

# First Quarter Report 2006/2007



**CAYMAN  
NATIONAL**



## First Quarter Report 2006/2007

The Group has recorded a solid start to this financial year with Net Income of C\$5,179,278 for the three months to 31st December 2006.

For the comparable quarter last year a Net Income of C\$8,703,727 was achieved at 31 December 2005 but it should be noted that this figure included the exceptional gain of C\$3,262,042 in respect of the sale of Cayman General Insurance Co. Ltd. (CGI) shares in November 2005. Last year's first quarter results also included income of C\$465,837 in respect of CGI for the first quarter of the 2005/2006 financial year, when we still held a majority stake in the insurance company. Against this background we view the net income of more than C\$5 million for the first quarter of this year as a very satisfactory result and one that is in line with our budget.

Balance sheet figures indicate steady growth on a year ago with Fixed Deposits in particular up by 5.7% and Total Assets up by 2.3%.

Our ongoing strong profitability has enabled us to build total Shareholder's Equity to more than C\$67 million, an increase of more than 20% on a year ago.

As an organization we continue to roll out new ventures and, the establishment of our new office in Panama has been well received with considerable publicity surrounding the official opening, which coincided with a Cayman Islands Chamber of Commerce Sponsored Trade Mission to Panama.

A number of other initiatives remain on track for implementation and we remain confident that our existing levels of performance will continue.

*Continued on page 4...*



# Consolidated Balance Sheet

As of December 31st 2006

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	Dec 31st 2006	Dec 31st 2005
Cash and due from banks	\$404,591,309	\$440,121,801
Investments	23,157,938	23,310,598
Loans and overdrafts	336,769,890	287,300,610
Interest receivable	2,689,894	2,783,694
Accounts receivable	14,341,995	11,516,596
Investment in Associate	2,945,275	2,354,646
Fixed assets	22,732,668	20,626,708
Goodwill	4,796,231	5,054,735
<b>Total</b>	<b>\$812,025,200</b>	<b>\$793,069,388</b>
<b>Liabilities</b>		
Depositors' Accounts		
<b>Current</b>	138,963,884	146,146,378
<b>Savings</b>	130,032,727	137,869,881
<b>Fixed deposits</b>	445,264,847	420,979,081
<b>Total</b>	<b>\$714,261,458</b>	<b>\$704,995,340</b>
Interest payable	1,507,297	1,480,641
Accounts payable & Accrued Expenses	28,636,543	30,679,840
<b>Total</b>	<b>\$744,405,298</b>	<b>\$737,155,821</b>
<b>Shareholders Equity</b>		
Share capital	41,686,308	41,046,470
Share premium	3,193,085	2,393,288
General reserve	7,486,050	7,486,050
Retained earnings	12,117,253	2,500,941
Reserve for dividends	2,501,178	2,462,788
Net unrealized appreciation on investments	(16,684)	(163,475)
Equity adjustments from foreign		
Currency translation	652,712	187,505
<b>Total Shareholders' Equity</b>	<b>\$67,619,902</b>	<b>\$55,913,567</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$812,025,200</b>	<b>\$793,069,388</b>

## Consolidated Statement of Income

For the 3 month period ending December 31st 2006

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	Dec 31st 2006	Dec 31st 2005
Interest Income	\$12,980,887	\$10,768,108
Interest Expense	5,421,080	3,758,156
<b>Net Interest Income</b>	<b>\$7,559,807</b>	<b>\$7,009,952</b>
<b>Other Income</b>		
Foreign exchange fees and commissions	1,618,437	1,218,370
Banking fees and commissions	1,822,581	1,775,552
Trust and company management fees	1,277,589	1,012,845
Brokerage commissions and fees	491,321	493,567
Underwriting Income and Other Fees	0	926,962
Gain on disposal of equity interest in Subsidiary	257,171	3,355,923
Share of Associated Company's profits	161,865	78,138
<b>Total Other Income</b>	<b>\$5,628,964</b>	<b>\$8,861,357</b>
<b>Total Income</b>	<b>\$13,188,771</b>	<b>\$15,871,309</b>
<b>Expenses</b>		
Personnel	5,013,440	4,490,943
Other operating expenses	1,825,497	1,591,983
Increase in reserve for loan losses	75,000	126,000
Premises	423,499	368,665
Depreciation	672,057	589,991
<b>Total Expenses</b>	<b>\$8,009,493</b>	<b>\$7,167,582</b>
<b>Net Income before Taxation</b>	<b>\$5,179,278</b>	<b>\$8,703,727</b>
<b>Taxation</b>	<b>0</b>	<b>0</b>
<b>Net Income</b>	<b>\$5,179,278</b>	<b>\$8,703,727</b>
<b>Net Income Attributable to:</b>		
<b>Equity Holders of the Group</b>	<b>\$5,179,278</b>	<b>\$8,591,926</b>
<b>Minority Interests</b>	<b>0</b>	<b>111,801</b>
	<b>\$5,179,278</b>	<b>\$8,703,727</b>

As shareholders are aware Cayman National shares are now trading through the Cayman Islands Stock Exchange (CSX). This initiative has proceeded well and shareholders will be interested that trading information and the last traded price is available through the CSX website @[www.csx.com.ky](http://www.csx.com.ky) (then go to CSX Trading – Trade List).

Trading can be contracted through any Cayman based brokers recognized by the CSX and you are invited to use the services of Cayman National Securities for your brokerage needs. Contact: Dominic Tomkins at (345) 815 5438 or at [dominic.tomkins@cnifs.com](mailto:dominic.tomkins@cnifs.com) or Annie Ebanks– Holloran at (345) 815 5478 or at [annie.ebanks-holloran@cnifs.com](mailto:annie.ebanks-holloran@cnifs.com).

The Cayman National Group continues to make steady and sustained progress and the ongoing support of our shareholders, customers and staff remain an important element of our success. The Directors thank all our stake holders for their continued commitment to our Group.

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

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

<b>Key Performance Ratios</b>	<b>Dec 31st 2006</b>	<b>Dec 31st 2005</b>
Earnings Per Share	0.39	0.48
Price Earnings Ratio	9.62	4.69
Return on Assets	1.98%	2.50%
Return on Equity	23.82%	35.41%
Book Value Per Share	1.62	1.36
Dividend Yield per share	3.20%	5.33%

## Cayman National Corporation Ltd.

### **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

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