



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 7 of the Articles of Association of Cayman National Corporation Ltd. (the "Company"), the text of which is set forth below:

7. No shares shall be issued which in the opinion of the directors 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.

Article 7 had been inserted into the Company's Articles of Association in order to comply with condition imposed by the Government of the Cayman Islands that exempted the Company from the provisions of the Local Companies (Control) Law, as amended.

The Company has received an offer from Republic Bank Trinidad and Tobago (Barbados) Limited, 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**). The proposed amendment to the Articles will enable the consummation of the Offer.

The Board of Directors recommends that this amendment be made to the Articles of Association as a Special Resolution of the Company.