



Cayman National Corporation Ltd.

Cayman National Building  
200 Elgin Avenue, PO Box 1097  
Grand Cayman KY1-1102, Cayman Islands  
T 345 949 4655 F 345 949 0774  
cnc@caymannational.com  
www.caymannational.com

Cayman National Bank Ltd.

Cayman National Trust Co. Ltd.

Cayman National Fund Services Ltd.

Cayman National Securities Ltd.

Aon Cayman National Insurance Brokers 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.

Cayman National Corporation Ltd.

**Board of Directors:**

Benson O. Ebanks, Jr., OBE, JP, Chairman

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

Stuart J. Dack, ACIB, MBA, President & Chief Executive

John C. Bierley, BA, JD (USA)

Sherri Bodden-Cowan, MBE, LLB (Hons)

Clarence Flowers, Jr.

Peter A. Tomkins, MBE

Bryan A. Hunter

Jude Scott

# Interim Report 2009

Interim Report for Period to 30 June 2009



CAYMAN  
NATIONAL



Net Income for Cayman National for the nine month period to 30 June 2009 was C\$3,006,110.

In our report to shareholders for the first quarter of this financial year and our 2009 interim report, we explained that we are conscious that profitability is reduced when compared with recent years, mainly due to historically low interest rates. Given the current economic environment both locally and globally, however, we remain satisfied with our performance. In addition, at this time last year, our results benefitted from one time exceptional gains achieved in respect of our investment in VISA shares.

Our previously announced cost-cutting initiatives will result in further savings on the expense side as our financial year progresses, which will further improve profitability.

Despite reduced profits, our Balance Sheet remains strong with Total Deposits up by 4% on a year ago and Total Assets up by 2%.

The Board of Directors has carefully considered the level of interim dividend to be paid this year. Last year an interim dividend of 7 cents per share was paid in September and it is felt prudent to reduce this level to reflect reduced profitability. Taking all factors into consideration the Board has concluded that an interim dividend of 5 cents per share would be appropriate and viable at this time. The Board considers that this payment is a sensible balance between rewarding shareholders and reflecting prudently our current profitability. The payment date for the interim dividend was 1 September, to shareholders of record as of 30 June, 2009.

Future dividends will be kept under close review and the Board's aim will be to maintain an attractive dividend flow to shareholders, with our budget and forecasts projecting a return to stronger profitability once interest rates move higher.

We also advise shareholders of the situation relating to the potential liability arising out of the warranties pursuant to Cayman National's sale of Sagicor General Insurance (Cayman) Limited (SGI), formerly known as Cayman General Insurance Company Ltd. (CGI), to the Sagicor Group in 2005. The position under the warranties was explained in Note 16 on page 47 of our 2008 Annual Report. SGI is still involved in court cases which are likely to generate warranty claims, but we reiterate that our liabilities under the warranties are capped and the funding required to take our provisioning to the full level of the cap is not substantial. In this connection we expect to adjust the provision held to the full level of the warranty limit during the fourth quarter of the year as a prudent measure. The funding of this exercise will be met from gains on investments already contracted for sale, so that no material impact is expected on our trading results.

We continue to believe that Cayman National's performance remains solid, particularly when compared with others in our industry. Our conservative strategies which protected us from some significant issues faced by others continue to be the cornerstone of our business, and we remain confident that as interest rates rise, our profitability will return to higher levels.

In the meantime our Balance Sheet remains strong and our customer base robust. We look forward to a period of opportunities for growth, and again thank our shareholders, clients, and employees for their support and loyalty.



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



**Benson O. Ebanks, Jr.**  
Chairman of the Board of Directors  
Cayman National Corporation

## Consolidated Balance Sheet

As of 30 June 2009

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	30 Jun 2009	30 Jun 2008
Cash and Due from Banks	\$383,211,313	\$440,250,916
Investments	25,016,137	27,354,981
Loans and Overdrafts	487,384,420	403,316,369
Interest Receivable	2,403,379	2,672,530
Accounts Receivable	10,948,167	10,871,555
Fixed Assets	27,593,480	28,205,587
Goodwill	3,731,710	4,871,232
<b>Total Assets</b>	<b>\$940,288,606</b>	<b>\$917,543,170</b>
Liabilities		
Depositors' Accounts		
Current	138,057,060	139,490,292
Savings	197,634,216	152,200,446
Fixed Deposits	503,741,005	516,649,578
<b>Total</b>	<b>\$839,432,281</b>	<b>\$808,340,316</b>
Interest Payable	1,061,509	1,923,953
Accounts Payable & Accrued Expenses	16,400,273	15,112,197
<b>Total Liabilities</b>	<b>\$ 856,894,063</b>	<b>\$ 825,376,466</b>
Shareholders' Equity		
Share Capital	\$42,372,201	\$42,373,201
Share Premium	5,052,677	5,054,677
General Reserve	7,486,050	7,486,050
Retained Earnings	27,785,371	30,638,105
Reserve for Dividends	-	3,389,856
Net Unrealized Appreciation/(Depreciation) on Investments Available-For-Sale	1,036,068	2,505,249
Equity Adjustment from Foreign Currency Translation	(337,824)	719,566
<b>Total Shareholders' Equity</b>	<b>\$83,394,543</b>	<b>\$92,166,704</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$940,288,606</b>	<b>\$917,543,170</b>

## Consolidated Statement of Income

For the 9 month period ending 30 June 2009

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	30 Jun 2009	30 Jun 2008
Interest Income	\$21,963,724	\$36,283,620
Interest Expense	5,396,885	14,982,785
<b>Net Interest Income</b>	<b>\$16,566,839</b>	<b>\$21,300,835</b>
Other Income		
Foreign Exchange Fees and Commissions	\$4,023,918	\$4,253,036
Banking Fees and Commissions	6,196,112	6,505,836
Trust and Company Management Fees	5,156,169	4,387,803
Brokerage Commissions and Fees	1,993,404	2,026,558
Initial recognition of remaining VISA shares held	-	2,410,410
Initial realized gain from VISA IPO on share redemption	-	3,090,880
Realized gains on available for sale securities	-	60,165
Unrealized (loss)/gain from financial instrument designated at fair value	(483,349)	(173,375)
<b>Total Other Income</b>	<b>\$16,886,254</b>	<b>\$22,561,313</b>
<b>Total Income</b>	<b>\$33,453,093</b>	<b>\$43,862,148</b>
Expenses		
Personnel	\$17,477,926	\$18,048,893
Other Operating Expenses	7,786,134	8,555,418
Premises	2,373,006	2,101,540
Depreciation	2,121,754	2,153,534
Goodwill Impairment Charge	322,520	-
Dubai Office Expenses	365,643	-
<b>Total Expenses</b>	<b>\$30,446,983</b>	<b>\$30,859,385</b>
<b>Net Income before Taxation</b>	<b>\$3,006,110</b>	<b>\$13,002,763</b>
<b>Taxation</b>	<b>-</b>	<b>-</b>
<b>Net Income</b>	<b>\$3,006,110</b>	<b>\$13,002,763</b>
Key Performance Ratios	30 Jun 2009	30 Jun 2008
Earnings Per Share	\$0.10	\$0.45
Price Earnings Ratio	23.75	7.04
Return on Assets	0.45%	2.10%
Return on Equity	5.08%	20.88%
Book Value per Share	\$1.98	\$2.18
Dividend Yield per Share	6.32%	4.73%

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