

FINANCIAL SUMMARY

The consolidated statement of income for the previous period reflected in these statements is from November 1, 2000 to June 30, 2001 and the eight-month period then ended. The Group changed its year end from October 31 to September 30 at the Annual General Meeting in March 2001 and thereby moved to reporting on the calendar quarters of December, March, June, and September.

The Group's Net Income for the nine-month period ended June 30, 2002 was \$5,854,758 (\$7,326,181 for the eight month period November 1, 2000 to June 30, 2001). Total Assets declined marginally by 3%. This resulted in the key performance ratios shown under the statement of income.

A mixture of external and internal forces—continuing low interest rates, further deterioration in the stock markets internationally, a local economy that remains depressed, the burden of expenditure on new and retrospective compliance procedures and increased licensing fees—all combine to reduce the net income result and impede balance sheet growth. Notwithstanding these factors, we consider that net income of \$5.8 million for the period is a good result in the difficult international economic climate, and we continue to put the year to good use with the launching of Telephone Banking, Self-Service Branches and additional Cayman Express ATMs. We also anticipate that in our next report we will be able to report the launch of our Internet Banking Service. Locally and Internationally we also have under active consideration some new initiatives that will enable us to respond to our changing environment and we look forward to reporting on these as matters progress over the next few months.

DIVIDEND

An interim dividend of \$0.06 (six cents) per share to shareholders of record as of June 30 2002 (2001: \$0.06), was paid on July 22, 2002. The Directors will defer their recommendations in respect of the final dividend until the year end results are known and potential expenditure on new business opportunities is quantified.

COMMENTARY

A formal Dividend Reinvestment Plan has been developed and will shortly be offered to all shareholders. An informal arrangement offered at the time of the interim dividend produced a good take-up response which we found to be encouraging.

The Group continues to work with various authorities and advisors in completing the requirements to move to full trading status on the Cayman Islands Stock Exchange (CSX).

Shareholders approved the appointment of three additional Directors, one non-executive, Mrs. Sherri Bodden-Cowan, and two executive, Mr. David McConney, President of Cayman National Bank, and Mr. Stuart Dack, Executive Vice-President Cayman National Corporation at the Extraordinary General meeting held on Wednesday, July 31, 2002. We are proud to welcome Mrs. Bodden-Cowan and look forward to her working closely with the

CONSOLIDATED BALANCE SHEET**As at June 30, 2002***Unaudited figures expressed in Cayman Islands dollars*

Asset	June-30 2002	June-30 2001
Cash and due from banks	213,080,114	265,608,324
Investments	43,488,859	41,375,115
Loans and overdrafts	293,687,334	264,849,875
Interest receivable	1,751,547	2,755,507
Accounts receivable	9,414,602	2,977,387
Customers' liabilities on acceptances	3,886,838	5,228,682
Fixed assets	24,107,058	22,152,958
Goodwill	1,243,351	1,225,921
Total Assets	CI\$ 590,659,703	606,173,769
Liabilities		
Depositors' accounts:		
Current	75,316,695	68,072,353
Savings	89,070,596	89,023,779
Fixed Deposits	332,581,660	358,087,179
	496,968,951	515,183,311
Interest Payable		
Accounts Payable & accrued expenses	641,687	1,937,880
Reserve for Unpaid Claims	10,468,418	6,631,543
Liability to third parties under letters of credit and guarantees	1,327,568	2,818,136
Dividends Payable		5,228,682
Minority Interest	3,886,838	2,415,254
	2,422,731	274,242
Total Liabilities	CI\$ 72,824	534,489,048
Shareholders' Equity	515,786,030	534,489,048
Share capital		
Share premium		40,257,125
General reserve	40,378,858	3,263,463
Retained earnings	3,543,048	12,411,626
Equity adjustment from foreign currency translation	12,411,626	15,977,844
Treasury Stock	18,566,026	
Total Shareholders' Equity	(28,872) 0	(208,807) (16,530)
Total Liabilities and Shareholders' Equity	CI\$ 74,873,673	71,684,721
	US\$ (Equiv) 590,659,703	606,173,769
	708,791,643	727,408,523

CONSOLIDATED STATEMENT OF INCOME**For the period ending June 30, 2002***Unaudited figures expressed in Cayman Islands dollars*

Income	(9 Months) June-30 2002	(8 Months) June-30 2001
Interest Income	20,055,969	27,056,683
Interest Expense	4,472,442	12,409,431
Net Interest Income	CI\$ 15,583,547	14,674,342
Other Income		
Foreign exchange fees and commissions	2,322,399	2,205,926
Banking fees and commissions	4,168,442	3,530,269
Trust and Company Management fees	2,448,714	2,274,563
Brokerage commissions and fees	1,234,351	1,511,959
Underwriting income and other fees	1,650,636	1,081,366
Total Income	CI\$ 27,408,089	25,251,425
Expenses		
Personnel		
Other operating expenses	12,131,241	10,649,053
Increase in reserve for loan losses	4,683,691	3,976,684
Premises	1,854,114	634,089
Depreciation	947,638	446,603
Amortization of Goodwill	1,747,488	2,117,313
	154,249	112,604
Total Expenses	CI\$ 21,545,421	17,936,346
Net Income (before Taxation & Minority Interest)	CI\$ 5,862,668	7,315,079
Minority Interest Taxation	(7,910)	11,102
Net Income (after Taxation & Minority Interest)	CI\$ 0	0
Dividend Payable	CI\$ 5,854,758	7,326,181
	2,422,731	2,415,254
Key Performance Ratios		
EARNINGS PER SHARE	\$0.20	\$0.28
PRICE EARNINGS RATIO	15.00	14.29
RETURN ON ASSETS	1.38%	1.86%
RETURN ON EQUITY	11.00%	15.73%
BOOK VALUE PER SHARE	\$1.85	\$1.78
DIVIDEND YIELD PER SHARE	4.00%	3.00%

All performance ratios are computed using 12 months trailing

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.

David J. McConney, BA (ECON), FICB

Norberg K. Thompson, OBE

Peter A. Tomkins, MBE

David W. Trimble, MA (Cantab)

Recently appointed Directors:

Sherri Bodden-Cowan is an Attorney at Law practicing in the Cayman Islands. She specializes in Real Estate, Corporate, Licensing and Immigration Law. Mrs. Bodden-Cowan is a very active member of the local community and various Cayman Islands Government Boards.

Stuart J. Dack qualified as an Associate of the Chartered Institute of Bankers (UK) in 1976 and gained an MBA in 2001. Mr. Dack entered a career in banking in 1971, spending 22 years with the Midland Bank Group in the UK before joining the Cayman National Group in 1992 as Internal Auditor. In 1998 he became the Corporations' Executive Vice President.

David J. McConney holds an undergraduate degree in Economics & Political Science and gained his banking qualification through the Institute of Canadian bankers. Mr. McConney joined the Cayman National Group in 1999 as the President of Cayman National Bank after 20 years of diverse banking experience with the Bank of Montreal and CIBC.

THE GROUP

Holding Company

Subsidiaries

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3rd Quarter Report 2001/2002

***3rd Quarter Report
2001/2002***

Benson O. Ebanks, Jr.
OBE, JP
Chairman

Eric J. Crutchley
MBE, FCIB
President & Chief Executive

***3rd Quarter Report
2001/2002***