

Bermuda National Limited

DIVIDEND REINVESTMENT PLAN

Dated: 8 February 2013

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DISCLAIMER

This document does not constitute an offer of Shares and does not give the right to any person to invest in Shares in any jurisdiction in which it would not be lawful to make such an offer or give such a right.

This is not investment advice or tax advice and does not take into account the investment objectives, financial situation and particular needs of a Shareholder. Shareholders should inform themselves as to (a) the legal requirements within their own countries for the holding or disposal of Shares, (b) any foreign exchange restrictions which they might encounter, and (c) the income and other tax consequences which may apply in their own countries relevant to the holding or disposal of Shares. Shareholders must consult their own financial, legal or other professional adviser prior to making a decision on whether or not to participate in the Plan.

FEATURES OF THE DIVIDEND REINVESTMENT PLAN

This Dividend Reinvestment Plan dated 8 February 2013 ("Plan") of Bermuda National Limited ("BNL" or the "Company") is an easy and convenient way for registered holders of Shares of the Company ("Shareholders") to increase their holding in the Company by reinvesting all of their cash dividends in additional Shares.

Capitalised terms used in this document, where not otherwise defined, are set out on pages 4 to 5.

Highlights

- All Shareholders of BNL are eligible to participate in the Plan.
- Shareholders may make one of the following elections:
 - *not participate in the Plan and receive cash dividends* - in which case Dividends paid in respect of all Shares will be paid in the normal way; or
 - *full participation in the Plan* - Dividends on all Participating Shares will be reinvested in new Shares as described in Clause 5.1 of the Terms and Conditions of the Plan.
- Participation in the Plan is optional. If a Shareholder does not participate in the Plan, Dividends will automatically be paid to that Shareholder in the normal way. If a Shareholder does participate in the Plan, on each applicable dividend payment date, the Dividend on that Shareholder's Participating Shares will be automatically reinvested in Shares.
- The issued Shares of the Company are listed on the BSX, an appointed stock exchange as defined in section 2(9) of

the Companies Act. It is similarly intended to list the Shares issued under the Plan and subject thereto the Bermuda Monetary Authority has approved the free issue and subsequent free transferability of the Shares from and to non-residents.

- Persons who hold their Participating Shares through the Bermuda Securities Deposit (BSD) or through registration in the name of a nominee should contact their broker, investment dealer, bank, trust company or other nominee in connection with participating in the Plan. References herein to "Shareholders" shall be to the nominee of each such person.
- The Company reserves the right to vary, terminate or suspend the Plan at any time. Further if at any time the Shares are trading on the BSX at less than their current Net Asset Value as determined by the Board (Refer to Clause 2 of the Terms and Conditions of the Plan) the Plan will be suspended. However, the Board, at their sole discretion, will have the right to continue the Plan even if the Shares are trading at less than current Net Asset Value, if the Board feels that continuing the Plan is in the best interest of the Company as a whole.
- Subject to complying with the Constitutional Documents of the Company and the law (including, if required, obtaining any approval required by law), Shares provided under the Plan will be provided at the Purchase Price. The Shares provided under the Plan will be free of brokerage and commission (Refer to Clause 7 of the Terms and Conditions of the Plan).
- Shares allotted pursuant to the Plan will be issued fully paid and will rank equally in all respects with existing Shares.
- Shareholders may join or leave the Plan at any time by giving written notice to the Registrar by not later than 5.00 p.m. on the Dividend Record Date (or, such other date as

the Registrar may advise the BSX) (Refer to Clause 1.1 of the Terms and Conditions of the Plan).

- A Plan Statement providing details of participation will be sent to each Shareholder after each dividend payment date.
- The Plan may be underwritten at the discretion of the Company.
- Shareholders who do not have a registered address in Bermuda are not eligible to participate in the Plan unless the Company is satisfied that the issue or transfer of Shares to them under the Plan is lawful and practicable. Shareholders in the Company who are unable to participate in the Plan will receive cash Dividends paid in the normal way.

How to Participate in the Plan

In order to participate in the Plan, the Plan Application Form enclosed with this document must be completed and returned to the Registrar. An election comes into force when the application is approved by the Company and, until then, the election creates no rights or liabilities. Approval of an application may be withheld by the Company in any case at their absolute discretion (Refer to Clauses 2, 3 and 15 of the Terms and Conditions of the Plan).

Elections made by Shareholders in respect of their level of participation in the Plan will remain in effect for all future Dividends unless varied by the delivery to the Registrar of a new duly completed and signed Plan Application Form or following the suspension of the Plan for more than two (2) years.

Shareholders wishing to vary their participation in the Plan should notify the Registrar by completing and delivering to the Registrar a further Plan Application Form.

