

First Quarter Report 2009/2010

First Quarter Ending 31 December 2009



**CAYMAN
NATIONAL**

Net Income for Cayman National for the first quarter of this financial year was C\$1,500,314. This figure is similar to the result of C\$1,498,327 achieved for the same period last year and is in line with the income budgeted for this period.

In the context of the low interest rate environment that still prevails and on-going economic difficulties both in the Cayman Islands and the world we are pleased with this result. Over the last year or so we have positioned our business to remain profitable in these testing times and our cost containment measures continue to assist profitability.

As explained to shareholders previously, we continue with our strategy of conservative and low risk investment which at times of such low interest rates restricts income but this policy which has ensured the stability of the business in recent times will continue.

At this time we are particularly pleased to report an increase in Total Deposits which increased during the quarter by 5% to C\$854,899,811. Many financial organisations are seeing substantial reductions in their deposit base and it is gratifying to see this increase in our deposit book.

As confirmed in our Annual Report to Shareholders, the Board of Directors has recommended to members a final dividend of 5 cents for the year 30 September 2009. This recommendation will

Continued



be considered at the forthcoming Annual General Meeting and if approved will take the total dividend to 10 cents per share for last year. At this time in considering all the economic factors we feel this is a sensible and attractive return for shareholders. It provides a yield of 3.08% based on the average share price for our last financial year.

As these results indicate our business remains robust with sound profitability and a strong balance sheet. We will continue with our conservative strategies and policies that have ensured our success at a time when so many other businesses in the financial sector have encountered difficulties and we expect an on-going solid performance from our organisation.

It is also appropriate to mention in this report that Benson Ebanks steps down as our Chairman and Director at the forthcoming Annual General Meeting. We expressed our gratitude to Mr. Ebanks in our Annual Report but again add our thanks to him for the important contribution he has made to the organisation over the last 36 years.

We take this opportunity to thank our loyal shareholders, customers and employees for their support and also add particular gratitude to the new clients who have shown their confidence in us by bringing their business to the Cayman National Group.



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 31 December 2009

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	31 Dec 2009	31 Dec 2008
Cash and due from banks	\$378,567,536	\$388,181,628
Investments	25,211,949	21,109,217
Loans and overdrafts	509,842,977	459,713,328
Interest receivable	1,601,873	2,685,483
Accounts receivable	6,435,213	18,037,994
Fixed assets	28,284,082	28,302,551
Goodwill	4,045,049	4,078,049
Total Assets	\$953,988,679	\$922,108,250
Liabilities		
Depositors' accounts		
Current	\$143,774,957	\$142,964,205
Savings	204,045,016	154,723,766
Fixed deposits	507,079,838	514,826,990
Total	\$854,899,811	\$812,514,961
Interest payable	719,643	1,495,436
Accounts payable & accrued expenses	15,360,580	24,144,251
Total Liabilities	\$ 870,980,034	\$ 838,154,648
Shareholders' Equity		
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	25,081,938	26,277,588
Reserve for dividends	2,117,537	2,966,054
Net unrealized appreciation/(depreciation) on investments available-for-sale	1,381,792	733,854
Equity adjustment from foreign currency translation	(441,300)	(934,822)
Total Shareholders' Equity	\$83,008,645	\$83,953,602
Total Liabilities & Shareholders' Equity	\$953,988,679	\$922,108,250

Consolidated Statement of Income

For the 3 month period ending 31 December 2009

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	31 Dec 2009	31 Dec 2008
Interest Income	\$6,286,480	\$8,739,519
Interest Expense	567,804	3,170,476
Net Interest Income	\$5,718,676	\$5,569,043
Other Income		
Foreign exchange fees and commissions	\$1,245,650	\$1,520,318
Banking fees and commissions	2,080,138	2,099,571
Trust and company management fees	1,812,437	1,571,795
Brokerage commissions and fees	673,490	733,650
Total Other Income	\$5,811,715	\$5,925,334
Total Income	\$11,530,391	\$11,494,377
Expenses		
Personnel	\$5,947,777	\$5,927,783
Other operating expenses	2,536,186	2,681,955
Premises	873,394	722,845
Depreciation	672,720	663,467
Total Expenses	\$10,030,077	\$9,996,050
Net Income before Taxation	\$1,500,314	\$1,498,327
Taxation	-	-
Net Income	\$1,500,314	\$1,498,327
Net Income Attributable to:		
Equity Holders of the Group	1,500,314	1,498,327
Minority Interests	-	-
	1,500,314	1,498,327

Key Performance Ratios	31 Dec 2009	31 Dec 2008
Earnings Per Share	\$0.10	\$0.17
Price Earnings Ratio	33.50	17.88
Return on Assets	0.44%	0.78%
Return on Equity	2.46%	8.56%
Book Value per Share	\$1.96	\$1.98
Dividend Yield per Share	3.08%	4.93%

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



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

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

Group of Companies:

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.