

The Group's results for the nine months to June 30, 2005 represent a very solid performance, particularly when viewed in the context of the difficult period that businesses and individuals have endured in the Cayman Islands since the catastrophic storm "Ivan" hit the Islands a year ago.

All areas of the Group performed satisfactorily resulting in total income of nearly CI\$36 million for the three quarters to June 30, an increase of 23% over last year. Expenses were well contained at CI\$22.5 million, an increase of just 6%, despite some exceptional costs related to our post Ivan recovery.

The resulting Group net income of CI\$13,189,951 (US\$15,827,941) is 69% ahead of the same period last year, which illustrates our strong ability to maintain a highly profitable and successful business despite the impact of the previously reported insurance losses on the Group's capital base.

With regard to Ivan claims upon our insurance subsidiary, Cayman General Insurance Co. Ltd. (CGI), we are able to confirm that the vast majority of claims have now been settled.

Following the pressures that were imposed upon us as a result of the storm last year it is now gratifying to report a number of very positive developments. The strong trading results of the Group are very encouraging. In addition, the 'Bank of the Year' Award presented by the Banker Magazine to Cayman National Bank gives our business a tremendous boost. This prestigious award gave all our staff the recognition they deserved. The Bank has performed very strongly this year and Ormond Williams, President of CNB and his team are to be congratulated on their fine achievement.

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Third Quarter Report 2004/2005

CAYMAN NATIONAL CORPORATION
CONSOLIDATED BALANCE SHEET
As at June 30, 2005

(Unaudited Figures Expressed in Cayman Islands Dollars)

	June 30 2005	June 30 2004
Assets		
Cash and due from banks	457,169,887	393,583,073
Investments	22,817,893	30,266,185
Loans and overdrafts	263,729,163	260,055,205
Interest Receivable	2,455,947	1,356,697
Accounts Receivable	25,660,653	10,668,750
Fixed Assets	20,856,567	21,968,727
Goodwill	5,054,735	2,274,435
Total Assets	CI\$ 797,744,845	720,173,072
Liabilities		
Depositors' accounts:		
Current	161,038,331	131,835,027
Savings	144,151,213	123,361,807
Fixed Deposits	398,174,455	359,317,118
	703,363,999	614,513,952
Interest Payable	1,266,985	560,061
Accounts Payable & accrued expenses	19,613,196	17,573,378
Reserve for Unpaid Claims	22,862,819	2,324,604
Total Liabilities	749,136,070	634,971,995
Shareholders' Equity		
Share capital	41,046,470	40,394,957
Share premium	2,393,288	3,572,572
General reserve	12,411,626	12,411,626
Retained earnings	(8,942,865)	24,847,528
Reserved for Dividends	1,615,798	2,423,697
Minority Interest	2,029,071	78,488
Net unrealized appreciation(depreciation) on investments	(230,892)	1,127,431
Equity adjustment from foreign currency translation	315,350	344,778
Total Shareholders' Equity	50,637,846	85,201,077
Total Liabilities and Shareholders' Equity	CI\$ 797,744,845	720,173,072

CAYMAN NATIONAL CORPORATION
CONSOLIDATED STATEMENT OF INCOME
For the 9 month period ending June 30, 2005

(Unaudited Figures Expressed in Cayman Islands Dollars)

	June 30 2005	June 30 2004
Income		
Interest Income	25,282,774	15,894,374
Interest Expense	6,568,335	2,404,635
Net Interest Income	18,714,439	13,489,739
Other Income		
Foreign exchange fees and commissions	3,765,313	2,915,983
Banking fees and commissions	4,036,844	4,529,624
Trust and company management fees	3,346,249	3,421,576
Brokerage commissions and fees	1,624,423	1,501,642
Underwriting Income and Other Fees	4,236,259	3,205,304
Total Other Income	17,009,088	15,574,129
Total Income	35,723,527	29,063,868
Expenses		
Personnel	12,749,190	12,357,958
Other operating expenses	5,225,955	5,136,021
Increase in reserve for loan losses	567,000	504,000
Premises	1,217,921	1,045,282
Depreciation	2,492,167	1,836,644
Goodwill impairment charge	211,568	378,540
Total Expenses	22,463,801	21,258,445
Net Income before Taxation	CI\$ 13,259,726	7,805,423
Taxation	-	0
Net Income After Taxation	CI\$ 13,259,726	7,805,423
	Net Income Attributable to:	
	Equity Holders of the Group	13,189,951
	Minority Interest	69,775
		7,792,180
		13,259,726
		7,805,423

Key Performance Ratios

Earnings Per Share	\$	(0.82)	\$	0.26
Price Earnings Ratio		-2.68		15.48
Return on Assets		-4%		1.43%
Return on Equity		-69%		12.19%
Book Value Per Share	\$	1.19	\$	2.11
Dividend Yield Per Share		0.04		3.69%

Note:- Performance ratios are computed using 12 months trailing earnings and average asset balances, as such, losses recorded in the last quarter of 2004 are included in trailing earnings. Thus the ratios indicated can be misleading.



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We are also able to announce agreement with the Dart Group for the establishment of a new Bank Branch in the development of Camana Bay. This agreement gives Cayman National the exclusive rights to provide retail-banking services in the "New Town". This is an exceptional opportunity and we look forward to working with the Dart organization on this project.

We are also able to confirm that our negotiations with the Sagicor Group regarding their acquisition of a stake in CGI are now finalized. Sagicor is a strong and well-respected insurance group and their new relationship with Cayman National will provide us with a very strong range of insurance products.

Our online banking service, Cayman Global, is one of the most sophisticated on offer to customers in the Region. This service has recently been enhanced by the introduction of Cayman Global Credit Card Accounts, which enables customers to manage their credit card accounts online. Please visit us at www.caymannational.com to learn more about this new product.

Your Board of Directors has given the question of dividend payments very careful consideration in view of the impact that "Ivan" claims had upon our insurance subsidiary and the Group's capital. The objective is to rebuild capital in a timely fashion whilst still maintaining a sensible dividend stream for our shareholders. In recognition of our strong trading performance the Board has approved an interim dividend of 6 cents per share for the 2004/2005 financial year. This interim dividend is now being paid to shareholders of record as at June 30th, 2005.

As mentioned throughout this year our staff have performed admirably and we again thank them for their dedication and hard work. We also take this opportunity to thank our customers for their continued loyalty and support. Finally, we express our gratitude to all our shareholders - this year has been a tough one by any measure, and the support of our shareholders has been vital to our continued success. Thank you.

Benson O. Ebanks, Jr., OBE, JP
Chairman

Stuart J. Dack, ACIB, MBA
President and Chief Executive

CAYMAN NATIONAL CORPORATION LTD.

Directors:

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Stuart J Dack, ACIB, MBA, *President & Chief Executive*
John C Bierley, BA, JD (USA)
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