



**CAYMAN
NATIONAL**

This is an important document and requires your immediate attention. You should read all of the document. If you are in doubt as to what you should do, you should consult your stockbroker, investment advisor, lawyer, accountant, tax advisor or other professional advisor.

**CAYMAN NATIONAL CORPORATION LTD.
DIRECTORS' CIRCULAR PURSUANT TO THE
PARTIAL OFFER CIRCULAR ISSUED BY
REPUBLIC BANK TRINIDAD AND TOBAGO (BARBADOS)
LIMITED**

Your Directors recommend, in the absence of a superior proposal, that you **ACCEPT** the Partial Offer by Republic Bank Trinidad and Tobago (Barbados) Limited, a wholly owned subsidiary of Republic Financial Holdings Limited, to acquire up to 74.99% of the issued shares of Cayman National Corporation Ltd. for US\$6.25 cash per share.

If you have any questions, please email Republic.Offer@cnifs.com or Cnc.Shares@caymannational.com.

5 October 2018

CAYMAN NATIONAL CORPORATION LTD.
DIRECTORS' CIRCULAR
IN RELATION TO THE PARTIAL OFFER CIRCULAR ISSUED BY REPUBLIC BANK
TRINIDAD AND TOBAGO (BARBADOS) LIMITED ("OFFEROR")
TO ACQUIRE UP TO 74.99% OF THE ISSUED SHARES OF
CAYMAN NATIONAL CORPORATION LTD. ("OFFEREE" or "CAYMAN NATIONAL")
FOR
US\$6.25 CASH PER SHARE ("PARTIAL OFFER")

IMPORTANT NOTICES TO SHAREHOLDERS

NATURE OF THIS DOCUMENT

1. This Directors' Circular is dated 5 October 2018 and is given by Cayman National in accordance with Rule 22 of the Cayman Islands Stock Exchange Code on Takeovers and Mergers and Rules Governing Substantial Acquisitions of Shares (the **Cayman Islands Takeovers Code**) in response to the Offeror's Partial Offer Circular dated 14 September 2018.
2. This is an important document and requires your immediate attention. You should read all of the document. If you are in doubt as to what you should do, you should consult your stockbroker, investment advisor, lawyer, accountant, tax advisor or other professional advisor.

FORWARD LOOKING STATEMENTS

3. Certain statements in this Directors' Circular may constitute forward-looking statements or forward-looking information (**forward-looking statements**). These statements can be identified by expressions of belief, expectation or intention, as well as those statements that are not historical fact. In some cases, forward-looking statements can be identified by the use of terms such as "may", "will", "should", "project", "expect", "believe", "plan", "scheduled", "intend", "estimate", "forecast", "predict", "potential", "continue", "anticipate" or other similar expressions concerning matters that are not historical facts. Forward-looking statements may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of Cayman National. These statements are based on certain factors and assumptions, including with respect to foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, valuation and effective tax rates. While Cayman National considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect and there can be no assurance that such developments can be completed as anticipated or at all. Several factors could cause actual results to differ materially from those expressed in the forward-looking statements, including, but not limited to: actions taken by Cayman National; actions taken by Cayman National Shareholders in respect of the Partial Offer and the possible effect of the Partial Offer on Cayman National's business.
4. Forward-looking statements are given only as at the date of this Directors' Circular. You should not place undue importance on forward-looking statements and should not rely upon this information as of any other date. Cayman National disclaims any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

NO ACCOUNT OF PERSONAL CIRCUMSTANCES

5. Notwithstanding the views of your Directors, you should carefully consider the Partial Offer and reach your own decision as to whether to accept or reject the Partial Offer. If you are uncertain about how to respond to the Partial Offer, you should consult with your investment advisor, stockbroker, lawyer, accountant, tax advisor or other professional advisor. There is no legal obligation for you to accept the Partial Offer and sell your Shares to the Offeror.

SHAREHOLDERS OUTSIDE THE CAYMAN ISLANDS

6. The Partial Offer referred to herein is made for the securities of a Cayman Islands company and is subject to Cayman Islands disclosure requirements which may be different from the country of your domicile. Accordingly, if your domicile is not in the Cayman Islands, it may be difficult for you to enforce your rights and any claims you may have arising under the securities laws of your domicile. The Offeror is incorporated in Barbados. Cayman National is incorporated under the laws of the Cayman Islands and a majority of its Directors and Officers are also residents of the Cayman Islands. You may not be able to sue a foreign company or its directors or officers in a foreign court for violations of the securities laws of your domicile and it may also be difficult to compel a foreign company to subject itself to the judgment of a foreign court.
7. This document does not constitute an offer for securities for sale in any jurisdiction where it is not permitted. No offer to acquire securities or to exchange securities for other securities has been made, or will be made, directly or indirectly, in or into, or by the use of the mail of, or by any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of any country in which such offer may not be made.
8. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved the Partial Offer, passed upon the merits or fairness of the Partial Offer or passed comment upon the adequacy or completeness of this document. Any representation to the contrary is a criminal offence in the United States.

NOTICE REGARDING OFFEROR'S INFORMATION

9. Information contained in this Directors' Circular regarding the Offeror and Guarantor is based, and the Directors have relied, without independent verification, upon the information contained in the Offer Circular, the information provided to Cayman National by the Offeror or that is otherwise publicly available. Neither Cayman National nor any of its Directors or Officers assumes any responsibility for the accuracy or completeness of such information or for any failure by the Offeror to disclose events or facts that may have occurred or may affect the significance or accuracy of any such information. If any of the information obtained from the Offeror, or provided in the Offer Circular, or is otherwise publicly available, is inaccurate or incomplete, this may affect the information included in this Directors' Circular.

RESPONSIBILITY FOR DOCUMENT

10. Except as set forth in paragraph 9 above, the Directors accept responsibility for the information contained in this document and, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and, where appropriate, does not omit anything likely to affect the import of such information.

**CAYMAN NATIONAL
DIRECTORS' CIRCULAR
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SECTION 1

SUMMARY OF THE PARTIAL OFFER

This Directors' Circular is given by Cayman National and relates to the unsolicited Partial Offer by the Offeror to acquire a minimum of 51% and up to 74.99% of the issued Shares of Cayman National at a price of US\$6.25 cash per Share, on the terms and conditions set forth in the Partial Offer Circular (the **Partial Offer**).

The Partial Offer is described in the Partial Offer Circular that was filed by the Offeror with the Cayman Islands Stock Exchange (**CSX**) on 14 September 2018, and subsequently mailed to Shareholders. According to the Partial Offer Circular, the Partial Offer shall expire at 5.00pm (Cayman Islands Time) on 22 October 2018, unless extended by the Offeror to enable the conditions to the Partial Offer to be satisfied or waived (the **Expiry Date**).

The information herein relating to the Offeror, Guarantor and the Partial Offer has been derived from the Partial Offer Circular. Cayman National's Board of Directors does not assume any responsibility for the accuracy or completeness of such information or the contents of the Partial Offer Circular.

Please refer to the Partial Offer Circular for complete details of the terms and conditions of the Partial Offer.

SECTION 2

KEY DATES

An indicative timetable showing certain key dates is set forth below. Subject to the Cayman Islands Takeovers Code and other legal requirements, Cayman National and the Offeror reserve the right to vary the key dates and events, and there is no guarantee that one or more key dates or events will take place at any given time.

	Date	Event / Action item
1.	14 September 2018	Offeror posts the Partial Offer Circular pursuant to the Cayman Islands Takeovers Code
2.	14 September 2018	Partial Offer commences
3.	1 October 2018	Board of Directors of Cayman National posts a brief statement to shareholders pursuant to US tender offer rules
4.	5 October 2018	Board of Directors of Cayman National posts the Directors' Circular pursuant to the Cayman Islands Takeovers Code
5.	9 October 2018	Extraordinary General Meeting of Cayman National
6.	22 October 2018	Partial Offer expires (unless extended or withdrawn)

SECTION 3

YOUR CHOICES IN RELATION TO THE PARTIAL OFFER

The Board encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Cayman National Shares. You should read this Directors' Circular in full, including the Independent Financial Advisor's Fairness Opinion attached as Schedule A to this Director's Circular.

As a Shareholder, you have the following choices available to you in relation to the Partial Offer:

3.1 You may choose to accept the Partial Offer in respect of all of your Shares. This is the approach recommended by your Directors. You may also choose to retain some of your Shares.

If you wish to accept the Partial Offer it is important that you fully complete the Form of Acceptance in accordance with the instructions printed on it and return the completed Form of Acceptance as soon as possible and, in any event, so as to be received by no later than the Expiry Date. In order for your acceptance to be valid, you must also provide any further information requested by Cayman National Securities Ltd. in order to effect a cash payment to you and register the transfer of your Shares.

Details of the cash payment that you will receive if you accept the Partial Offer are set out in the Partial Offer Circular. You will only receive that cash payment if the conditions of the Partial Offer are all either satisfied or waived. The Partial Offer is subject to a 51% minimum acceptance condition and other specified conditions as set out in Section 4.6 of this Directors' Circular.

