

# First Quarter Report 2012/2013

First Quarter Ending 31 December 2012



**CAYMAN  
NATIONAL**

Net Income attributable to the Company was C\$807,430 for the first quarter of our financial year to 31 December 2012. We appreciate this figure is significantly down on the result of C\$1,824,785 achieved for the same period last year. There are a number of factors that contributed to this position.

With interest rates continuing at historically low levels, interest earnings remain a challenge, and to offset this we continue to focus on improving non-interest earnings and cost control. As part of this strategy, our office in Panama was closed as we can more economically service our clients in the Latin American region directly from the Cayman Islands. The closure of this office involved some short-term costs, but will provide longer term savings. In the Cayman Islands a number of long-standing staff had reached retirement age and their departure again entailed short-term expenditure but will provide future savings.

In our Annual Report, we mentioned our efforts to move the loss making performance of Cayman National Trust (CNT) to profitability (this company had recorded a loss of C\$406,656 in 2012). We are now seeing results from these efforts, and although a modest loss of C\$11,000 was recorded for the first quarter by CNT, we expect this trend of improvement to continue. This is an important component of our strategy to improve non-interest earnings.

We are pleased with the performance of the balance sheet with Total Assets up by 4% over a year ago and Total Deposits up by nearly 5%, which represent a significant growth in new business.

At the Annual General meeting held in March 2013, shareholders approved a final dividend for last year of 5 cents per share, for a total of 10 cents per share for the year to September 2012. The final dividend was paid on 2 April 2013.

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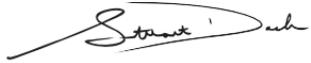
As we did at the AGM, in this report, we also express our sorrow at the passing of Peter Tomkins in March. It was Peter's vision that launched Cayman National nearly 40 years ago. As our "Founding Father," Peter will be sadly missed, but remembered for his foresight and astute business acumen.

Although the first quarter results are down on the same period last year, we expect the economies being made, coupled with the growth in new business being generated will provide an improvement in performance as the year progresses. We expect the business to remain profitable despite the ongoing economic pressures in most areas in which we operate.

As always, we thank our staff for their continued loyalty and professionalism. We also thank our long standing and recent customers and clients for their business and also our investors for their continued support and confidence.



**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 December 2012

(Unaudited Figures Expressed in Cayman Islands Dollars)

<b>Assets</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
Cash and due from banks	\$386,417,983	\$307,411,826
Investments	29,427,302	44,450,568
Loans and overdrafts	547,326,092	566,650,966
Interest Receivable	1,792,090	1,744,009
Accounts Receivable	11,389,637	12,684,631
Investment Property	1,592,885	2,337,475
Asset Held for sale	89,559	-
Fixed Assets	20,533,806	23,912,443
Goodwill	2,874,014	2,904,617
<b>Total Assets</b>	<b>\$1,001,443,368</b>	<b>\$962,096,535</b>
<b>Liabilities</b>		
Depositors' accounts:		
Current	\$164,071,064	\$165,516,077
Savings	284,121,466	297,404,064
Fixed Deposits	460,893,341	404,205,964
	<b>\$909,085,871</b>	<b>\$867,126,105</b>
Interest Payable	759,282	604,240
Accounts Payable & accrued expenses	8,571,244	8,445,044
Liabilities held for sale	433,312	-
<b>Total Liabilities</b>	<b>\$918,849,709</b>	<b>\$876,175,389</b>
<b>Shareholders' Equity</b>		
Share capital	\$42,350,731	\$42,350,731
Share premium	5,031,898	5,031,898
General reserve	7,486,050	7,486,050
Retained earnings	25,807,159	28,015,622
Reserved for Dividends	2,117,537	2,117,537
Net unrealised appreciation on investments	262,625	685,997
Equity adjustment from foreign currency translation	(449,752)	(714,229)
Share option reserve	79,052	
<b>Total Shareholders' Equity</b>	<b>\$82,685,300</b>	<b>\$84,973,606</b>
<b>Non-Controlling Interest</b>	<b>\$91,641</b>	<b>\$947,540</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$1,001,443,368</b>	<b>\$962,096,535</b>

# Consolidated Statement of Comprehensive Income

For the 3 month period ending 31 December 2012

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	31 Dec 2012	31 Dec 2011
Interest Income	\$6,735,554	\$7,089,242
Interest Expense	776,696	642,803
<b>Net Interest Income</b>	<b>\$5,958,858</b>	<b>\$6,446,439</b>
<b>Other Income</b>		
Foreign exchange fees and commissions	\$1,341,906	\$1,418,352
Banking fees and commissions	2,575,836	2,333,314
Trust and company management fees	1,576,111	1,790,731
Brokerage commissions and fees	406,905	532,814
Gain on sale of fixed assets	-	11,000
<b>Total Other Income</b>	<b>\$5,900,758</b>	<b>\$6,086,211</b>
<b>Total Income</b>	<b>\$11,859,616</b>	<b>\$12,532,650</b>
<b>Expenses</b>		
Personnel	\$6,228,675	\$6,069,144
Other operating expenses	3,166,795	3,063,006
Premises	931,912	883,945
Depreciation	667,000	675,897
Increase in loan impairment provision	150,000	150,000
<b>Total Expenses</b>	<b>\$11,144,382</b>	<b>\$10,841,992</b>
<b>Net Income Before Taxation</b>	<b>\$715,234</b>	<b>\$1,690,658</b>
Taxation	-	-
<b>Net Income</b>	<b>\$715,234</b>	<b>\$1,690,658</b>
Net Income Attributable to:		
<b>Equity Holders of the Parent (CNC)</b>	<b>\$807,430</b>	<b>\$1,824,785</b>
Non-controlling interest	\$(92,196)	\$(134,127)
	<b>\$715,234</b>	<b>\$1,690,658</b>
<b>Other Comprehensive Income</b>		
Change in unrealised appreciation	\$(423,372)	\$870,925
Net gain/(loss) on available-for-sale investments	(423,372)	870,925
Foreign currency translation differences	264,477	(5,894)
<b>Total Other Comprehensive Income/(Loss)</b>	<b>\$(158,895)</b>	<b>\$865,031</b>
<b>Total Comprehensive Income</b>	<b>\$556,339</b>	<b>\$2,555,689</b>

Key Performance Ratios	31 Dec 2012	31 Dec 2011
Earnings Per Share	0.05	0.14
Price Earnings Ratio	46.31	16.36
Return on Assets	0.20%	0.59%
Return on Equity	1.18%	3.55%
Book Value Per Share	\$1.95	\$2.01
Dividend Yield Per Share	4.61%	4.37%

Some performance ratios are computed using 12 month trailing earnings and average asset balances.



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### **Board of Directors:**

Truman M. Bodden, OBE, LLB (Hons), ACIB, JP, 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 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.