**301,410**
	Supplies and Consumables				
7,562	Supply of Goods	6,878	8,287	1,409	14,319
22,798	Purchase of Services	24,279	31,911	7,632	62,052
5,525	Utilities	6,096	6,351	255	12,724
2,273	General insurance	349	341	(8)	681
981	Travel and subsistence	1,516	1,368	(148)	2,697
765	Recruitment and Training	862	1,945	1,083	3,802
1,330	Other Supplies and Consumables	1,292	2,446	1,154	4,863
41,234	**Total Supplies and Consumables before operating leases**	**41,272**	**52,649**	**11,377**	**101,138**
2,457	Operating leases	2,574	2,876	302	5,770
43,691	**Total Supplies and Consumables after operating leases**	**43,846**	**55,525**	**11,679**	**106,908**

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Depreciation				
4	Depreciation of aeroplanes	5	22	17	45
180	Depreciation of boats	155	180	25	360
5,949	Depreciation of buildings	8,380	7,226	(1,154)	14,399
807	Depreciation of computer hardware	922	1,209	287	2,408
469	Depreciation of computer software	512	563	51	1,021
290	Depreciation of furniture and fittings	310	256	(54)	498
69	Depreciation of leasehold	25	54	29	109
208	Depreciation of office equipment	218	221	3	431
326	Depreciation of other assets	276	181	(95)	362
426	Depreciation of other infrastructure assets	167	386	219	772
942	Depreciation of other plant and equipment	1,004	1,320	316	2,641
570	Depreciation Water Reticulation and Sewerage	286	12	-	24
4,425	Depreciation of roads and sidewalks	2,450	2,450	-	4,900
1,334	Depreciation of vehicle	1,481	1,021	(460)	2,068
15,999	**Total Depreciation**	**16,191**	**15,101**	**(816)**	**30,038**
	Outputs from Statutory Authorities and Government Owned Companies				
158	Auditors Oversight Authority	132	132	-	315
7,482	Cayman Airways Ltd	8,982	8,982	-	17,963
293	Cayman Islands Development Bank	922	533	(389)	1,066
7,094	Cayman Islands Monetary Authority	8,167	8,167	-	16,333
14,471	Cayman Islands National Insurance Company	17,073	16,161	(912)	32,322
164	Cayman Maritime Authority	246	210	(36)	419
199	Cayman National Museum	411	411	-	821
908	Children and Youth Services Foundation	1,089	1,089	-	2,178
24	Electricity Regulatory Authority	-	-	-	-
16,248	Health Services Authority	17,256	14,907	(2,349)	29,814
163	Information and Communications Technology Authority	-	-	-	-
201	National Gallery	293	293	-	586
314	National Cultural Foundation	325	330	5	660
425	National Drug Council	316	319	3	637
213	National Housing Community Development Trust	290	290	-	581
-	National Roads Authority	-	-	-	-
36	Sister Island Affordable Housing	19	38	19	75
976	Tourism Attractions Board	1,000	1,005	5	2,009
2,106	University College of the Cayman Islands	2,105	2,108	3	4,217
-	Utilities Regulation and Competition Office	371	609	238	475
51,475	**Total Outputs from Public Entities**	**58,997**	**55,584**	**(3,413)**	**110,471**

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Outputs from Non- Government Output Suppliers				
77	Burial Assistance for Indigents	91	75	(16)	150
693	Care of the Indigent, Elderly and Disabled Persons	825	825	-	1,650
-	Cayman Finance	-	375	375	750
-	Cayman Islands Agricultural Society	30	30	-	30
29	Cayman Islands Red Cross (INYF)	-	13	13	25
6	Community Development, Prevention & Beautification Programmes	-	-	-	-
66	Community Programmes	76	75	(1)	151
39	Elite Athletes Programme	20	40	20	79
145	Employee Assistance Programme	74	74	-	148
94	Foster Care for Children	113	113	-	225
17	HIV/AIDS and First Aid Public Education Programmes	11	11	-	22
5	Gardening Projects and Landscaping	-	2	2	4
16	K-9 Security Services	30	25	(5)	50
1,248	Legal Aid Services	999	1,300	301	2,600
115	Management of Small Business Development	115	115	-	230
-	Mentoring Cayman Programme	-	5	5	9
-	Organisation of Batabano Festival	30	30	-	30
5	Organization of the Miss Cayman Pageant	24	50	26	-
-	Other Health and Cultural Programmes	15	15	-	30
30	Organize, Administer and Execute the Cayman Islands Fishing Tournament	30	30	-	30
40	Hospice Care	40	40	-	80
285	Preservation of Places of Historic Significance	285	285	-	570
765	Primary and Secondary Education by Private Schools	500	500	-	1,000
1,200	Rental Accommodation for Persons in Need	1,531	975	(556)	1,950
94	School Lunch and Uniform Programmes	114	62	(52)	124
1,029	Services for Refugees	310	1,135	825	2,270
23	Social Marketing for Prevention of HIV/AIDS	25	25	-	50
16	Spaying and Neutering of pets	19	22	3	43
329	Sports programmes	467	415	(52)	829
27	Supervision of Pre-School Children	-	-	-	-
134	Support for Battered Women and Children	162	162	-	325
45	Teaching of Teritary Education Course	63	45	(18)	90
6,924	Medical Care at Various Overseas Providers	12,620	5,491	(7,129)	10,981
21	Therapeutic Svcs for Young Persons	1	12	11	25
160	Youth Development Programmes	84	100	16	199
49	Supervision of Pre-School Children (NCVO)	59	59	-	118
13,726	**Total Non Government Organizations**	**18,763**	**12,531**	**(6,232)**	**24,867**

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Transfer Payments				
188	Children and Family Services support	228	243	15	485
52	Emergency Relief Payments	38	40	2	80
283	Employment initiatives	34	-	(34)	-
435	Benefit Payments to Ex-Servicemen	447	491	44	983
2,782	Financial Assistance (Poor Relief)	3,650	3,697	47	7,394
733	Financial Assistance Vouchers	1,295	775	(520)	1,550
148	Housing Assistance	11	186	175	373
104	Other Educational Assistance	50	179	129	359
461	Pre-School Grants	497	403	(94)	806
4,818	Scholarships and Bursaries	3,583	4,553	970	12,586
2,745	Seamen Ex-Gratia	3,317	3,549	232	7,098
70	Support to the Red Cross	70	70	-	70
138	Support to Local Business Associations	-	38	38	75
63	Sister Island Home Repairs - Assistance	66	90	24	180
349	Sports and Cultural Tourism Programmes Assistance	235	300	65	600
11	Temporary Relief for Young Parents Program Students	8	15	7	30
14	Youth After Care Payments	-	-	-	-
28	Youth Programmes - Churches and Other NGOs	9	71	62	141
30	Support for the Bridge Foundation	50	53	3	105
373	Student Enrichment & Support Services (formally After School	348	290	(58)	580
230	Other Youth and Sports Programme Assistance	106	279	173	558
78	Other Cultural Programme Assistance	89	111	22	221
254	Needs Assessment Support	287	250	(37)	500
-	Assistance for Infrastructure Development	-	50	50	100
499	Ex Gratia Payment	-	-	-	-
-	Urban Development Commission (TP 79)	-	100	100	200
-	Support for Business Initiatives (TP 80)	8	13	5	25
-	Support to National Energy Council (TP 81)	-	25	25	50
-	SEN Scholarships (TP 82)	307	300	(7)	600
-	Medical Scholarships (TP 83)	-	250	250	500
-	Grants to farmers (TP 84)	-	8	8	16
-	Support to Local Financial Services Associations (TP 85)	26	98	72	197
14,886	**Total Transfer Payments**	**14,759**	**16,527**	**1,768**	**36,462**

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Other Operating Expenses				
141	Caribbean Agricultural Research and Development Institute (CARDI)	94	94	-	94
419	Caribbean Catastrophic Risk Insurance Facility	419	420	1	840
116	(CARICOM) Fees	77	81	4	162
-	Caribbean Examinations Council Subscription	-	7	7	13
24	Caribbean Financial Action Task Force (CFATF)	23	30	7	60
-	Caribbean Regional Technical Assistance (CARTAC)	-	43	43	85
-	Commonwealth Parliamentary Association	275	275	-	275
358	Constituency Allowance	435	543	108	1,086
122	Court of Appeal Expense	365	278	(87)	557
23	Executive Bank Charges	31	20	(11)	40
495	Judiciary Expenses	924	726	(198)	1,451
(1)	OECD - Global Forum	-	19	19	38
-	Pan American Health Organization	5	8	3	15
-	Regional Anti-Doping Organisation	-	3	3	6
12	United Nations Caribbean Environmental Program	6	7	1	7
-	University of the West Indies	275	275	-	275
3	World Anti-Doping Agency	-	3	3	6
-	New Court House Project Costs	-	100	100	200
18	Caribbean Public Health Agency (CARPHA)	18	19	1	19
-	Caribbean Energy Information System Membership	-	1	1	3
10	Project Future Fund	13	85	72	170
-	Disability Policy (OE 111)	-	62	62	125
-	Older Persons Policy (OE 112)	-	62	62	125
-	Regional Security Initiatives	60	60	-	60
-	CIG Core Christmas Stipend	-	57	57	115
-	Second Chances	-	74	74	147
-	Repairs to Governor's Residence	14	12	(2)	25
-	General Insurance	2,025	2,018	(7)	4,036
1	Stamp Tax (Executive Debit Transaction Expense	2	-	(2)	-
171	Other Executive Expenses	56	57	1	57
1,912	**Total Other Operating Expenses**	**5,117**	**5,439**	**322**	**10,092**
	Financing Expense				
12,891	Interest on Borrowings	12,063	12,115	52	23,934
17	Interest paid on SAGC Deposits	3	17	14	34
12,908	**Total Financing Expense**	**12,066**	**12,132**	**66**	**23,968**

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Surplus/(Deficit) on Statutory Authorities and Government Owned Companies				
(3,590)	Cayman Airways Ltd	(3,183)	23	(3,206)	46
7,039	Cayman Islands Airports Authority	8,012	3,242	4,770	6,483
(109)	Cayman Islands Development Bank	236	3	233	6
1,048	Cayman Islands Monetary Authority	3,017	28	2,989	56
(2,757)	Cayman Islands National Insurance Company	(1,874)	(2,506)	632	(5,012)
573	Cayman Islands Stock Exchange	573	319	254	638
(7,223)	Cayman Islands Turtle Centre	(2,627)	(3,438)	811	(6,877)
30	Cayman National Cultural Foundation	8	(59)	67	(118)
(81)	Children & Youth Services Foundation	(591)	(372)	(219)	(745)
2,012	Civil Aviation Authority	1,564	1,673	(109)	3,345
(135)	Electricity Regulatory Authority	-	-	-	-
4,662	Health Services Authority	1,835	169	1,666	338
159	Maritime Authority of the Cayman Islands	5	155	(150)	310
250	National Drug Council	20	-	20	-
115	National Gallery	7	(30)	37	(61)
(1,026)	National Housing Development Trust	(696)	(571)	(125)	(1,142)
71	National Museum	88	-	88	-
-	National Roads Authority	(9)	(784)	775	(1,568)
(108)	Audit Oversight Authority	7	(28)	35	(56)
(1,134)	Port Authority	1,446	(1,867)	3,313	(3,734)
(26)	Sister Islands Affordable Housing Corporation	(142)	(42)	(100)	(85)
(30)	Tourism Attractions Board	313	-	313	-
382	University College of the Cayman Islands	298	-	298	-
(173)	Utilities Regulation and Competition Office	41	197	(156)	394
4,050	Water Authority-Cayman	2,015	1,092	923	2,183
3,999	**Total Surplus/(Deficit) in Public Entities**	**10,363**	**(2,796)**	**13,159**	**(5,599)**

