

# Interim Report 2006/2007

Quarter Ending 31 March 2007



**CAYMAN  
NATIONAL**



## Interim Report 2006/2007

In our Report to Shareholders for the first quarter of this financial year to 31st December 2006, we were pleased to confirm a solid start to the year. This satisfactory position has continued and we are now pleased to report Net Income of C\$9,388,406 for the 6 months trading period to 31 March 2007. Although during the same period last year we turned in a Group Net Income of C\$13,147,645, this included the exceptional gain of C\$3,283,075 in respect to the sale of Cayman General Insurance Co. Ltd. shares in November 2005. Taking this into account we remain content with the trading performance for the half-year which remains in line with our ambitious budgets.

The Group's balance sheet continues to reflect our steady growth with Fixed Deposits up by 25% on a year ago and Total Assets up by 15% – with our Total Assets now standing well above the US\$1 billion mark.

Our strong profitability has enabled Total Shareholders' Equity to increase by more than 20% on a year ago to C\$71,817,529. This represents a very satisfactory recovery from the position that prevailed after Hurricane Ivan when the Group voluntarily supported the insurance subsidiary, Cayman General Insurance, the result of which was to reduce Total Shareholders' Equity to C\$45,000,000. In view of this recovery and our strong ongoing trading performance, the Board of Directors has approved an interim dividend payment of 7 cents per share (2006 – 6 cents per share). This represents an increase in the interim dividend of 19% over the 2006 interim dividend payment. The interim dividend will be paid to shareholders of record as at 30 June 2007, with payment being made in September 2007.

If, as anticipated, the Group's trading performance continues at existing levels, the Board of Directors expects to be able to recommend a similar increase in the final dividend payment for this financial year.

As a Group we continue to roll out a number of new initiatives. In our last report we announced the opening of our new office in Panama. Plans are now moving forward relating to the establishment of a new office in Dubai. We see this as an exciting opportunity for the Group and one which will focus on the success of other Cayman based businesses that have established a presence in that jurisdiction.

*Continued on page 4...*



# Consolidated Balance Sheet

As of March 31st 2007

(Unaudited Figures Expressed in Cayman Islands Dollars)

<b>Assets</b>	<b>March 31st 2007</b>	<b>March 31st 2006</b>
Cash and due from banks	495,011,159	434,134,321
Investments	23,864,209	22,477,265
Loans and overdrafts	347,624,114	291,107,844
Interest receivable	2,487,866	2,776,935
Accounts receivable	10,994,251	13,892,584
Investment in Associate	3,031,745	2,409,687
Fixed assets	22,539,659	21,763,620
Goodwill	4,796,231	4,871,231
<b>Total</b>	<b>910,349,234</b>	<b>793,433,487</b>
<b>Liabilities</b>		
Depositors' Accounts		
<b>Current</b>	135,678,594	138,490,261
<b>Savings</b>	134,327,462	141,303,065
<b>Fixed deposits</b>	543,838,064	434,808,638
<b>Total</b>	<b>813,844,120</b>	<b>714,601,964</b>
Interest payable	1,530,492	1,400,513
Accounts payable & Accrued Expenses	23,157,093	18,070,511
<b>Total</b>	<b>838,531,705</b>	<b>734,072,988</b>
<b>Shareholders Equity</b>		
Share capital	42,342,547	41,686,308
Share premium	4,997,743	3,193,086
General reserve	7,486,050	7,486,050
Retained earnings	13,362,402	4,443,680
Reserve for dividends	2,963,978	2,501,178
Net unrealized appreciation (depreciation) on investments available-for-sale	24,716	(163,475)
Equity adjustments from foreign Currency translation	640,093	213,672
<b>Total Shareholders' Equity</b>	<b>71,817,529</b>	<b>59,360,499</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>910,349,234</b>	<b>793,433,487</b>

