FINANCIAL SUMMARY

The Group's Net Income for the six-month period ended March 31, 2003 was $3,603,873 (March 2002: $4,053,269), which, annualized, resulted in Earnings per Share of $0.19, Dividend Yield per Share of 4.80%, Book Value per Share of $1.85, Return on Assets of 1.37%, Return on Equity of 10.28%, and Price Earning Ratio of 13.16 times.

The main impact on Net Interest Income has been the further reduction in international interest rates experienced during the last six months – prime rates are currently some 2% lower than a year ago. On the other hand we are pleased to report that Non-Interest Income increased by 13% and within this category, Underwriting Income and associated fees increased by a creditable 64% over last year's interim results.

Expenses continue to be a focus of attention for management and although these are down by 1% on the same period last year, further savings will come through as significant personnel cost reductions, already effected, are seen to impact as the financial year progresses.

DIVIDEND

The Board of Directors has recommended maintaining the interim dividend at $0.06 (six cents) per share to shareholders of record as of 30 June 2003. Dividends will be paid on July 21, 2003. The opportunity for shareholders to reinvest their dividend in additional shares is again being offered.

COMMENTARY

Despite the slight reduction in overall income, when compared with the same period last year, we feel the interim results still reflect a sound performance when measured against local and international economic factors. We also believe that our diversity as a financial organization is underlined by the figures, which benefited from stronger performance in the insurance sector whilst external factors influenced profitability in the banking sector.

We are also pleased to report that new marketing initiatives are starting to produce promising results. Although the lead-time to profitability is lengthy, the effort that has been made is both important and necessary to our future in a rapidly changing world, and we are now beginning to see positive results.

We are also able to report that Cayman General Insurance (CGI) is expanding the utilization of technology. In conjunction with Brac Informatics Centre (BIC), an international provider of e-business services, a more efficient health claims process has been introduced that also gives customers 'around the clock' access to their personal health insurance and claim information. This service known as DeskVAULT, is available through Cayman National's Group website at www.caymannational.com.

The ownership of Cayman Insurance Brokers, previously a subsidiary of CGI, has been transferred directly to the holding company Cayman National Corporation. This coupled with a name change to Cayman National Insurance Brokers Ltd enables us to focus on our brokerage company to extend the sales of insurance products, and further to provide our customers with a range of comprehensive insurance services.

David McConney, President of Cayman National Bank, has, for personal reasons, decided to leave the organization later this year. David has made an important contribution to the Group over the last 4 years and has been instrumental in many of the changes that have taken place within the Bank. Although David has now resigned as a Director of Cayman National Corporation, he will continue in his role as President and Director of Cayman National Bank until his departure, which he anticipates will be at the end of August. The Board of Directors of Cayman National is very grateful to David for his valuable contribution and wish him and his family every success with their future endeavours.

CONSOLIDATED BALANCE SHEET

As at March 31, 2003

Un-audited figures expressed in Cayman Islands dollars

Asset		March 31 2003	March 30 2002
Cash and due from banks		211,552,226	253,398,053
Investments		40,939,065	46,029,113
Loans and overdrafts		270,222,619	296,550,599
Interest receivable		1,121,759	1,717,831
Accounts receivable		8,382,963	7,495,186
Customers' liabilities on acceptances		4,405,224	4,244,054
Fixed assets		23,168,601	24,014,183
Goodwill		1,981,212	1,230,976
Total Assets	**CI$**	**561,773,669**	**634,679,995**
Liabilities			
Depositors' accounts:			
Current		76,236,972	77,720,246
Savings		99,962,233	98,242,157
Fixed Deposits		292,936,546	368,055,460
		469,135,751	544,017,863
Interest Payable		399,496	772,127
Accounts Payable & accrued expenses		9,431,663	8,848,152
Reserve for Unpaid Claims		1,344,219	1,471,902
Liability to third parties under letters of credit and guarantees		4,405,224	4,244,054
Dividends Payable		2,423,661	2,419,744
Minority Interest		51,236	153,500
Total Liabilities	**CI$**	**487,191,250**	**561,927,342**
Shareholders' Equity			
Share capital		40,394,357	40,331,510
Share premium		3,571,672	3,445,382
General reserve		12,411,626	12,411,626
Retained earnings		17,644,020	16,766,991
Net unrealised appreciation on investments		512,925	0
Equity adjustment from foreign currency translation		47,819	(188,891)
Treasury Stock		0	(13,965)
Total Shareholders' Equity		**74,582,419**	**72,752,653**
Total Liabilities and Shareholders' Equity	**CI$**	**561,773,669**	**634,679,995**
	US$ *(Equiv)*	**674,128,402**	**761,615,994**

CONSOLIDATED STATEMENT OF INCOME

For the period ending March 31, 2003

Un-audited figures expressed in Cayman Islands dollars

		(6-months ending) March 31 2003	(6-months ending) March 30 2002
Income			
Interest Income		11,057,805	14,007,165
Interest Expense		1,880,589	3,191,527
Net Interest Income	**CI$**	**9,177,216**	**10,815,638**
Other Income			
Foreign exchange fees and commissions		1,616,836	1,496,347
Banking fees and commissions		2,868,188	2,786,710
Trust and Company Management fees		1,753,690	1,600,309
Brokerage commissions and fees		831,973	792,999
Underwriting income and other fees		1,583,049	964,022
Total Income	**CI$**	**17,810,952**	**18,456,025**
Expenses			
Personnel		8,145,402	8,013,628
Other operating expenses		3,243,501	3,175,385
Increase in reserve for loan losses		776,602	1,281,006
Premises		706,428	616,839
Depreciation		1,260,830	1,199,965
Amortization of Goodwill		87,234	101,776
Total Expenses	**CI$**	**14,219,997**	**14,388,599**
Net Income (before Taxation & Minority Interest)	**CI$**	**3,610,955**	**4,067,426**
Minority Interest		**(7,082)**	**(14,157)**
Taxation		**0**	**0**
Net Income (after Taxation & Minority Interest)	**CI$**	**3,603,873**	**4,053,269**
Dividend Payable	**CI$**	**2,423,661**	**2,419,744**

Key Performance Ratios

EARNINGS PER SHARE	$ 0.19	$ 0.22
PRICE EARNINGS RATIO	13.16	13.64
RETURN ON ASSETS	1.37%	1.39%
RETURN ON EQUITY	10.28%	12.13%
BOOK VALUE PER SHARE	$ 1.85	$ 1.80
DIVIDEND YIELD PER SHARE	4.80%	4.00%

All performance ratios are computed using 12 months 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

Eric J. Crutchley, MBE FCIB, *President & Chief Executive*

John C. Bierley, BA JD (USA)

Sherri Bodden-Cowan LL.B

Stuart J. Dack, ACIB, MBA

Clarence Flowers, Jr.

J.F. Richard Hew, BSEE, MBA, PE

David J. McConney, BA (ECON), FICB

Peter A. Tomkins, MBE

David W. Trimble, MA (Cantab)

THE GROUP

Holding Company

Cayman National Corporation

Subsidiaries

Cayman National Bank

Cayman National Property Holdings

Cayman National Securities

Cayman National Trust Co.

Caymanx Trust Company

Cayman National Investments

Cayman General Insurance

Cayman Insurance Brokers Ltd.

Absit Insurance Management Ltd.

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Interim Report 2002/2003