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Coercive Revenue				
	Levies on International Trade and Transaction				
	Import Duties				
10,129	Alcoholic Beverages Duty	11,328	9,466	1,862	18,932
6,914	Gasoline and Diesel Duty	7,677	6,266	1,411	12,532
8,943	Motor Vehicle Duty	8,031	6,981	1,050	13,961
50,671	Other Import Duty	55,774	51,413	4,361	102,825
3,411	Tobacco Products Duty	3,939	3,957	(18)	7,914
80,068	**Total Import Duties**	**86,749**	**78,083**	**8,666**	**156,164**
	Other Levies on International Trade and Transactions				
5,292	Cruise Ship Departure Charges	6,361	5,057	1,304	10,114
3,063	Environmental Protection Fund Fees	3,617	2,959	658	5,918
8,355	**Total Other Levies on International Trade and Transactions**	**9,978**	**8,016**	**1,962**	**16,032**
	Domestic Levies on Goods and Services				
3,406	Annual Permanent Resident Work Permit Fees	2,972	6,757	(3,785)	13,514
2	Bank Charges Reimbursable	2	-	2	-
28,930	Bank and Trust Licences	29,109	24,995	4,114	24,995
2,964	Building Permit Fees	3,912	2,556	1,356	5,113
22	Business Staffing Plan Board Fees	29	20	9	40
727	Caribbean Utilities Company (CUC) Licence	954	1,200	(246)	2,400
302	Caymanian Status Fees	293	291	2	581
-	Change of Directors	3	-	3	-
-	Cinematographic Licenses	-	9	(9)	18
869	Court Fees	823	700	123	1,400
1,477	Debit Transaction Fees	1,512	1,576	(64)	3,152
1	Dependant of Caymanian Grant Fee	-	1	(1)	1
29	Firearms Licences	33	2	31	2
-	Fisheries Licences	1	-	1	-
-	Foundation Companies	39	375	(336)	750
-	Change of Name Fee	1	-	1	-
3	Grant of Temporary Work Permit - Seasonal Worker	5	13	(8)	26
816	Health Practitioners' Board Fees	670	360	310	720
131	Hotel Licences	157	87	70	256
763	Immigration Non-Refundable Repatriation Fees	784	818	(34)	1,636
4,240	Information and Communications Technology Authority (ICTA) Licence:	3,981	3,750	231	7,500
8,417	Insurance Licences	8,551	8,686	(135)	9,786
601	Insurance Stamp Duty	531	536	(5)	1,072
989	Issue Fee for Residency & Employment Rights Certificate	383	1,023	(640)	2,045
18	Issue Fee for Specialist Caregiver Certificate	19	18	1	36
577	Land Registry Fees	641	599	42	1,198
20	Law Firm Operational Licences	1,420	1,094	326	2,187
326	Legal Practioner Fees	845	700	145	1,400
34	Liquor Licences	45	320	(275)	641
3,206	Local Company and Corporate Management Fees	2,958	2,812	146	3,168
231	Local Company Control Licence Grants/Renewals	233	195	38	390

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Domestic Levies on Goods and Services Contd.				
42	Miscellaneous Immigration Fees	41	39	2	77
46	Money Services Licences	47	40	7	40
1,390	Money Transfer Fees	1,487	1,224	263	2,448
5,420	Motor Vehicle Charges	5,748	5,644	104	11,286
494	Motor Vehicle Drivers Licences	447	396	51	791
1,338	Motor Vehicle Environmental Tax	1,255	878	377	878
36,158	Mutual Fund Administrators	39,465	36,410	3,055	41,019
181	Notary Public Fees	174	151	23	302
-	Non-Profit Organizations	1	10	(9)	20
-	Not-for-Profit Licence	5	-	5	-
76,085	Other Company Fees - Exempt	78,627	79,818	(1,191)	94,743
5,661	Other Company Fees - Foreign	6,218	6,018	200	7,045
2,612	Other Company Fees - Non-Resident	2,294	2,339	(45)	2,502
1,856	Other Company Fees - Resident	2,457	2,464	(7)	2,464
4,963	Other/Misc Stamp Duty	5,209	5,050	159	10,100
520	Package Charges	535	621	(86)	1,241
40,629	Partnership Fees	45,217	45,109	108	49,974
1,027	Patents and Trademarks	1,021	1,329	(308)	1,842
735	Planning Fees	736	787	(51)	1,574
17	Public Transport - Drivers Licences	4	10	(6)	21
(13)	Public Transport - Operator Licences	1	3	(2)	6
1	Residency and Employment Rights Certificate (Surviving spouse)	1	1	-	1
21	Residency & Employment Rights Cert. (dependant of a P.R Grant)	266	48	218	48
61	Residency and Employment Rights Cert.(Spouse of Caymanian)	97	84	13	167
104	Residency Certificate for Persons of Independent Means	169	189	(20)	378
30	Royalties and Dredging	629	-	629	-
12,983	Security Investment Business Licences	14,829	14,949	(120)	16,842
2	Spear Gun Licences	3	3	-	5
178	Special Economic Zone Grant Fee	194	161	33	322
26	Special Marriage Licences	29	26	3	52
163	Stamp Duty - Online Meter (Executive)	132	158	(26)	316
5,221	Tax and Trust Undertakings	5,339	5,200	139	10,400
16	Tobacco Dealer Registration fees	7	45	(38)	90
16,952	Tourist Accommodation Charges	20,772	16,308	4,464	23,686
4,019	Traders Licences	3,894	2,529	1,365	5,058
659	Trust Registration Fees	611	635	(24)	759
29	Website - Recovery Fees	46	123	(77)	245
4	W.I.Z. - Boat Licensing	8	10	(2)	20
30,349	Work Permits Fees	32,549	35,349	(2,800)	70,698
31	Working Under Operation of Law Fees	25	31	(6)	61
712	RFI - Permanent Residence - Persons of Independent Means	711	672	39	1,343
49	Birth, Deaths & Marriages	65	50	15	100
47	Public Records	60	51	9	103
225	General Search Fees	354	226	128	451
-	Final WP Non-renewal (90days) - Grant	17	1	16	1
3,802	Provision for continuation of work permit - Grant	597	3,530	(2,933)	7,060
572	Limited Liability Companies	1,333	886	447	886
-	Limited Liability Partnership	-	45	(45)	50
39	RJC - Residency Certificate (Substantial Business Presence)	34	22	12	45
314,557	**Total Domestic Levies on Goods and Services**	**334,665**	**329,165**	**5,500**	**451,587**

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Levies on Property				
196	Infrastructure Fund Fees	205	224	(19)	447
480	Land Holding Companies Share Transfer Charges	503	288	215	288
26,060	Stamp Duty - Land Transfer	37,638	22,500	15,138	45,000
424	Timeshare Ownership Charges	453	381	72	732
27,160	**Total Levies on Property**	**38,799**	**23,393**	**15,406**	**46,467**
	Fines				
31	Compounded Penalties	18	20	(2)	39
696	Court Fines	1,051	700	351	1,400
1	Customs Fines	-	1	(1)	2
160	Immigration Fines	136	307	(171)	614
143	Procedural Fines	177	52	125	52
2	HRS- Administrative	1	-	1	-
1,033	**Total Fines**	**1,383**	**1,080**	**303**	**2,107**
	Other Executive Revenue				
3	Hurricane Ivan Loans Received	3	-	3	-
84	Miscellaneous Income	1,228	-	1,228	-
-	Proceeeds of Crime Law (PoCL)	34	-	34	-
-	Proceeds of Liquidated Entities	-	-	-	19,000
87	**Total Other Executive Revenue**	**1,265**	**-**	**1,265**	**19,000**
431,260	**TOTAL COERCIVE REVENUE**	**472,839**	**439,737**	**33,102**	**691,357**
	Sale of Goods and Services				
	Fees and Charges				
102	Agricultural Department Fees	118	65	53	131
678	Annual Work Permit Application Fees (Entity)	727	687	40	1,353
3	Application Fee for Specialist Caregiver Certificate	4	3	1	6
6	APA - Appeal to Board against decision made by an Immigration Officer Application Fee	6	7	(1)	12
-	Audit Fees- Statutory	-	-	-	-
1,036	Authentication and Apostille of Documents Fee	1,163	1,065	98	2,264
-	Bailiff Fees	-	2	(2)	5
7	Business Staffing Plan Fees	8	7	1	15
13	Business Vistors Administration Fees	13	14	(1)	20
51	Builders Board Registration Fees	1	24	(23)	49
33	BVX - Business Visitors Permit - Express Determination Fee	34	34	-	49
24	Cabinet Appeal Fees	229	66	163	66
88	Caymanian Status Application Fees (Entity)	91	89	2	177
75	Cemetery/Vault Sales	91	76	15	153
3	Customised Motor Vehicle Licence Plate Fees	1	17	(16)	31
447	Customs Special Attendance Fees	446	413	33	826
1	Dependant of a Caymanian Admin Fee	1	1	-	2
2	Disinsection Fees	1	2	(1)	4
158	Drivers Examination Fees	180	94	86	192
23	Duplicate Vehicle Log Books	26	19	7	39
7	Electrical Inspection Fees	13	9	4	18
49	Electrical Licence Fees	42	39	3	79
14	Elevator Inspection Fees	31	25	6	25
12	Environmental Service Fees	16	12	4	25
1,154	Examination Fees	1,271	929	342	1,858
35	Express Land Registry	32	30	2	60
589	Express Fee - Work Permits	714	606	108	1,295
1	External Training	-	8	(8)	15

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Fees and Charges Contd.				
-	Extension to reside as a Dependent of a Caymanian Application Fee	1	-	1	-
-	Funds Received from RCY Events	1	-	1	8
1,122	Garbage Fees	1,324	1,173	151	2,345
4	Heavy Equipment Application Fees	4	2	2	2
-	IT Consultancy	-	1	(1)	2
59	Land Survey Fees	97	55	42	110
296	Law School Fees	380	488	(108)	750
10	Local Companies Administration Fees	10	10	-	10
178	Mail Terminal Credits	291	157	134	300
98	Mapping Services	93	92	1	185
1	Maintenance of Buildings	9	3	6	3
781	Motor Vehicle Inspection Fees	792	712	80	1,323
243	Motor Vehicle Licence Plate Fees	213	176	37	355
(14)	Naturalisation and Registration Fees	459	370	89	370
69	Other Company Fees - Exempt (Entity)	96	100	(4)	200
58	Other Fees	23	120	(97)	240
808	Other Immigration Fees	594	820	(226)	1,641
-	Other Labour Charges - PWD (Cayman Brac)	-	20	(20)	41
285	Passport Fees	290	294	(4)	572
895	Pension Plan Registration Fees	309	440	(131)	879
35	Permanent Residence/Residency Certificate for Persons of Independent means	70	68	2	68
-	Planning Appeal Fees	-	-	-	1
652	Private Sector Computing Fees	876	787	89	1,574
9	Public Library Fees	9	13	(4)	25
1	Recycling Fees	7	20	(13)	40
1	Refund Processing Fees	3	3	-	3
1	Residency & Employment Rights Cert. (Surviving spouse of a Caymanian)	-	1	(1)	1
228	Residency & Employment Rights Certificate Admin Fee	125	232	(107)	442
8	Residency and Employment Rights Certificate (Dependant of a PR)	43	14	29	14
57	Residency and Employment Rights Certificate (Spouse of a Caymanian)	63	59	4	123
7	Residency Certificate for Persons of Independent Means Admin Fee	5	7	(2)	14
1	RKA - Variation of Residency Certifcate (Substantial Business Presence) Application Fee	-	-	-	-
8	RJA - Residency Certificate (Substantial Business Presence) Application Fee	10	8	2	13
1	RMI - Residency - Persons of Independent Means, Renewal Application Fee	1	1	-	1
1	RFA - Permanent Residence - Persons of Independent Means - Application Fee	4	3	1	3
1	RGA - Variation of Permanent Residence - Person of Independent Means - Application Fee	3	2	1	2
-	Restoration of Seized Goods	2	-	2	-

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Fees and Charges Contd.				
1	Sale of Custom Forms	1	3	(2)	6
301	School Fees	310	180	130	180
9	Special Marriage License Application Fee	10	9	1	17
-	Special Econ. Zone - Trade Certificate Fee	-	75	(75)	87
6	Special Econ. Zone - Trade Certificate Renewal Fee	108	-	108	-
575	Temporary Work Permit Application Fees (Entity)	626	581	45	1,198
-	Tourist Reservation Fees	-	2	(2)	4
130	Tower Licence Fees	124	83	41	165
279	Trade and Business Administration Fees	280	195	85	387
-	Trade and Business Penalty Fees	92	-	92	-
4	Transcript Fees	4	3	1	3
23	Variation/Amendment Fee for Business Staffing Plans	28	23	5	48
14	Vehicle and Equipment Maintenance Fees	10	12	(2)	24
22	Vehicle Bank Liens	27	26	1	52
102	Vehicle Change of Ownership	115	95	20	191
631	Vehicle Disposal Fees	794	650	144	1,300
111	Visitor's Work Visa Application Fee	104	112	(8)	234
457	Warehousage	490	474	16	948
245	Web Receipts	339	245	94	490
2	Work Under Operation of Law Fees	1	1	-	3
27	Online Planning System Fees	59	41	18	41
33	Planning Inspection Call-Out Fee	20	34	(14)	67
-	Plumbers Examination Board Fees	5	4	1	8
-	Final WP Non-renewal (90days) - Admin	3	3	-	6
4	Provision for Continuation of WP - Amendment - Admin	1	5	(4)	10
2	Provision for Continuation of WP - Amendment	1	2	(1)	5
107	Provision for continuation of work permit - Admin	49	51	(2)	92
13,600	**Total Fees and Charges**	**15,067**	**13,503**	**1,564**	**25,995**
	General Sales				
13	Inventory Spare Parts	19	14	5	28
31	Miscellaneous Sales	(1)	4	(5)	8
64	Other Postal Business	38	46	(8)	95
7	Philatelic Sales	9	8	1	18
40	Canteen Sales	-	42	(42)	85
440	Police Clearances	519	463	56	926
676	Postal Stamps	643	676	(33)	1,311
12	Prison Craft Sales	12	10	2	10
7	Prison Sales	4	5	(1)	10
285	Sale of Advertising Space	209	209	-	419
953	Sale of Agriculture Supplies and Produce	886	839	47	1,679
430	Sale of Gazettes and Subscriptions	374	354	20	708
7	Sale of Laws	11	11	-	21
4	Sale of Planning Documents	11	8	3	8
-	Temporary Work Permit - Seasonal Worker Application	1	-	1	3
2,969	**Total General Sales**	**2,735**	**2,689**	**46**	**5,329**

