

Interim Report 2017/2018

Interim Report for the Period to 31 March 2018



**CAYMAN
NATIONAL**

Cayman National Corporation Ltd. is pleased to announce Net Income attributable to the Company of CI\$10,452,477 for the six month period to 31 March 2018. This result represents a solid 37% increase when compared with the same period last year.

Total Income for the six month period was CI\$37,159,366, up 14% on a year ago with Total Expenses up by just 6%.

Interest rate increases have supported improved Net Interest Income and although rising interest rates can put pressure on lending, our loan book remains sound. As a prudent measure, we continue to increase reserves for loan losses. This will also support new accounting standards which will come into play next year.

With Total Assets now standing at more than CI\$1.624 billion and Shareholders' Equity at CI\$108.56 million, our balance sheet continues to strengthen. Our strategy remains one of building the balance sheet whilst still rewarding shareholders with a viable dividend stream. It is the Directors' intention to pay an interim dividend in September at a level consistent with this strategy and based on performance figures as the year proceeds.

Our share price has also performed well with the last traded price at the time of this report at US\$3.05 The Book Value also increased to the equivalent of US\$3.08 at the end of March 2018, an increase of 14% on a year ago.

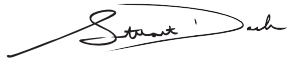
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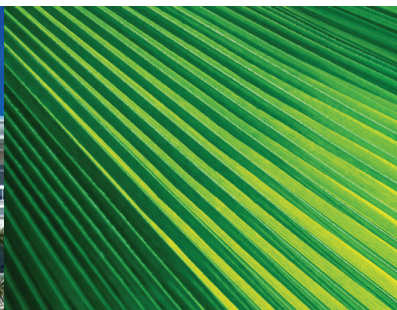
At the half year, we are pleased with our performance so far this year, and we look to build on these results as the year progresses. We are always keen to stress that our success is not achieved without the contribution of a number of stakeholders and we take this opportunity to thank our staff for their commitment and hard work. We also thank our customers, clients, and of course our shareholders for their support and confidence.



Hon. Truman M. Bodden
Chairman of the Board of Directors
Cayman National Corporation Ltd.



Stuart J. Dack
President and Chief Executive
Cayman National Corporation Ltd.



Consolidated Statement of Financial Position

As of 31 March 2018

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	31 Mar 2018	31 Mar 2017
Cash and Due From Banks	\$390,479,287	\$246,829,760
Short Term Placements	284,638,226	173,462,685
Investments	182,852,159	199,898,644
Loans and Overdrafts	725,426,861	693,012,458
Interest Receivable	5,825,342	5,150,016
Accounts Receivable	9,174,650	6,364,260
Fixed Assets	18,461,982	20,719,572
Intangibles	4,829,399	674,511
Investment Property	1,982,664	6,165,221
Goodwill	467,956	2,714,501
Total Assets	\$1,624,138,526	\$1,354,991,628
Liabilities		
Depositors' accounts:		
Current	\$440,450,231	\$383,054,281
Savings	355,472,302	311,889,954
Fixed Deposits	696,642,198	551,282,990
	\$1,492,564,731	\$1,246,227,225
Interest Payable	2,088,471	1,057,246
Accounts Payable & Accrued Expenses	20,925,438	12,946,588
Total Liabilities	\$1,515,578,640	\$1,260,231,059
Shareholders' Equity		
Share Capital	\$42,350,731	\$42,350,731
Treasury Stock	(1,231)	(92,637)
Share Premium	5,031,898	5,031,898
General Reserve	7,486,050	7,486,050
Retained Earnings	54,941,789	41,295,598
Net Unrealised (Depreciation) /Appreciation on Investments Available-For-Sale	(452,558)	475,061
Equity Adjustment from Foreign Currency Translation	(796,793)	(1,949,981)
Share Option Reserve	-	163,849
Total Shareholders' Equity	\$108,559,886	\$94,760,569
Total Liabilities and Shareholders' Equity	\$1,624,138,526	\$1,354,991,628

Consolidated Statement of Comprehensive Income

For the 6 month period ending 31 March 2018

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	31 Mar 2018	31 Mar 2017
Interest Income	\$24,514,977	\$19,941,254
Interest Expense	2,675,650	1,520,655
Net Interest Income	\$21,839,327	\$18,420,599
Other Income		
Foreign Exchange Fees and Commissions	\$3,833,369	\$3,677,663
Banking Fees and Commissions	8,749,882	7,884,219
Trust and Company Management Fees	1,699,510	1,594,359
Brokerage Commissions and Fees	927,674	808,145
Rental Income	69,311	189,159
Gain on Sale of Fixed Asset	40,293	7,200
Total Other Income	\$15,320,039	\$14,160,745
Total Income	\$37,159,366	\$32,581,344
Expenses		
Increase in Reserve for Loan Losses	\$1,899,750	2,077,234
Personnel	12,864,894	12,309,072
Other Operating Expenses	8,901,696	7,855,908
Premises	1,435,708	1,457,861
Depreciation	1,140,992	1,053,302
Total Expenses	\$26,243,040	24,753,377
Net Income from Continuing Operations	10,916,326	7,827,967
Net Loss from Discontinued Operations	(463,849)	(190,133)
Net Income	\$10,452,477	\$7,637,834
Other Comprehensive Income		
Net Loss on Available for Sale Investments	\$(927,619)	\$(608,699)
Foreign Currency Translation Differences	1,153,188	(831,596)
Total Other Comprehensive Income/(Loss)	225,569	(1,440,295)
Total Comprehensive Income	\$10,678,046	\$6,197,539
Key Performance Ratios		
Earnings Per Share	0.45	0.30
Price Earnings Ratio	5.70	6.72
Return on Assets	1.27%	0.98%
Return on Equity	18.58%	14.01%
Book Value Per Share	\$2.56	\$2.24
Dividend Yield per share	3.93%	2.50%
12 Month rolling net income	\$18,884,806	\$12,610,052

Some performance ratios are computed using 12 month trailing earnings and average asset balances.



Cayman National Corporation Ltd.

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Board of Directors:

Hon. Truman M. Bodden, OBE, LLB (Hons), ACIB, Chairman
Stuart J. Dack, ACIB, MBA, President & Chief Executive
Sherri Bodden-Cowan, MBE, LLB (Hons)
Clarence Flowers, Jr.
Bryan A. Hunter, B.Sc (Hons), LLB (Hons)
Nigel Wardle, BA, CA

Group of Companies:

Cayman National Bank Ltd.
Cayman National Fund Services Ltd.
Cayman National Securities Ltd.
Cayman National Bank (Isle of Man) Limited
Cayman National Trust Company (Isle of Man) Limited
Cayman National (Dubai) Ltd.