

# Second Quarter Report



**CAYMAN  
NATIONAL**

## Consolidated Balance Sheet

As of 31 March 2010  
(Unaudited Figures Expressed in Cayman Islands Dollars)



Assets	31 Mar 2010	31 Mar 2009
Cash and due from banks	\$458,339,201	\$380,326,068
Investments	21,898,559	21,023,270
Loans and overdrafts	524,476,657	472,164,973
Interest receivable	1,421,950	2,362,310
Accounts receivable	7,055,437	6,943,295
Fixed assets	28,385,280	28,100,442
Goodwill	4,045,049	3,892,970
<b>Total Assets</b>	<b>\$1,045,622,133</b>	<b>\$914,813,328</b>
<b>Liabilities</b>		
Depositors' accounts		
Current	\$162,913,435	\$133,742,384
Savings	238,223,997	176,352,913
Fixed deposits	544,588,641	509,545,330
<b>Total</b>	<b>\$945,726,073</b>	<b>\$819,640,627</b>
Interest payable	544,144	1,104,251
Accounts payable & accrued expenses	18,158,601	12,504,290
<b>Total Liabilities</b>	<b>\$964,428,818</b>	<b>\$833,249,168</b>
<b>Shareholders' Equity</b>		
Share capital	\$42,350,731	\$42,372,201
Share premium	5,031,897	5,052,677
General reserve	7,486,050	7,486,050
Retained earnings	26,799,329	26,792,083
Reserve for dividends	-	-
Net unrealized appreciation/(depreciation) on investments available-for-sale	295,416	886,257
Equity adjustment from foreign currency translation	(770,108)	(1,025,108)
<b>Total Shareholders' Equity</b>	<b>\$81,193,315</b>	<b>\$81,564,160</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$1,045,622,133</b>	<b>\$914,813,328</b>

## Consolidated Statement of Income

For the 6 month period ending 31 March 2010  
(Unaudited Figures Expressed in Cayman Islands Dollars)



Income	31 Mar 2010	31 Mar 2009
Interest Income	\$12,649,791	\$15,424,848
Interest Expense	1,144,285	4,405,857
<b>Net Interest Income</b>	<b>\$11,505,506</b>	<b>\$11,018,991</b>
<b>Other Income</b>		
Foreign exchange fees and commissions	\$2,573,901	\$2,806,647
Banking fees and commissions	4,335,787	4,221,672
Trust and company management fees	3,612,190	3,364,774
Brokerage commissions and fees	1,234,598	1,348,772
Realised gains on available-for-sale investment	910,055	-
Loss on Financial Instruments recognised at fair value	(56,729)	(483,349)
<b>Total Other Income</b>	<b>\$12,609,802</b>	<b>\$11,258,516</b>
<b>Total Income</b>	<b>\$24,115,308</b>	<b>\$22,277,507</b>
<b>Expenses</b>		
Personnel	\$12,087,684	\$11,717,139
Other operating expenses	5,724,620	5,110,770
Premises	1,752,934	1,517,456
Depreciation	1,332,367	1,758,061
Goodwill impairment charges	-	161,260
<b>Total Expenses</b>	<b>\$20,897,605</b>	<b>\$20,264,686</b>
<b>Net Income before Taxation</b>	<b>\$3,217,703</b>	<b>\$2,012,821</b>
Taxation	-	-
<b>Net Income</b>	<b>\$3,217,703</b>	<b>\$2,012,821</b>

Key Performance Ratios	31 Mar 2010	31 Mar 2009
Earnings Per Share	\$0.13	\$0.06
Price Earnings Ratio	21.15	41.00
Return on Assets	1.04%	0.27%
Return on Equity	8.09%	3.06%
Book Value per Share	\$1.92	\$1.92
Dividend Yield per Share	3.64%	6.10%

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

## Second Quarter Ending 31 March 2010

We are pleased to report Net Income for Cayman National of CI\$3,217,703 for the first six months of this financial year to 31 March 2010. This result is 60% up on the figure of CI\$2,012,821 achieved for the same period last year.

As mentioned in our previous reports our business is now well positioned through cost containment to perform favourably in the climate of low interest rates that still prevails. Global economic conditions remain challenging and we continue to pursue our policy of conservative investments and balance sheet management which has enabled us to remain robust despite the unprecedented world economic pressures of the last two years.

We remain pleased with the growth in our Balance Sheet with Cayman National's Total Assets now exceeding CI\$1 billion for the first time in its history. Total Deposits are up 15% on a year ago at CI\$945,726,073. This is particularly creditable in the low interest environment and it is a good measure of the confidence that our depositors have in our organisation.

The increase in deposits has enabled us to expand the loan book. We do so on a very prudent basis.

Despite the economic conditions, the performance of our loan book remains consistent with previous years – we remain very vigilant in this area.

The continued strength of the Group and its consistent profitability has enabled the Board of Directors to consider an interim dividend of 5 cents per share. With the interim dividend due for payment later in the year to shareholders of record as at 30 June 2010, the final decision on the interim dividend will be made when the Board has reviewed the third quarter results. The Board aims to ensure a sensible return for shareholders, and providing profitability remains on budget, the 5 cents dividend is our objective.

During the last few months we have been focusing on the project to open a new bank in Turks and Caicos Islands. As mentioned in the Annual Report,

the new bank branded under the name International Banking Group (IBG) is to occupy new premises in Providenciales. Cayman National is expecting its stake to be approximately 60%, which is a major investment for us. This new full service bank is expected to present much needed competition for the two other main banks in Provo, and we expect that the involvement of Cayman National in the project will attract a good customer base.

IBG will open its doors in the next few weeks and shares in this new venture are available to the public through the IBG offices in Provo or Cayman National Securities Ltd.

We again thank our loyal shareholders, customers and employees for their support, and look forward to the future growth opportunities ahead.

**Stuart J. Dack**  
President and Chief Executive  
Cayman National Corporation Ltd.

**Truman M. Bodden**  
Chairman of the Board of Directors  
Cayman National Corporation Ltd.