



Cayman National Corporation Ltd.

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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
David W. Trimble, MA (Cantab)
Bryan A. Hunter
Jude Scott

Interim Report 2009

Interim Report for Period to 31 March 2009



CAYMAN
NATIONAL



Net Income for Cayman National for the half-year to 31 March 2009 was C\$2,012,821. As we noted in the report for the first quarter's results earlier this year, we recognise that profitability is down over the previous year, but we believe our performance in this climate of global financial turmoil remains satisfactory.

Our Balance Sheet remains strong: although deposits are marginally down on the high position held at this time last year, deposits are up on the end of the first quarter. We are particularly pleased with this result as it reflects placements by a number of new clients.

Interest Income remains the main area of lower revenue. As previously discussed, we have traditionally maintained a conservative investment portfolio by investing in lower risk products, mainly cash. It is this strategy that has protected us from the significant losses endured by so many other financial organisations which chose riskier (but potentially higher yielding) investments, but it also means that with historically low interest rates, our income is reduced. We expect interest rates to rise in the next few months, and as a result, we expect revenues from interest earnings to move ahead. In addition, both for the shorter and longer term, we also continue to focus on building our Non-Interest Income. We are pleased that our Non-Interest Income has in fact remained strong when viewed in the context of our competitors' results and the generally difficult economic conditions.

Our expenses have also been contained, and our concerted action to reduce costs is now showing results which will develop further as the year progresses.

Last year, our results were bolstered by the partial realisation of our investment in VISA shares. In the second half of this year, we also expect to realise gains from other of our non-cash investments. As a result, in the present circumstances, Cayman National's Board of Directors has decided to defer the decision on the amount of the interim dividend to the end of the third quarter. The interim dividend is due for payment in September. With our third quarter figures due to be struck as of the end of June, the Board considers it prudent to assess the company's position at that time and then decide the matter. At present, we expect that our strategies will permit us to maintain a strong dividend stream, and the Board remains confident that shareholders will recognise the wisdom of our cautious approach.

We also wish to update shareholders on a potential liability arising out of the warranties which relate to Cayman National's sale of Sagicor General Insurance (Cayman) Limited (SGI) (formally known as Cayman General Insurance Company Ltd. (CGI)) to the Sagicor group in 2005. Our position under the warranties was explained in note 16 on page 47 of our 2008 Annual Report. SGI is involved in court cases which are likely to generate warranty claims, but we reiterate that our liabilities under warranties are capped, as set out in the Annual Report.

The financial industry continues to experience difficult times in all parts of the world. Nonetheless, we believe that we are well positioned to take advantage of opportunities that will emerge in the next few months and years. Although our Income, for the reasons mentioned, is down at the present time, we remain profitable with a strong Balance Sheet. When compared with others in our industry, we believe our performance remains sound. We again thank our shareholders, clients and staff for their continued support, and look forward to improving economic conditions and the opportunities that will arise in the future.



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 March 2009

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	31 Mar 2009	31 Mar 2008
Cash and Due from Banks	\$380,326,068	\$491,964,543
Investments	21,023,270	21,997,064
Loans and Overdrafts	472,164,973	393,600,252
Interest Receivable	2,362,310	3,033,878
Accounts Receivable	6,943,295	20,243,998
Fixed Assets	28,100,442	28,487,084
Goodwill	3,892,970	4,871,231
Total Assets	\$914,813,328	\$964,198,050
Liabilities		
Depositors' Accounts		
Current	133,742,384	148,844,909
Savings	176,352,913	154,000,475
Fixed Deposits	509,545,330	545,359,048
Total	\$819,640,627	\$848,204,432
Interest Payable	1,104,251	2,310,213
Accounts Payable & Accrued Expenses	12,504,290	27,374,983
Total Liabilities	\$833,249,168	\$877,889,628
Shareholders' Equity		
Share Capital	\$42,372,201	\$42,393,547
Share Premium	5,052,677	5,099,744
General Reserve	7,486,050	7,486,050
Retained Earnings	26,792,083	27,264,345
Reserve for Dividends	-	3,391,484
Net Unrealized Appreciation/(Depreciation) on Investments Available-For-Sale	886,257	(22,636)
Equity Adjustment from Foreign Currency Translation	(1,025,108)	695,888
Total Shareholders' Equity	\$81,564,160	\$86,308,422
Total Liabilities & Shareholders' Equity	\$914,813,328	\$964,198,050

Consolidated Statement of Income

For the 6 month period ending 31 March 2009

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	31 Mar 2009	31 Mar 2008
Interest Income	\$15,424,848	\$26,079,268
Interest Expense	4,405,857	11,135,691
Net Interest Income	\$11,018,991	\$14,943,577
Other Income		
Foreign Exchange Fees and Commissions	\$2,806,647	\$2,924,913
Banking Fees and Commissions	4,221,672	4,316,360
Trust and Company Management Fees	3,364,774	2,918,504
Brokerage Commissions and Fees	1,348,772	1,549,734
Realized Gains on Available-For-Sale Investment	-	60,165
Realized proceeds Visa Shares	-	3,090,880
Loss on Financial Instruments Recognized at Fair Value	(483,349)	-
Total Other Income	\$11,258,516	\$14,860,556
Total Income	\$22,277,507	\$29,804,133
Expenses		
Personnel	\$11,717,139	\$11,889,560
Other Operating Expenses	5,110,770	5,454,208
Premises	1,517,456	1,343,578
Depreciation	1,758,061	1,486,158
Goodwill Impairment Charge	161,260	-
Total Expenses	\$20,264,686	\$20,173,504
Net Income before Taxation	\$2,012,821	\$9,630,629
Taxation	-	-
Net Income	\$2,012,821	\$9,630,629
Key Performance Ratios	31 Mar 2009	31 Mar 2008
Earnings Per Share	\$0.06	\$0.49
Price Earnings Ratio	4.1	6.98
Return on Assets	0.27%	2.15%
Return on Equity	3.06%	23.97%
Book Value per Share	\$1.92	\$2.04
Dividend Yield per Share	6.10%	4.39%

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