The consequences of accepting the Partial Offer are discussed in Section 6. If you accept the Partial Offer in respect of some or all of your Shares, you will not be able to sell those Shares on the market unless, at the time you decide that you no longer wish to accept the Partial Offer, you have the right to withdraw your acceptance and you have exercised that right. The circumstances in which acceptances of the Partial Offer may be withdrawn are set out in Section 7 of this Directors' Circular.

See the Section titled "Acceptance of the Partial Offer" of the Partial Offer Circular and the Acceptance Form provided to you by the Offeror for instructions on how to accept the Partial Offer.

Again, the Board encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Shares.

3.2 You may choose to take no action and reject the Partial Offer

If you do not wish to accept any part of the Partial Offer, you should take no action. Simply disregard the documents sent to you by the Offeror in relation to the Partial Offer.

During the offer period, you may still sell your Shares on the CSX for the market price, provided you have not accepted the Partial Offer in respect of those Shares. If you do so, you will lose the ability to accept the Partial Offer or any other proposal that may emerge, you may receive more or less for your Cayman National Shares than the offer price of US\$6.25 cash per Share, and you may incur a brokerage charge.

You should note that:

- If you choose not to accept the Partial Offer, you will not receive any payment from the Offeror.
- If the Partial Offer completes, and you continue to hold Cayman National Shares, you will be exposed to the risks associated with being a minority shareholder. These risks are explained in Section 6 of this Directors' Circular.

SECTION 4

BACKGROUND TO THE PARTIAL OFFER

4.1 Background to the Partial Offer

On 6 August 2018, Cayman National announced that it had received an unsolicited proposal from the Offeror to acquire a minimum of 51% and up to 74.99% of the issued Shares of Cayman National by way of a tender offer to Cayman National Shareholders. The initial proposal contemplated an indicative price range of between US\$6.00 to US\$6.75 in cash per Share.

On 12 September 2018, Cayman National announced that it had received a revised proposal from the Offeror at an offer price of US\$6.25 cash per Share. The other terms and conditions of the earlier proposal received from the Offeror remained unchanged.

On 18 September 2018, Cayman National announced that it entered into an Implementation Agreement and a Side Letter Agreement with the Offeror and its parent, Republic Financial Holdings Limited, as Guarantor (**RFHL**), in connection with the Partial Offer. By now you should have received the Partial Offer Circular setting out the terms and conditions of the Partial Offer. These documents are also posted to the Cayman National website, www.caymannational.com.

4.2 Recommendation of the Board of Directors

The Board believes that the Partial Offer is a good opportunity for Cayman National Shareholders to realise the value of their investment in Cayman National, and the Board recommends that Shareholders **ACCEPT** the Partial Offer, in the absence of a superior proposal. Section 5 of this Directors' Circular outlines the reasons for the Board's recommendation. In making the decision, the Board carefully considered a number of matters, including the following:

- The cash offer price of US\$6.25 per Share represents a premium to the levels at which Cayman National Shares were trading on the CSX prior to the announcement of the Offeror's initial proposal, and is higher than the price at which the Shares have traded for at least 10 years prior to the announcement of such proposal.
- The Partial Offer provides you with the certainty of cash for any of your Shares that are tendered.
- The price of Cayman National Shares may trade lower on the CSX following the close of the Partial Offer.
- Following conclusion of the Partial Offer and subject to the commitments of the Offeror as described in Section 5.6 of this Directors' Circular, the Offeror may be able to pass a special resolution approving a statutory merger which may result in the compulsory acquisition of Shares held by minority shareholders.
- The Offeror has made several positive commitments in relation to the ongoing management and operation of Cayman National and its subsidiaries.
- Cayman National may benefit from being part of a larger group of companies.
- The Independent Financial Advisor's opinion that as of 28 September 2018, the Partial Offer is fair, from a financial point of view, to Cayman National Shareholders.
- As of the date of this Directors' Circular, no superior proposal has emerged.
- There may be adverse consequences associated with not accepting the Partial Offer.

Cayman National appointed Deloitte as the Independent Financial Advisor to prepare a fairness opinion in relation to the Partial Offer (the **Fairness Opinion**). The Independent Financial Advisor's opinion is that as of 28 September 2018, the Partial Offer is fair, from a financial point of view, to Cayman National Shareholders. The Independent Financial Advisor's Fairness Opinion is attached as Schedule A to this Directors' Circular. The

Independent Financial Advisor's Fairness Opinion does not constitute a Valuation of Assets as described in Rule 26 of the Cayman Islands Takeovers Code and no such Valuation of Assets has been obtained in connection with the Partial Offer.

The Board reiterates their support for the Partial Offer, and encourages you to **ACCEPT** the Partial Offer, in the absence of a superior proposal. The Board would also like to take this opportunity to thank you for your continued support of Cayman National.

4.3 Background to the Offeror

Offeror was incorporated in Barbados on 23 February 1999 and primarily conducts investment and investment management services pursuant to the International Financial Services Act, CAP. 325 of the Laws of Barbados. Offeror's registered office is located at Republic Bank (Barbados) Limited, Independence Square, Bridgetown, Barbados. Offeror is a wholly owned subsidiary of RFHL.

Offeror is also the sole shareholder of Republic Bank (Cayman) Limited. Republic Bank (Cayman) Limited was established on 13 January 1992 and currently holds a Trust License and an Unrestricted Class B Banking license under the Cayman Islands Banks and Trust Companies Law, as amended. Further, Republic Bank (Cayman) Limited also holds a mutual funds license and is a registered Excluded Person for purposes of the Securities Investment Business Law of the Cayman Islands (SIBL-EP).

RFHL is a publicly quoted financial holding company on the Trinidad and Tobago Stock Exchange, is licensed under the Financial Institutions Act, Chap 79:09 of the Laws of Trinidad and Tobago and has over USD\$10 billion dollars of total assets as of the date of this Director's Circular. RFHL, along with its seventeen (17) subsidiaries and three (3) associated companies, provide a complete range of commercial banking and related services. These include investment banking, mortgage financing, securities trading and related activities, trustee services, credit card operations, foreign exchange and trade finance services as well as deposit taking and lending operations. Through subsidiaries and associated companies, RFHL has operations domiciled in Barbados, the Cayman Islands, Ghana, Suriname, Grenada, Guyana and St. Lucia, in addition to Trinidad and Tobago. Republic Bank Limited, the largest subsidiary of RFHL, is currently rated BBB+, outlook stable, by S&P.

4.4 Offeror's Intentions

The Board understands from the Partial Offer Circular that if the Partial Offer closes and the Offeror becomes a majority shareholder of Cayman National, the Offeror has no immediate plans to change the business or operations of Cayman National.

The Offeror stated in the Partial Offer Circular that it intends to carry on and expand the existing business of Cayman National, and that it presently has no intention to (i) introduce any major changes to the business or operations of Cayman National, (ii) discontinue the employment of the employees of Cayman National, or (iii) re-deploy the fixed assets of Cayman National, save in the ordinary course of the business; provided, that the Offeror retains the flexibility at any time to consider any options in relation to Cayman National which the Offeror may regard to be in the interest of Cayman National as part of a wider corporate group. The Offeror additionally stated in the Partial Offer Circular that it intends for Cayman National to remain listed on the Official List of the CSX.

Following the Expiry Date, the Offeror will initially appoint two directors, Nigel Baptiste and Roopnarine Oumade Singh, to the Board of Directors of Cayman National and each of its subsidiaries. Other than appointing the two aforementioned directors, the Offeror stated in the Partial Offer Circular that it will review the remaining composition of the boards of directors, always acting in the best interests of Cayman National and the Cayman National group.

Cayman National entered into an Implementation Agreement customary for a transaction of this nature in order to facilitate the mechanism of the Partial Offer. In entering into the

Implementation Agreement and deciding whether or not to recommend the Partial Offer to Cayman National Shareholders, the Board has relied on the commitments of RFHL and the Offeror in the Side Letter Agreement entered into concurrently with the Implementation Agreement. RFHL and the Offeror made various commitments pursuant to the Side Letter Agreement as to its intentions if the Offeror were to become a majority shareholder of Cayman National as a result of the Partial Offer. These commitments reiterate and expand on the statements made by the Offeror in the Partial Offer Circular.

Among other things, and subject to certain conditions as detailed in Section 7 of this Directors' Circular, RFHL and the Offeror have committed to maintain: (i) a banking presence in all three of the Cayman Islands, (ii) the name and branding of Cayman National and its Cayman Islands subsidiaries, (iii) a primary listing on the Cayman Islands Stock Exchange, (iv) all operational subsidiaries of Cayman National in existence, (v) a dividend policy that protects minority shareholders, (vi) transparent and reasonable management fees, (vii) timely local decision-making for credit decisions, (viii) regulatory capital in Cayman Islands dollars, within the Cayman Islands, and (ix) a majority of Caymanians on the board of directors of Cayman National and each of its operating subsidiaries within the Cayman islands.