GOVERNMENT OF THE CAYMAN ISLANDS
CORE GOVERNMENT
UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE
For the Six Month Period Ended 30 June 2018
All figures are stated in 000s and in CI Dollars

Actual Results 1 January 2017 to 30 June 2017		Actual Results 1 January 2018 to 30 June 2018	Budgeted Results 1 January 2018 to 30 June 2018	Variance: Budget vs. Actual	2018 Original Budget
	Rentals				
28	Equipment Rental - (PWD CB)	26	14	12	14
557	Post Boxes/Franking Machines	548	502	46	1,000
67	Rental - Canteens	84	81	3	81
-	Rentals- Craft Market	30	30	-	60
10	Rental of Government Housing	8	9	(1)	18
43	Rentals - Other Properties	35	37	(2)	73
19	Rentals- Town Halls	24	20	4	20
724	**Total Rentals**	**755**	**693**	**62**	**1,266**
	Other Goods and Services Revenue				
72	GIS Applications	76	71	5	142
27	GPS Licences	11	14	(3)	27
-	Health Services Fees	-	-	-	18
37	Miscellaneous Licencing Receipts	45	32	13	61
410	Miscellaneous Receipts	240	219	21	219
546	**Total Other Goods and Services Revenue**	**372**	**336**	**36**	**467**
1,160	Sales of Services to Public Entites	1,288	830	458	1,660
18,999	**Total Sales of Goods and Services**	**20,217**	**18,051**	**2,166**	**34,717**

MOODY'S
INVESTORS SERVICE

ISSUER IN-DEPTH
23 April 2018

Rate this Research

RATINGS

Cayman Islands

	Foreign Currency	Local Currency
Gov. Bond Rating	Aa3/STA	Aa3/STA
Country Ceiling	Aa2	Aa2
Bank Deposit Ceiling	Aa3	Aa2

TABLE OF CONTENTS

Contacts

Gabriel Torres +1.212.553.3769
VP-Sr Credit Officer
gabriel.torres@moodys.com

Calyn Gelinas +1.212.553.5195
Associate Analyst
calyn.gelinas@moodys.com

Mauro Leos +1.212.553.1947
Associate Managing Director
mauro.leos@moodys.com

Government of Cayman Islands - Aa3 stable

Annual credit analysis

OVERVIEW AND OUTLOOK

The credit profile of the Cayman Islands (Aa3 stable) is supported by very high GDP per capita, a robust institutional framework and a comparatively low debt burden. Estimated 2017 GDP per capita of $60,450 in US$ current prices is within the top 15 in our ratings universe, which includes developed countries, and supports the islands' resilience to economic and natural disaster shocks. The islands' long history of policy consensus, Worldwide Governance Indicator scores that are in the top 20th percentile in our ratings universe, and sound financial management have produced consecutive years of fiscal surpluses and decreasing debt levels, which we forecast will be 15% of GDP this year from a peak of 24% in 2011.

Cayman is constrained by its small, slow growing economy that is concentrated in financial services and tourism. The estimated $3.7 billion economy is the seventh smallest among our rated sovereigns. Its average growth of 2.5% over the last five years is relatively low, although is above the 2.2% median of its Aa-rated peers. Even though the economy continues to be highly dependent on financial services and tourism, the potential cruise terminal project and Cayman Enterprise and Health Cities could boost growth and help diversify the economic base in the medium- to long-term.

Upward pressure on the credit profile could be considered if developments alleviate the constraints that Cayman Islands' small and relatively undiversified economy poses to the sovereign credit profile. This could include a significant reduction of overall projected debt levels in the context of a policy framework that ensures debt levels will remain very low. Greater and more diversified economic growth that pushed per capita GDP even higher relative to peers would also be credit positive.

Negative pressure could result if the debt trend were to reverse, either due to policy reasons, a slower economic recovery or both. A change to the institutional arrangements that place restrictions on excessive debt would also be credit negative.

This credit analysis elaborates on Cayman Islands' credit profile in terms of economic strength, institutional strength, fiscal strength and susceptibility to event risk, which are the four main analytic factors in Moody's Sovereign Bond Rating Methodology.

CREDIT PROFILE

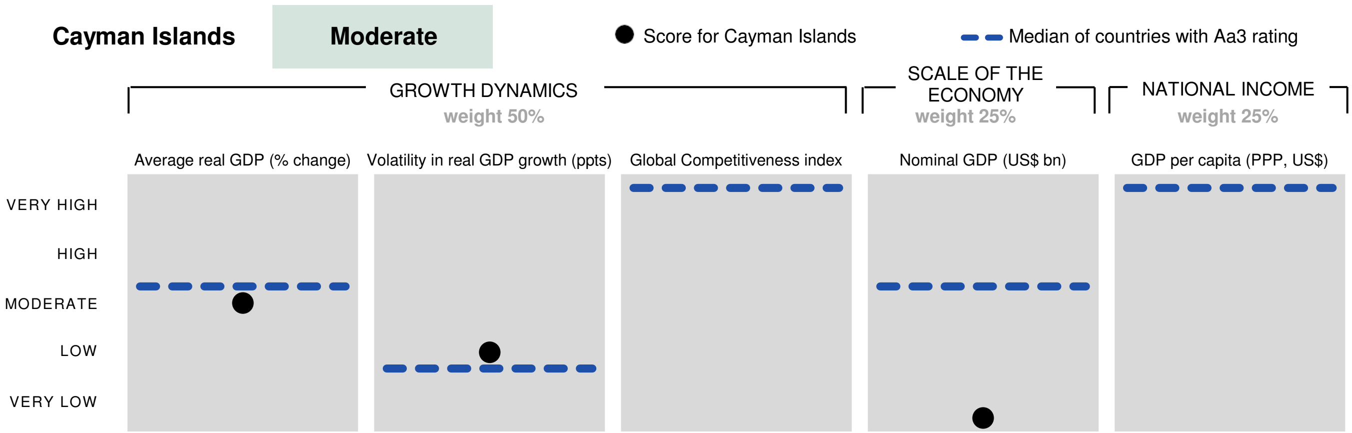
Our determination of a sovereign's government bond rating is based on the consideration of four rating factors: economic strength, institutional strength, fiscal strength and susceptibility to event risk. When a direct and imminent threat becomes a constraint, that can only lower the preliminary rating range. For more information please see our Sovereign Bond Rating Methodology.

Economic strength: Moderate

Factor 1: Overall score

Scale	VH+	VH	VH-	H+	H	H-	M+	M	M-	L+	L	L-	VL+	VL	VL-	
+								Final								-

Factor 1: Sub-scores



Economic strength evaluates the economic structure, primarily reflected in economic growth, the scale of the economy and wealth, as well as in structural factors that point to a country's long-term economic robustness and shock-absorption capacity. Economic strength is adjusted in case excessive credit growth is present and the risks of a boom-bust cycle are building. This 'credit boom' adjustment factor can only lower the overall score of economic strength.

Note: In case the Indicative and Final scores are the same, only the Final score will appear in the table above.

We assess Cayman Islands' economic strength as "Moderate," which balances very high GDP per capita with a small, slow growing economy concentrated in financial services and tourism. Other sovereigns with a similar score for economic strength include Macao (Aa3 stable) and Bermuda (A2 stable).

Exhibit 1

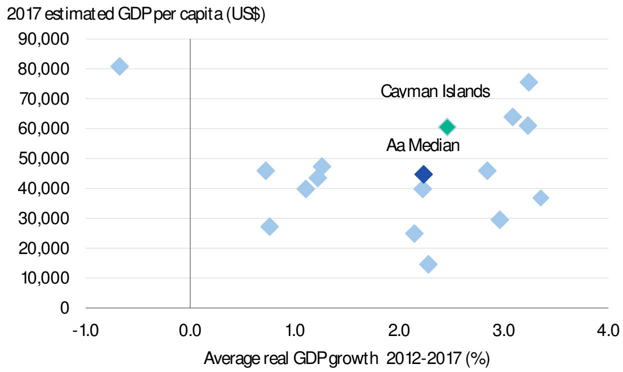
Peer comparison table factor 1: Economic strength

	Cayman Islands Aa3/STA	M Median	Macao Aa3/STA	Isle of Man Aa2/STA	Taiwan Aa3/STA	Qatar Aa3/NEG	Chile Aa3/NEG	Bermuda A2/STA
Final score	M		M	H	H+	VH-	H	M-
Indicative score	--		M	--	H+	M	H	--
Nominal GDP (US$ bn)	3.6	103.6	45.3	6.3	529.6	152.5	247.0	6.1
GDP per capita (PPP, US$)	--	18,061.9	98,855.6	--	48,119.5	125,159.8	24,089.3	--
Average real GDP (% change)	2.2	2.7	2.3	3.2	2.1	3.1	2.8	0.3
Volatility in real GDP growth (ppts)	3.1	3.1	13.4	2.3	3.5	6.9	2.4	2.9
Global Competitiveness Index	--	4.1	--	--	5.3	5.1	4.7	--

Source: Moody's Investors Service

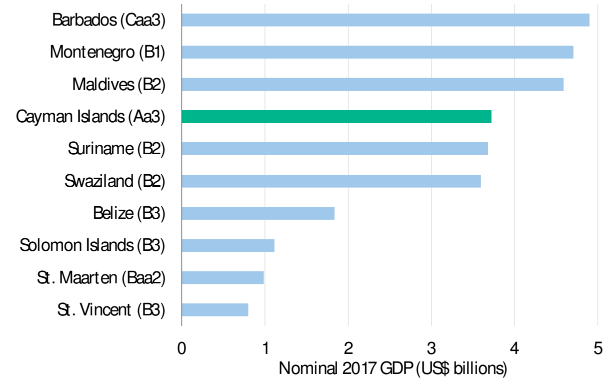
Cayman's GDP per capita, the second highest in the Caribbean region and one of the highest in Moody's sovereign rated universe, is a key credit strength.[1] Despite relatively slow economic growth, Cayman compares favorably to the median for its rating category, while its very high national income ranks above that of peers (see Exhibit 2). Conversely, the small size of the economy positions Cayman as one of the very smallest in the rated universe (see Exhibit 3).

Exhibit 2
Cayman is wealthier and growing faster than 'Aa' peers...
(Plot of 16 Aa-rated sovereigns)



Note: 2017 numbers are estimates
Source: Moody's Investors Service

Exhibit 3
...and is the seventh smallest economy
(Ten smallest rated sovereigns)



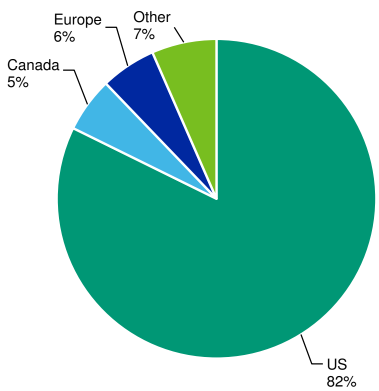
Note: 2017 numbers are estimates
Source: Moody's Investors Service

We estimate GDP per capita (US$ current prices basis) at $60,450 in 2017 – only four of the 16 Aa-rated economies have higher national incomes than Cayman, including two oil producers.[2] Cayman's high GDP per capita supports its resilience to economic and natural disaster shocks, which is of particular importance given its vulnerability to hurricanes.[3] Like many of its Caribbean neighbors, Cayman is vulnerable to climate change risk. In particular, the islands are exposed to the Atlantic hurricane season which officially begins 1 June and lasts through 30 November.

Tourism broke records in 2017, driven by strong growth in US visitors

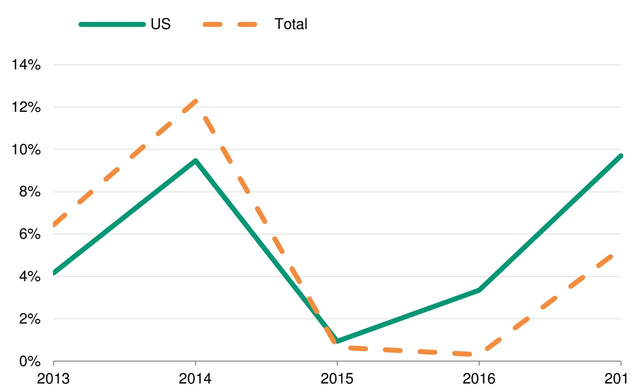
The Cayman Islands' tourism is heavily dependent on economic conditions in the US. Through September of last year, US visitors comprised 82% of total air arrivals, increasing their share relative to the prior three-years' average of 77% (see Exhibit 4). Tourism has rebounded after relatively flat growth in stayover arrivals in 2015 and 2016 of 1% and 0%, respectively (see Exhibit 5). The 2015-16 slowdown largely reflected capacity constraints on the islands in terms of the stock of rooms. Recently completed and upcoming hotel projects will help address supply constraints.

Exhibit 4
The majority of Cayman tourists come from the US...
(Percent share of air arrivals by origin in the first nine months of 2017)



Sources: Cayman Islands Economics and Statistics Office, Moody's Investors Service

Exhibit 5
...and US arrivals continue to increase
(Annual percent change in air arrivals over from January-September)



Sources: Cayman Islands Economics and Statistics Office; Moody's Investors Service

Tourism directly contributed 8.1% to GDP or 29.5% when first and second order effects are included, according to World Travel & Tourism Council (WTTC). This level is one of the highest in Moody's rated universe. The industry supports nearly 10% of total direct employment and likely indirectly supports nearly one third of jobs in the economy. The WTTC estimates that increased tourism flows will increase direct employment in the sector by 3.2% annually on average over the next decade.

