

Fourth Quarter Report 2016/2017

Quarterly Report for the Period to 30 September 2017



**CAYMAN
NATIONAL**

Cayman National Corporation Ltd. is pleased to announce its (unaudited) results for the financial year to 30 September 2017. Net Income Attributable to the Company was C\$17,465,267 for the 12 month period, which is a 61% increase on the same period last year.

Total Income for the financial year was up by 9% on a year ago at C\$66,754,456, but Total Expenses were up less than 1%. Increases in interest rates have continued to help strengthen the results and we have increased our lending modestly whilst still continuing with our conservative lending policies. As a prudent measure and in recognition of new accounting policies that will come into effect next year, we have continued to increase lending provisions even though our lending book remains sound.

The company's Balance Sheet continues to grow with Total Assets of more than C\$1.45 billion. Shareholders' Equity is up by 12% on a year ago at over C\$100 million – which is a first in our 43 year history.

In previous reports, we have mentioned the measures taken to contain costs and improve income. As a result of a critical review and in the long term interests of the business, the decision was taken to transfer the client base of Cayman National Trust Co. Ltd. In September, we concluded the sale of these assets to SMP Partners (Cayman) Limited. As part of this arrangement, all of our CNT staff were either retained within the Cayman National group or transferred to SMP.

In recognizing the strength of the business and our results, the Board of Directors was pleased to pay an Interim dividend of 5 cents per share to shareholders in October 2017. A final dividend is due for payment in March 2018 following consideration of the matter by shareholders at the Annual General Meeting due to be held in that month. Based on the current level of performance, the Board of Directors expects to recommend a final dividend at a similar level to the interim dividend. We are also pleased to report good activity in the trading of our shares with the last traded price at US\$ 2.70 per share, an increase of 62% on the price published in September 2016.

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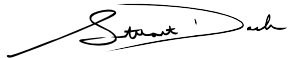
During the year we were also pleased to be recognized by the Chamber of Commerce in the Cayman Islands, winning the newly introduced “Business of the Year” accolade.

Mr. Leonard Ebanks, who has been a valuable member of the board of directors, retired in October 2017. We are grateful that Mr. Ebanks will remain on the boards of our subsidiary companies.

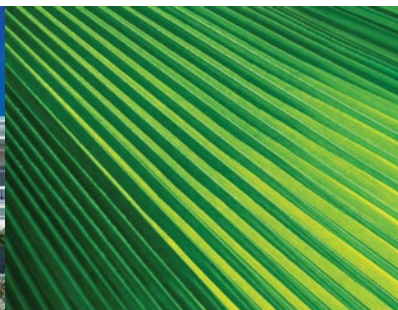
Our year to September 2017 produced a sound and robust performance. We continue in our efforts to contain cost and build the business for long-term success, and we anticipate that the current levels of performance will be maintained. As we have frequently mentioned, our results are not achieved without 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 – thank you 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 September 2017

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	30 Sept 2017	30 Sept 2016
Cash and Due from Banks	\$350,900,548	\$235,277,395
Short Term Placements	166,051,726	207,867,003
Investments	188,087,102	182,272,221
Investment Property	3,257,694	6,968,100
Loans and Overdrafts	717,112,398	676,032,907
Interest Receivable	4,512,284	4,151,109
Accounts Receivable	5,220,552	5,280,580
Fixed Assets	19,700,946	19,965,829
Intangibles	3,503,870	744,196
Goodwill	467,955	2,714,501
Total Assets	\$1,458,815,075	\$1,341,273,841
Liabilities		
Customers' accounts:		
Current	\$389,876,267	\$353,820,373
Savings	346,737,022	332,071,264
Fixed Deposits	603,546,995	548,331,100
	\$1,340,160,284	\$1,234,222,737
Interest Payable	1,514,769	1,168,841
Accounts Payable & Other Liabilities	13,118,432	12,947,103
Deferred Revenue	3,717,402	3,727,583
Total Liabilities	\$1,358,510,887	\$1,252,066,264
Equity Attributable to Owners of the Parent		
Share Capital and Share Premium	\$47,382,629	\$47,382,629
Treasury Stock	-	(359,940)
Accumulated Retained Earnings	47,010,326	33,660,103
Other Reserves	5,911,233	8,524,785
Total Shareholders' Equity	\$100,304,188	\$89,207,577
Total Liabilities and Shareholders' Equity	\$1,458,815,075	\$1,341,273,841

Consolidated Statement of Comprehensive Income

For the 12 month period ending 30 September 2017

(Unaudited Figures Expressed in Cayman Islands Dollars)

Interest Income	30 Sept 2017	30 Sept 2016
Interest Income	\$42,548,348	\$36,226,320
Interest Expense	3,314,792	2,687,857
Net Interest Income	\$39,233,556	\$33,538,463
Other Income		
Banking fees and commissions	\$14,908,256	\$14,354,879
Trust and company management fees	2,822,536	3,230,210
Foreign exchange fees and commissions	7,629,750	7,152,731
Brokerage commissions and fees	1,781,926	1,339,727
Rental Income	370,932	491,881
Gain on disposal of Investment available-for-sale	-	889,258
Gain on sale of fixed assets	7,500	33,160
Total Other Income	\$27,520,900	\$27,491,846
Total Income	\$66,754,456	\$61,030,309
Expenses		
Personnel	\$24,905,325	\$23,994,589
Other operating expenses	16,024,714	17,347,689
Increase in loan impairment provision	3,271,088	3,475,323
Premises	2,871,738	2,926,970
Depreciation	2,268,711	2,244,571
Goodwill Impairment charge	213,412	-
Total Expenses	\$49,554,988	\$49,989,142
Net Income before Taxation	\$17,199,468	\$11,041,167
Taxation	(48,277)	(16,329)
Net Income from continuing operations	\$17,151,191	\$11,024,838
Net income from discontinued operations	314,076	(143,614)
Net Income	\$17,465,267	\$10,881,224
Other Comprehensive Income		
Change in fair value of available-for-sale financial assets	\$(513,110)	\$268,382
Change in fair value of available for sale financial assets reclassified to Net Income	-	(889,258)
Foreign currency translation differences	180,773	(950,333)
Total Other Comprehensive Loss	(332,337)	(1,571,209)
Total Comprehensive Income for the Year	\$17,132,930	\$9,310,015
Key Performance Ratios		
Earnings Per Share	\$0.41	\$0.26
Price Earnings Ratio	5.56	5.51
Return on Assets	1.25%	0.41%
Return on Equity	18.43%	6.24%
Book Value Per Share	\$2.37	\$2.11
Share price 30 September 2017	\$2.29	\$1.42



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 & Trust Company (Isle of Man) Limited
Cayman National Trust Company (Isle of Man) Limited
Cayman National (Dubai) Ltd.