

Interim Report 2016/2017

Interim Report for the Period to 31 March 2017



**CAYMAN
NATIONAL**

Cayman National Corporation Ltd. is pleased to announce Net Income Attributable to the Company of C\$7,637,834 for the six month period to 31 March 2017. This result represents a 32% increase over the same period last year.

Total Income for the six month period was up by 8% on a year ago at C\$33,220,941, with Total Expenses up by 3%. Recent increases in interest rates have help strengthen the figures along with a modest growth in our lending. Our loan book remains sound with loan default at levels remaining well below most in our industry within the region. Despite the acceptable performance of our loan book, we have increased our reserve for loan losses as a prelude to potential new accounting standards and as a prudent measure against future default.

The company's Balance Sheet continues to be strong with Total Assets of \$1.35 billion and Shareholders' Equity up by 11% on a year ago at C\$95 million.

Our strategy has been one of increasing overall profitability and enhancing our Balance Sheet. As mentioned in previous reports, we continue to take measures to contain costs and improve income. The businesses within our group remain under close review, and where necessary we take action to improve the long-term profitability of our group and the return for our stakeholders.

With this in mind, we were pleased to pay a final dividend of 5 cent per share to shareholders in April 2017 making for a total dividend of 10 cents per share paid to shareholders in the last financial year. The next interim dividend is due for payment in September this year. The Board of Directors will give *continued...*

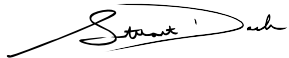
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consideration to the payment closer to that time. At present, we expect that we will maintain a similar dividend stream to shareholders as we did in the last financial year. We have also seen an upward trend in our share price, with the share price rising by about 60% in the last six months. At the time of writing this report, the last traded price for CNC shares was US\$ 2.55.

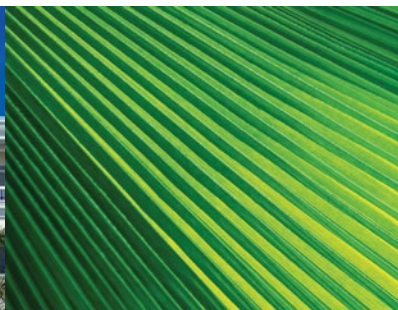
We have seen a solid start to this financial year and with the recent upward movement in interest rates, we expect the performance levels to continue as we seek to contain costs and improve income. Our results are not achieved without the commitment and hard work of our staff and we again take this opportunity to thank our predominately Caymanian staff for their dedication. We also take this opportunity to thank our customers and shareholders – you are essential to our success and we are grateful for your continued support and loyalty.



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 2017

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	31 Mar 2017	31 Mar 2016
Cash and due from banks	\$246,829,760	\$202,410,481
Short term placements	173,462,685	153,705,332
Investments	199,898,644	164,354,641
Loans and overdrafts	693,012,458	661,906,734
Interest Receivable	5,150,016	3,999,731
Accounts Receivable	6,364,260	7,499,134
Fixed Assets	20,719,572	20,211,630
Intangibles	674,511	-
Investment Property	6,165,221	7,368,000
Goodwill	2,714,501	2,752,198
Total Assets	\$1,354,991,628	\$1,224,207,881
Liabilities		
Depositors' accounts:		
Current	\$383,054,281	\$336,377,672
Savings	311,889,954	290,908,508
Fixed Deposits	551,282,990	494,390,038
	\$1,246,227,225	\$1,121,676,218
Interest Payable	1,057,246	802,779
Accounts Payable & accrued expenses	12,946,588	16,454,031
Total Liabilities	\$1,260,231,059	\$1,138,933,028
Shareholders' Equity		
Share capital	\$42,350,731	\$42,350,731
Treasury stock	(92,637)	(400,153)
Share premium	5,031,898	5,031,898
General reserve	7,486,050	7,486,050
Retained earnings	41,295,598	30,677,103
Net unrealised appreciation on investments available-for-sale	475,061	1,083,760
Equity adjustment from foreign currency translation	(1,949,981)	(1,118,385)
Share option reserve	163,849	163,849
Total Shareholders' Equity	\$94,760,569	\$85,274,853
Total Liabilities and Shareholders' Equity	\$1,354,991,628	\$1,224,207,881

Consolidated Statement of Comprehensive Income

For the 6 month period ending 31 March 2017

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	31 Mar 2017	31 Mar 2016
Interest Income	\$19,941,254	\$17,276,401
Interest Expense	1,520,655	1,128,379
Net Interest Income	\$18,420,599	\$16,148,022
Other Income		
Foreign exchange fees and commissions	\$3,677,663	\$3,516,360
Banking fees and commissions	7,884,219	7,490,812
Trust and company management fees	2,204,105	2,489,781
Brokerage commissions and fees	837,996	645,485
Rental income	189,159	345,050
Gain on sale of fixed asset	7,200	32,600
Total Other Income	\$14,800,342	\$14,520,088
Total Income	\$33,220,941	\$30,668,110
Expenses		
Increase in reserve for loan losses	\$2,077,234	900,000
Personnel	12,818,946	12,220,894
Other operating expenses	8,081,445	8,877,367
Premises	1,532,177	1,751,213
Depreciation	1,073,305	1,140,228
Total Expenses	\$25,583,107	\$24,889,702
Net Income before Taxation	\$7,637,834	\$5,778,408
Taxation	-	-
Net Income	\$7,637,834	\$5,778,408
Other Comprehensive Income		
Change in unrealised (depreciation)/appreciation	(608,699)	928,131
Foreign currency translation differences	(831,596)	(182,404)
Total Other Comprehensive (Loss)/Income	\$(1,440,295)	\$ 745,727
Total Comprehensive Income	\$6,197,539	\$6,524,135
Key Performance Ratios		
Earnings Per Share	0.30	0.08
Price Earnings Ratio	6.65	20.34
Return on Assets	0.99%	0.26%
Return on Equity	14.15%	3.80%
Book Value Per Share	\$2.24	\$2.01
Dividend Yield Per Share	2.50%	3.24%

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
Leonard N. Ebanks, OBE, CMH, JP

Group of Companies:

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