

Third Quarter Report 2010

Quarterly Report for the Period to 30 June 2010



**CAYMAN
NATIONAL**

We are pleased to report the ongoing profitability of Cayman National with Net Income of C\$5,462,565 for the nine months of this financial year to 30 June 2010. This result is up 80% on the figure of C\$3,006,110 recorded for the same period last year.

We are satisfied with this result and the substantial increase achieved over last year during a time when interest rates have continued at historically low levels. Economic conditions in our region and around the world remain difficult but as mentioned previously, our business remains well-positioned to maintain profitability during these times, with costs contained and sound income from both interest and non-interest earning sectors of our business.

Our Balance Sheet remains strong with Total Assets up by more than 10% on a year ago at over C\$1 billion for the first time in Cayman National's history. This asset base is a good indicator of the confidence that our depositors have in our organisation and represents the strength of our business when coupled with Shareholders' Equity of more than C\$80,000,000.

During these times it is appropriate to report that the performance of our loan book also remains strong. Like our conservative approach to investments, our cautious and well-developed lending policies have enabled us to achieve consistent and sound results with our lending. Despite more challenging economic times we have not experienced any significant adverse trend in our lending quality and we continue to hold lending provisions at sensible levels. We remain very vigilant in this important area.

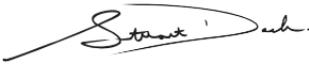
In our half-year report we indicated to shareholders that a decision on the Interim Dividend would be taken by Directors in the light of the third quarter results, with our ambition being to pay an interim dividend of 5 cents per share. On the basis of the results now published we are delighted to confirm this level of dividend payment, and a dividend of 5 cents per share has been paid to all shareholders of record as at 30 June 2010.

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In our last report we also mentioned the opening of the new bank in the Turks and Caicos Islands. Cayman National has a majority stake in this venture with the new bank branded under the name of the International Banking Group (IBG). IBG opened its doors for business in July and good progress is being made by the full service bank in its early days.

Despite the difficult economic conditions that continue to prevail around the globe, we remain very satisfied with our performance. With our financial year-end approaching we anticipate another sound result for the Group for the year to 30 September, 2010. An important part of our success continues to be the loyal support of our shareholders, for which we again thank you. In addition, we again express our thanks to our clients both longstanding and new, together with appreciation to our staff who show such strong commitment to our organisation.



Stuart J. Dack

President and Chief Executive
Cayman National Corporation Ltd.



Truman M. Bodden

Chairman of the Board of Directors
Cayman National Corporation Ltd.



Consolidated Balance Sheet

As of 30 June 2010

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	30 Jun 2010	30 Jun 2009
Cash and due from banks	\$414,036,898	\$383,211,313
Investments	20,555,503	25,016,137
Loans and overdrafts	563,156,188	487,384,420
Interest receivable	1,585,549	2,403,379
Accounts receivable	7,225,280	10,948,167
Fixed assets	27,992,248	27,593,480
Goodwill	4,045,049	3,731,710
Total Assets	\$1,038,596,715	\$940,288,606
Liabilities		
Depositors' accounts		
Current	\$173,595,516	\$138,057,060
Savings	279,500,455	197,634,216
Fixed deposits	486,304,532	503,741,005
Total	\$939,400,503	\$839,432,281
Interest payable	475,779	1,061,509
Accounts payable & accrued expenses	15,883,841	16,400,273
Total Liabilities	\$955,760,123	\$856,894,063
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	26,734,655	25,666,761
Reserve for dividends	2,117,537	2,118,610
Net unrealized appreciation/(depreciation) on investments available-for-sale	(61,126)	1,036,068
Equity adjustment from foreign currency translation	(823,152)	(337,824)
Total Shareholders' Equity	\$82,836,592	\$83,394,543
Total Liabilities & Shareholders' Equity	\$1,038,596,715	\$940,288,606

Consolidated Statement of Income

For the 9 month period ending 30 June 2010

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	30 Jun 2010	30 Jun 2009
Interest Income	\$19,351,911	\$21,963,724
Interest Expense	1,661,766	5,396,885
Net Interest Income	\$17,690,145	\$16,566,839
Other Income		
Foreign exchange fees and commissions	\$3,842,061	\$4,023,918
Banking fees and commissions	6,519,028	6,196,112
Trust and company management fees	5,345,554	5,156,169
Brokerage commissions and fees	1,395,801	1,993,404
Gain on disposal of joint venture	953,382	-
Loss on disposal of investment held-for-sale	(29,708)	-
Realised gains on available for sale securities	910,055	-
Unrealized (loss)/gain from financial instrument designated at fair value	(56,729)	(483,349)
Total Other Income	\$18,879,444	\$16,886,254
Total Income	\$36,569,589	\$33,453,093
Expenses		
Personnel	\$18,007,576	\$17,477,926
Other operating expenses	8,486,453	7,786,134
Premises	2,684,110	2,373,006
Depreciation	1,928,885	2,121,754
Goodwill impairment charges	-	322,520
Dubai office expenses	-	365,643
Total Expenses	\$31,107,024	\$30,446,983
Net Income before Taxation	\$5,462,565	\$3,006,110
Taxation	-	-
Net Income	\$5,462,565	\$3,006,110
Net Income Attributable to:		
Equity Holders of the Company	5,462,565	3,006,110
Minority Interests	-	-
	5,462,565	3,006,110

Key Performance Ratios	30 Jun 2010	30 Jun 2009
Earnings Per Share	\$0.13	\$0.10
Price Earnings Ratio	18.62	23.75
Return on Assets	1.29%	0.45%
Return on Equity	8.17%	5.08%
Book Value per Share	\$1.96	\$1.98
Dividend Yield per Share	4.13%	6.32%

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



Cayman National Corporation Ltd.

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Board of Directors:

Truman M. Bodden, OBE, LLB (Hons), ACIB, JP, 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, LLB
Jude Scott, CPA

Group of Companies:

Cayman National Bank Ltd.
Cayman National Trust Co. Ltd.
Cayman National Fund Services Ltd.
Cayman National Securities 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.
International Banking Group (TCI) Ltd.