In addition to the commitments set forth above, the Offeror has committed not to institute any employment layoffs or restructuring that will materially reduce employment within the first year following the completion of the Partial Offer. Further, the Offeror has committed to maintain the majority of the workforce currently employed by Cayman National and each of its subsidiaries within the Cayman Islands, and not institute systemic layoffs or redundancies, unless there is a significant adverse economic change or compelling business reason to do so, for at least five years following the completion of the Partial Offer.

The intentions of the Offeror are addressed in further detail in Section 7 of this Directors' Circular.

4.5 Financing the Partial Offer

The Offeror stated in the Partial Offer Circular that the cash consideration payable by the Offeror under the terms of the Partial Offer will be financed from its existing cash resources including monetising of liquid assets.

In accordance with Rule 2.7(b) of the Cayman Islands Takeovers Code, Ernst & Young, being the external auditor of the Offeror and RFHL, provided confirmation to the Board by letter dated 14 September 2018 that sufficient financial resources are available to RFHL to satisfy the total consideration payable by Offeror to Cayman National Shareholders pursuant to the terms of the Partial Offer.

Pursuant to the Implementation Agreement, RFHL has provided a guarantee to Cayman National of the Offeror's obligations to pay Cayman National Shareholders in accordance with the terms of the Partial Offer.

4.6 Conditions of the Offer

The Partial Offer is subject to the following acceptance condition:

- a) valid acceptances of the Partial Offer must be received (and not withdrawn) by no later than 5:00 p.m. (Cayman Islands time) on the Expiry Date, being 22 October 2018 or as that date may be extended from time to time to enable the conditions to the Partial Offer to be satisfied or waived.

Pursuant to the Implementation Agreement, the Offeror and Cayman National have agreed that the obligations of the Offeror to consummate the Partial Offer is also subject to, among other things, the following conditions:

- b) the Implementation Agreement shall not have been terminated pursuant to the terms thereof and Cayman National shall be in material compliance with its covenants and

representations therein;

- c) no event shall have occurred that would render it impossible for any of the following conditions to be satisfied in any material respect:
 - i. there shall have been validly deposited pursuant to the Partial Offer and not withdrawn at the expiry of the Partial Offer more than 51% of Cayman National Shares then outstanding;
 - ii. there shall not exist or have occurred any material adverse change in respect of Cayman National and its subsidiaries taken as a whole;
 - iii. all Regulatory Approvals shall have been obtained;
 - iv. approval of Cayman National Shareholders required at an extraordinary general meeting of Cayman National in order to amend its Articles of Association in order to permit the consummation of the Partial Offer shall have been obtained;
 - v. the Articles of Association of Cayman National shall have been amended in order to permit the consummation of the Partial Offer; and
 - vi. no act, action, suit or proceeding, shall have been threatened or commenced which has caused, or could reasonably be expected to cause a material adverse change in respect of Cayman National and its subsidiaries taken as a whole,
- d) neither Offeror nor Cayman National shall have received objection to the Partial Offer from any applicable Government Authority; and
- e) no cease trade order, injunction or other prohibition at law shall exist against Offeror making the Partial Offer or purchasing Cayman National Shares.

4.7 Retention of Independent Advisors

The Board of Directors has retained the Legal Advisor to provide legal advice and the Independent Financial Advisor to provide a Fairness Opinion in relation to the Partial Offer.

As part of its deliberations, the Board of Directors considered, among other things, Cayman National's prospects, the Fairness Opinion from its Independent Financial Advisor and the advice from its Legal Advisor before determining its response to the Partial Offer.

SECTION 5

DIRECTORS' RECOMMENDATION AND REASONS

After careful consideration, in consultation with its Legal Advisor and Independent Financial Advisor, of the terms and conditions of the Partial Offer and having regard to the Fairness Opinion and for the reasons described in more detail below, the Board of Directors recommends that Shareholders **ACCEPT** the Partial Offer, in the absence of a superior proposal.

Notwithstanding the recommendation of the Board of Directors, Shareholders should consider the Partial Offer carefully and reach their own decision as to whether to accept or reject the Partial Offer. Shareholders who are uncertain about how to respond to the Partial Offer should consult with their investment advisor, stockbroker, lawyer, accountant, tax advisor or other professional advisor.

Shareholders accepting the Partial Offer should complete the required documents carefully and should refer to the Partial Offer Circular for further instructions. A copy of the Partial Offer Circular is available on Cayman National's website at www.caymannational.com.

The following is a summary of the principal reasons for the recommendation of the Board of Directors to Shareholders to **ACCEPT** the Partial Offer, in the absence of a superior proposal:

5.1 The Partial Offer values Cayman National Shares higher than Cayman National Shares have traded on the CSX for at least 10 years

The consideration being offered by the Offeror is US\$6.25 cash per Share. This price is higher than Cayman National Shares have traded on the CSX for at least 10 years prior to the announcement of the receipt of the initial unsolicited proposal from the Offeror.

5.2 You are being offered a premium to the pre-announcement trading price of Cayman National Shares for your Shares on the CSX

The offer price of US\$6.25 per Share represents a premium of US\$3.25 per Share as compared to the closing price of US\$3.00 per Share on 3 August 2018 (being the last trading date before the date of the announcement of the receipt of the initial unsolicited proposal from the Offeror).

The Cayman National Share price rose significantly following this announcement on 6 August 2018. Trading volumes on the CSX were relatively low in the same period. As at 4 October 2018, Cayman National Shares closed trading on the CSX at US\$5.50 per Share.

Accordingly, the offer price provides an opportunity for you to realise all or some of your investment in Cayman National at a premium to the pre-announcement Share price.

5.3 You are being offered the certainty of cash for all or some of your Shares

The Partial Offer provides certainty of cash for all or some of your Shares. If you accept the Partial Offer, and the Partial Offer becomes unconditional, you will obtain the certainty of receiving a cash payment of US\$6.25 per Share for your tendered Shares, subject to the proportional reduction mechanism detailed in the Partial Offer Circular.

Ernst & Young, being the external auditor of the Offeror and RFHL, provided confirmation to the Board of Directors by letter dated 14 September 2018 that sufficient financial resources are available to RFHL to satisfy the total consideration payable by Offeror to Cayman National Shareholders pursuant to the terms of the Partial Offer.

Pursuant to the Implementation Agreement, RFHL has provided a guarantee to Cayman National of the Offeror's obligations to pay Cayman National Shareholders in accordance with the terms of the Partial Offer.

5.4 The price of Cayman National Shares may trade lower on the CSX following the close of the Partial Offer

The Cayman National Share price has traded below the offer price of US\$6.25 per Share on the CSX in the year prior to the announcement of the receipt of the Offeror's initial unsolicited proposal.

Between 6 August 2018, being the date of the announcement of the receipt of the initial proposal, and 4 October 2018, Cayman National Shares have traded below the offer price on the CSX. It is possible that if not for the Partial Offer, the Shares may have traded on the CSX at lower levels during this period. At the conclusion of the Partial Offer, regardless of the level of acceptance achieved, remaining Cayman National Shares may trade at a lower price on the CSX.

Should you reject the Partial Offer and remain a holder of Cayman National Shares, or accept only in respect of some of your Shares and remain a holder of Cayman National Shares, the amount which you will be able to realise for your Shares which were the subject of the Partial Offer will necessarily be uncertain, and subject to, among other things, the performance of Cayman National and its subsidiaries, the inherent risks associated with the banking industry, and the fluctuations of market conditions.

5.5 The Offeror may have the ability to acquire compulsorily Cayman National Shares subject to certain conditions

If the Offeror acquires more than two-thirds of Cayman National Shares as a result of the Partial Offer, the Offeror will have the ability to pass a special resolution approving a statutory merger which may result in the compulsory acquisition of Shares held by minority shareholders, subject to certain conditions. In that situation, dissenting Shareholders would be entitled only to payment of the fair value of their Shares, which, at such time, may be higher or lower than the offer price of US\$6.25 per Share.

5.6 The Offeror has made several positive commitments in relation to the ongoing management and operation of Cayman National and its subsidiaries

Among other things, and subject to certain conditions as detailed in Section 7 of this Directors' Circular, RFHL and the Offeror have committed, pursuant to the Side Letter Agreement, to maintain: (i) a banking presence in all three of the Cayman Islands, (ii) the name and branding of Cayman National and its Cayman Islands subsidiaries, (iii) a primary listing on the Cayman Islands Stock Exchange, (iv) all operational subsidiaries of Cayman National in existence, (v) a dividend policy that protects minority shareholders, (vi) transparent and reasonable management fees, (vii) timely local decision-making for credit decisions, (viii) regulatory capital in Cayman Islands dollars, within the Cayman Islands, and (ix) a majority of Caymanians on the board of directors of Cayman National and each of its operating subsidiaries within the Cayman Islands.