Tourism had a record-breaking year after receiving more than 2.1 million total visitors. Stayover visitors increased 9% from 2016, airport arrivals increased 8.5% and cruise arrivals increased 1% over the same period. The strong performance has continued through January 2018 and is largely attributed to Cayman being spared during the last hurricane season, while other islands suffered significant decreases in hotel room stock. The removal of Cayman from the Centers for Disease Control and Prevention's Zika travel list also occurred in 2017 and likely had a favorable effect on attracting tourists.

Tourism projects and public infrastructure investments will continue to support the industry

A fairly large pipeline of new and ongoing projects will continue to underpin growth in the tourism sector. These projects include: (1) the renovation and expansion of the country's main airport; (2) the continuing development of Health City; (3) the construction of a new 350-room hotel; and (4) plans for a new cruise terminal.

Updates to the **Owen Roberts International Airport (ORIA)** will more than triple passenger capacity from 500,000 per year to over two million and the government estimates it will be completed by year-end 2018 or early 2019. The expansion will ease bottlenecks given that ORIA currently serves approximately 1 million passengers annually and growth prospects for visitor arrivals to Cayman are favorable given strong economic growth in source markets. The CI$51 million (1.7% GDP) project is entirely funded by government surpluses and once finished will have an expanded departure hall as well as new baggage and customs screening areas.

The residences of Health City (a large scale medical and surgical compound located in the less developed area of Grand Cayman with the mission of providing high quality, low cost specialized healthcare for health tourists) are nearing completion to eventually house recuperating patients cared for at the 100 bed hospital that opened in 2015. The residences are one part of the much larger development that will include medical and nursing schools, and commercial real estate opportunities, beyond the already opened hospital. The authorities have strongly supported expanding the tourism industry through this niche market by changing nine laws and 13 regulations (including the elimination of import taxes on medical products and equipment), hoping to broaden the narrow Cayman economy. Once finished, the project will create new employment in the health services sector, but it is already leading to some crowding-out of local healthcare providers rather than providing a complimentary role. The departure of Ascension (the non-profit American healthcare provider that originally partnered with Health City) is reportedly because of the company shifting its focus to other international projects after claiming success in Cayman.

Construction of the new **350-room Grand Hyatt Hotel and Residences** on Seven Mile Beach should begin over the coming months with opening scheduled for 2021. This project comes on the heels of the 285-room Margaritaville Beach Resort opening last year and the 260-room Kimpton Seafire Resort + Spa opening the year prior.

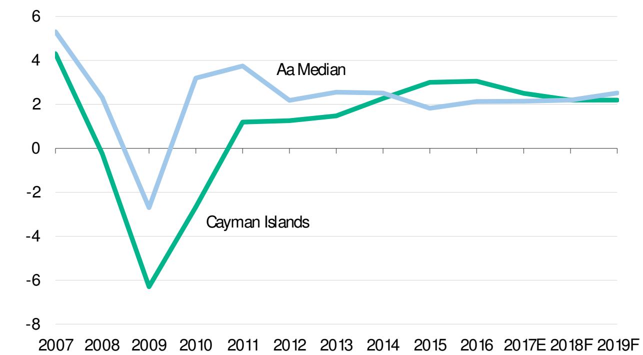
New port infrastructure is also being considered by the government to facilitate growth in tourism. Currently, the government is soliciting bids for a new cruise terminal public-private partnership (PPP). Because there is no berth for the very large cruise ships, passengers must transfer to a smaller boat in order to make landfall – a new terminal would reduce this friction. This project could come to fruition over the next several years, though the local population reportedly remains somewhat skeptical over the intended benefits and the PPP model would be a new form of infrastructure financing for the authorities.

Construction activity and tourism recovery continue to drive economic performance

We estimate GDP growth was 2.5% in 2017, outpacing the Aa median for the third consecutive year and driven by the construction sector (see Exhibits 6 and 7). Construction activity has had a strong multiplier on output growth and more than offsets soft tourism numbers in 2015-16. As investment activity from the two recently completed hotels (the Margaritaville Beach Resort in 2017 and the Kimpton Seafire Resort + Spa in 2016) winds down, the increase in capacity and tourism flows would not have fully compensated for the lost activity. Yet economic activity has continued to benefit from the expansion of the airport and Health City. These projects should be finished by the end of the year, such that activity should slow in 2018-19 despite the new Grand Hyatt investment and the potential new cruise terminal.

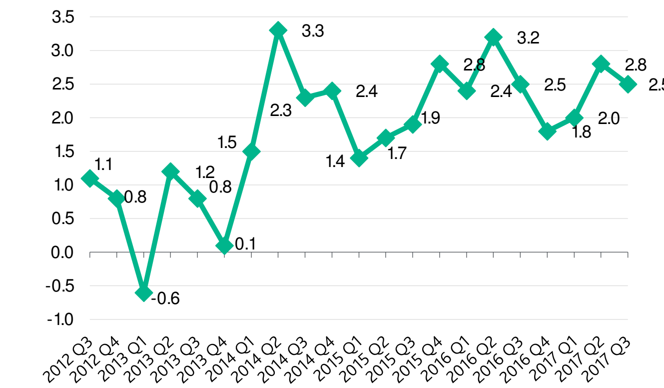
Despite expected slower growth, increased tourism flows will likely continue their positive contribution to growth in 2018-19 as the new hotel capacity caters to strong tourism demand from Cayman's main source market, the US. The planned investment projects are unlikely to fully replace activity from the projects that will finish this year, and as a result, we forecast softer real GDP growth of 2.2% in 2018 and 2.2% in 2019.

Exhibit 6
Economic growth will slow marginally…
(Annual real GDP growth, %)



Sources: Cayman Islands Economics and Statistics Office, Moody's Investors Service

Exhibit 7
…as large construction projects reach completion
(Annualized quarterly GDP growth, %)



Sources: Cayman Islands Economics and Statistics Office, Moody's Investors Service

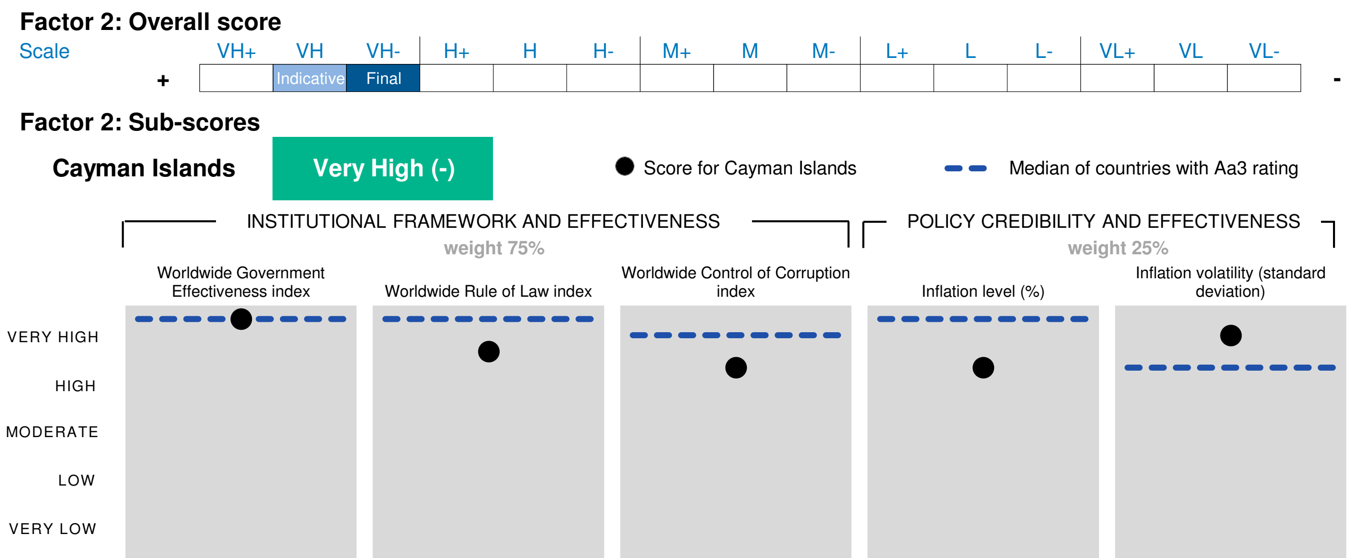
Number of registered companies increased in 2017 despite a decrease in financial services licenses

There were 99,327 total companies registered in Cayman as of December 2017 (approximately 3.2% increase over 2016). An additional 13,046 businesses registered in 2017 (a 17% increase compared to 2016 and the highest post-2007 level). As of February 2018, it appears there were more than 100,000 companies registered. Cayman briefly exceeded the 100,000 mark in 2016 as well. The growth in registrations may reflect Cayman gaining market share from other offshore jurisdictions, such as the British Virgin Islands. More company registrations would also support diversification of the economy away from financial services and have a positive effect on the fiscal accounts. Cayman does not have income tax so a key source of revenue is company licenses.

The rise in new registrants may also be supported by new companies forming through Cayman Enterprise City (CEC), the special economic zone focused on technology and knowledge-based industries. CEC was created in 2012 as the "fast track business licensing model" to help companies relocate their existing operations to the island (mainly senior level management) or start new businesses. CEC will have multiple business parks that specialize in IT, media and marketing, biotechnology, commodities and derivatives and international academics. Three business parks (or cities) are currently open and include Cayman Commodities & Derivatives City, Cayman Maritime & Aviation City and Cayman Tech City. CEC aligns with the government's goals of diversifying and expanding the size of the economy while attracting more FDI so that the CEC operations eventually comprise 15% of GDP. Since 2012, CEC has brought 200 companies to Cayman, and in 2017 approximately 25% of total companies in the special economic zone were related to blockchain technology.

Despite the strong performance in total business formations for the year, the number of banks, trusts, mutual funds and insurance companies licensed in Cayman decreased slightly. The decrease may be attributable to increased overseas legal scrutiny or larger industry trends such as consolidation and restructuring. The financial services and insurance sector is a still a key component of the Cayman economy but its relative share is gradually declining as tourism expands. The sector is unlikely to return to the growth rates seen before the financial crisis. The industry was hit hard by the global downturn, contracting by 14% in 2009, and has since only showed modest signs of recovery.

Institutional strength: Very High (-)



Institutional strength evaluates whether the country's institutional features are conducive to supporting a country's ability and willingness to repay its debt. A related aspect of institutional strength is the capacity of the government to conduct sound economic policies that foster economic growth and prosperity. Institutional strength is adjusted for the track record of default. This adjustment can only lower the overall score of institutional strength.
Note: In case the Indicative and Final scores are the same, only the Final score will appear in the table above.

The score for Cayman Islands' institutional strength is set at "Very High (-)," below the indicative score of "Very High," to reflect the institutional challenges derived from the small population size. With a population of less than 100,000, Cayman lacks the human capital diversity of other much larger credits. Other sovereigns with a similar score for this rating factor include Isle of Man (Aa2 stable), Czech Republic (A1 stable) and Estonia (A1 stable).

The still very high score reflects Cayman's stable political environment, policy continuity and robust institutional framework. Cayman's scores in the relevant Worldwide Governance Indicators are among the highest in the region and in the top 20th percentile of all sovereigns rated by Moody's, including highly developed countries.

Exhibit 8

Peer comparison table factor 2: Institutional strength

	Cayman Islands Aa3/STA	VH- Median	Czech Republic A1/STA	Belgium Aa3/STA	Isle of Man Aa2/STA	Taiwan Aa3/STA	Chile Aa3/NEG	Estonia A1/STA
Final score	VH-		VH	VH	VH-	VH	VH	VH
Indicative score	VH		VH	VH+	--	VH+	VH	VH
Gov. Effectiveness, percentile [1]	79.8	78.3	74.6	82.0	--	85.0	73.8	77.6
Rule of Law, percentile [1]	70.8	77.2	80.5	85.8	--	82.8	81.3	84.3
Control of Corruption, percentile [1]	67.9	68.3	66.4	88.8	--	76.1	79.8	81.3
Average inflation (%)	1.0	1.5	1.7	1.6	1.6	1.3	3.1	1.9
Volatility in inflation (ppts)	1.3	2.3	1.8	1.5	2.3	1.2	2.1	3.5

[1] Moody's calculations. Percentiles based on our rated universe.

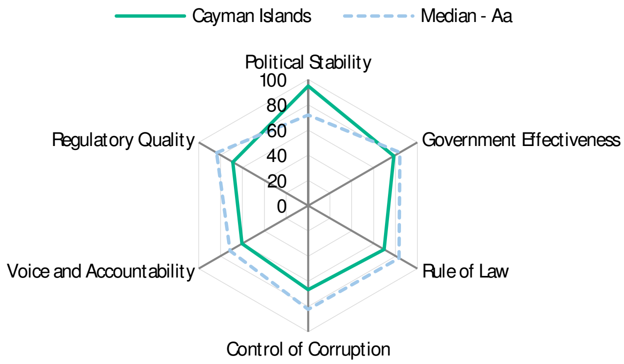
Source: Moody's Investors Service

The Worldwide Governance Indicators (WGI) form the starting point for our assessment of institutional strength, with a particular focus on three indicators: 'Government Effectiveness,' 'Rule of Law,' and 'Control of Corruption.' Cayman's WGI scores in these categories are broadly in line with Aa-rated peers (see Exhibit 9).

