

Third Quarter Report 2011

Quarterly Report for Period to 30 June 2011



**CAYMAN
NATIONAL**

We are pleased to announce another set of satisfactory results for Cayman National with Net Income attributable to the company for the nine month period to 30 June 2011 of C\$6,184,477. This result is 17% up on last year's results as stated, but includes even better operational performance, given that last year's period included a one time gain of C\$910,055.

At this time last year, (for the first time in our history) the Balance Sheet of the company grew to a point where Total Assets exceeded C\$1 Billion. We continue to maintain the strength and capacity of our Balance Sheet at the time when many in our industry, particularly in our region, are struggling to do so. With Total Deposits remaining at consistent levels to last year (and with interest rates in our areas of operation still at historically low levels), we are grateful for the confidence of investors in our organisation, and their loyalty which enables us to maintain our sound and stable position.

As indicated in our other recent reports, the quality of our loan book remains under close control. Although economic conditions remain challenging, our lending book continues to perform well with no noticeable deterioration in the position when compared with previous years. In recent times we have benefitted from our cautious strategy towards investment, and the same applies to our lending results which are now benefiting from a consistently cautious approach over the past few years.

In our last report to shareholders we indicated our ambition to pay an interim dividend this year of 5 cents per share. With the company maintaining sound profitability and a strong balance sheet, the Board of Directors recently approved this payment and the interim dividend of 5 cents per share was paid to shareholders of record as at 15 September 2011. It is our objective to maintain sensible returns for our shareholders, and believe that the yield of over 4% being generated at this time is attractive when investment returns generally remain subdued.

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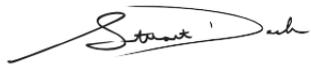
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We have also mentioned in our recent reports the steps being taken to improve the viability of the new bank in the Turks & Caicos Islands, the International Banking Group (TCI) Ltd. in which we have an investment. The cost savings previously reported are now assisting the situation, but we continue to work on other actions to improve the viability of the business. We expect to update shareholders more fully on this in our next report.

Economic conditions in our areas of operation remain difficult and uncertain, but we remain confident in our business. Our Balance Sheet remains strong and the company remains soundly profitable, with the business well-positioned to maintain its performance despite the ongoing economic turmoil in so many parts of the world. Our continued success remains a tribute to our employees who continue to work hard and professionally. Our ongoing success is also attributed to our shareholders and clients – we thank you for your ongoing loyalty and support.



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 30 June 2011

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	30 June 2011	30 June 2010
Cash and due from banks	\$389,588,405	\$414,036,898
Investments	34,192,261	20,555,503
Loans and overdrafts	569,941,518	563,156,188
Interest receivable	1,539,824	1,585,549
Accounts receivable	8,264,236	7,225,280
Fixed assets	24,336,723	25,714,773
Investment Property	2,337,475	2,277,475
Goodwill	3,138,601	4,045,049
Total Assets	\$1,033,339,043	\$1,038,596,715
Liabilities		
Depositors' accounts		
Current	\$164,404,485	\$173,595,516
Savings	292,603,653	279,500,455
Fixed deposits	476,869,722	486,304,532
Total	\$933,877,860	\$939,400,503
Interest payable	795,991	475,779
Accounts payable & accrued expenses	12,305,990	15,883,841
Total Liabilities	\$946,979,841	\$955,760,123
Shareholders' Equity		
Share capital	\$42,350,731	\$42,350,731
Share premium	5,031,897	5,031,897
General reserve	7,486,050	7,486,050
Retained earnings	29,954,346	28,852,192
Net unrealised appreciation/(depreciation) on investments available-for-sale	(78,279)	(61,126)
Equity adjustment from foreign currency translation	(537,210)	(823,152)
Total Shareholders' Equity	\$84,207,535	\$82,836,592
Non Controlling Interest	\$2,151,667	\$-
Total Liabilities & Shareholders' Equity	\$1,033,339,043	\$1,038,596,715

Consolidated Statement of Comprehensive Income

For the 9 month period ending 30 June 2011

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	30 June 2011	30 June 2010
Interest income	\$20,699,507	\$19,351,911
Interest expense	2,024,198	1,661,766
Net Interest Income	\$18,675,309	\$17,690,145
Other Income		
Foreign exchange fees and commissions	\$4,057,309	\$3,842,061
Banking fees and commissions	7,336,545	6,519,028
Trust and company management fees	6,015,442	5,345,554
Brokerage commissions and fees	1,490,816	1,395,801
Gain on disposal of joint venture	-	763,882
Loss on disposal of Investment held-for-sale	-	(29,708)
Realized gains on available for sale securities	-	910,055
Unrealized (loss)/gain from financial instrument designated at fair value	143,085	(56,729)
Total Other Income	\$19,043,197	\$18,689,944
Total Income	\$37,718,506	\$36,380,089
Expenses		
Personnel	\$18,040,356	\$18,007,576
Other operating expenses	9,052,753	8,486,453
Premises	2,830,859	2,684,110
Depreciation	1,983,879	1,928,885
Goodwill impairment charge	247,576	-
Increase in reserve for loan losses	25,674	-
Total Expenses	\$32,181,097	\$31,107,024
Net Income before Taxation	\$5,537,409	\$5,273,065
Taxation	-	-
Net Income	\$5,537,409	\$5,273,065
Net Income Attributable to:		
Equity Holders of the Parent (CNC)	\$6,184,477	\$5,273,065
Minority Interests	(647,068)	-
	\$5,537,409	\$5,273,065

Key Performance Ratios	30 June 2011	30 June 2010
Earnings Per Share	\$0.13	\$0.13
Price Earnings Ratio	21.82	18.62
Return on Assets	0.52%	1.29%
Return on Equity	6.51%	8.17%
Book Value Per Share	\$1.99	\$1.96
Dividend Yield Per Share	4.29%	4.13%

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:

Truman M. Bodden, OBE, LLB (Hons), ACIB, JP, Chairman
Stuart J. Dack, ACIB, MBA, President & Chief Executive
John C. Bierley, BA, JD (USA)
Sherri Bodden-Cowan, MBE, LLB (Hons)
Clarence Flowers, Jr.
Bryan A. Hunter, B.Sc (Hons), LLB (Hons)
Peter A. Tomkins, MBE
Nigel Wardle, BA

Group of Companies:

Cayman National Bank Ltd.
Cayman National Trust Co. Ltd.
Cayman National Fund Services Ltd.
Cayman National Securities Ltd.
Cayman National Bank & Trust Company (Isle of Man) Limited
Cayman National Fund Services (Isle of Man) Limited
Cayman National Bank Ltd. Oficina de Representación (Panama)
Cayman National (Dubai) Ltd.
International Banking Group (TCI) Ltd.