In addition to the commitments set forth above, the Offeror has committed not to institute any employment layoffs or restructuring that will materially reduce employment within the first year following the completion of the Partial Offer. Further, the Offeror has committed to maintain the majority of the workforce currently employed by Cayman National and each of its subsidiaries within the Cayman Islands, and not institute systemic layoffs or redundancies, unless there is a significant adverse economic change or compelling business reason to do so, for at least five years following the completion of the Partial Offer.

5.7 Cayman National may benefit from being part of a larger group of companies

RFHL has seventeen subsidiaries and three associated companies, and provides a complete range of commercial banking and related services. If the Partial Offer is completed, Cayman National may also be able to enjoy the benefits of scale, operational infrastructure, synergies and geographic footprint associated with being part of this larger group of companies.

5.8 Opinion of Independent Financial Advisor

The Independent Financial Advisor, Deloitte, has opined that as of 28 September 2018, the Partial Offer is fair, from a financial point of view, to Cayman National Shareholders. The Independent Financial Advisor's Fairness Opinion is attached at Schedule A to this Directors' Circular. The Independent Financial Advisor's Fairness Opinion does not constitute a Valuation of Assets as described in Rule 26 of the Cayman Islands Takeovers Code and no such Valuation of Assets has been obtained in connection with the Partial Offer.

The Board of Directors recommends that you read the Independent Financial Advisor's Fairness Opinion carefully and in its entirety.

5.9 No superior proposal has emerged

There is the potential for a proposal that is superior to the Partial Offer to emerge. As of the date of issue of this Directors' Circular, however, no superior proposal has emerged.

If a competing proposal is received prior to the Expiry Date, this will be announced to Shareholders and the CSX, and the Board of Directors will carefully consider the proposal and advise Shareholders of its recommendation.

5.10 There may be adverse consequences associated with not accepting the Partial Offer

If you do not accept the Partial Offer, and the Offeror gains majority control of Cayman National, then you will remain a minority shareholder in Cayman National. Given historical trading patterns on the CSX, the Directors consider it unlikely that the Cayman National Share price would sustain the current Share price and, accordingly, such price may fall below the offer price of US\$6.25 per Share. If only a limited number of minority shareholders remain, it is also possible that the market for your Cayman National Shares may become less liquid, making it more difficult to sell your Cayman National Shares in future. Additional risks associated with being a minority shareholder are detailed in Section 6 of this Directors' Circular.

5.11 No brokerage payable

If you accept the Partial Offer, you will not incur any brokerage charges or other transaction costs in selling your Shares pursuant to the Partial Offer which may otherwise be incurred if you choose to sell your Shares on the CSX.

For the principal reasons outlined above, the Board of Directors believes that the Partial Offer is fair and reasonable to Shareholders, and recommends its acceptance in the absence of a superior proposal. The foregoing summary of the information and factors considered by the Board of Directors is not intended to be exhaustive of the factors considered by the Board of Directors in reaching its conclusion and making its recommendation to accept the Partial Offer in the absence of a superior proposal, but includes the material information, factors and analysis considered by the Board in reaching its conclusion and recommendation. Shareholders, however, should consider the Partial Offer carefully and make their own decision as to acceptance or rejection of the Partial Offer.

SECTION 6

CERTAIN RISKS AND OTHER MATTERS TO CONSIDER IN DECIDING WHETHER OR NOT TO ACCEPT THE PARTIAL OFFER

6.1 General risks associated with holding Cayman National Shares

In considering this Directors' Circular and the Partial Offer, Cayman National Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of Cayman National and the value of Cayman National Shares. Many of these risks are relevant to Cayman National Shareholders today, and will be relevant to Cayman National Shareholders who remain as Shareholders following the completion of the Partial Offer.

Many of these risks are outside the control of Cayman National and the Board of Directors. There can be no certainty that Cayman National will achieve its stated objectives or that any forward-looking statements will eventuate.

Additional risks and uncertainties not currently known to Cayman National may have a material adverse effect on Cayman National's business and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks that may affect Cayman National.

As with any listed company in the banking and financial services industries, the future prospects and performance of Cayman National and the value of Cayman National Shares are affected by a wide variety of factors, including:

- a) general economic conditions including economic performance, fiscal policy, employment levels, inflation rates, exchange rates, currency availability or restrictions, and commodity prices;
- b) fluctuations in interest rates;
- c) fluctuations in the local and global market for listed shares;
- d) changes to government policy, legislation, or regulation;
- e) availability of suitable correspondent banking and brokerage relationships;
- f) the nature of markets in which Cayman National operates and global initiatives impacting those markets;
- g) general and operational business risks, including money laundering and terrorist financing risks and cybersecurity risks;
- h) increased regulatory and disclosure requirements culminating in increased compliance costs; and
- i) natural disasters (including hurricanes or earthquakes), global hostilities, tensions and acts of terrorism.

These factors may result in fluctuations to the market price of Cayman National Shares that are not explained by the underlying operations and activities of Cayman National.

6.2 Reduced liquidity in Cayman National Shares

The reduction in 'free float' that will occur if the Offeror acquires more than 51% of the Cayman National Shares is likely to lead to a reduction in the liquidity of Cayman National Shares. Depending on the level of acceptances under the Partial Offer, the liquidity of Cayman National Shares may be substantially reduced, which may affect the value at which you are able to dispose of your Cayman National Shares in the future.

6.3 The Offeror's capacity to exert influence over Cayman National's business

Minority shareholders should note that the Offeror will have the capacity to exert significant influence over the manner in which Cayman National's business is conducted if the Partial Offer is completed. For example:

- a) In its Partial Offer Circular, the Offeror stated that it intends to appoint two nominee directors to the boards of directors of Cayman National and its subsidiaries;
- b) If the minimum acceptance condition of 51% is achieved and the Partial Offer is declared unconditional, the Offeror may be able to ensure the passage of an ordinary resolution at a general meeting of Cayman National. The ability to pass an ordinary resolution would enable the Offeror to, among other things and subject to the commitments of the Offeror described in Section 5.6 of this Directors' Circular and the rules and regulations of the CSX, control the composition of the Board of Directors of Cayman National and any of its subsidiaries; and
- c) Depending on the level of acceptance under the Partial Offer, the Offeror may be able to ensure the passage of a special resolution at a general meeting of Cayman National. The ability to pass a special resolution would enable the Offeror to, among other things and subject to the rules and regulations of the CSX, amend the Articles of Association of Cayman National.

6.4 You may disagree with your Directors' recommendation or the Independent Financial Advisor's conclusion

In the Directors recommending the Partial Offer (in the absence of a superior proposal) and in the Independent Financial Advisor's opinion that as of 28 September 2018, the Partial Offer is fair, from a financial point of view, to Cayman National Shareholders, the Directors and Independent Financial Advisor are making judgments based on future events which are not predictable with certainty and which may prove to be incorrect (either positively or negatively).

You may not agree with the Board's recommendation or the Independent Financial Advisor's opinion, and you are not obliged to follow the recommendation.

6.5 You may believe that the offer price does not adequately reflect the strategic value of Cayman National

You may believe that Cayman National Shareholders will have the opportunity for greater returns over the long term by continued investment in Cayman National, and that the offer price does not adequately reflect the strategic value of Cayman National.

6.6 Cayman National may have certain exposure resulting from being part of a larger group of companies

While there are benefits to being part of a larger group of companies, Cayman National may also have resultant exposure to certain risks.

6.7 Other considerations

The risk factors and considerations set forth above are non-exhaustive. In determining whether or not to accept the Partial Offer, your Directors encourage you to:

- read the whole of this Directors' Circular and the Partial Offer Circular;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the choices available to you as outlined in this Directors' Circular; and
- obtain independent financial, legal, taxation or other professional advice before making a decision as to whether or not to accept the Partial Offer.

