

Third Quarter Report 2012/2013

Quarterly Report for the Period to 30 June 2013



**CAYMAN
NATIONAL**

Net Income for the Company for the nine month period to 30 June 2013 was C\$3,490,280. Although this figure is 13% down on the same period last year, we are pleased that overall profitability in the third quarter is up on the first two quarters of 2013, and that steps both to reduce costs further and to increase income are generating improved Net Income.

As mentioned in our last report, substantial increases in regulatory and license costs have had a significant impact upon our diverse businesses, but our strategies to compensate for these increased and unexpected costs are now being effective.

With interest rates remaining at historically low levels, our net interest earnings remain at subdued levels but we reiterate that our policy is to maintain a very conservative approach to investments. The policy has served us well in recent years when many in our industry have foundered, and although it is tempting to pursue a more aggressive investment strategy we will not change our stance. We are sure shareholders will support this position.

We are also pleased that our Balance Sheet remains very strong with Total Assets of over C\$1 billion.

The Interim Dividend is usually paid in September and the Board of Directors recently agreed that an Interim Dividend of 5 cents per share would be paid this year. This decision was made in light of the profitability trend and projected income. The Interim Dividend will be paid to shareholders of record as at 30 August 2013 with the payment date being 9 September 2013.

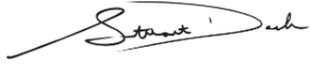
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Whilst trading conditions remain challenging, we are pleased that our business remains profitable and that we continue to enjoy a good inflow of new business. Our staff continues to work hard in maintaining our successful businesses. As always we are grateful for the loyal and consistent support of our customers and shareholders. Thank you.



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 2013

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	30 Jun 2013	30 Jun 2012
Cash and due from banks	\$462,984,877	\$304,132,633
Investments	21,690,698	37,617,101
Loans and overdrafts	553,259,679	554,474,072
Interest Receivable	2,028,689	1,950,838
Accounts Receivable	7,318,745	11,828,348
Investment property	1,592,885	1,592,885
Fixed Assets	20,303,517	22,857,786
Goodwill	2,874,014	2,904,617
Total Assets	\$1,072,053,104	\$937,358,280
Liabilities		
Depositors' accounts:		
Current	\$160,117,737	\$169,400,261
Savings	305,452,107	264,653,286
Fixed Deposits	508,711,913	403,522,790
	\$974,281,757	\$837,576,337
Interest Payable	1,286,847	775,969
Accounts Payable & accrued expenses	11,843,150	12,306,874
Total Liabilities	\$987,411,754	\$850,659,180
Shareholders' Equity		
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	28,589,695	28,225,864
Reserved for Dividends	2,117,535	2,117,535
Net unrealised appreciation/(depreciation) on investments available-for-sale	76,995	1,584,116
Equity adjustment from foreign currency translation	(931,938)	(646,010)
Share option reserve	79,052	
Total Shareholders' Equity	\$84,800,018	\$86,150,184
Non-controlling Interest	\$158,668	\$548,916
Total Liabilities and Shareholders' Equity	\$1,072,053,104	\$937,358,280

Consolidated Statement of Comprehensive Income

For the 9 month period ending 30 June 2013

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	30 Jun 2013	30 Jun 2012
Interest Income	\$19,855,180	\$20,688,387
Interest Expense	2,504,733	1,915,085
Net Interest Income	\$17,350,447	\$18,773,302
Other Income		
Foreign exchange fees and commissions	\$4,297,869	\$4,310,422
Banking fees and commissions	8,540,656	7,399,499
Trust and company management fees	5,401,108	5,285,622
Brokerage commissions and fees	1,285,949	1,381,982
Gain on sale of investment property	-	965,410
Gain on sale of investments available-for-sale	-	113,018
Loss on disposal of fixed assets	-	(273,029)
Impairment loss on available-for-sale investment	-	(317,460)
Other Income	97,023	225,764
Total Other Income	\$19,622,605	\$19,091,228
Total Income	\$36,973,052	\$37,864,530
Expenses		
Personnel	\$18,385,416	\$18,532,209
Other operating expenses	10,155,313	9,545,630
Premises	2,670,137	2,756,835
Depreciation	1,656,116	2,064,744
Increase in reserve for loan losses	767,526	1,345,000
Total Expenses	\$33,634,508	\$34,244,418
Net Income before Taxation	\$3,338,544	\$3,620,112
Taxation	-	-
Net Income	\$3,338,544	\$3,620,112
Net Income Attributable to:		
Equity Holders of the Company(Parent, CNC)	\$3,490,280	\$4,018,736
Minority Interests	\$ (151,736)	\$ (398,624)
	\$3,338,544	\$3,620,112
Other Comprehensive Income		
Net realised (gain) on available-for-sale investment	-	(\$113,018)
Net realised impairment of available-for-sale investments	-	317,460
Change in unrealised appreciation	(1,507,121)	1,457,953
Net (loss)/gain on available-for-sale investments	(1,507,121)	1,662,395
Foreign currency translation differences	(285,928)	(108,800)
Total other Comprehensive (Loss)/Income	\$ (1,793,049)	\$1,553,595
Total Comprehensive Income	\$1,545,495	\$5,173,707

Key Performance Ratios	30 Jun 2013	30 Jun 2012
Earnings Per Share	\$0.06	\$0.08
Price Earnings Ratio	37.15	29.75
Return on Assets	0.25%	0.34%
Return on Equity	2.89%	3.95%
Book Value Per Share	\$2.00	\$2.03
Dividend Yield per share	4.61%	4.20%

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
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.