

FINANCIAL SUMMARY

We are pleased to report that, notwithstanding the continuing economic conditions, the Group's Net Income for the nine-month period ended June 30, 2003 has continued to progress to \$5,220,988 (2002: \$5,854,758). Whilst there has been a negative impact on some of the key performance ratios as indicated in the report, the Dividend Yield per Share has increased by 20%, and the Book Value per Share continued to improve to \$1.89. The Group continues to maintain a strong Balance Sheet with Total Assets of \$619 million (US\$743 million) and the shareholders' equity position continues to increase. As a result of the change in accounting policies last year and the adoption of 'IAS 39' in respect of investments, the item 'Net unrealized appreciation on investments' has increased by \$418,468 during the current quarter to \$931,393 for the nine months to 30 June, which in the corresponding period would have been reflected in the net profit figure.

While Net Interest Income continues to be negatively impacted (down 13%) by lower interest rates, Non Interest Income has improved with an increase of 10% over the prior period; this is primarily as a result of an appreciable increase in Net Underwriting income supported by an 12% increase in Trust and Company Management Fees.

On the banking side, which continues to underpin the core of the net profit figure, and notwithstanding the interest margin pressures, the bank has maturing positions during the final quarter, which should add to their final projected net profit figure.

The Group's focus on cost control, in particular to reduce personnel expense and streamline operational costs, has resulted in a decline of \$179,136 in Total Expenses over the previous year. Personnel expense, which had previously increased at an average of 11% per annum, has flattened and changed by .5% only. This trend will continue to reduce by the close of the financial year as the measures taken reflect in the final quarter's figures.

DIVIDEND

The directors maintained the dividend level and an interim dividend of \$0.06 (six cents) per share to shareholders of record as of June 30 2003 (2002: \$0.06), was paid July 21, 2003.

COMMENTARY

The Group has already prepared to meet the challenges of the next financial year with strategic business plans being developed by each group company based on Board approved strategic objectives for 2003/2004. We remain reasonably optimistic of stronger growth next year in the Cayman Islands economy as the construction sector is poised to experience stronger growth with a number of projects in various stages of construction as well as others still under planning.

Internationally we are encouraged by the potential business opportunities, which have been developed by our International Financial Services unit. Whilst these efforts have not yet significantly been converted to reflect in our books and consequently the net profit figure, we recognize these developments in South America take time to come to fruition. We are nevertheless confident that by the end of the financial year we shall be in a position to report positive results.

The Board of Directors of Cayman National is pleased to announce that Mr. Ormond Williams will take over as the new President of CNB when Mr. McConney leaves at the end of August this year. Mr. Williams joined the Group in December of 2002 as the Executive Vice President of Cayman National Bank. Mr. Williams has over 21 years of banking experience and has worked in various Caribbean islands as well as in the United Kingdom and Belize.

CONSOLIDATED BALANCE SHEET

As of June 30, 2003

Un-audited figures expressed in Cayman Islands dollars

Asset	June 30 2003	June 30 2002
Cash and due from banks	285,689,333	213,080,114
Investments	34,027,447	43,488,859
Loans and overdrafts	256,432,116	293,687,334
Interest receivable	1,026,604	1,751,547
Accounts receivable	12,479,270	9,414,602
Customers' liabilities on acceptances	4,886,976	3,886,838
Fixed assets	22,797,955	24,107,058
Goodwill	2,146,421	1,243,351
Total Assets	CI\$ 619,486,122	590,659,703
Liabilities		
Depositors' accounts:		
Current	87,798,853	75,316,695
Savings	107,168,047	89,070,596
Fixed Deposits	321,622,001	332,581,660
	516,588,901	496,968,951
Interest Payable	349,753	641,687
Accounts Payable & accrued expenses	17,358,430	10,468,418
Reserve for Unpaid Claims	1,444,913	1,327,568
Liability to third parties under letters of credit and guarantees	4,886,976	3,886,838
Dividends Payable	2,423,661	2,419,744
Minority Interest	56,472	72,824
Total Liabilities	CI\$ 543,109,106	515,786,030
Shareholders' Equity		
Share capital	40,394,657	40,378,858
Share premium	3,572,122	3,543,048
General reserve	12,411,626	12,411,626
Retained earnings	18,970,636	18,569,013
Net unrealised appreciation on investments	931,393	0
Equity adjustment from foreign currency translation	96,582	(28,872)
Total Shareholders' Equity	76,377,016	74,873,673
Total Liabilities and Shareholders' Equity	CI\$ 619,486,122	590,659,703
	US\$ (Equiv)	743,383,346
		708,791,644

CONSOLIDATED STATEMENT OF INCOME

For the period ending June 30, 2003

Un-audited figures expressed in Cayman Islands dollars

Income	(9-months ending) June 30 2003	(9-months ending) June 30 2002
Interest Income	16,306,631	20,055,969
Interest Expense	2,740,054	4,472,422
Net Interest Income	CI\$ 13,566,577	15,583,547
Other Income		
Foreign exchange fees and commissions	2,404,395	2,333,599
Banking fees and commissions	4,162,162	4,227,102
Trust and Company Management fees	2,657,548	2,378,854
Brokerage commissions and fees	1,281,883	1,234,351
Underwriting income and other fees	2,525,370	1,650,636
Total Other Income	13,031,358	11,824,542
Total Income	CI\$ 26,597,935	27,408,089
Expenses		
Personnel	12,195,065	12,131,241
Other operating expenses	4,839,494	4,683,691
Increase in reserve for loan losses	1,233,180	1,854,114
Premises	981,868	974,638
Depreciation	1,846,962	1,747,488
Amortization of Goodwill	269,716	154,249
Total Expenses	CI\$ 21,366,285	21,545,421
Net Income (before Taxation & Minority Interest)	CI\$ 5,231,650	5,862,668
Minority Interest Taxation	(10,662)	(7,910)
	0	0
Net Income (after Taxation & Minority Interest)	CI\$ 5,220,988	5,854,758
Dividend Payable	CI\$ 2,423,661	2,419,744
Key Performance Ratios		
EARNINGS PER SHARE	\$ 0.19	\$ 0.20
PRICE EARNINGS RATIO	13.16	15.00
RETURN ON ASSETS	1.21%	1.38%
RETURN ON EQUITY	9.80%	11.00%
BOOK VALUE PER SHARE	\$ 1.89	1.85
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.

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2002/2003

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Benson O. Ebanks, Jr.
OBE, JP
Chairman

Eric J. Crutchley
MBE, FCIB
President & Chief Executive

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