

Fourth Quarter Report



**CAYMAN
NATIONAL**

Consolidated Statement of Financial Position

As of 30 September 2015
(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	2015	2014
Cash and due from banks	\$256,021,204	\$183,795,553
Short term placements	221,321,393	229,753,510
Investments	77,283,838	55,429,131
Investment Property	7,368,000	8,390,000
Loans and overdrafts	655,830,772	604,750,657
Interest Receivable	3,568,330	3,243,310
Accounts Receivable	5,283,302	6,969,980
Fixed Assets	19,692,709	19,221,691
Goodwill	2,605,756	2,849,929
Total Assets	\$1,248,975,304	\$1,114,403,761
Liabilities		
Customers' accounts:		
Current	\$322,731,609	\$256,808,911
Savings	284,594,908	272,394,231
Fixed Deposits	534,714,806	488,258,070
Total Deposits	\$1,142,041,323	\$1,017,461,212
Interest Payable	638,860	618,272
Accounts Payable & other liabilities	17,667,261	12,169,018
Deferred revenue	3,552,107	3,379,180
Total Liabilities	\$1,163,899,551	\$1,033,627,682
Equity Attributable to Owners of the Parent		
Share capital	\$42,350,731	\$42,350,731
Treasury stock	(6,323)	(6,323)
Share premium	5,031,898	5,031,898
General reserve	7,486,050	7,486,050
Share option reserve	163,849	148,739
Accumulated retained earnings	29,720,819	24,049,829
Reserved for Dividends	-	2,117,366
Net unrealised holding gain, investments available-for-sale	1,099,960	(68,541)
Equity adjustment from foreign currency translation	(771,231)	(333,670)
Total Shareholders' Equity	\$85,075,753	\$80,776,079
Non Controlling Interest	-	-
Total Liabilities and Shareholders' Equity	\$1,248,975,304	\$1,114,403,761

Consolidated Statement of Comprehensive Income

For the 12 month period ending 30 September 2015
(Unaudited Figures Expressed in Cayman Islands Dollars)

	2015	2014
Interest		
Interest Income	\$31,953,455	\$28,604,912
Interest Expense	2,264,903	2,434,783
Net Interest Income	\$29,688,552	\$26,170,129
Other Income		
Banking fees and commissions	\$13,246,702	\$11,638,199
Trust and company management fees	5,013,119	6,010,669
Foreign exchange fees and commissions	6,398,151	6,252,246
Brokerage commissions and fees	1,343,788	1,524,632
Rental Income	491,700	488,103
Gain on disposal of Investment available-for-sale	5,571	-
Gain on sale of fixed assets	47,689	33,234
Gain on sale of assets held for sale	-	207,114
Total Other Income	\$26,546,720	\$26,154,197
Total Income	\$56,235,272	\$52,324,326
Expenses		
Personnel	\$23,859,932	\$24,065,942
Other operating expenses	17,501,856	17,036,878
Increase in loan impairment provision	3,658,459	2,141,396
Premises	3,101,858	3,460,350
Depreciation	2,173,595	2,217,821
Goodwill Impairment charge	244,174	24,085
Total Expenses	\$50,539,874	\$48,946,472
Net Income Before Taxation	\$5,695,398	\$3,377,854
Taxation	(24,408)	(3,110)
Net Income	\$5,670,990	\$3,374,744
Net Income Attributable to:		
Equity Holders of the Parent	\$5,670,990	\$3,374,744
Non Controlling Interest	-	-
	\$5,670,990	\$3,374,744
Other Comprehensive Income		
Change in unrealised appreciation	\$1,168,501	\$(438,452)
Net gain/(loss) on available-for-sale investments	1,168,501	(438,452)
Foreign currency translation differences	(437,561)	218,242
Total Other Comprehensive Income	\$730,940	\$(220,210)
Total Comprehensive Income for the Year	\$6,401,930	\$3,154,534
Key Performance Ratios		
Earnings Per Share	50.13	50.08
Price Earnings Ratio	12.17	23.00
Return on Assets	0.48%	0.31%
Return on Equity	6.84%	4.15%
Book Value Per Share	\$2.01	\$1.91
Share Price 30 September 2015	\$1.63	\$1.83
Dividend Yield Per Share	3.07%	5.46%

*There is no other comprehensive income attributable to Non-controlling interests.

Fourth Quarter Ending 30 September 2015

Cayman National Corporation Ltd. is pleased to announce its (unaudited) results for the financial year to 30 September 2015. Net Income Attributable to the Company relating to our normal activities was C\$5,670,990, an increase of 68% over the same period last year.

Total Comprehensive Income for the year was C\$6,401,930 which is up just over 100% on last year. Total Income increased by 7% on a year ago with Total Expenses up by 3% mainly due to some additional loan provisions which we felt prudent to provide. Despite this, our loan book remains sound with loan default at levels well below most in our industry. Notwithstanding the overall marginal increase in Expenses, our largest expense (which is Personnel Costs) was well contained and reduced by 1% on a year ago.

The Company's Balance Sheet remains strong with Total Assets remaining well above the C\$1 billion mark and Shareholders' Equity up by 5% on a year ago at C\$85 million.

The performance of the business from our normal activities remains strong and is improving. The measures we have taken to cut costs and improve our non-interest income are bearing fruit, and we are on course to continue to reap those benefits.

Like many financial institutions around the world, including others in the Caribbean, two of Cayman National's businesses, Cayman National Trust Co. Ltd. and Cayman National Securities Ltd., have been under investigation by the US Department of Justice (DOJ) with respect to potential violations of United States criminal laws relating to the evasion of tax by US taxpayers.

The investigation focuses on mainly past wrong-doing by Cayman National Securities Ltd. and Cayman National Trust Co. Ltd. Necessary remedial action within these companies is nearly complete. We have cooperated with the investigation as far as we are able, given the laws of the Cayman Islands.

No issues, and no wrong-doing, have been alleged with respect to CNB (Cayman National Bank Ltd.), or the parent company, Cayman National Corporation Ltd.

As a result of our on-going discussions and negotiations with the US DOJ, for this present year reported, we will be obliged to accrue an expense of C\$5 million as a potential settlement amount. This amount is not yet reflected in the unaudited results for the year to 30 September 2015 reported in this announcement. The matter is not yet finally resolved, and all terms may be subject to change, but we expect to conclude a final settlement at C\$5 million within weeks.

As a group, we look forward to concluding this matter and focusing on the opportunities of building our business in 2016 and beyond. The remedial actions now taken enable us to re-focus our business on strong profitability as we move forward.

In all of the circumstances, the Board of Directors decided that it would not be prudent to declare a dividend at this time. Our ambition remains one of rewarding shareholders with viable dividend payments whilst also maintaining stability and a sound capital base of the business.

We take this opportunity to thank our Staff, who are mainly Caymanians, for their hard work and dedication. Our business is expanding, and our employees have been working even harder and more efficiently. We also take this opportunity to thank our customers, both long-standing and recent, together with our shareholders. We are grateful for your continued support, and look forward to working with you in the future.

Dr. the 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.