Exhibit 9

Worldwide governance indicators relative to Aa-rated peers

Percentile ranking relative to all rated sovereigns by governance measure. Higher percentile is better.



Source: The World Bank Group

Inflation trends overstate monetary policy effectiveness

We also gauge policy credibility and effectiveness by using price stability as a proxy. Cayman scores very high in this rating category because it has a credible fixed exchange rate to the US dollar, but this scoring is overstated because of the fixed exchange rate. The Cayman Islands dollar is fixed to the US dollar at a rate of 1.20 (CI$ = US$1.2). The fixed exchange rate has essentially eliminated Cayman's monetary policy effectiveness in favor of price stability. However, this arrangement can become troublesome because it limits the authorities' monetary policy flexibility in the wake of economic shocks and makes fiscal discipline all the more important.

UK connection supports consistency within political institutions and prudent fiscal management

Cayman has a very stable political environment that is underpinned by UK support. As an overseas territory, a new Cayman governor is appointed by the UK every three years and general elections for the 15-member legislative assembly occur every four years. The governor heads the 10-member cabinet and has veto power, yet in practice his or her role in policymaking is quite limited.

Cayman also benefits from UK fiscal oversight although it does not benefit from any direct financial assistance or explicit guarantees from the UK. The UK Foreign and Commonwealth Office (FCO) reviews the Cayman government's fiscal policies to assess compliance with several covenants that limit potential indebtedness. Additionally, in 2012, Cayman approved the Framework for Fiscal Responsibility (FFR) and the Public Management and Finance Law (PMFL) in conjunction with the UK government.[4] UK oversight has a strong presence, which has led to intervention in other territories' fiscal affairs in the past.

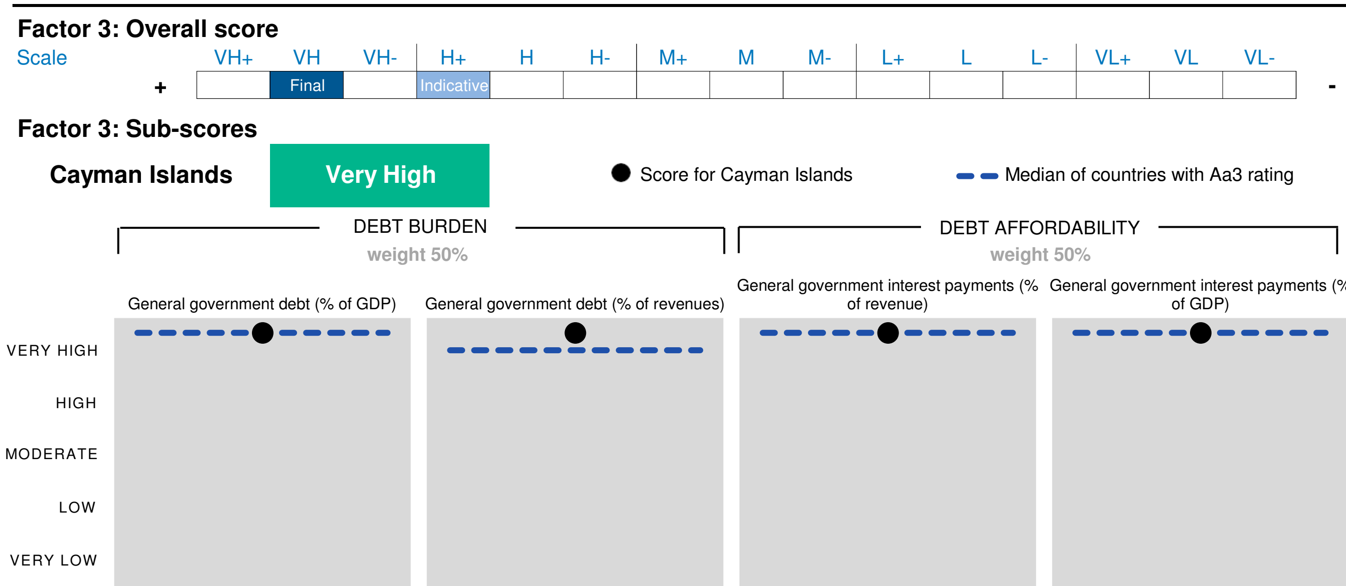
Cayman continues to address evolving regulation of its financial services industry

On 5 December 2017, the EU Council released a 17-member blacklist of non-cooperative tax jurisdictions. Cayman avoided the blacklist but appeared on the 47-member EU Council greylist on account of the substance requirement stated in the listing criteria. The council has since removed jurisdictions and added others, leaving nine remaining on the blacklist (American Samoa (Ba3 negative), Bahamas (Baa3 negative), Guam (Ba1 negative), Namibia (Ba1 negative), Palau, Samoa, Saint Kitts and Nevis, Trinidad and Tobago (Ba1 stable) and the US Virgin Islands (Caa3 negative)).

The Cayman authorities have until year-end to address EU concerns and/or perceived deficiencies. To date, the EU has not imposed any punishments on or communicated any punishments to the Cayman government, which is working closely with the council. Prior to the EU greylisting, Cayman was featured on the OECD greylist for tax transparency reasons. In response, Cayman signed more than 35 bilateral Tax Information Exchange Agreements (TIEAS) and arrangements and was removed. Furthermore, in 2014, Cayman signed the OCED-developed Multilateral Competent Authority Agreement (MCAA) and as a result was an early-adopter of the Automatic Exchange of Information (AEOI), and an early signatory of both the US and the UK Foreign Account Tax Compliance Act (FATCA).

The Cayman authorities are also consistently updating the regulatory and compliance framework to stay competitive. In particular, they have focused on the insurance industry to try to increase market share in relation to Bermuda (A2 stable), for example, after experiencing a decrease in the number of licensees in the insurance sector. Cayman also saw a decrease in licensees in the banking sector, which may partially be explained by the rise in mergers and acquisitions in the two sectors globally. Banks have exited the market over the years such as HSBC bank, which closed its operations in 2014 after six years on the islands. Currently, there are 150 licensed banks operating in Cayman compared to 291 in 2007. The authorities continue to highlight their commitment to maintaining their regulatory framework aligned with international standards.

Fiscal strength: Very High



Fiscal strength captures the overall health of government finances, incorporating the assessment of relative debt burdens and debt affordability as well as the structure of government debt. Some governments have a greater ability to carry a higher debt burden at affordable rates than others. Fiscal strength is adjusted for the debt trend, the share of foreign currency debt in government debt, other public sector debt and for cases in which public sector financial assets or sovereign wealth funds are present. Depending on the adjustment factor the overall score of fiscal strength can be lowered or increased.
Note: In case the Indicative and Final scores are the same, only the Final score will appear in the table above.

The score for Cayman's fiscal strength is set at "Very High," which is above the indicative score of "High (+)," because we believe that although foreign currency debt is 100% of total debt, the economy is effectively fully dollarized and the country has been able to maintain a peg to the US dollar for several decades. The score also reflects the government's comparatively low levels of debt, high debt affordability and easy access to finance. We estimate 2018 government debt-to-GDP will be 14.3%, representing the seventh consecutive year of decline in the debt metric. The fall in debt-to-GDP is a direct result of fiscal consolidation efforts that have improved the fiscal balance to an average surplus of 2.3% of GDP from 2013 to 2017, compared to an average deficit of 2.4% of GDP over 2010-12. Other countries with a similar score for fiscal strength include Korea (Aa2 stable), Taiwan (Aa3 stable), Qatar (Aa3 negative) and Chile (Aa3 negative).

Exhibit 10

Peer comparison table factor 3: Fiscal strength

	Cayman Islands	VH Median	Macao	Korea	Taiwan	Qatar	Chile	United Arab Emirates
	Aa3/STA		Aa3/STA	Aa2/STA	Aa3/STA	Aa3/NEG	Aa3/NEG	Aa2/STA
Final score	VH		VH+	VH	VH-	VH-	VH+	VH+
Indicative score	H+		VH+	VH	VH-	H	VH+	VH+
Gen. gov. debt/GDP	16.3	34.9	0.0	38.3	38.0	46.5	21.3	20.7
Gen. gov. debt/revenue	68.6	115.2	0.0	168.9	241.8	154.7	101.0	72.6
Gen. gov. interest payments/GDP	0.9	1.0	0.0	1.3	0.7	1.4	0.8	0.2
Gen. gov. int. payments/revenue	3.8	4.0	0.0	5.5	4.6	4.9	3.6	0.5

Source: Moody's Investors Service

Fiscal account surplus in 2017 and expected in 2018-19

We estimate that the fiscal balance remained in surplus in 2017 at around 2% of GDP, marking the fifth consecutive year of surpluses. Government revenue through the nine months ended September 2017 increased 1.8% relative to the same period in 2016. Expenditure restraint held current spending broadly flat over the same period, despite a 4.7% increase in personnel costs, the largest spending category. Lower intermediate consumption as well as lower interest payments from a reduced debt burden helped to offset the higher personnel costs. Capital expenditure drove the increase in total spending, but left the overall fiscal surplus virtually unchanged (see Exhibit 11).

Exhibit 11

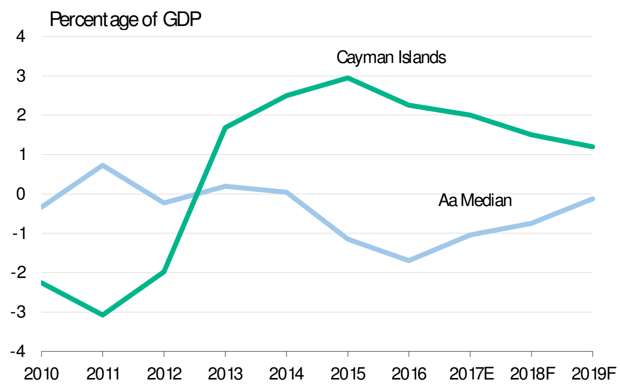
Fiscal surplus virtually unchanged in 2017 through September year-over-year

	2016	2017	% change
Total revenue	**567.7**	**578.1**	**1.8%**
Total current expenditure	**437.4**	**435**	**-0.5%**
Personnel costs	189.8	198.8	4.7%
Subsidies	102.8	101.6	-1.2%
Intermediate consumption	71.2	65.4	-8.1%
Interest payments	20.4	19.3	-5.4%
Other	53.2	49.9	-6.2%
Net capital expenditure	**16.2**	**28**	**72.8%**
Fiscal balance	**114.1**	**115.1**	**0.9%**

Note: 2016 and 2017 include the nine months from January-September
Sources: Cayman Islands Economics and Statistics Office, Moody's Investors Service

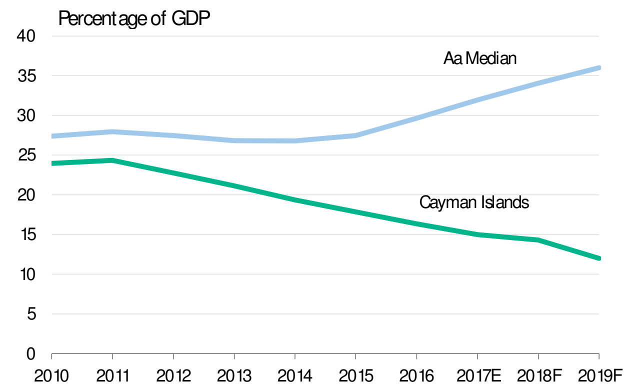
The authorities maintained full compliance with the FFR last year and the 2018 and 2019 budgets were presented in compliance with the framework as well. Fiscal dynamics will continue to outperform the Aa median through 2019 (see Exhibit 12). Amid pressure to utilize the surplus for increased spending for education, civil servant wages and social programs, the government is planning to save these resources for 2019 when an upcoming bond payment is due such that they either rollover a smaller amount than the total principal or pay it off entirely with the fiscal savings.

Exhibit 12
An improved fiscal position...
(Government financial balance)



Sources: Cayman Islands Economics and Statistics Office, Moody's Investors Service

Exhibit 13
...reduces the debt burden
(Government debt)



Sources: Cayman Islands Economics and Statistics Office, Moody's Investors Service

Debt will continue to decline in both relative and absolute terms

The government does not plan on issuing any new debt in 2018 but intends to refinance a significant portion of the $312 million (10% of GDP or 56% of total debt) 2009 bullet bond maturing in November 2019. Depending on how much is refinanced, debt-to-GDP could move into single digits. The authorities have been setting aside parts of past surpluses to prepare for the approaching payment and communicated that they will make the final decision on the amount refinanced being mindful of their cash position. The improving fiscal position has reduced the debt burden substantially (see Exhibit 13). The government also intends to change the structure of any rolled-over portion to an amortizing schedule.