SECTION 7

ANSWERS TO FREQUENTLY ASKED QUESTIONS

	QUESTION	ANSWER
1.	What is the Partial Offer Circular?	The Partial Offer Circular is the document setting out the terms of the Partial Offer issued by the Offeror on 14 September 2018 to purchase Shares of Cayman National. It is available on Cayman National's website at www.caymannational.com .
2.	What is the Directors' Circular?	This Cayman National Directors' Circular has been prepared by Cayman National and provides Cayman National's response to the Partial Offer, including the recommendation of your Directors and the Independent Financial Advisor's Fairness Opinion.
3.	What is the Offeror offering for my Cayman National Shares?	The Offeror is offering US\$6.25 in cash for every Share that you hold.
4.	What are your Directors recommending?	Your Directors recommend that you ACCEPT the Partial Offer, in the absence of a superior proposal. The reasons for this recommendation are set out in Section 5 of this Directors' Circular. If there is a change in your Directors' recommendation or there are any material developments in relation to the Partial Offer, your Directors will make the appropriate supplementary disclosure.
5.	What do the Cayman National Directors intend to do with their Cayman National Shares?	The intentions of the Directors are set out in Section 8.1 of this Directors' Circular.
6.	What does the Independent Financial Advisor say?	The Independent Financial Advisor's opinion is that as of 28 September 2018, the Partial Offer is fair, from a financial point of view, to Cayman National Shareholders. The Independent Financial Advisor's Fairness Opinion is attached as Schedule A to this Directors' Circular.
7.	What choice do I have in the response to the Partial Offer?	As a Shareholder you have three available choices: <ol style="list-style-type: none"> 1. Accept the Partial Offer in respect of all of your Shares; 2. Accept the Partial Offer in respect of some of your Shares; or 3. Take no action and reject the Partial Offer.
8.	How do I accept the Partial Offer?	Details of how to accept the Partial Offer are set out in the Partial Offer Circular and accompanying Form of Acceptance. Your acceptance must be validly received before the Expiry Date.
9.	When does the Partial Offer close?	The Partial Offer shall expire at 5.00pm (Cayman Islands Time) on 22 October 2018, unless extended by the Offeror to enable the conditions to the Partial Offer to be satisfied

		<p>or waived. Your Directors will keep you informed if there are any material developments in relation to the Partial Offer. Shareholders are also encouraged to monitor the Cayman National website at www.caymannational.com.</p>
10.	<p>If I accept the Partial Offer now, can I withdraw my acceptance?</p>	<p>You may only withdraw your acceptance of the Partial Offer if you notify the Offeror in writing by:</p> <ul style="list-style-type: none"> (i) email to Republic.Offer@cnifs.com, or (ii) by post to Cayman National Securities Ltd. (Attn: CNS Receiving Agent), 2nd Floor, Suite 6201, 62 Forum Lane, Camana Bay, PO Box 30239, Grand Cayman KY1-1201, Cayman Islands, <p>in each case, clearly stating the registered name of the holder of the Shares, the total number of your Shares in respect of which you have accepted the Partial Offer, and your intention to withdraw acceptance.</p> <p>The email or letter must be from the registered Shareholder, and must be received prior to the Expiry Date.</p> <p>If you validly withdraw your acceptance prior to the Expiry Date, you will continue to hold your Cayman National Shares and you will not receive any payment from the Offeror.</p>
11.	<p>If I choose to accept the Partial Offer, when will I receive my consideration?</p>	<p>If you accept the Partial Offer, payment will be initiated within 3 Business Days of the Expiry Date.</p> <p>Part 2 of the Partial Offer Circular describes in more detail the payment of consideration. The Partial Offer may expire later than 22 October 2018 as it is uncertain when the Partial Offer will become unconditional. See Section 4.6 of this Directors' Circular for further details.</p>
12.	<p>What are the tax implications of accepting the Partial Offer?</p>	<p>The Section titled "Important Information – Taxation" of the Partial Offer Circular notes that the receipt of cash pursuant to the Partial Offer by Shareholders may be a taxable transaction under the laws of jurisdictions other than the Cayman Islands.</p> <p>You should not rely on the Partial Offer Circular or this Directors' Circular as advice on your own tax affairs as they do not take into account the particular circumstances of any Shareholder. You should therefore seek your own professional financial and taxation advice before making a decision as to whether or not to accept the Partial Offer in respect of your Shares.</p>
13.	<p>If I reject the Partial Offer but the Offeror obtains more than 51% of the Shares, where do I stand?</p>	<p>If you reject the Partial Offer but a minimum of 51% of the Shares are obtained by the Offeror, you will become a minority shareholder and be subject to the risks of being a</p>

		minority shareholder. See Section 6.3 of this Directors' Circular for further details.
14.	What happens if the offer price is raised?	<p>If the Offeror raises the offer price, the Offeror will be required to extend the Expiry Date in accordance with the relevant provisions of the Cayman Islands Takeovers Code.</p> <p>If you had already accepted the Partial Offer and the Offeror subsequently raises the offer price, you will be entitled to the increased offer price automatically if the Partial Offer is or becomes unconditional.</p> <p>Your Directors will carefully consider any revised Partial Offer and advise you accordingly.</p>
15.	Will a new entity be created as a result of the Partial Offer?	No, the Partial Offer will not result in the creation of a new entity. If the Partial Offer is completed, Cayman National will remain in existence with the Offeror owning a majority of Cayman National Shares.
16.	Can I sell my Cayman National Shares on the CSX during the offer period?	Yes, you may sell your Cayman National Shares, provided you have not accepted the Partial Offer for those Shares (or, if you have accepted the Partial Offer, provided you have validly withdrawn that acceptance). You should be aware that the market price of Cayman National Shares may rise or fall during the offer period.
17.	What are the conditions of the Partial Offer?	The Partial Offer is subject to a number of conditions. See Section 4.6 of this Directors' Circular for further details.
18.	What happens if the conditions of the Partial Offer are not satisfied or waived?	If the conditions are not satisfied or waived before the Expiry Date (as may be extended from time to time), the Partial Offer will lapse, and you will not get paid (even if you had accepted the Partial Offer in respect of your Shares). You will continue to hold your Shares as before.
19.	What are the consequences of accepting the Partial Offer now?	<p>If you accept the Partial Offer now in respect of some or all of your Shares, then unless withdrawal rights are available at the applicable time and you exercise those rights, you will not be able to sell those Shares on the CSX or deal with them in any other manner.</p> <p>If you accept the Partial Offer and the Offeror subsequently raises its offer price, you will receive the higher price.</p>
20.	What if there is a competing proposal?	If another competing proposal is received prior to the end of the Offer Period, this will be announced to Shareholders and to the CSX and the Board will carefully consider the proposal and advise Shareholders of their recommendation.
21.	Is there likely to be a competing or superior proposal from any other party?	As at the date of this Directors' Circular, the Board is unaware of any competing or superior proposal.

22.	Can I accept the Partial Offer for only some of my Shares?	<p>Cayman National Shareholders may accept the Partial Offer in respect of any number or proportion of their Shares or none at all.</p> <p>Refer to the Section titled "Acceptance of the Partial Offer" of the Partial Offer Circular for further information.</p>
23.	How do I reject the Partial Offer?	To reject the Partial Offer, you do not need to do anything. Simply disregard the documents sent to you by the Offeror in relation to the Partial Offer.
24.	Can I be forced to sell my Cayman National Shares under the Partial Offer?	No. You do not have to accept the Partial Offer.
25.	What happens if more than 74.99% of Shareholders accept the Partial Offer?	<p>If more than 74.99% of Shareholders accept the Partial Offer, then the total number of Shares to be taken up by the Offeror from each accepting Shareholder shall be equally proportionally reduced.</p> <p>Refer to the Section titled "The Partial Offer" of the Partial Offer Circular for further details.</p>
26.	How does the Extraordinary General Meeting on 9 October 2018 relate to the Partial Offer?	<p>The special resolution being put to Shareholders at the Extraordinary General Meeting is not a resolution approving the Partial Offer.</p> <p>The Extraordinary General Meeting is a distinctly separate meeting to approve an amendment to the Articles of Association of Cayman National in order to permit the acquisition by the Offeror of the tendered Shares. In order to accept, in whole or in part, the Partial Offer, each Shareholder will be requested to complete and submit the Form of Acceptance which accompanies the Partial Offer Circular.</p>
27.	Who should I contact if I have questions?	You can email Republic.Offer@cnifs.com or Cnc.Shares@caymannational.com .
28.	Who is the Offeror?	Republic Bank Trinidad and Tobago (Barbados) Limited is a wholly owned subsidiary of Republic Financial Holdings Limited. See Section 4.3 of this Directors' Circular for further information.
29.	What are the Offeror's intentions with respect to the current staff of Cayman National?	The Offeror has committed not to institute any employment layoffs or restructuring that will materially reduce employment within the first year following the completion of the Partial Offer. Further, the Offeror has committed to maintain the majority of the workforce currently employed by Cayman National and each of its subsidiaries within the Cayman Islands, and not institute systemic layoffs or redundancies, unless there is a significant adverse economic change or compelling business reason to do so, for at least five years following the completion of the Partial Offer.
30.	What are the Offeror's intentions with respect to	The Offeror has committed to maintain and operate all operational subsidiaries of Cayman National in existence

