

Fourth Quarter Report



**CAYMAN
NATIONAL**

Consolidated Balance Sheet

As of 30 September 2010

(Unaudited Figures Expressed in Cayman Islands Dollars)



Assets	30 Sept 2010	30 Sept 2009
Cash and due from banks	\$418,625,037	\$362,598,753
Investments	17,642,239	21,576,150
Financial assets designated at fair value	-	2,949,912
Investment Property	2,277,475	-
Loans and overdrafts	580,775,665	492,267,016
Interest receivable	1,309,276	1,888,261
Accounts receivable	7,458,734	5,914,297
Fixed assets	25,851,751	27,644,250
Goodwill	3,477,102	4,045,050
Total Assets	\$1,057,417,279	\$918,883,689
Liabilities		
Depositors' accounts		
Current	\$175,571,121	\$141,166,316
Savings	307,362,783	213,112,091
Fixed deposits	470,844,033	465,060,639
Total	\$953,777,937	\$819,339,046
Interest payable	417,968	632,342
Accounts payable & accrued expenses	17,518,442	11,419,043
Provisions	1,356,851	4,841,014
Deferred revenue	2,189,137	1,954,956
Total Liabilities	\$ 975,260,335	\$ 838,186,401
Shareholders' Equity		
Share capital	\$42,350,731	\$42,350,731
Share premium	5,031,898	5,031,898
General reserve	7,486,050	7,486,050
Retained earnings	27,138,618	23,581,623
Reserve for dividends	-	2,117,537
Net unrealized appreciation on investments	(432,458)	657,659
Equity adjustment from foreign currency translation	(607,088)	(528,210)
Total Shareholders' Equity	\$80,967,751	\$80,697,288
Non Controlling Interest	\$1,189,193	-
Total Liabilities & Shareholders' Equity	\$1,057,417,279	\$918,883,689

Consolidated Statement of Income

For the 12 month period ending 30 September 2010

(Unaudited Figures Expressed in Cayman Islands Dollars)



Income	30 Sept 2010	30 Sept 2009
Interest Income	\$27,089,061	\$29,350,060
Interest Expense	2,153,600	6,393,987
Net Interest Income	\$24,935,461	\$22,956,073
Other Income		
Foreign exchange fees and commissions	\$5,108,999	\$5,378,528
Banking fees and commissions	7,879,597	7,503,209
Trust and company management fees	7,837,959	6,750,365
Brokerage commissions and fees	1,765,553	2,591,535
Realized (loss)/gains on available for sale securities	(30,387)	70,594
Gain on disposal of fixed assets	-	2,185,220
(Loss)/Income from financial instruments designated at fair value	(56,729)	(501,946)
Gain on sale of investment available-for-sale	910,055	446,200
Gain on disposal of equity interest in Subsidiary	761,382	-
Total Other Income	\$24,176,429	\$24,423,705
Total Income	\$49,111,890	\$47,379,778
Expenses		
Personnel	\$24,118,519	\$23,317,397
Other operating expenses	11,744,513	13,648,035
(Decrease)/Increase in reserve for loan losses	25,009	(67,879)
Premises	3,634,336	3,314,322
Depreciation	2,732,837	2,853,349
Goodwill impairment charges	567,948	9,179
Impairment on investment held-to-maturity	806,200	200,000
Total Expenses	\$43,629,362	\$43,274,403
Net Income before Taxation	\$5,482,528	\$4,105,375
Taxation	-	992
Net Income	\$5,482,528	\$4,106,367
Net Income Attributable to:		
Equity Holders of the Company	5,941,854	4,106,367
Non Controlling Interest	(459,326)	-
	5,482,528	4,106,367

Key Performance Ratios	30 Jun 2010	30 Jun 2009
Earnings Per Share	50.13	50.10
Price Earnings Ratio	17.69	21.45
Return on Assets	0.55%	0.44%
Return on Equity	6.78%	4.99%
Book Value per Share	\$1.91	\$1.91
Dividend Yield per Share	4.37%	6.25%

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

Fourth Quarter Ending 30 September 2010

We are pleased to report that Cayman National has had another successful year, with the Group's profit up by 34% on the last financial year, at CI\$5,482,528 for the year to 30 September 2010.

Total Income is up by 4% on the previous year and expenses have been well contained, being up by less than 1% over the previous year.

We are also pleased that our Balance Sheet has remained strong with Total Assets up by 15% and Total Deposits up by 16%.

These results are very sound at a time when economic turmoil remains a feature in many jurisdictions in the world and interest rates remain at historically low levels. As mentioned in our reports before, the structure of our business is geared to very conservative investments, mainly in "cash" instruments, which results in diminished profitability during periods of low interest rates. We remain firm on our investment strategy which has served us well, and our business is now well-positioned to remain profitable during these times with the expectation that profitability will follow rates upwards when they inevitably climb in the future. As we have also indicated before, we are pleased that despite the difficult trading conditions of the past two years or so, we have not had to resort to the fund raising measures that so many in our industry have had to pursue. This leaves us in good shape to benefit as and when economic conditions in our region improve.

In addition to our deposit book, which continues to perform well, we are also very satisfied with the performance of our loan book. Our lending remains under regular and critical scrutiny. Our cautious approach to lending in the past means that we are again able to report that we have not seen any adverse trend in the condition of the lending book.

Our full Annual Report will be circulated to shareholders ahead of the next Annual General Meeting but we know that shareholders welcome this initial report. As always our full report will set out greater details, including the Board's recommendation as to the final dividend to be paid to shareholders. We continue to strive to maintain a sensible dividend stream that is not only affordable to the company, but also provides shareholders with a sensible return for their investment.

Overall, we remain confident that our ongoing satisfactory performance will continue and with our new financial year now underway, our budgets and planning predict another year of solid performance. Our continued success remains a tribute to the loyal support of our shareholders, clients and staff, to whom we again extend our thanks and appreciation.

Stuart J. Dack
President and Chief Executive
Cayman National Corporation Ltd.

Truman M. Bodden
Chairman of the Board of Directors
Cayman National Corporation Ltd.