Debt is not only falling relative to GDP, but it is also declining in absolute terms. Lower deficits followed by fiscal surpluses, a policy of limiting or outright prohibiting new debt issuance, and the gradual pay-down of outstanding debt resulted in nominal debt falling every year since 2011. Government debt dropped to an estimated US$558 million (15% of GDP) in 2017 from a peak of US$736 million (24% of GDP) in 2011.

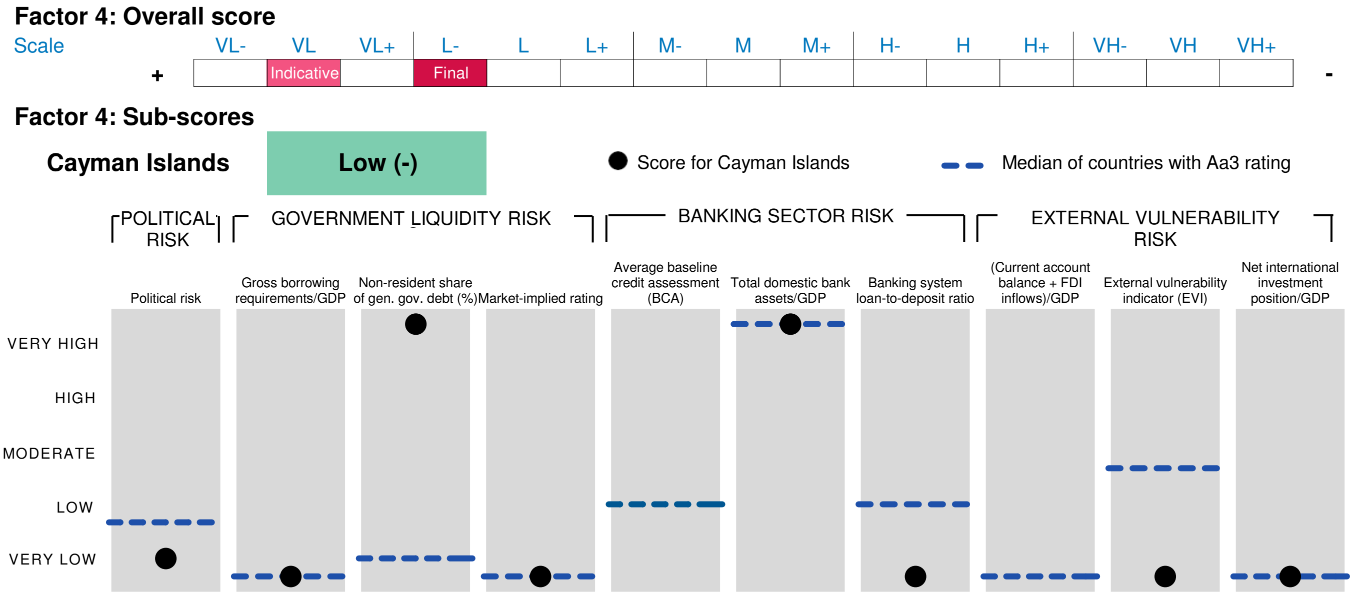
Strengthening the fiscal framework

The debt burden has declined significantly since the global financial crisis because of a strengthening fiscal framework that started in the midst of the financial crisis. The FCO warned of increasing debt levels at the time and, as a result, conservative measures were incorporated into the 2010 revision of the PMFL, including: (1) a liquid asset ratio of at least 25% of operating expenses; (2) a debt service to revenue ratio of 10%, and; (3) a net debt to revenue ratio of 80%. The debt service ratio includes principal and interest payments of the entire public sector as a percentage of core government revenue, and net debt to revenue includes net debt for the entire public sector as a percentage of core government revenue.

To note, as of today the government will technically not comply with the borrowing limitations in the PMFL (specifically, that debt service must not exceed a maximum of 10% of operating revenue) in 2019. This is because of the one-off event of the bond bullet payment coming due. There are plans to amend the framework such that large, one-time, debt payments similar to the 2019 payment do not breach the debt service burden ratio under the PMFL.

The government has also adopted a two-year budgeting process (two fiscal years presented at once) instead of an annual format. The intent is to improve planning and predictability, while enhancing transparency. Additionally, the government is pursuing more opportunities to finance infrastructure projects through public-private partnerships that would allow Cayman to share the financing costs with the private sector. That said, the PPP commitments of the government may show up as increased debt in the fiscal accounts based on current accounting rules but these would be more akin to guarantees, which is unlikely to affect debt numbers until 2020.

Susceptibility to event risk: Low (-)



Susceptibility to event risk evaluates a country's vulnerability to the risk that sudden events may severely strain public finances, thus increasing the country's probability of default. Such risks include political, government liquidity, banking sector and external vulnerability risks. Susceptibility of event risk is a constraint which can only lower the preliminary rating range as given by combining the first three factors.

Note: In case the Indicative and Final scores are the same, only the Final score will appear in the table above.

The score for Cayman's susceptibility to event risk is set at "Low (-)," above the indicative score of "Very Low," to reflect its susceptibility to external shocks, including natural disasters and global economic developments. However, the islands' susceptibility to event risk, or the risk of a sudden multi-notch rating change, is low according to our methodology because of the inherent resilience of the economy and the robustness of the institutions. Politically, there is very little risk of a destabilizing event given the strong institutional framework and the fiscal oversight by the UK. Another country with a similar score of "Low (-)" for susceptibility to event risk is Belgium (Aa3 stable).

Long-term economic risks related to loss of competitiveness in the Cayman Islands' two key industries, tourism and financial services, could affect government finances and put pressure on the external accounts. But the likelihood of a major shock remains low. Hurricanes are a recurrent threat given Cayman's geographic location. The relative wealth of the country provides a strong buffer against weather-related shocks as evidenced by Hurricane Ivan in 2004 (which inflicted damage equivalent to 200% of GDP) and the subsequent quick recovery.

Political risk: Very Low

Exhibit 14

Peer comparison table factor 4a: Political risk

	Cayman Islands Aa3/STA		Chile Aa3/NEG	Finland Aa1/STA	Qatar Aa3/NEG	Taiwan Aa3/STA	Korea Aa2/STA	Isle of Man Aa2/STA
Final score	VL		VL	VL	M	M-	M+	VL
Geopolitical risk	VL	--	VL	VL	M	M-	M+	VL
Domestic political risk	--	--	VL	VL	L	VL	VL	--

Source: Moody's Investors Service

Political risk is curtailed by UK connection

Cayman's connection to the UK lowers the political uncertainty of the islands. The governor selected by the UK appoints the premier of the Cayman Islands. The premier has a four-year term and can only serve two consecutive terms. Additional stability comes from the two party system of the United Democratic Party and the People's Progressive Movement. Mr. Alden McLaughlin of the People's Progressive Movement was recently reappointed as premier in 2017. Cayman maintained fiscal surpluses and low leverage under Premier McLaughlin thus we expect policy continuity through his second term.

Government liquidity risk: Very Low (+)

Exhibit 15

Peer comparison table factor 4b: Government liquidity risk

	Cayman Islands Aa3/STA	VL+ Median	Belgium Aa3/STA	Qatar Aa3/NEG	Bermuda A2/STA	Abu Dhabi Aa2/STA	Chile Aa3/NEG	Korea Aa2/STA
Final score	VL+		VL+	VL+	VL+	VL+	VL-	VL-
Indicative score	VL-		VL-	L-	VL	VL	VL-	VL-
Gross borrowing req./GDP	-1.1	4.6	19.2	7.6	0.9	3.4	2.8	1.6
Gen. gov. ext. debt/gen. gov. debt	100.0	46.8	--	45.0	100.0	79.8	20.9	13.0
Market funding stress indicator	Aa2	Baa1	Aa2	Baa2	Baa1	Baa1	Aa3	Aa2

Source: Moody's Investors Service

High dollarization keeps liquidity risk very low

Government liquidity risk for the islands is set at "Very Low (+)," above the indicative of "Very Low (-)" to differentiate it from other countries such as Germany (Aaa stable) and the US (Aaa stable) that have much deeper capital markets. The 100% external debt burden is less of a concern than other credits with similar external debt metrics due to the almost entirely dollarized Cayman economy.

Banking sector risk: Very Low (-)

Exhibit 16

Peer comparison table factor 4c: Banking sector risk

	Cayman Islands Aa3/STA	VL- Median	Chile Aa3/NEG	Qatar Aa3/NEG	Bermuda A2/STA	Taiwan Aa3/STA	Korea Aa2/STA	Abu Dhabi Aa2/STA
Final score	VL-		L	L	L	L	L+	L+
Indicative score	VL-		L+	L	L-	L	L	L+
Baseline credit assessment	--	b2	baa2	baa2	baa2	baa2	baa2	baa3
Total dom. bank assets/GDP	207.7	32.3	126.6	229.2	370.7	288.2	144.8	204.1
Loan-to-deposit ratio	46.5	74.0	125.7	116.1	43.4	73.0	118.8	100.8

Source: Moody's Investors Service

Lack of deposit guarantee is small threat to banking sector

Despite the relatively large size of the financial sector, the lack of a deposit guarantee poses only a small threat to the economy and the fiscal accounts. Cayman's offshore banks cannot lend directly in the local market thus reducing risks of external contagion. Alternatively, a more relevant potential economic risk is that the financial sector could shrink due to tighter regulations from the EU or G20/OECD initiatives involving offshore financial centers. This would likely lead to lower economic growth and negatively impact fiscal revenues. However, this is a risk that would play out over a 5-7 year horizon.

External vulnerability risk: Low (-)

Exhibit 17

Peer comparison table factor 4d: External vulnerability risk

	Cayman Islands Aa3/STA	L- Median	Slovenia Baa1/STA	Estonia A1/STA	Czech Republic A1/STA	Lithuania A3/STA	Qatar Aa3/NEG	Belgium Aa3/STA
Final score	L-		VL+	VL+	L-	L	VL	VL-
Indicative score	VL-		VL+	VL+	VL+	VL+	H-	VL-
(Curr. acc. bal. + FDI inflows)/GDP	--	-1.3	8.5	5.0	4.6	1.1	-10.1	8.4
External vulnerability indicator (EVI)	20.6	58.5	--	--	--	--	693.2	--

Source: Moody's Investors Service

External sector risks remain constrained

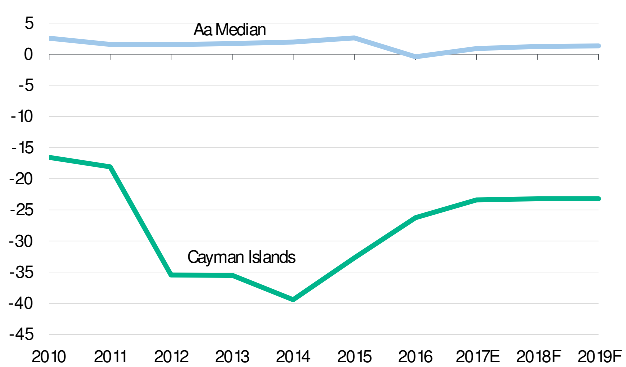
We expect the current account deficit to reach 23.2% of GDP this year, down from a peak of 39.4% in 2014 (see Exhibit 18). Cayman shares with most of the Caribbean a combination of high current account deficits, which have averaged around 32% of GDP since 2012, and a fixed exchange rate. This combination has proven troublesome in other parts of the world but the high dollarization means there is a reduced risk of a forced exchange rate devaluation. Cayman's currency is less than 25% of broad liquidity and we do not anticipate a challenge to the monetary arrangement that has been in place since 1971 (see Exhibit 19). The Cayman Islands Dollar is fixed to the US Dollar at a rate of 1.20 (CI$1 = US$1.2).

Being a small-sized economy without an industrial base, Cayman needs to import virtually all construction materials, machinery and capital goods. As the diversification efforts speed up, in particular in connection to the buildup of the Health City Cayman Islands compound, we anticipate continued high current account deficits in the medium term. In addition, Cayman imports most of its consumption goods. Financing of a seemingly large external imbalance has not led to sizable external debt accumulation. Although there is no detailed capital account data, the stability of foreign currency reserves suggests that external financing is not a concern.

Exhibit 18

Relatively high external imbalances...