## Consolidated Statement of Income

For the 6 month period ending March 31st 2007

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	March 31st 2007	March 31st 2006
Interest Income	26,704,554	21,954,915
Interest Expense	11,433,777	8,165,475
<b>Net Interest Income</b>	<b>15,270,777</b>	<b>13,789,440</b>
<b>Other Income</b>		
Foreign exchange fees and commissions	3,069,642	2,447,910
Banking fees and commissions	3,682,497	3,747,519
Trust and company management fees	2,795,317	2,247,694
Brokerage commissions and fees	1,006,061	1,132,629
Underwriting Income and Other Fees	-	926,962
Gain on disposal of equity interest in Subsidiary	257,171	3,283,075
Realized gains on available for sale securities	80,881	-
Share of Associated Company's profits	248,335	206,027
<b>Total Other Income</b>	<b>11,139,904</b>	<b>13,991,816</b>
<b>Total Income</b>	<b>26,410,681</b>	<b>27,781,256</b>
<b>Expenses</b>		
Personnel	10,187,811	8,933,321
Other operating expenses	4,388,609	3,523,550
Increase in loan impairment provision	-	252,000
Premises	896,376	742,159
Depreciation	1,326,714	1,182,581
Goodwill impairment charge	222,765	-
<b>Total Expenses</b>	<b>17,022,275</b>	<b>14,633,611</b>
<b>Net Income before Taxation</b>	<b>9,388,406</b>	<b>13,147,645</b>
<b>Taxation</b>	<b>-</b>	<b>-</b>
<b>Net Income</b>	<b>9,388,406</b>	<b>13,147,645</b>
<b>Net Income Attributable to:</b>		
<b>Equity Holders of the Company</b>	<b>9,388,406</b>	<b>13,035,844</b>
<b>Minority Interests</b>	<b>-</b>	<b>111,801</b>
	<b>9,388,406</b>	<b>13,147,645</b>

During the next few weeks we will move our International Financial Services team to new offices in Camana Bay. This will be coupled with the formation of a new banking division that will focus on the needs of international clients. A new branch of Cayman National Bank will also be opened at Camana Bay during the later part of the year and we are expecting a strong performance from this new branch by virtue of our exclusive rights to provide retail banking services in the first phase of the Camana Bay development.

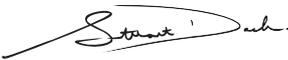
We also recently opened the new offices of Aon Cayman National Insurance Brokers Ltd. The joint venture between Cayman National and Aon has huge potential, combining the strength of our successful brand with the world's leading provider of insurance and reinsurance brokerage.

We are also pleased with the performance of our operations in the Isle of Man where, just a year ago, we established a Mutual Funds Services operation which now boasts a good nucleus of funds clients.

As mentioned in our last report to shareholders the shares of Cayman National Corporation Ltd. are now traded through the Cayman Islands Stock Exchange (CSX) and the last traded price is available through the CSX website – [www.csx.com.ky](http://www.csx.com.ky) (then go to Trading – Trade List).

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

The Group continues to perform well with strong trading and good balance sheet growth. The results are a reflection of much hard work on the part of the Group's employees and also the loyalty of our investors and clients. The Board of Directors thanks all of you for your continued support.



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



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

Key Performance Ratios	Mar 31st 2007	Mar 31st 2006
Earnings Per Share	0.37	0.51
Price Earnings Ratio	10.68	6.37
Return on Assets	1.74%	2.66%
Return on Equity	22.10%	35.74%
Book Value Per Share	1.70	1.42
Dividend Yield per share	3.04%	3.69%

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

## 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

David W. Trimble, MA (Cantab)



## 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

Cayman National Bank Ltd.

Cayman National Securities Ltd.

Cayman National Trust Co. Ltd.

Aon Cayman National Insurance Brokers Ltd.

Cayman National Bank & Trust Co. (Isle of Man) Ltd.

Cayman National Fund Services (Isle of Man) Ltd.

Cayman National (Panama) Oficina de Representación