Shareholders wishing to withdraw completely from the Plan should notify the Registrar in writing.

Subject to the approval of the Company, the variation of, participation in, or withdrawal from, the Plan will be effective for the next payment of Dividends, provided that written notice is received by the Registrar by not later than 5.00 p.m. on the Dividend Record Date (or such other date as the Company may advise to the BSX). (Refer to Clauses 8, 9 and 11 of the Terms and Conditions of the Plan).

Availability of Documents

A copy of the Constitutional Documents of the Company and any amendment to them are available free of charge by contacting the Company at the address noted in this document. The annual financial reports and interim financial reports will also be available on the Company's website at www.bermudanational.bm.

Expenses

In connection with subsequent sales of the new Shares trading fees will be for the account of the Shareholders.

Stock Exchange Listing

The Company will apply for the listing of the Shares issued under the Plan on the Official List of the BSX.

TERMS AND CONDITIONS OF THE DIVIDEND AND DIVIDEND REINVESTMENT PLAN

1. Definitions and Interpretations

- 1.1 When used in these Terms and Conditions of the Dividend and the Plan ("Terms and Conditions"), the words listed will, except to the extent that the context otherwise requires, have the following meanings:

BSX means The Bermuda Stock Exchange.

Business Day means a day which is a Business Day under the BSX Listing Regulations.

Companies Act means the Companies Act 1981, as amended.

Constitutional Documents means the Company's Memorandum of Association and Bye-Laws, each as amended from time to time.

Directors or Board means the board of directors of the Company or any committee thereof.

Dividends means such amounts declared and payable as dividends or distributions by the Company to Shareholders subject to, and in accordance with, its Constitutional Documents and Bermuda law.

Dividend Record Date means the date and time, as determined by the Company at which a Shareholder holds or is taken to hold Shares for the purpose of determining the entitlement of that Shareholder to dividends or distributions in respect of the applicable period.

Net Asset Value means the Company's total equity divided by its issued share capital on a fully diluted basis

as provided in the Company's most recently published financial information.

Participant means a Shareholder whose application to participate in the Plan has been accepted by the Company.

Participating Shares means the Shares of a Participant specified in the Plan Application Form as participating in the Plan.

Plan means the Dividend Reinvestment Plan of the Company as set forth in this document.

Plan Account means the plan account established by the Company and maintained by the Registrar for each Participant in accordance with these Terms and Conditions.

Plan Application Form means the form of application approved by the Board from time to time with respect to participation in the Plan.

Plan Statement means a plan statement which complies with Clause 10.

Pricing Period means in respect of a particular Dividend the period of ten (10) Trading Days (or such other period of not less than five (5) Trading Days as the Board may determine) ending on a day no later than the fifth Trading Day prior to the date scheduled for payment of that Dividend (or such other date as the Company may determine).

Purchase Price of a Share to be allotted or transferred under the Plan means the average closing price of the Company's Shares recorded on the BSX during the Pricing Period and in the absence of any trading activity during the Pricing Period shall be the last published closing price of the Shares. The Directors reserve the

right by notice published in the Royal Gazette and disseminated through the BSX to substitute another manner of calculating the purchase price of Shares to be issued pursuant to the Plan or to suspend the Plan, if in exceptional circumstances they consider market activity has so distorted the price that it would not be in the best interests of the Company to issue new Shares on the basis of the usual formula.

Register means the register of all Shareholders maintained by the Registrar.

Registered Address means the address of a Shareholder as shown in the Register.

Registrar means BCB Charter Corporate Services Limited or such other registrar as may be appointed by the Company from time to time.

Shares means the common shares of the Company of par value US\$0.0001 each in issue and outstanding from time to time and includes, where the context so requires, all common shares issued on the exercise of currently outstanding rights, conversion privileges, options or warrants to acquire common shares in the capital of the Company.

Shareholder means a person registered as the holder of the Shares in the Register.

Termination Notice means a notice in writing given by the Participant to the Registrar of the termination of that Participant's participation in the Plan.

Trading Day means a day that is a trading day for the purposes of the BSX Trading Regulations and which is a full day on which Shares are quoted on BSX, and not made the subject of a trading halt.

1.2 Words importing the singular include the plural and vice versa, words importing any gender include other genders and “*person*” includes a includes an individual, firm, corporation, partnership, limited liability company, trust, association, unincorporated association or other entity or body of persons.

1.3 Headings are for convenience only and do not affect the interpretation.

1.4 Expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

2. Participation in the Plan

2.1 Participation in the Plan is subject to these Terms and Conditions.

2.2 Participation in the Plan is optional.

2.3 The Plan is open to all Shareholders holding Shares in the Company who have a Registered Address in Bermuda. A Shareholder whose Registered Address is outside Bermuda may not participate in the Plan unless the Company is satisfied that the issue or transfer of Shares to them under the Plan is lawful and practicable.