(Current account balance relative to GDP, %)

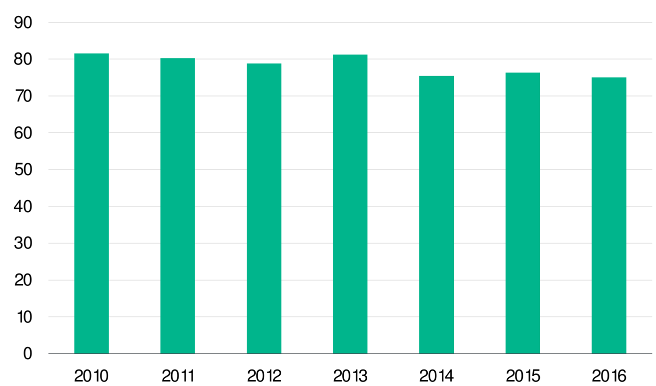


Sources: Cayman Islands Economics and Statistics Office, Moody's Investors Service

Exhibit 19

...and high financial dollarization

(Foreign currency deposits and currency relative to broad liquidity, %)



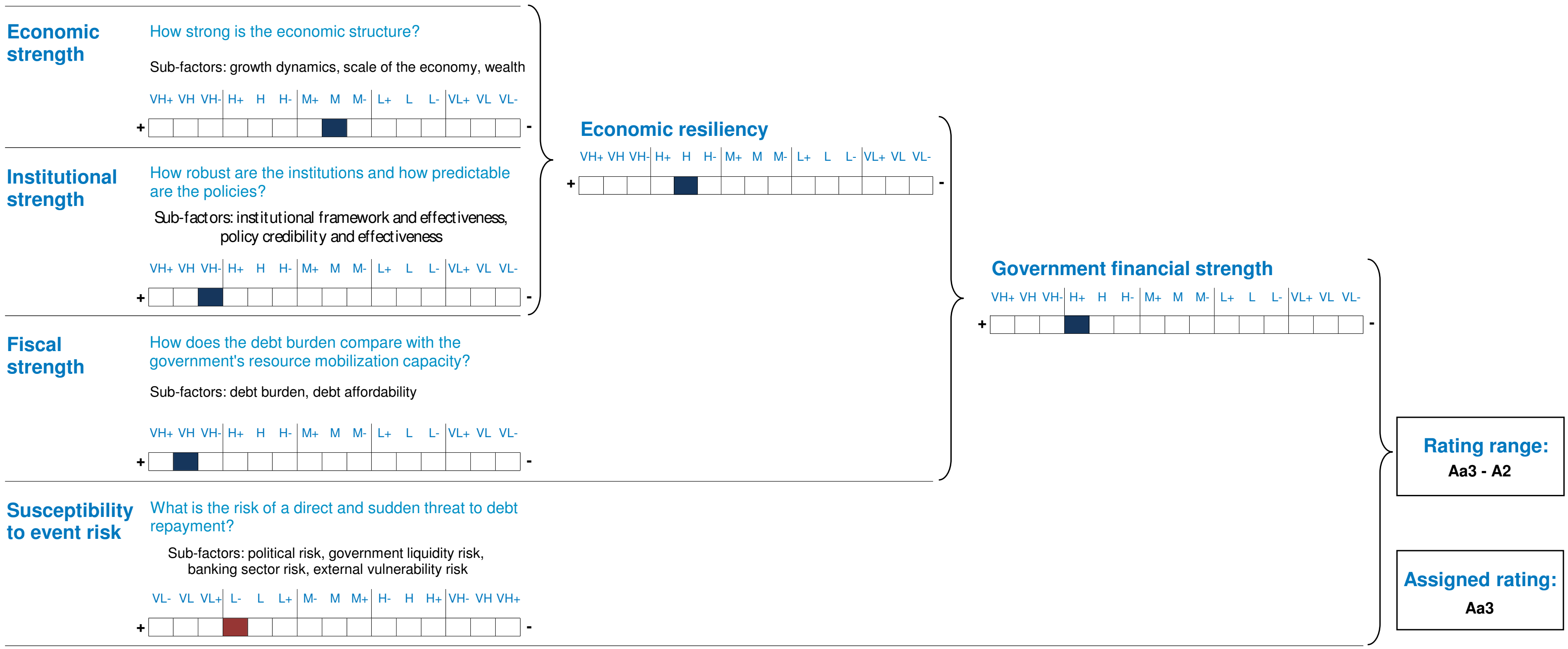
Sources: Cayman Islands Economics and Statistics Office, Moody's Investors Service

Rating range

Combining the scores for individual factors provides an indicative rating range. While the information used to determine the grid mapping is mainly historical, our ratings incorporate expectations around future metrics and risk developments that may differ from the ones implied by the rating range. Thus, the rating process is deliberative and not mechanical, meaning that it depends on peer comparisons and should leave room for exceptional risk factors to be taken into account that may result in an assigned rating outside the indicative rating range. For more information please see our Sovereign Bond Rating Methodology.

Exhibit 20

Sovereign rating metrics: Cayman Islands



Source: Moody's Investors Service

Comparatives

This section compares credit relevant information regarding Cayman Islands with other sovereigns that we rate. It focuses on a comparison with sovereigns within the same rating range and shows the relevant credit metrics and factor scores.

Cayman, like most other Aa-rated sovereigns, benefits from a high level of economic development and strong institutions. Measured by GDP per capita, it is the fifth richest country out of 16 currently in the Aa category. However, it also has the smallest and least diversified economy in the group. Despite its relatively high current account deficit, Cayman is among the least susceptible to event risk compared to key rating peers.

Exhibit 21

Cayman Islands key peers

	Year	Cayman Islands	Belgium	Macao	Qatar	Korea	United Arab Emirates	Aa3 Median	Latin America and Caribbean Median
Rating/Outlook		Aa3/STA	Aa3/STA	Aa3/STA	Aa3/NEG	Aa2/STA	Aa2/STA	Aa3	Ba3
Rating Range		Aa3 - A2	Aa3 - A2	Aa3 - A2	Aa3 - A2	Aa2 - A1	Aa2 - A1	Aa3 - A2	Ba1 - Ba3
Factor 1		**M**	**H+**	**M**	**VH-**	**VH**	**VH**	**H+**	**L+**
Nominal GDP (US$ bn)	2016	3.6	468.0	45.3	152.5	1411.2	348.7	199.7	43.1
GDP per capita (PPP, US$)	2016	--	45002.9	98855.6	125159.8	37730.5	68092.3	48119.5	14016.0
Avg. real GDP (% change)	2012-2021	2.2	1.3	2.3	3.1	2.7	3.4	2.3	2.4
Volatility in real GDP growth (ppts)	2007-2016	3.1	1.6	13.4	6.9	1.6	3.2	3.3	2.4
Global Competitiveness index	2017	--	5.2	--	5.1	5.1	5.3	5.2	4.1
Factor 2		**VH-**	**VH**	**M+**	**H+**	**VH+**	**H+**	**VH**	**L**
Government Effectiveness, percentile [1]	2016	79.8	82.0	79.8	68.6	75.3	87.3	79.8	39.5
Rule of Law, percentile [1]	2016	70.8	85.8	73.1	74.6	83.5	75.3	78.0	34.3
Control of Corruption, percentile [1]	2016	67.9	88.8	75.3	76.8	64.9	83.5	76.5	38.8
Average inflation (% change)	2012-2021	1.0	1.6	3.6	2.4	1.7	2.3	2.0	3.5
Volatility in inflation (ppts)	2007-2016	1.3	1.5	2.2	6.3	1.3	4.4	1.8	2.5
Factor 3		**VH**	**H-**	**VH+**	**VH-**	**VH**	**VH+**	**VH**	**M-**
Gen. gov. debt/GDP	2016	16.3	105.7	0.0	46.5	38.3	20.7	29.7	43.4
Gen. gov. debt/revenue	2016	68.6	208.4	0.0	154.7	168.9	72.6	127.9	195.9
Gen. gov. interest payments/revenue	2016	3.8	5.7	0.0	4.9	5.5	0.5	4.2	9.3
Gen. gov. interest payments/GDP	2016	0.9	2.9	0.0	1.4	1.3	0.2	0.8	2.0
Gen. gov. financial balance/GDP	2016	2.3	-2.5	7.7	-9.0	1.0	-4.1	-1.4	-2.8
Factor 4		**L-**	**L-**	**L**	**M**	**M+**	**M-**	**L+**	**M-**
Current account balance/GDP	2016	-26.3	0.1	26.9	-5.5	7.0	3.8	-0.7	-2.7
Gen. gov. external debt/gen. gov. debt	2016	100.0	--	--	45.0	13.0	21.2	33.0	59.5
External vulnerability indicator (EVI)	2018F	20.6	--	--	693.2	41.9	212.6	118.6	56.6

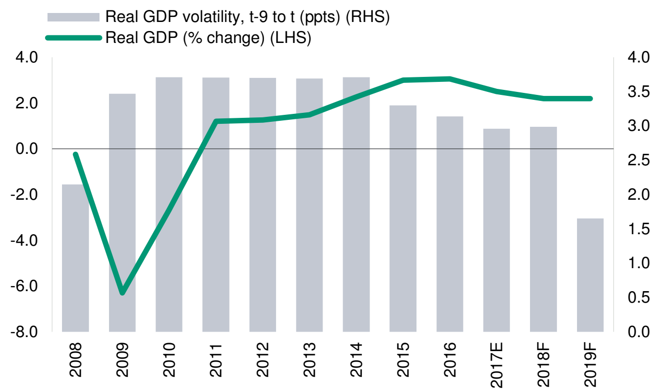
Notes: [1] Moody's calculations. Percentiles based on our rated universe.
Sources: Moody's Investors Service, Haver Analytics, Official National Sources, IMF, World Bank

DATA, CHARTS AND REFERENCES

Chart pack: Cayman Islands

Exhibit 22

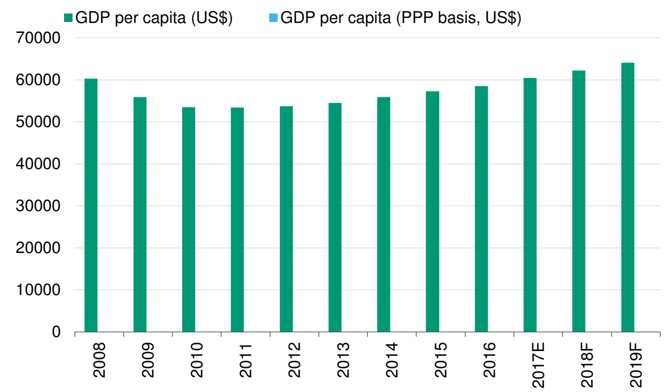
Economic growth



Source: Cayman Islands Economics and Statistics Office; Moody's Investors Service

Exhibit 23

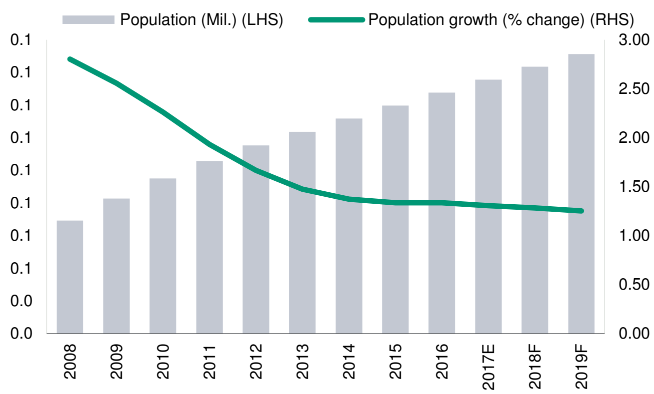
National income



Source: Moody's Investors Service; Cayman Islands Economics and Statistics Office

Exhibit 24

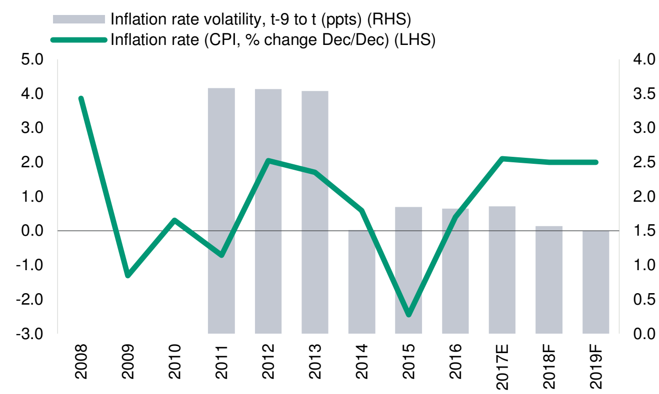
Population



Source: United Nations

Exhibit 25

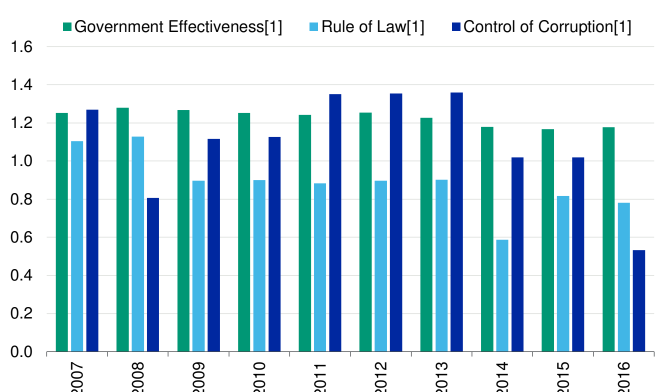
Inflation and inflation volatility



Source: Moody's Investors Service; Cayman Islands Economics and Statistics Office

Exhibit 26

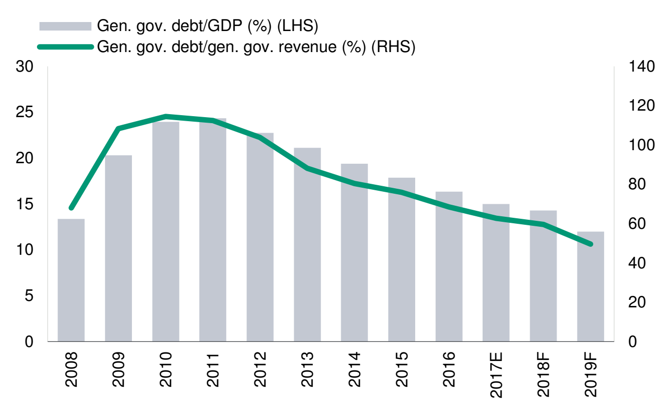
Institutional framework and effectiveness