	the ongoing operations of Cayman National?	on the date of issue of the Partial Offer Circular, unless there is a significant adverse economic change or compelling business reason to not do so, for at least three years following the completion of the Partial Offer.
31.	What are the Offeror's intentions with respect to the branches of Cayman National and presence on the Islands?	The Offeror has committed to maintain a banking presence in all three of the Cayman Islands, unless there arises a significant adverse economic change or compelling business reason to not do so.
32.	What are the Offeror's intentions with respect to the current Board of Directors and management of Cayman National?	The Offeror has committed to maintain the majority of management of Cayman National and each of its subsidiaries within the Cayman Islands as in existence on the date of issue of the Partial Offer Circular for at least three years following the completion of the Partial Offer. Further, the Offeror has committed to ensure that a majority of the board of directors of Cayman National and each of its operating subsidiaries in the Cayman Islands is comprised of Caymanians.
33.	What are the Offeror's intentions with respect to the name of Cayman National?	The Offeror has committed to maintain the name and branding of Cayman National as the primary brand of Cayman National and each of its subsidiaries within the Cayman Islands until at least 31 December 2023.
34.	What are the Offeror's intentions with respect to the continued listing of Cayman National on the CSX?	The Offeror has committed to maintain an aggregate holding by Guarantor or Offeror of no more than 74.99% of the outstanding issued share capital of Cayman National, and maintain the primary listing of Cayman National Shares on the CSX so long as it is permissible in accordance with the rules and regulations thereof, for at least five years following the completion of the Partial Offer.
35.	What are the Offeror's intentions with respect to the dividend policy?	The Offeror has committed to maintain a dividend policy that protects minority shareholders (i.e., a dividend policy that pays dividends, taking into account a sustainable growth strategy for any business, regulatory capital, capital adequacy ratio, and liquidity for operating obligations), unless there is a significant adverse economic change or compelling business reason to not do so.
36.	What are the Offeror's intentions with respect to management fees?	The Offeror has committed to provide that any management fees charged by Guarantor or Offeror in relation to operating any part of Cayman National and its subsidiaries is transparent and reasonable, taking into account the interests of minority shareholders.
37.	What are the Offeror's intentions with respect to credit decisions?	The Offeror has committed to maintain Cayman National's reputation for timely, local decision making for credit decisions.
38.	What are the Offeror's intentions with respect to the place and currency of regulatory capital?	The Offeror has committed to maintain any regulatory capital in Cayman Islands dollars, within the Cayman Islands.

SECTION 8

OTHER MATERIAL INFORMATION

8.1 Directors' ownership of Cayman National Shares and intentions with respect to the Partial Offer

In accordance with Rule 22.3(a)(ii) of the Cayman Islands Takeovers Code, the following table sets out the holdings of relevant Cayman National Shares in which the Directors are directly or indirectly interested. In accordance with Rule 22.3(a)(v) of the Cayman Islands, the table also indicates how each of the Directors intend, in respect of their own beneficial holdings of Shares, to act with respect to the Partial Offer in the absence of a superior proposal.

Name	Number of Shares Directly Held	Number of Shares Indirectly Held	Intention in respect of Beneficially Held Shares
Hon. Truman Bodden	1,125,135	-	Accept in respect of 1,100,000 Shares
Stuart Dack	21,031	-	Accept in respect of 20,000 Shares
Sherri Bodden-Cowan	125,639	-	Accept in respect of 120,000 Shares
Clarence Flowers Jr.	47,455		Accept in respect of 0 Shares
Clarence Flowers Jr. (through family estate)		1,137,078	Accept in respect of 0 Shares
Bryan A. Hunter	69,338	-	Accept in respect of 68,000 Shares
Nigel Wardle	65,479	-	Accept in respect of 60,000 Shares

Each of the Directors is subject to a minimum holding requirement of 999 Cayman National Shares pursuant to the terms of the Articles of Association of Cayman National for so long as he or she remains a Director.

Except for ordinary course transactions pursuant to the Senior Staff Purchase Scheme, the Dividend Re-Investment Plan or changes in legal ownership (but not beneficial ownership), no Director has dealt for value with respect to the above-mentioned Shares in his or her name during the period beginning six months prior to 14 September 2018 and ending on 4 October 2018.

8.2 Directors' service contracts

None of the Directors have service contracts with Cayman National or any of its subsidiaries.

8.3 No holdings of shares, securities dealings or special arrangements

Cayman National does not currently hold any shares in the Offeror. No Director of Cayman National is directly or indirectly interested in the holdings of any shares in the Offeror.

No person is acting in concert with Cayman National in connection with the Partial Offer.

No Shares of Cayman National are owned by any of its subsidiaries, nor is any person acting in concert with any such subsidiary in connection with the Partial Offer.

Other than the Implementation Agreement, Side Letter Agreement and Receiving and Payments Administration Agreement (as described further below), no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror and

Cayman National. No agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror and Cayman National, nor is any person acting in concert with either of them, in respect of the Shares the subject of the Partial Offer.

Cayman National announced the entry into the Implementation Agreement and Side Letter Agreement on 18 September 2018.

The Implementation Agreement contains customary representations, warranties, covenants, protection mechanisms, termination rights and mutual break fees for a transaction of this nature.

Pursuant to the terms and conditions of the Implementation Agreement, the Board of Directors noted their intention to recommend the Partial Offer to Cayman National Shareholders, unless: (i) Deloitte, the appointed Independent Financial Advisor, determined the Partial Offer is not fair and reasonable, (ii) the Board of Directors received a superior proposal to the Partial Offer, (iii) an intervening event occurred and withdrawal or modification of the recommendation was required in order for the Board of Directors to comply with its fiduciary duties, or (iv) making the recommendation would likely be inconsistent with, or a breach of, the fiduciary duties of the Board of Directors or any applicable securities laws.

The Board of Cayman National relied on the commitments of RFHL and the Offeror in the Side Letter Agreement to enter into the Implementation Agreement. See Section 4.4 of this Directors' Circular for further details of the Side Letter Agreement, and the commitments of RFHL and Offeror set forth therein.

Cayman National Securities Ltd., a wholly owned subsidiary of Cayman National, will shortly enter into a Receiving and Payments Administration Agreement with the Offeror and RFHL, pursuant to which Cayman National Securities Ltd. will, acting solely upon instruction from the Offeror, assist the Offeror with facilitating payments to be made to accepting Shareholders following completion of the Partial Offer.

8.4 Consent of the Independent Financial Advisor

To: The Board of Directors of Cayman National

We hereby consent to the inclusion of the Fairness Opinion dated 28 September 2018 in the Director's Circular and to the references to the Fairness Opinion in the Directors' Circular, and such consent has not been withdrawn as of 5 October 2018.

Signed: //Deloitte//

SECTION 9

DEFINITIONS AND INTERPRETATION

In this Directors' Circular unless otherwise specified or the subject matter or context is inconsistent therewith, the following terms shall have the meanings set out below. Words importing the singular include the plural and vice versa and words importing any gender include all genders.

“\$” or “US\$” means United States Dollars.

“**Board of Directors**” or “**Board**” means the board of directors of Cayman National.

“**Business Day**” means any day (other than a Saturday, Sunday or public holiday) on which banks in the Cayman Islands, Trinidad and Tobago or New York are open for normal business.

“**Cayman National**” or “**Offeree**” means Cayman National Corporation Ltd., an ordinary company incorporated and validly existing under the laws of the Cayman Islands.

“**CIMA**” means the Cayman Islands Monetary Authority.

“**CSX**” means the Cayman Islands Stock Exchange.

“**Directors**” mean directors of Cayman National.

“**Directors' Circular**” means this document.

“**Expiry Date**” means at 5.00 p.m. (Cayman Islands Time) on 22 October 2018, unless extended by Offeror to enable the conditions to the Partial Offer to be satisfied or waived.

“**Fairness Opinion**” means the fairness opinion of Deloitte attached as Schedule A to this Directors' Circular.

“**Form of Acceptance**” means the Form of Acceptance relating to, and accompanying, the Partial Offer Circular.

“**Government Authority**” means any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world, and includes the CSX and any regulatory organisation established under statute or any stock exchange and CIMA.

“**Guarantor**” or “**RFHL**” means Republic Financial Holdings Limited.

“**Implementation Agreement**” means the implementation agreement entered into by and among the Offeror, Cayman National and RFHL on 14 September 2018.

“**Independent Financial Advisor**” means the financial advisory firm of Deloitte.

“**Legal Advisor**” means the law firm of Ogier.

“**Partial Offer**” means the partial cash offer being made by Offeror pursuant to the terms of the Partial Offer Circular.

“**Partial Offer Circular**” means the Partial Offer Circular and accompanying documents issued by the Offeror on 14 September 2018 to purchase Shares of Cayman National.

“**Regulatory Approvals**” means all sanctions, rulings, consents, orders, exemptions, permits and other approvals of any Government Authority that are required to complete the Partial Offer.

“**Offeror**” means Republic Bank Trinidad and Tobago (Barbados) Limited, a company incorporated and validly existing under the laws of Barbados.

“**Officers**” means in relation to a company, includes a manager or secretary.

“**Shareholders**” mean the registered holders of Shares of Cayman National from time to time.

“**Shares**” mean the outstanding ordinary shares in the capital of Cayman National.

“**Side Letter Agreement**” means the side letter agreement entered into by and among the Offeror, Cayman National and RFHL on 14 September 2018.

SCHEDULE A



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September 28, 2018

Cayman National Corporation Ltd.
200 Elgin Avenue
Grand Cayman KY1-1102
Cayman Islands

To the Board of Directors of Cayman National Corporation Ltd.:

Subject: Fairness opinion in connection with a proposed transaction involving Cayman National Corporation Ltd.

