

Fourth Quarter Report



Consolidated Statement of Financial Position

As of September 2016

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	30 Sept 2016	30 Sept 2015
Cash and due from banks	\$235,277,395	\$256,021,204
Short term placements	207,867,003	221,321,393
Investments	182,272,221	77,283,838
Investment Property	6,968,100	7,368,000
Loans and overdrafts	675,559,863	655,806,773
Interest Receivable	1,241,221	511,701
Accounts Receivable	5,280,581	5,283,302
Fixed Assets	19,965,829	19,485,918
Goodwill	2,714,500	2,752,197
Intangible Assets	744,196	206,791
Total Assets	\$1,337,890,909	\$1,246,041,117
Liabilities		
Customers' accounts:		
Current	\$353,820,373	\$322,731,609
Savings	332,071,264	284,594,908
Fixed Deposits	548,331,100	534,714,806
	\$1,234,222,737	\$1,142,041,323
Interest Payable	1,168,841	638,860
Accounts Payable & other liabilities	13,291,754	23,494,733
Total Liabilities	\$1,248,683,332	\$1,166,174,916
Equity Attributable to Owners of the Parent		
Share capital	\$42,350,731	42,350,731
Treasury stock	(359,940)	(400,153)
Share premium	5,031,898	5,031,898
General reserve	7,486,050	7,486,050
Share option reserve	163,849	163,849
Accumulated retained earnings	33,660,103	24,905,097
Reserved for Dividends	2,117,366	-
Net unrealised holding gain, investments available for sale	479,084	1,099,960
Equity adjustment from foreign currency translation	(1,721,564)	(771,231)
Total Shareholders' Equity	\$89,207,577	\$79,866,201
Total Liabilities and Shareholders' Equity	\$1,337,890,909	\$1,246,041,117

Consolidated Statement of Comprehensive Income

For the 12 month period ending 30 September 2016

(Unaudited Figures Expressed in Cayman Islands Dollars)

	30 Sept 2016	30 Sept 2015
Interest Income		
Interest Income	\$36,226,320	\$31,953,455
Interest Expense	2,687,857	2,264,903
Net Interest Income	\$33,538,463	\$29,688,552
Other Income		
Banking fees and commissions	\$14,390,110	\$13,246,702
Trust and company management fees	4,632,375	5,013,119
Foreign exchange fees and commissions	7,152,731	6,398,151
Brokerage commissions and fees	1,339,727	1,343,788
Rental Income	491,881	491,700
Gain on disposal of Investment available-for-sale	889,258	5,571
Gain on sale of fixed assets	33,160	47,689
Total Other Income	\$28,929,242	\$26,546,720
Total Income	\$62,467,705	\$56,235,272
Expenses		
Personnel	\$24,833,981	\$23,859,932
Other operating expenses	17,881,960	17,501,857
Penalties / fines incurred	-	5,000,000
Increase in loan impairment provision	3,475,323	2,636,459
Premises	3,060,782	3,101,858
Depreciation and amortisation	2,280,630	2,173,595
Change in fair value of investment property	-	1,022,000
Goodwill impairment charge	37,697	97,732
Total Expenses	\$51,570,373	\$55,393,433
Net Income before Taxation	\$10,897,332	\$841,839
Taxation	(16,329)	(24,408)
Net Income	\$10,881,003	\$817,431
Net Income Attributable to: Equity Holders of the Parent	10,881,003	817,431
	\$10,881,003	\$817,431
Other Comprehensive Income		
Change in unrealised appreciation Items that may subsequently be reclassified to Net Income:	\$268,382	\$1,174,072
Change in fair value of available-for-sale financial instruments	(889,258)	(5,571)
Other Comprehensive (Loss) / Income	(\$620,876)	\$1,168,501
Foreign currency translation differences	(950,333)	(437,561)
Total Other Comprehensive (Loss) / Income	(\$1,571,209)	\$730,940
Total Comprehensive Income For The Year	\$9,309,794	\$1,548,371

Key Performance Ratios	30 Sept 2016	30 Sept 2015
Earnings Per Share	50.26	50.02
Price Earnings Ratio	5.51	84.19
Return on Assets	0.84%	0.07%
Return on Equity	12.87%	0.99%
Book Value Per Share	\$2.11	\$1.89
Share price	\$1.42	\$1.63
Dividend Yield per share	0.00%	3.08%

Fourth Quarter Ending 30 September 2016

Cayman National Corporation Ltd. is pleased to announce its (unaudited) results for the financial year to 30 September 2016. Net Income Attributable to the Company relating to our normal activities was C\$10,881,003, representing more than a ten-fold increase over the same period last year. This achievement results from a combination of improved bank performance, a one-time gain on an investment, stable market conditions for investment property, and the fact that last year, we recorded a one-time fine (which has been paid and resolved).

Total Comprehensive Income for the year was C\$9,309,794, which again is very substantially up on last year. Total Income increased by 11% on a year ago, and we reduced Total Expenses by 7%. As in previous years, our loan book remains sound with loan default at levels well below most in our industry. We had modest increases in Personnel and Operating Expenses, but we believe that our costs remain well-controlled as our overall business continues to grow.

The company's Balance Sheet remains strong with Total Assets now well above the C\$1.3 billion mark and Shareholders' Equity up by 12% on a year ago at C\$89 million.

Over the years, we have faced various challenges but this year's results reflect the strength and depth of our business. We remain strong and resilient. We are pleased with the improvement seen in overall profitability and the steady increase in the size of our balance sheet. We continue to take sensible measures to contain costs and improve income. All of the businesses within our group remain under close review, and where necessary, we are shifting the emphasis towards more profitable sectors while reducing our involvement in less rewarding areas.

We are also very pleased that The Banker magazine, part of the Financial Times group of publications, has recognized Cayman National Bank as the "Bank of the Year - Cayman Islands" for 2016. This is the fourth time in the past 11 years that CNB has earned this high honour, amongst tough competition.

We were pleased to pay an interim dividend of 5 cents per share to shareholders in October 2016. Subject to regulatory requirements, we expect that the final dividend for this fiscal year will be a similar amount. The decision on the final dividend payment will be considered by Shareholders at our Annual General Meeting, which is scheduled for Thursday, 16 March 2017.

2016 has been a rewarding year for us and one where we have seen hard work and dedication reflected in our results. We take this opportunity to thank our predominately Caymanian Staff for their commitment to the business. We also take this opportunity to thank our customers, both long-standing and recent, together with our shareholders. As always, we are grateful for your continued support and loyalty.

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

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