

Third Quarter Report 2006/2007

Quarter Ending 30 June 2007



**CAYMAN
NATIONAL**

3rd Quarter Interim Report 2006/2007

We are pleased to report that the sound performance of the Group continues with Net Income of C\$14,184,976.00 for the nine month period to June 30, 2007. As mentioned in our previous reports issued to shareholders, performance for the Group, when compared with last year, should take into account the exceptional gain of C\$3,283,075.00, which resulted from the sale of Cayman General Insurance Co. Ltd. shares in November 2005. With this in mind we are very satisfied with the current trading performance when compared with the Net Income of C\$ 16,551,014 achieved for the first 9 months of the 2006 financial year.

The Group's balance sheet also continues to reflect satisfactory growth, with Total Assets up by 7.5% on a year ago and Total Shareholder's Equity up by 22.3%.

We are particularly pleased with the Group's recovery from the exceptional costs incurred in 2004 and 2005, which resulted from Hurricane Ivan. Shareholder's Equity is now restored to comfortable levels which has enabled the Board of Directors to increase the interim dividend by 19%, with this dividend payment being made to shareholders during September. The continuation of our strong trading performance and sound capital base has already enabled us to indicate to shareholders that the Board of Directors anticipates being able to recommend a similar increase in the final dividend which will be paid in March 2008, subject to approval at the next AGM.

As far as future dividends are concerned, based on our performance and anticipated profitability, the Board of Directors is to recommend to shareholders that our objective should be to increase dividends by at least 10% per annum for the

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Consolidated Balance Sheet

As of June 30th 2007

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	June 30th 2007	June 30th 2006
Cash and due from banks	399,504,944	412,733,471
Investments	22,254,721	24,224,184
Loans and overdrafts	369,919,356	305,816,257
Interest receivable	3,002,345	2,417,753
Accounts receivable	16,388,598	9,033,877
Investment in Associate	2,885,755	2,559,129
Fixed assets	23,957,925	22,122,843
Goodwill	4,796,232	5,054,735
Total	842,709,876	783,962,249
Liabilities		
Depositors' Accounts		
Current	126,387,497	136,350,854
Savings	131,209,957	145,257,990
Fixed deposits	476,830,543	419,709,035
Total	734,427,997	701,317,879
Interest payable	1,143,326	1,215,757
Accounts payable & Accrued Expenses	30,261,964	18,560,865
Total	765,833,287	721,094,501
Shareholders Equity		
Share capital	42,378,547	41,686,308
Share premium	5,069,743	2,908,358
General reserve	7,486,050	7,486,050
Retained earnings	18,156,450	7,958,850
Reserve for dividends	2,966,498	2,501,178
Net unrealized appreciation (depreciation) on investments available-for-sale	86,975	131,975
Equity adjustments from foreign Currency translation	732,326	195,029
Total Shareholders' Equity	76,876,589	62,867,748
Total Liabilities & Shareholders' Equity	842,709,876	783,962,249

Consolidated Statement of Income

For the 9 month period ending June 30th 2007

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	June 30th 2007	June 30th 2006
Interest Income	41,427,688	34,046,734
Interest Expense	17,758,507	13,139,901
Net Interest Income	23,669,181	20,906,833
Other Income		
Foreign exchange fees and commissions	4,641,184	3,783,542
Banking fees and commissions	5,459,934	5,592,388
Trust and company management fees	4,292,428	3,614,955
Brokerage commissions and fees	1,580,336	1,793,634
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	(150,015)
Share of Associated Company's profits	320,482	353,365
Total Other Income	16,632,416	19,197,906
Total Income	40,301,597	40,104,739
Expenses		
Personnel	15,593,438	13,947,680
Other operating expenses	6,970,883	6,187,799
Increase in loan impairment provision	-	378,000
Premises	1,305,438	1,241,553
Depreciation	1,936,146	1,798,693
Goodwill impairment charge	222,765	-
Loss on Disposal of Assets	87,951	-
Total Expenses	26,116,621	23,553,725
Net Income before Taxation	14,184,976	16,551,014
Taxation	-	-
Net Income	14,184,976	16,551,014
Net Income Attributable to:		
Equity Holders of the Company	14,184,976	16,439,213
Minority Interests	-	111,801
	14,184,976	16,551,014

Key Performance Ratios	June 30th 2007	June 30th 2006
Earnings Per Share	0.41	0.47
Price Earnings Ratio	8.54	7.45
Return on Assets	2.05%	2.47%
Return on Equity	22.46%	30.86%
Book Value Per Share	\$1.81	\$1.51
Dividend Yield per share	3.71%	3.43%

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

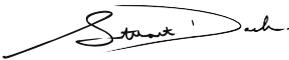
foreseeable future.

As shareholders are aware we recently launched a formal Dividend Re-Investment Plan. This scheme was very well received, with more than 200 shareholders subscribing to the plan. Documents for the scheme are available on the Group's website www.caymannational.com for shareholders who have not yet taken advantage of the scheme and would like to apply for dividend re-investment for future dividends.

In our previous reports we have made reference to the various new initiatives that are underway within the Group. We continue with the planning and formalities to establish an office in Dubai and during October our International Financial Services division will re-locate to our new offices in Camana Bay. Towards the end of the year a new branch of Cayman National Bank will also open in Camana Bay. As the new town concept of Camana Bay develops we expect significant benefit from our presence in this new and prestigious location, particularly given our exclusive rights to provide retail banking services in the main sector of the development.

We anticipate that the strong performance of the Group recorded for the third quarter will continue and we therefore expect the full year's results to reflect a good performance for the organization. Our ongoing success can be attributed to the continued hard work of the Group's employees and the support of our shareholders and clients.

The Board of Directors is grateful for the loyal support of all of our stakeholders.



Stuart J. Dack
President and Chief Executive
Cayman National Corporation



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

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)

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

Cayman National Fund Services (Isle of Man) Ltd.

Cayman National (Panama) Oficina de Representación