Introduction

We understand that Cayman National Corporation Ltd. ("Cayman National" or the "Company") has received a proposal from Republic Bank Trinidad and Tobago (Barbados) Limited ("RBTTBL" or the "Potential Purchaser") to acquire between 21,597,128 and 31,756,248 inclusive of the Company's issued and outstanding shares (the "Shares") by way of a tender offer to Cayman National shareholders (the "Shareholders") (collectively, the "Proposed Transaction"). The proposed shares to be acquired in the Proposed Transaction represent between 51% to 74.99% inclusive of Cayman National's total issued and outstanding shares.

Engagement

To assist in its review of the Proposed Transaction, Cayman National formally engaged Deloitte & Touche, Cayman Islands ("Deloitte Cayman") by way of an engagement letter addendum dated August 10, 2018 (the "Engagement Agreement") to provide a fairness opinion (the "Fairness Opinion") to the Company's board of directors (the "Board") with respect to the Proposed Transaction. Specifically, Deloitte Cayman has been asked to determine whether the consideration (the "Consideration") offered by the Potential Buyer is fair, from a financial point of view, to the Shareholders. The Consideration to be paid to the Shareholders is USD\$6.25 per share.

Deloitte Cayman has engaged Deloitte LLP in Canada ("Deloitte", "we", or "us") to provide this Fairness Opinion. We have been requested by the Board to prepare the Fairness Opinion as at September 28, 2018 (the "Opinion Date"). The Fairness Opinion has been prepared in conformity with the Canadian Institute of Chartered Business Valuators ("CICBV") Practice Standards No. 510, 520, and 530 pertaining to fairness opinions.

In the course of preparing the Fairness Opinion, we have prepared a comprehensive valuation of Cayman National as at August 24, 2018 (the "Valuation Date") (the "Valuation" or the "Valuation Report").

The terms of the Engagement Agreement provide that Deloitte is to be paid a fixed fee based on time spent at standard hourly billing rates. In addition, Deloitte is to be reimbursed for its reasonable out-of-pocket expenses. No part of Deloitte's fee is contingent upon the conclusions reached in this Fairness Opinion or upon the successful completion of the Proposed Transaction. The principal preparer and other staff involved in the preparation of the Fairness Opinion acted independently and objectively in completing this engagement.

Credentials of Deloitte

Deloitte is one of the world's largest and most reputable professional services organizations, with approximately 200,000 people in over 150 countries. In Canada, Deloitte is one of the country's leading



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professional services firms and provides audit, tax, financial advisory, and consulting services through more than 8,000 people in 56 offices.

Deloitte's professionals have significant experience in providing advisory services for various purposes, including fairness opinions, mergers and acquisitions, corporate finance, business valuations, litigation matters, and corporate income tax, amongst other services.

As a global market leader with over 125 dedicated valuation professionals in Canada and over 1,500 valuation professionals globally, Deloitte has a leading valuation practice with international delivery capabilities, deep financial and accounting acumen, and robust industry experience. Our valuation services group includes finance professionals, many of whom have earned professional designations including the Chartered Professional Accountant (CPA), Chartered Business Valuator (CBV), Chartered Financial Analyst (CFA), Chartered Accountant (CA), and Accredited Senior Appraiser (ASA) designations.

Independence of Deloitte

Prior to accepting this engagement and performing the Fairness Opinion services hereunder, we performed an internal search of Deloitte records to identify any potential client conflicts with Cayman National and RBTTBL. Based on our conflicts search, we are not aware of any conflict that would affect our ability to act impartially for the purpose of this engagement.

The principal preparer and other staff involved in the preparation of the Fairness Opinion are all independent from the Company. Neither Deloitte nor any of its affiliates are an insider, associate, or affiliate of the Company or any of its affiliates. Deloitte and its affiliates are not auditors of any of the parties involved in the Proposed Transaction.

Deloitte and its affiliates have provided, and in the future in the ordinary course of its business may continue to provide, services to the Company or any of its respective associates or affiliates. The compensation of Deloitte for the preparation of this Fairness Opinion does not depend in whole or in part on the conclusions reached herein or on the successful outcome of the Proposed Transaction.

We do not believe that the prior, current, or future delivery of professional services to any of the parties involved in the Proposed Transaction impacts our ability to act independently and impartially in this matter.

Definitions

For the purposes of the Fairness Opinion and the supporting Valuation, fair market value is defined as the highest price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's-length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

With respect to the Fairness Opinion, Deloitte has defined fair, from a financial point of view to the Shareholders, as whether the Consideration is equal to or greater than the fair market value of the Shares being sold.

Scope of review

In connection with preparing and rendering this Fairness Opinion, Deloitte has reviewed and relied upon information obtained from the Company and certain external sources as follows:

1. Discussions with Management;
2. Cayman National's audited financial statements for the fiscal years ended September 30, 2008 through to September 30, 2017;



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3. Cayman National's unaudited historical year-to-date statement of operating results to June 30, 2018 and unaudited statement of financial position as at June 30, 2018;
4. Audited and unaudited financial statements for the subsidiaries of the Company for the fiscal year ended September 30, 2017;
5. Consolidation workbook for Cayman National as at June 30, 2018;
6. Annual historical and projected operating results and financial position of Cayman National Bank Ltd. ("CNB"), as prepared by Management, for the fiscal years ending September 30, 2013 through to September 30, 2021;
7. Management's estimate of forecast head office operating expenses for Cayman National's corporate office for the fiscal years ending September 30, 2019 and September 30, 2020;
8. Management's estimate of forecast cash outflows relating to the sale of Cayman National Trust Co. Ltd. for the for the fiscal years ending September 30, 2019 and September 30, 2020;
9. Information relating to the deposit book for CNB as at June 30, 2018;
10. CNB's loan book as at June 30, 2018;
11. Other financial information provided by Management;
12. Review of public market data and research reports relating to the banking and financial services industry in general with a focus on the Cayman Islands and the Caribbean economy, including conditions as at the Opinion Date, and future outlook;
13. Research on guideline public companies operating in the banking and financial services industry in the United States and the Caribbean region;
14. Research on the guideline precedent transactions, the underlying target companies, and pertinent factors associated with these transactions;
15. Other industry, financial, and market information and analyses considered by Deloitte to be necessary or appropriate in the circumstances;
16. The public announcement made by Cayman National regarding the possible partial offer for Cayman National by RBTTBL, dated August 6, 2018; and
17. The partial offer circular, dated September 14, 2018.

We note that we have not audited or otherwise verified the information listed above.

The following items were not available to us in providing our opinion of fairness:

1. Management's assessment of the yield beta to which Cayman National's loans and deposits are subject;
2. A breakdown of projected loan growth by loan type;
3. A schedule of anticipated principal prepayments on an annual basis by loan; and
4. Management's analysis of the historical renewal rate on loans by type.



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Notwithstanding the above items, we have not, to the best of our knowledge, been denied access to any information we requested.

Restrictions, limitations, and qualifications

The Fairness Opinion is subject to the following restrictions, limitations, and qualifications, changes to which could have a significant impact on Deloitte's assessment of the fairness of the Proposed Transaction:

1. This Fairness Opinion has been prepared solely for the use of the Board in connection with the Proposed Transaction; however, a copy of the Fairness Opinion may be included in the Director's Circular to be sent to Shareholders. This Fairness Opinion is not to be used for any purpose other than that as stated herein. We do not assume any responsibility or liability for losses incurred by any parties as a result of the circulation, publication, reproduction, or use of this Fairness Opinion contrary to the provisions of this paragraph.
2. Deloitte has relied upon the completeness, accuracy, and fair presentation of all the financial and other information, data, advice, opinions, or representations obtained by it from Management or other advisors to the Company (collectively, the "Information"). The Fairness Opinion is conditional upon the completeness, accuracy, and fair presentation of such Information. Deloitte has not attempted to verify independently the completeness, accuracy, or fair presentation of the Information. Additionally, Deloitte has not attempted to audit any information obtained in the public domain.
3. The Company has represented and warranted to Deloitte that it understands the limitations of our analysis given our prescribed scope related to the Information, including the items listed above which were not available to us in providing our opinion of fairness, which required us to accept the Information in its current state without assessing / testing its factual accuracy. The Company has represented and warranted to Deloitte that it is fully aware of and understands the ramifications of relying on the Fairness Opinion when it has been prepared based on this restrictive and limited scope of Information, and that our analysis and conclusions may be different had we been engaged to audit / assess the accuracy of the Information.
4. No opinion, counsel, or interpretation is intended in matters that require legal, regulatory, or tax analysis or other appropriate professional advice. It is assumed that such opinion, counsel, or interpretations have been or will be obtained from the appropriate professional sources by the Company. To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Deloitte assumes no responsibility, and assumes in connection with such matters, other than as specifically disclosed to us, that:
 - the title to all such assets, properties, or business interests purportedly owned by the Company is good and marketable, and there are no adverse interests, engineering, environmental, zoning, planning, or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any and all liens or encroachments other than ordinary course encumbrances;
 - there is compliance, in all material respects, with all applicable federal, provincial, and municipal laws and regulations, as well as the published policies of all applicable regulators, and that all required licences, rights, consents, or legislative or administrative authority from any federal, provincial, or municipal government, private entity, regulatory agency, or organization have been or can be obtained or renewed for the operation of the Company; and
 - there are no material legal proceedings regarding the business, assets, or affairs of the Company other than as disclosed to us.