2.4 The Company has discretion as to whether to allow the reinvestment of Dividends and may vary, terminate or suspend the Plan at any time.

2.5 Further the Plan will be suspended if at any time the Shares are trading on the BSX at less than their current Net Asset Value as determined by the Board. In the event that the Plan is suspended as determined by the Board then the Participants will be paid their dividend in the usual manner.

3. Application to Participate

3.1 A Shareholder may apply to the Registrar to participate in the Plan by completing and signing the Plan Application Form and returning it to the Registrar.

3.2 Where a Shareholder has more than one allocated holding on the Register, the Shareholder must complete a Plan Application Form for each separate holding.

3.3 Subject to the approval of the application by the Company an application to participate in the Plan will be effective for the next dividend payment, provided that the application is received by the Registrar on or before 5.00 p.m. on the Dividend Record Date (or such other date as the Company may advise the BSX).

4. Degree of Participation

4.1 Participation in the Plan by a Shareholder is either on a fully participating basis or not at all.

4.2 All Shares registered in the Participant’s name from time to time, including Shares issued under the Plan, bonus Shares, Shares issued to the Participant pursuant to a rights issue, placement and subsequent purchases will participate in the Plan.

5. Operation of the Plan

5.1 The Company will issue Shares, to satisfy their obligations under the Plan, which at its discretion, may be comprised of shares which are newly issued and will be listed on the BSX and/or shares which are already listed on the BSX and held by the Company in treasury.

5.2 A Participant shall be deemed to have:

(a) directed the Company to apply the cash Dividend that is available for payment to the Participant in

- relation to the Participating Shares of the Participant on the Dividend Record Date (less any amount then payable by the Participant to the Company in respect of the Plan (if any)) towards the Purchase Price of further Shares;
- (b) authorised the Company to subscribe for, acquire or procure the acquisition of Shares on the Participant's behalf; and
 - (c) agreed to be bound by the Constitutional Documents in respect of all the Shares issued or transferred to the Participant under the Plan.
- 5.3 Shares will be allotted or transferred to Participants at the Purchase Price.
- 5.4 The Company will establish and the Registrar will maintain a Plan Account for each Participant.
- 5.5 The Board will:
- (a) determine the cash Dividend that is available for payment to the Participant in relation to the Participating Shares of the Participant on the Dividend Record Date (less any amount then payable by the Participant to the Company in respect of the Plan (if any)) and credit that amount to the Participant's Plan Account;
 - (b) determine the Purchase Price and the maximum whole number of Shares which could be acquired at the Purchase Price by dividing the credit balance amount in the Participant's Plan Account by the Purchase Price and rounding that number down to the nearest whole number;
 - (c) determine at the sole discretion of the Board whether the Shares to be issued to Shareholders are either newly issued Shares of the Company or Shares that the Company may hold in treasury;
- (d) on behalf, and in the name, of the Participant, subscribe for, transfer or procure the transfer of that number of additional Shares determined under Clause 5.5(b) and debit the Participant's Plan Account with the aggregate Purchase Price of the Shares subscribed for or transferred;
 - (e) issue, transfer or procure the transfer of that number of Shares determined under Clause 5.5(b) to the Participant;
 - (f) no fractional Shares shall be issued and in the event that any fractional entitlement would be created by the application of the formula in Clause 5.5 (b) then the cash value of that fractional entitlement will be carried forward until the payment of the next Dividend in accordance with Clause 5.5 (g) and
 - (g) retain in the Participant's Plan Account any credit balance remaining after the issue or transfer of Shares under Clause 5.5(e) or fractional entitlement under Clause 5.5 (f) until the payment of the next Dividend when that amount will be aggregated with any further Dividend credited to the Participant's Plan Account.
- 5.6 No interest will accrue to a Participant in relation to any credit balance retained in the Participant's Plan Account.
- 5.7 Shares issued or transferred under the Plan will be acquired by Participants at the Purchase Price and will be credited as fully paid.
- 5.8 Where a Participant ceases to participate in the Plan for any reason, including under Clauses 8, 9 or 12 of the Plan or where the Plan is terminated, then the Company will pay any credit balance in the Participant's Plan Account

to the Participant to the extent that the Company is reasonably able to do so.

