

First Quarter Report 2010/2011

First Quarter Ending 31 December 2010



**CAYMAN
NATIONAL**

We are pleased to report that Cayman National has started this financial year with a satisfactory result. Net Income attributable to the Company for the first quarter to 31 December 2010 was C\$1,447,461, which is similar to the result of C\$1,500,314 achieved during the same period last year. We are also pleased that performance is in line with budgets.

With interest rates remaining at historically low rates, we are content with our ongoing performance, with our strategy being one of continued cost containment coupled with cautious investment policies.

Despite the ongoing difficult economic conditions in our region and the low interest rate environment, we are pleased to see an increase in our total deposits of 13% on a year ago.

As mentioned before, many financial institutions are struggling to maintain their level of deposits during these times and we are pleased with the commitment and loyalty of our many long term depositors and also with the number of new depositors that now invest with us.

The quality of our loan book remains under close control and scrutiny. It is gratifying for us to report that, despite tight economic conditions, the performance of our lending remains consistent with previous years and reflects our long-term conservative approach to the credit process.

Following approval of the final dividend of 5 cents per share by shareholders at the recent Annual General Meeting, it is appropriate to reflect that a total dividend of 10 cents per share was paid to shareholders last year. This represents a yield of 4% for the year which we believe provides shareholders with a sound and attractive return in the context of continuing low interest rates generally.

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As mentioned at our Annual General Meeting, action has been taken to reduce costs within International Banking Group, the newly opened bank in Turks and Caicos in which CNC has a substantial stake. With business at the new bank now growing and costs reduced, we are focused on the sensible actions required relating to this investment.

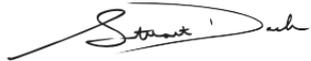
As our results again indicate, our overall business remains sound with good profitability relative to the current financial conditions and a strong balance sheet where Total Assets now exceed one billion Cayman Islands dollars.

Our expectation is that the business will continue to develop profitably as the year proceeds and we remain optimistic regarding the future and success of our business.

We again take this opportunity to thank our loyal shareholders, customers and employees for their support.



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



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



Consolidated Balance Sheet

As of 31 December 2010

(Unaudited Figures Expressed in Cayman Islands Dollars)

Assets	31 Dec 2010	31 Dec 2009
Cash and due from banks	\$403,029,681	378,567,536
Investments	35,651,698	25,211,949
Loans and overdrafts	580,600,642	509,842,977
Interest Receivable	1,299,303	1,601,873
Accounts Receivable	8,809,930	6,435,213
Investment Property	2,277,475	2,277,475
Fixed Assets	25,198,969	26,006,607
Goodwill	3,324,283	4,045,049
Total Assets	1,060,191,981	\$953,988,679
Liabilities		
Depositors' accounts		
Current	\$158,094,762	\$143,774,957
Savings	349,752,854	204,045,016
Fixed Deposits	455,263,483	507,079,838
Total	\$963,111,099	\$854,899,811
Interest Payable	547,997	719,643
Accounts Payable & accrued expenses	12,560,887	15,360,579
Total Liabilities	\$ 976,219,983	\$ 870,980,033
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	25,727,377	25,081,938
Reserved for Dividends	2,117,537	2,117,537
Net unrealized appreciation on investments	(184,928)	1,381,792
Equity adjustment from foreign currency translation	(708,335)	(441,300)
Total Shareholders' Equity	\$81,820,330	\$83,008,646
Non Controlling Interest	\$2,151,668	-
Total Liabilities & Shareholders' Equity	\$1,060,191,981	\$953,988,679

Consolidated Statement of Income

For the 3 month period ending 31 December 2010

(Unaudited Figures Expressed in Cayman Islands Dollars)

Income	31 Dec 2010	31 Dec 2009
Interest Income	\$6,738,310	\$6,286,480
Interest Expense	563,908	567,804
Net Interest Income	\$6,174,402	\$5,718,676
Other Income		
Foreign exchange fees and commissions	\$1,346,163	\$1,245,650
Banking fees and commissions	2,309,540	2,080,138
Trust and company management fees	1,891,753	1,812,437
Brokerage commissions and fees	358,345	673,490
Total Other Income	\$5,905,801	\$5,811,715
Total Income	\$12,080,203	\$11,530,391
Expenses		
Personnel	\$6,114,192	5,947,777
Other operating expenses	3,147,988	2,536,186
Premises	920,250	873,394
Depreciation	687,332	672,720
Total Expenses	\$10,869,762	\$10,030,077
Net Income before Taxation	\$1,210,441	\$1,500,314
Taxation	-	-
Net Income	\$1,210,441	\$1,500,314
Net Income Attributable to:		
Equity Holders of the Company (CNC)	1,447,461	1,500,314
Non Controlling Interest	(237,020)	-
	1,210,441	1,500,314

Key Performance Ratios	31 Dec 2010	31 Dec 2009
Earnings Per Share	\$0.12	\$0.10
Price Earnings Ratio	18.83	33.50
Return on Assets	0.48%	0.44%
Return on Equity	2.96%	2.46%
Book Value Per Share	\$1.93	\$1.96
Dividend Yield per share	4.61%	3.08%

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



**CAYMAN
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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.
Bryan A. Hunter, LLB
Peter A. Tomkins, MBE

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.