Notes: [1] Composite index with values from about -2.5 to 2.50: higher values correspond to better governance.
Source: Worldwide Governance Indicators

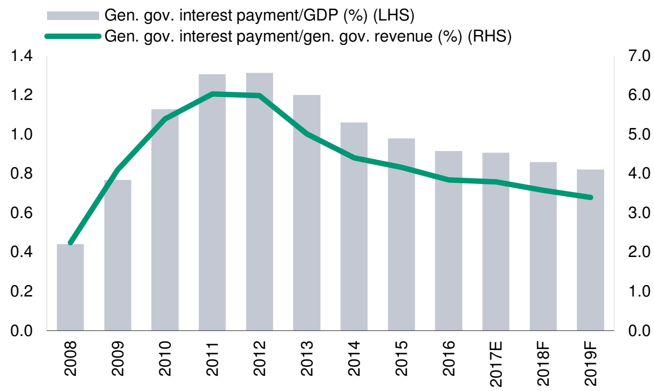
Exhibit 27

Debt burden



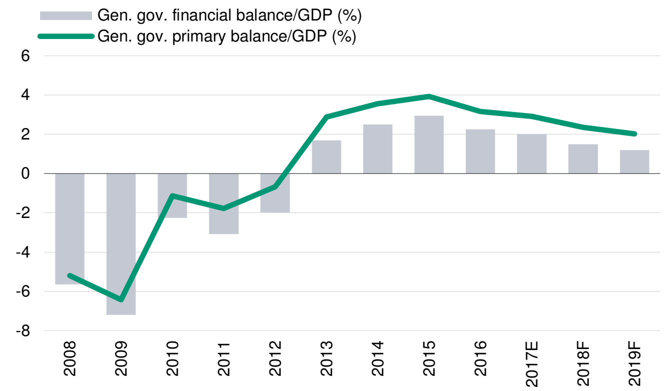
Source: Moody's Investors Service; Cayman Islands Economics and Statistics Office

Exhibit 28
Debt affordability



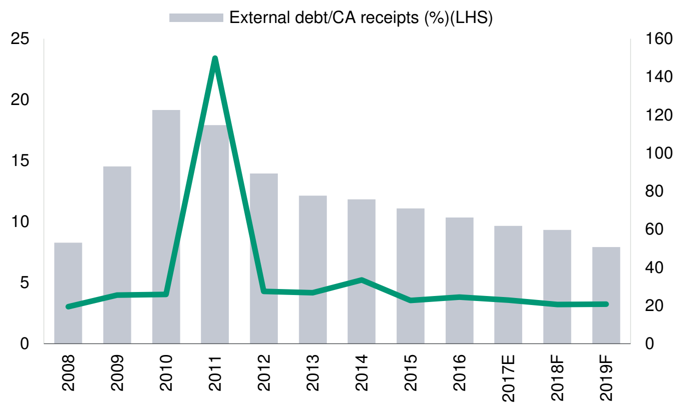
Source: Moody's Investors Service; Cayman Islands Economics and Statistics Office

Exhibit 29
Financial balance



Source: Moody's Investors Service; Cayman Islands Economics and Statistics Office

Exhibit 30
External vulnerability risk



Source: Moody's Investors Service; Cayman Islands Economics and Statistics Office

Rating history

Exhibit 31

Cayman Islands[1]

	Government Bonds			Foreign Currency Ceilings				
				Bonds & Notes		Bank Deposit		
	Foreign Currency	Local Currency	Outlook	Long-term	Short-term	Long-term	Short-term	Date
Rating Assigned	--	Aa3	--	--	--	--	--	Jul-17
Rating Lowered	--	--	--	Aa2	--	--	--	Feb-13
Rating Raised	--	--	--	Aaa	--	--	--	May-06
Rating Assigned	Aa3	--	Stable	--	--	--	--	Oct-00
Rating Assigned	--	--	--	Aa3	P-1	--	--	Dec-97
Rating Assigned	--	--	--	--	--	Aa3	P-1	Sep-89

Notes: [1] Table excludes rating affirmations. Please visit the issuer page for Cayman Islands for the full rating history.
Source: Moody's Investors Service

Annual statistics

Exhibit 32

Cayman Islands

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017E	2018F	2019F
Economic structure and performance												
Nominal GDP (US$ bil.)	3.2	3.0	3.0	3.0	3.1	3.2	3.3	3.4	3.6	3.7	3.9	4.0
Population (Mil.)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
GDP per capita (US$)	60,263	55,908	53,457	53,432	53,726	54,460	55,906	57,247	58,517	60,450	62,218	64,056
GDP per capita (PPP basis, US$)	--	--	--	--	--	--	--	--	--	--	--	--
Nominal GDP (% change, local currency)	0.8	-4.9	-2.2	1.9	2.2	2.9	4.1	3.8	3.6	4.7	4.2	4.2
Real GDP (% change)	-0.2	-6.3	-2.7	1.2	1.3	1.5	2.3	3.0	3.1	2.5	2.2	2.2
Inflation (CPI, % change Dec/Dec)	3.9	-1.3	0.3	-0.7	2.0	1.7	0.6	-2.4	0.4	2.1	2.0	2.0
Gross investment/GDP	--	--	--	--	--	--	--	--	--	--	--	--
Gross domestic saving/GDP	--	--	--	--	--	--	--	--	--	--	--	--
Nominal exports of G & S (% change, US$ basis)[1]	16.2	-5.7	5.8	2.8	44.7	7.1	8.7	-3.5	5.8	4.4	3.1	2.5
Nominal imports of G & S (% change, US$ basis)[1]	10.2	-4.6	0.0	10.3	-2.9	4.7	4.8	0.8	6.2	-2.0	1.8	2.7
Openness of the economy[2][1]	110.9	110.6	116.2	121.7	142.1	146.6	150.8	142.9	146.1	141.9	139.7	137.4
Government Effectiveness[3]	1.3	1.3	1.3	1.2	1.3	1.2	1.2	1.2	1.2	--	--	--
Government finance												
Gen. gov. revenue/GDP	19.6	18.7	20.9	21.7	21.9	24.0	24.1	23.5	23.8	23.9	24.0	24.2
Gen. gov. expenditures/GDP	25.3	25.9	23.2	24.7	23.9	22.3	21.6	20.6	21.6	21.9	22.5	23.0
Gen. gov. financial balance/GDP	-5.6	-7.2	-2.3	-3.1	-2.0	1.7	2.5	2.9	2.3	2.0	1.5	1.2
Gen. gov. primary balance/GDP	-5.2	-6.4	-1.1	-1.8	-0.7	2.9	3.6	3.9	3.2	2.9	2.4	2.0
Gen. gov. debt (US$ bil.)	0.4	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5
Gen. gov. debt/GDP	13.4	20.3	24.0	24.3	22.8	21.1	19.4	17.9	16.3	15.0	14.3	12.0
Gen. gov. debt/gen. gov. revenue	68.0	108.4	114.5	112.4	103.8	88.2	80.4	75.9	68.6	62.8	59.6	49.6
Gen. gov. interest payments/gen. gov. revenue	2.2	4.1	5.4	6.0	6.0	5.0	4.4	4.2	3.8	3.8	3.6	3.4
Gen. gov. FC & FC-indexed debt/gen. gov. debt	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Moody's Investors Service

Exhibit 33

Cayman Islands

External payments and debt												
Nominal exchange rate (local currency per US$, Dec)	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Real eff. exchange rate (% change)	--	--	--	--	--	--	--	--	--	--	--	--
Current account balance (US$ bil.)[4]	-0.5	-0.5	-0.5	-0.5	-1.1	-1.1	-1.3	-1.1	-0.9	-0.9	-0.9	-0.9
Current account balance/GDP[4]	-16.5	-16.7	-16.6	-18.1	-35.5	-35.5	-39.4	-32.7	-26.3	-23.4	-23.2	-23.2
External debt (US$ bil.)[5]	0.4	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5
Public external debt/total external debt[5]	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Short-term external debt/total external debt	--	--	--	--	--	--	--	--	--	--	--	--
External debt/GDP[5]	13.4	20.3	24.0	24.3	22.8	21.1	19.4	17.9	16.3	15.0	14.3	12.0
External debt/CA receipts[6][5]	8.3	14.5	19.2	17.9	14.0	12.1	11.8	11.1	10.3	9.7	9.3	7.9
Interest paid on external debt (US$ bil.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortization paid on external debt (US$ bil.)[7]	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net foreign direct investment/GDP	--	--	--	--	--	--	--	--	--	--	--	--
Net international investment position/GDP	--	--	--	--	158.3	135.7	161.2	147.1	188.4	--	--	--
Official forex reserves (US$ bil.)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Net foreign assets of domestic banks (US$ bil.)	4.3	4.8	3.7	2.9	3.4	3.9	2.7	4.6	4.9	--	--	--
Monetary, external vulnerability and liquidity indicators												
M2 (% change Dec/Dec)	--	-5.5	2.0	-4.6	18.6	-0.3	9.3	15.3	12.7	--	--	--
Monetary policy rate (% per annum, Dec 31)	3.8	3.3	3.3	3.3	3.3	3.3	3.3	3.5	3.8	--	--	--
Domestic credit (% change Dec/Dec)	--	2.7	6.0	3.3	-1.8	-2.5	-0.1	0.3	3.4	--	--	--
Domestic credit/GDP	104.0	112.2	121.7	123.3	118.5	112.3	107.8	104.2	104.1	--	--	--
M2/official forex reserves (X)	10.0	9.6	11.0	9.9	11.2	10.9	12.1	12.6	12.9	--	--	--
Total external debt/official forex reserves[5]	349.4	511.2	663.2	648.4	591.5	551.6	532.9	461.2	396.0	369.6	356.6	301.4
Debt service ratio[8]	0.8	1.3	1.7	4.9	1.4	1.3	1.4	1.1	1.2	1.2	1.1	1.1
External vulnerability indicator (EVI)[9][10]	19.4	25.5	25.8	149.8	27.4	26.7	33.4	22.8	24.5	22.9	20.6	20.8
Liquidity ratio[11]	12.7	16.4	18.9	20.5	29.3	25.9	23.4	27.1	26.7	--	--	--
Total liabilities due BIS banks/total assets held in BIS banks	84.3	93.4	96.0	101.4	103.4	97.7	103.4	119.9	130.3	--	--	--

[1] Series break in 2012/Balance of Payments
[2] Sum of Exports and Imports of Goods and Services/GDP
[3] Composite index with values from about -2.50 to 2.50: higher values suggest greater maturity and responsiveness of government institutions
[4] Series break in 2012/Prior years calculated from merchandise exports and imports, tourism receipts, and interest payments only
[5] Central government only
[6] Current Account Receipts
[7] 2011 reflects payment of loan facility
[8] (Interest + Current-Year Repayment of Principal)/Current Account Receipts
[9] (Short-Term External Debt + Currently Maturing Long-Term External Debt + Total Nonresident Deposits Over One Year)/Official Foreign Exchange Reserves
[10] Central government only; 2011 reflects payment of loan facility; Excludes total nonresident deposits over one year
[11] Liabilities to BIS Banks Falling Due Within One Year/Total Assets Held in BIS Banks

Source: Moody's Investors Service

Moody's related publications

- **Rating Action**: Moody's assigns Aa3 local currency rating to the Cayman Islands; outlook stable, 17 July 2017
- **Credit Opinion**: Government of Cayman Islands – Aa3 stable: Regular update, 13 November 2017
- **Sector In-Depth**: Sovereigns – Global: US tax reform will have marginal impact on exposed low-tax sovereigns globally, 28 February 2018
- **Sector In-Depth**: Sovereigns – Global: Small island credit profiles resilient to near-term climate shocks, but climate trends pose longer-term risks, 5 December 2017
- **Country Statistics**: Cayman Islands, Government of, 29 November 2017
- **Outlook**: Sovereigns – Latin America & Caribbean: 2018 outlook stable as growth momentum offsets rising debt and policy uncertainty, 9 January 2018
- **Rating Methodology**: Sovereign Bond Ratings, 22 December 2016

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Related websites and information sources

- Sovereign risk group web page
- Sovereign ratings list
- Cayman Islands Economics and Statistics Office

Authors

Gabriel Torres
Vice President - Senior Credit Officer

Calyn Gelinas
Associate Analyst

Endnotes

1 We include Bermuda in our analysis of the Caribbean because of its similar characteristics to credits in the region.

2 Abu Dhabi and Qatar.

3 In 2004, Hurricane Ivan hit Grenada, a much poorer Caribbean island, leading to a debt restructuring the following year. The same hurricane impacted Cayman with no major fiscal effect despite economic costs estimated at close to 200% of GDP.

4 The Public Management and Finance Law (PMFL) is more comprehensive and tightens prior fiscal constraints. It encompasses regulations and provisions for the central government as well as laws for the public sector. The finance ministry is responsible for overseeing and reporting on the financial performance of the core government and the public sector.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

REPORT NUMBER 1116679

MOODY'S
INVESTORS SERVICE