

Interim Report 2015/2016

Interim Report for the Period to 31 March 2016



**CAYMAN
NATIONAL**

We are pleased to announce Net Income of C\$5,778,408 for the six months ended 31 March 2016. This result is 71% up on a year ago. Cayman National Bank was the major contributor to the profit achieved with the Bank's results up 22% on last year.

Total Income improved by 9% with Net Interest Income being a major factor providing a 14% increase.

Total Expenses were more or less flat on a year ago and in particular we have seen a significant reduction in legal costs which are accounted for under "Other operating expenses." This is a result of the completion of our settlement with the US authorities as reported in our 2015 Year-End results.

The Group's balance sheet has remained strong with Total Assets well over the C\$1 billion mark at C\$1,224,207,881. The Net Income achieved has contributed to an increase in Total Shareholder' Equity to C\$85 million – an increase of 2%.

We are conscious that, as determined by Shareholders at the Annual General meeting in March, that the company did not pay a dividend last year. This was a prudent decision in the light of the costs incurred in connection with the settlement achieved with the US authorities. With this matter now behind us and profitability improving we are keeping the matter of dividend payment under close review and consideration.

Our strategy has always been to recommend to shareholders the payment of viable dividends. If profitability continues as expected we anticipate being in a position to recommend the declaration of sensible dividend payments later this year.

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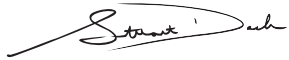
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With solid income and expenses well controlled, we expect the trends in our results to be maintained. We continue to analyse our various business lines, taking action as needed to improve both service quality and profitability. This puts increasing demands upon our staff and we are grateful for their ongoing dedication and contribution to our performance.

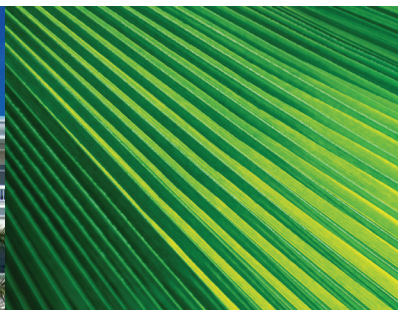
As always, we again thank our loyal shareholders and customers for their support.



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 2016

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	31 Mar 2016	31 Mar 2015
Cash and due from banks	\$202,410,481	\$278,472,530
Short term placements	153,705,332	231,159,615
Investments	164,354,641	60,625,174
Loans and overdrafts	661,906,734	632,516,878
Interest Receivable	3,999,731	3,631,089
Accounts Receivable	7,499,134	9,018,272
Fixed Assets	20,211,630	19,176,694
Investment Property	7,368,000	8,390,000
Goodwill	2,752,198	2,849,929
Total Assets	\$1,224,207,881	\$1,245,840,181
Liabilities		
Depositors' accounts:		
Current	\$336,377,672	\$335,611,642
Savings	290,908,508	259,961,619
Fixed Deposits	494,390,038	544,952,627
	\$1,121,676,218	\$1,140,525,888
Interest Payable	802,779	679,856
Accounts Payable & accrued expenses	16,454,032	20,850,466
Total Liabilities	\$1,138,933,029	\$1,162,056,210
Shareholders' Equity		
Share capital	\$42,350,731	\$42,350,731
Treasury stock	(400,153)	(6,323)
Share premium	5,031,897	5,031,897
General reserve	7,486,050	7,486,050
Retained earnings	30,677,103	29,553,229
Net unrealised appreciation/(depreciation) on investments available-for-sale	1,083,760	155,629
Equity adjustment from foreign currency translation	(1,118,385)	(935,981)
Share option reserve	163,849	148,739
Total Shareholders' Equity	\$85,274,852	\$83,783,971
Non Controlling Interest	\$-	\$-
Total Liabilities and Shareholders' Equity	\$1,224,207,881	\$1,245,840,181

Consolidated Statement of Comprehensive Income

For the 6 month period ending 31 March 2016

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	31 Mar 2016	31 Mar 2015
Interest Income	\$17,276,401	\$15,206,105
Interest Expense	1,128,379	993,494
Net Interest Income	\$16,148,022	\$14,212,611
Other Income		
Foreign exchange fees and commissions	\$3,516,360	\$3,162,390
Banking fees and commissions	7,490,812	6,861,552
Trust and company management fees	2,489,781	2,840,035
Brokerage commissions and fees	645,485	688,310
Rental income	345,050	228,800
Gain on sale of fixed asset	32,600	29,198
Total Other Income	\$14,520,088	\$13,810,285
Total Income	\$30,668,110	\$28,022,896
Expenses		
Increase in reserve for loan losses	\$900,000	\$600,000
Personnel	12,220,894	11,891,317
Other operating expenses	8,877,367	9,693,589
Premises	1,751,213	1,416,571
Depreciation	1,140,228	1,035,418
Total Expenses	\$24,889,702	\$24,636,895
Net Income before Taxation	\$5,778,408	\$3,386,001
Taxation	-	-
Net Income	\$5,778,408	\$3,386,001
Net Income Attributable to:		
Equity Holders of the Parent (CNC)	\$5,778,408	\$3,386,001
Non Controlling Interest	-	-
	\$5,778,408	\$3,386,001
Other Comprehensive Income		
Change in unrealised appreciation	928,131	48,188
Net gain/(loss) on available for sale investments	\$928,131	\$48,188
Foreign currency translation differences	(182,404)	(668,367)
Total Other Comprehensive Income/(Loss)	\$745,727	\$(620,179)
Total Comprehensive Income	\$6,524,135	\$2,765,822

Key Performance Ratios	31 Mar 2016	31 Mar 2015
Earnings Per Share	0.08	0.10
Price Earnings Ratio	20.34	17.71
Return on Assets	0.26%	0.33%
Return on Equity	3.80%	4.92%
Book Value Per Share	\$2.01	\$1.98
Dividend Yield per share	3.24%	5.85%
12 Month rolling net income	\$3,209,838	\$4,089,388

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 Fund Services (Isle of Man) Limited
Cayman National (Dubai) Ltd.