

Fourth Quarter Report



**CAYMAN
NATIONAL**

Consolidated Statement of Financial Position

As of 30 September 2013

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	2013	2012
Cash and due from banks	\$219,489,792	\$214,162,186
Short term placements	242,621,888	125,448,860
Investments	19,064,587	30,385,788
Investment property	9,415,000	1,592,885
Assets held for sale	1,532,885	449,286
Loans and overdrafts	554,543,552	558,905,432
Interest receivable	2,456,642	1,834,444
Accounts receivable	5,148,614	5,880,804
Fixed assets	20,296,123	20,686,875
Goodwill	2,874,014	2,874,014
Total Assets	\$1,077,443,097	\$962,220,574
Liabilities		
Customers' accounts:		
Current	\$156,595,166	\$152,264,039
Savings	308,745,233	292,854,920
Fixed deposits	517,075,814	422,554,230
Total Deposits	\$982,416,213	\$867,673,189
Interest payable	1,110,518	555,865
Accounts payable & other liabilities	9,237,523	8,961,951
Liabilities held for sale	-	344,398
Provisions	-	14,167
Deferred revenue	2,842,640	2,814,602
Total Liabilities	\$995,606,894	\$880,364,172
Equity Attributable to Owners of the Parent		
Share capital	\$42,350,731	\$42,350,731
Share premium	5,031,898	5,031,898
General reserve	7,486,050	7,486,050
Share option reserve	122,342	79,052
Accumulated retained earnings	27,027,183	25,091,926
Reserved for dividends	-	2,117,537
Net unrealised holding gain, investments available for sale	369,911	217,288
Equity adjustment from foreign currency translation	(551,912)	(518,635)
Total Shareholders' Equity	\$81,836,203	\$81,855,847
Non Controlling Interest	-	555
Total Liabilities and Shareholders' Equity	\$1,077,443,097	\$962,220,574

Consolidated Statement of Comprehensive Income

For the 12 month period ending 30 September 2013

(Unaudited Figures Expressed in Cayman Islands Dollars)

	2013	2012
Interest		
Interest income	\$26,585,353	\$27,759,312
Interest expense	3,418,060	2,661,624
Net Interest Income	\$23,167,293	\$25,097,688
Other Income		
Banking fees and commissions	\$10,615,912	\$9,497,510
Trust and company management fees	7,511,006	6,911,067
Foreign exchange fees and commissions	5,789,024	5,883,429
Brokerage commissions and fees	1,724,389	1,919,172
Rental income	220,421	-
Realised gains on available-for-sale securities	-	85,841
Gain/(Loss) on sale of fixed assets	21,126	(285,677)
Impairment of assets held for sale	-	(1,468,428)
Impairment of fixed assets	-	(582,284)
Gain on reclassification of investment property	1,146,176	-
Gain on sale of investment property	-	965,410
Gain on sale of investments Visa shares	-	1,686,683
Impairment loss on investment available-for-sale	-	(555,558)
Total Other Income	\$27,028,054	\$24,057,165
Total Income	\$50,195,347	\$49,154,853
Expenses		
Personnel	\$24,601,962	\$25,004,829
Other operating expenses	14,353,844	13,174,605
Increase in reserve for loan losses	1,207,158	2,475,034
Premises	3,685,595	3,742,813
Depreciation	2,268,823	2,647,098
Goodwill impairment charge	-	30,605
Total Expenses	\$46,117,382	\$47,074,984
Net Income before Taxation	\$4,077,965	\$2,079,869
Taxation	(25,726)	(24,817)
Net Income	\$4,052,239	\$2,055,052
Net Income Attributable to:		
Equity Holders of the Parent	\$4,052,794	\$3,002,037
Non Controlling Interest	(555)	(946,985)
	\$4,052,239	\$2,055,052
Other Comprehensive Income		
Net realised impairment of available-for-sale investments	\$-	\$555,558
Change in unrealised appreciation	152,623	1,024,069
Net reclassification adjustment for realised net gains	-	(1,772,524)
Net gain/(loss) on available for sale investments	152,623	(192,897)
Foreign currency translation differences	(33,277)	225,157
Total Other Comprehensive Income	\$119,346	\$32,260
Total Comprehensive Income for the Year	\$4,171,585	\$2,087,312
Key Performance Ratios	30-Sep-13	30-Sep-12
Earnings Per Share	\$0.10	\$0.07
Price Earnings Ratio	20.90	32.87
Return on Assets	0.40%	0.30%
Return on Equity	4.95%	3.64%
Book Value per Share	\$1.93	\$1.93
Dividend Yield per share	5.00%	4.29%

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

Fourth Quarter Ending 30 September 2013

Cayman National Corporation Ltd. is pleased to announce its results for the financial year to 30 September 2013. Net Income Attributable to the Company was C\$4,052,794 which represents a 35% increase on the result achieved last year for a similar period.

In the context of the economic conditions that prevail in our main areas of operation we consider this performance to be sound and a reflection of our conservative approach to the longer-term strategy for our business. With international interest rates in general remaining at historically low levels our Net Interest earnings remain suppressed and down 8% on a year ago but this has been offset by an improvement in our other income streams where we achieved a 12% growth.

Expense control remains an area of careful focus and our Total Expenses declined by 2% when compared with 2012.

Our balance sheet remains strong with Total Assets in excess of C\$1 Billion. Shareholder Equity is also healthy at over C\$80,000,000.

We are also pleased to report good growth in total deposits where the position increased by 13% on a year ago at a time when many financial groups are seeing significant reductions in their deposits book.

An Interim Dividend of 5 cents per share was paid to shareholders in September and the final dividend will be considered by shareholders at the AGM which is scheduled to be held in March. The recommendation of the Board of Directors for the final dividend will be put to shareholders in the AGM notices but our objective is to continue to maintain a sensible flow of dividend payment to our shareholders.

As we enter our 40th year of operation we do so with confidence in our future. The last few years have been challenging for the financial sector and we are pleased that our strength and stability has enabled us to position the business for continued prosperity.

We again take this opportunity to acknowledge our hard working staff for their contribution to our success coupled with thanks to our clients and customers for their support and also our shareholders for their continued confidence and loyalty.

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.