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5. This Fairness Opinion is rendered on the basis of securities markets, economic, financial, and general business conditions prevailing as at the Opinion Date and the condition and prospects, financial and otherwise, of the Company and any of its subsidiaries and affiliates as they were reflected in the Information and as they have been represented to Deloitte in discussions with Management.
6. This Fairness Opinion is given as of September 28, 2018 and Deloitte disclaims any undertaking or obligation to advise any person of any change in any facts or matter affecting this Fairness Opinion that may come or be brought to Deloitte's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any facts or matter affecting this Fairness Opinion after the date hereof, Deloitte reserves the right to change, modify, or withdraw this Fairness Opinion.
7. Deloitte believes that this Fairness Opinion must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying this Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.
8. This Fairness Opinion is not to be construed as a recommendation to the Potential Purchaser, the Company, or the Shareholders to support or reject the Proposed Transaction. Deloitte has not been retained to comment on the investment or strategic merit of the Proposed Transaction, or on the future operations of the Company. Future business conditions are subject to change and are beyond the control of Deloitte and the parties involved in the Proposed Transaction.

Major assumptions

In arriving at our Fairness Opinion conclusion, we have relied upon the following facts and major assumptions:

1. All historical financial information concerning Cayman National and its subsidiaries as at the Opinion Date was presented completely and fairly in all material respects;
2. All assets, liabilities, revenues, and expenses of Cayman National were recorded in accordance with International Financial Reporting Standards ("IFRS"), in their respective financial statements;
3. The balance sheet as at June 30, 2018 for the Company is complete, and accurately reflects the financial position of the Company as at the Opinion Date;
4. The regulatory capital adequacy ratio for Cayman National Bank Ltd. is 15%, and the agreed trigger for the capital adequacy ratio in the Isle of Man bank is 14%;
5. The financial projections prepared by Management reflect Management's best estimate of the most likely future operating results for the Company;
6. The appropriate exchange rate to use is USD\$1.20:KYD\$1.00;
7. The Company had no material unusual or non-recurring expense or revenue items during the period reviewed, except where otherwise noted;
8. The Company had no redundant assets or excess liabilities as at the Opinion Date, except where otherwise noted;
9. There were no significant non-arm's length transactions during the period under review which took place at other than fair market value, except where otherwise noted;



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10. At the Opinion Date, Cayman National had no material contingent liabilities, known environmental issues, unusual contractual obligations, litigation pending or threatened, or substantial commitments, except where otherwise noted;
11. The fair market value of the assets and liabilities of Cayman National as at the Opinion Date were approximated by their reported book values, except where otherwise noted;
12. The net loan book is not currently impaired, except where otherwise noted;
13. The loan book valuation assumptions used, including the assumptions relating to delinquencies, risk ratings, payments, reference rates, and defaults, are reasonable;
14. The net income figures used as the base on which to value the Isle of Man, Dubai, and asset management operations are a reasonable indicator of maintainable net incomes;
15. The estimate of forecast cash outflows relating to the sale of Cayman National Trust Co. Ltd. for the fiscal years ending September 30, 2018 and September 30, 2019 represent Management's best estimates;
16. The Shares are illiquid and their market price does not necessarily provide a meaningful indicator of their fair market value;
17. No changes to the Company's financial position and projected operating results nor any changes in market conditions occurred between the Valuation Date and the Opinion Date that would have a material impact on our value conclusion;
18. All offers to purchase the Company during the 24 months preceding the Opinion Date have been disclosed to us;
19. There are no additional potential restructurings, strategic initiatives, or contemplated transactions that have not been disclosed to us that would reasonably be expected to impact our value conclusion;
20. There have been no modifications to the tender offer dated September 14, 2018 that may materially impact the fair market value of the Company or the Consideration;
21. All conditions precedent to the completion of the Proposed Transaction will be satisfied in due course by the expected closing date, and all consents, permissions, exemptions, or orders required to be obtained from third parties and relevant authorities will be obtained without adverse condition or qualification and without material cost to the Company; and
22. Other specific assumptions as set out in this letter and in the Valuation Report, including its schedules and appendices.

Should any of the above major assumptions not be accurate or should any of the information provided to us not be factual or correct, our conclusion in this Fairness Opinion could be significantly different.

Summary description of Cayman National

Cayman National provides a full range of financial services to domestic and international clients including corporate, retail, and premier banking, fund administration, and securities and investment management. The company was founded in 1974 and is headquartered in George Town, Grand Cayman, Cayman Islands.



Approach to reaching Fairness Opinion

In reaching our Fairness Opinion conclusion, we considered the following:

1. The projected and historical financial results of the Company;
2. Market-based indicators for guideline public companies and guideline precedent transactions; and
3. Qualitative factors pertaining to the deal process and structure of the Proposed Transaction.

Our analysis included, but was not limited to, the following procedures:

1. We prepared our Valuation to determine the fair market value of the issued and outstanding shares of the Company. Specifically, we performed a notional valuation analysis using both the income and market approaches.

Under the income approach, we used the discounted cash flow ("DCF") method for the Company's banking operations and the capitalized earnings method for the Company's asset management operations. The DCF method is considered to be appropriate when valuing a business where significant fluctuations in the future earnings or discretionary cash flow are expected, or when the historical operating results of the business are not considered to be representative of future earnings capacity. We have selected the DCF method to value the Company's banking operations, having considered the following:

- The cash flow generating ability of the Company's banking operations may create value above the book value of the underlying net assets;
- Future results as based on certain financial ratios, which would allow us to develop detailed financial forecasts for the discrete forecast period; and
- The DCF method provides the flexibility to reflect changes in growth rates and operating margins over the discrete forecast period.

Under the DCF method, fair market value is determined based on the net present value of expected future cash flows. Specifically, the cash flows that CNB is expected to generate were projected from 2018 to 2021. The projected cash flows, together with the terminal value of the business at the end of the discrete forecast period, were discounted at an appropriate risk-adjusted rate, resulting in the fair market value of the Company's banking operations.

The capitalized earnings method is considered to be appropriate when valuing a business where forecast information for multiple fiscal periods is not reliably available, or when the business is mature and operating in a steady state. We have selected the capitalized earnings method to value the Company's asset management operations, having considered the following:

- The earnings-generating ability of the Company's asset management operations may create value above the book value of the underlying net assets;
- The Company's asset management operations are sufficiently mature such that a maintainable earnings level can be estimated; and
- Due to minimal capital expenditure requirements, the earnings of the Company's asset management operations are a reliable basis for valuation.

Under the capitalized earnings method, fair market value is determined based on capitalizing the estimated future maintainable earnings from operations using a capitalization rate, which serves as

a measure of the risk-adjusted rate of return required for the business. The capitalization rate is also adjusted for the expected long-term growth in the future earnings. This process resulted in the fair market value of the Company's asset management operations.

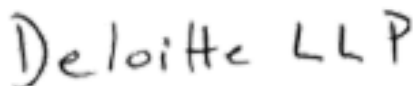
Under the market approach, we analyzed publicly-traded companies and precedent transactions with targets that operate in the banking and financial services industries. The market approach involves estimating the fair market value of a business based on value relationships and/or activity ratios observed or derived from the analysis of relevant market transactions. In our application of the market approach, we considered price to tangible book value and enterprise value to EBITDA multiples for the Company's banking operations and asset management operations respectively.

2. We performed a detailed review of Cayman National's current financial position, in addition to historical and projected financial statements;
3. We performed a review of Cayman National's trading history on the Cayman Islands Stock Exchange and stock price;
4. We held discussions with Management in regards to historical, current, and future operations and the future prospects for the Company, as well as other relevant business and industry trends;
5. We reviewed published market data and other public information available to us related to the industry in which the Company operates;
6. We assessed the deal process and structure, including the length of time the Company was exposed to the open market, the number of interested parties, and other considerations;
7. We reviewed the public announcement made by Cayman National regarding the possible partial offer for Cayman National by RBTTBL, dated August 7, 2018;
8. We reviewed the Partial Offer Circular, dated September 14, 2018; and
9. We reviewed the Implementation Agreement, dated September 14, 2018.

Fairness Opinion

Based on the scope of our review and our analysis, and subject to the restrictions, limitations, and assumptions set out herein, the Consideration exceeds our fair market value conclusion for the Shares as at the Opinion Date. Based on and subject to the foregoing, Deloitte is of the opinion that as at the Opinion Date, the Proposed Transaction is fair, from a financial point of view, to the Shareholders.

Yours truly,



Deloitte LLP



**CAYMAN
NATIONAL**