



Explanatory Note to Shareholders of Proposed Special Resolution

Please refer to the Notice and Agenda for the Extraordinary General Meeting

Item 1. SPECIAL RESOLUTION: Amendment to Articles of Association

This amendment deletes Article 23 of the Articles of Association of Cayman National Corporation Ltd. (the **Company**), the text of which is set forth below:

23. The directors shall decline to register any transfer of shares which in their opinion would result in any person or legal entity or closely related group of persons or legal entities acquiring or being able to acquire or to be vested with as a result of such issue legal or beneficial ownership of or voting control over more than 10% of the total issued shareholding of the Company.

The Company has received an offer from Republic Bank Trinidad and Tobago (Barbados) Limited (**Offeror**), a wholly-owned subsidiary of Republic Financial Holdings Limited, to acquire up to 74.99% of the outstanding issued shares of the Company by way of an all-cash tender offer to the Company's Shareholders (the **Offer**).

At an Extraordinary General Meeting held on 9 October 2018, a special resolution to consider the deletion of Article 7 of the Company's Articles of Association was carried by a significant margin on a poll, subject to any approval required by the Government of the Cayman Islands (Governor in Cabinet). The proposed additional amendment to delete Article 23 was not considered at the 9 October 2018 meeting as a result of an administrative oversight. We apologize for any inconvenience.

The deletion of Article 23 of the Articles of Association is required to enable the consummation of the Offer and, should the Offer be successfully completed, will permit the registration of the transfer of relevant shares to the Offeror.

The Board of Directors **recommends** that this additional amendment be made to the Articles of Association as a Special Resolution of the Company. If you wish to support and/or accept the Offer in respect of some or all of your shares, and you wish to use and submit the accompanying Proxy form for the Extraordinary General Meeting to be held on 7 November 2018, you should carefully complete the form and check the "FOR" box in respect of Item 1.