

# First Quarter Report 2011/2012

First Quarter Ending 31 December 2011



**CAYMAN  
NATIONAL**

The Net Income attributable to the company of C\$1,824,785 for the first quarter of our financial year to 31 December 2011 represents a good start to the year, with the result up by 26% on a year ago.

Our strategy continues to be careful cost control and cautious investment. With interest rates in our areas of operation remaining at historically low levels, the Total Income achieved is on budget and expenses remain well-contained and similar to last year.

Due in part to some timing issues, Total Deposits are down on a year ago, but as the year has progressed, the deposit book has already stabilised. We believe we are competitively positioned, as financial service groups in our region all understand that deposits are hard to come by with interest rates at low levels and general pressure on money supply. With this in mind, we are pleased that our Balance Sheet remains strong with Shareholders' Equity up by 3.5% on a year ago at C\$84,973,606.

At the Annual General Meeting held in March, 2012, shareholders approved the final dividend for the last year of 5 cents per share, for a total dividend of 10 cents per share for the year to September 2011—a yield of more than 4.3%. As indicated previously, it is our objective to maintain a sensible dividend stream to our shareholders, and although it is premature to announce an interim dividend for 2012, our present budgets provide for similar dividend payments to that of last year.

In our recent reports, we have mentioned that negotiations are underway to strengthen the International Banking Group in the Turks and Caicos Islands. These negotiations are still ongoing but we hope to be able to report a positive outcome shortly.

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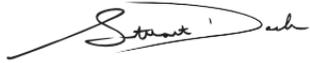
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We remain conscious that times remain difficult in our industry, but we are still performing well despite the general economic pressures that persist. We expect to maintain sound levels of profitability that are similar to or above those achieved last year. We are also able to report that our considerable efforts on business development are very encouraging, generating good levels of new business across all our business lines.

As we have expressed before, our success is dependent upon a number of factors: our staff who continue to perform well, our clients and customers who continue to support us, and our loyal shareholders who continue to invest in our future. We thank all our stakeholders for their contribution.



**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 2011

(Unaudited Figures Expressed in Cayman Islands Dollars)

<b>Assets</b>	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
Cash and due from banks	\$307,411,826	\$403,029,681
Investments	44,450,568	35,651,698
Loans and overdrafts	566,650,966	580,600,642
Interest Receivable	1,744,009	1,299,303
Accounts Receivable	12,684,631	8,809,930
Investment Property	2,337,475	2,277,475
Fixed Assets	23,912,443	25,198,969
Goodwill	2,904,617	3,324,283
<b>Total Assets</b>	<b>\$962,096,535</b>	<b>\$1,060,191,981</b>
<b>Liabilities</b>		
Depositors' accounts		
Current	\$165,516,077	\$158,094,762
Savings	297,404,064	349,752,854
Fixed Deposits	404,205,964	455,263,483
<b>Total</b>	<b>\$867,126,105</b>	<b>\$963,111,099</b>
Interest Payable	604,240	547,997
Accounts Payable & accrued expenses	8,445,044	12,560,887
<b>Total Liabilities</b>	<b>\$876,175,389</b>	<b>\$976,219,983</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	28,015,622	25,964,397
Reserved for Dividends	2,117,537	2,117,537
Net unrealised appreciation on investments	685,997	(184,928)
Equity adjustment from foreign currency translation	(714,229)	(708,335)
<b>Total Shareholders' Equity</b>	<b>\$84,973,606</b>	<b>\$82,057,350</b>
<b>Non Controlling Interest</b>	<b>\$947,540</b>	<b>\$1,914,648</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$962,096,535</b>	<b>\$1,060,191,981</b>

# Consolidated Statement of Comprehensive Income

For the 3 month period ending 31 December 2011

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	31 Dec 2011	31 Dec 2010
Interest Income	\$7,089,242	\$6,738,310
Interest Expense	642,803	563,908
<b>Net Interest Income</b>	<b>\$6,446,439</b>	<b>\$6,174,402</b>
<b>Other Income</b>		
Foreign exchange fees and commissions	\$1,418,352	\$1,346,163
Banking fees and commissions	2,333,314	2,309,540
Trust and company management fees	1,790,731	1,891,753
Brokerage commissions and fees	532,814	358,345
Gain on sale of fixed assets	11,000	-
<b>Total Other Income</b>	<b>\$6,086,211</b>	<b>\$5,905,801</b>
<b>Total Income</b>	<b>\$12,532,650</b>	<b>\$12,080,203</b>
<b>Expenses</b>		
Personnel	\$6,069,144	6,114,192
Other operating expenses	3,063,006	3,147,988
Premises	883,945	920,250
Depreciation	675,897	687,332
Increase in loan impairment provision	150,000	-
<b>Total Expenses</b>	<b>\$10,841,992</b>	<b>\$10,869,762</b>
<b>Net Income before Taxation</b>	<b>\$1,690,658</b>	<b>\$1,210,441</b>
<b>Taxation</b>	<b>-</b>	<b>-</b>
<b>Net Income</b>	<b>\$1,690,658</b>	<b>\$1,210,441</b>
Net Income Attributable to:		
<b>Equity Holders of the Company (CNC)</b>	<b>1,824,785</b>	<b>1,447,461</b>
Non Controlling Interest	(134,127)	(237,020)
	<b>1,690,658</b>	<b>1,210,441</b>
<b>Other Comprehensive Income</b>		
Change in unrealised appreciation	870,925	(1,566,720)
Net gain/(loss) on available for sale investments	870,925	(1,566,720)
Foreign currency translation differences	(5,894)	(267,035)
<b>Total other Comprehensive Income/(Loss)</b>	<b>865,031</b>	<b>(1,833,755)</b>
<b>Total Comprehensive Income</b>	<b>\$2,555,689</b>	<b>\$(623,314)</b>

Key Performance Ratios	31 Dec 2011	31 Dec 2010
Earnings Per Share	\$0.14	\$0.12
Price Earnings Ratio	16.36	17.47
Return on Assets	0.59%	0.52%
Return on Equity	3.55%	3.19%
Book Value Per Share	\$2.01	\$1.93
Dividend Yield Per Share	4.37%	4.61%

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)  
Peter A. Tomkins, MBE  
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 Co. (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.