6. Shares issued under the Plan

- 6.1 Shares allotted pursuant to the Terms and Conditions of the Plan and the Constitutional Documents will be issued fully paid and will rank equally in all respects with existing Shares as from the date of issue.
- 6.2 Shares issued or transferred to a Participant under the Plan will be registered on the Register.
- 6.3 Shares issued or transferred under the Plan will be allotted in accordance with the Constitutional Documents and any disclosure document that is current at the time of the allotment.
- 6.4 All new Shares issued instead of cash will automatically increase the holding on which the new entitlement to participate in the Plan is calculated.

7. Cost to Participants

No brokerage, commission or other transaction costs will be payable by a Participant in respect of Shares issued or transferred under the Plan.

8. Variation and Termination of Participation

- 8.1 A Participant may at any time give a Termination Notice to the Registrar terminating participation in the Plan and such Termination Notice once given will be irrevocable and accordingly the Company cannot refuse to accept it.
- 8.2 The Termination Notice will be effective for the next payment of Dividends provided that the Termination Notice is received by the Registrar by not later than 5.00 p.m. on the Dividend Record Date (or such other date as the Company may advise the BSX).

8.3 If the Registrar receives written notice of the death of a Participant, such notice will terminate the participation in the Plan of that Participant and of all other Participants (if any) with whom that deceased Participant was a joint Participant.

- 8.4 Subject to the laws of Bermuda, if the Company acts in good faith and without gross negligence, the Company shall not be liable in contract, tort or otherwise to any Participant for any loss suffered in any way relating to the Plan including without limitation any claim:
 - (a) arising out of a failure to terminate a Participant's participation in the Plan on the Participant's death prior to receipt of a notice in writing of such death; and
 - (b) with respect to the Purchase Price at which the Shares are subscribed for.

9. Termination of Participation Where No Notice is Given

9.1 Where a Participant disposes of all or part of its Shares without giving the Registrar a Termination Notice, the Participant will be deemed to have given notice of termination of participation in the Plan with respect to (i) all the Participant's Shares in the case of a complete disposal thereof; or (ii) the part of the Participant's Shares disposed of, effective on the last date on which the Registrar registered a transfer or instrument of disposal of the applicable Shares.

9.2 Where a Participant changes its Registered Address so that it is no longer in Bermuda or a country in which the Company is satisfied that the issue or transfer of Shares to them under the Plan is lawful and practicable under Clause 2.3, the Participant will be deemed to have given a Termination Notice effective from the date of receipt by the Registrar of notification of the change.

10. Plan Statement

10.1 A security holding statement will be sent to each Participant within thirty (30) days from the date of allotment or transfer of Shares provided under the Plan specifying the number of Shares allotted or transferred to the Participant, the amount of the Dividend represented by the Shares and any residual credit balance held for the benefit of the Participant.

11. Applications and Notices

11.1 All applications and notices for the purposes of the Plan shall be in writing in such form and lodged at such place as the Company may from time to time require.

11.2 All applications and notices (other than notices of death, bankruptcy or liquidation) in respect of Shares registered in joint names must be signed by all registered Shareholders of those Shares in the manner specified in the Plan Application Form or otherwise notified to the applicant by the Company in the case of corporate, partnership or trust Shareholders.

11.3 All applications and notices will take effect on and from the date on which they are received by the Registrar provided that:

- (a) an application to participate in the Plan is not effective until it has been accepted by the Company and
- (b) applications and notices received by the Registrar after 5.00 p.m. on the Dividend Record Date (or such other date as the Company may advise the BSX) will not be effective in relation to that Dividend but will be effective for subsequent Dividends.

11.4 The address for delivery of all applications and notices to the Company or the Registrar is as follows unless and until a notice shall have been published in The Royal Gazette substituting or varying the address:

- (a) by mail to: PO Box HM 1748, Hamilton HM GX, Bermuda; or
- (b) by hand or courier to: 34 Bermudiana Road, Hamilton HM 11, Bermuda.

Such notice will also be given to the BSX for dissemination by the Exchange.

12. The Company's powers in relation to the modification or termination of the Plan

12.1 The Company may by notice disseminated by the BSX:

- (a) at any time modify, vary or amend the Plan;
- (b) suspend the operation of the Plan from time to time for any period; or
- (c) by first giving one (1) month's notice to Shareholders, terminate the Plan to take effect at the end of that period of one (1) month.

12.2 If the Plan is suspended, each Participant's participation in the Plan is also suspended and all Shares will no longer be deemed to be Participating Shares for the purpose of any Dividend paid while the Plan is suspended. For the duration of such suspension each Participant shall be paid their dividend in the usual manner.

12.3 If the Plan is suspended for:

- (a) less than two (2) years then, upon reinstatement of the Plan, a Participant's participation in the Plan will be reinstated subject to any variation or

- termination of a Participant's participation under the Plan received by the Registrar on or before 5.00 p.m. on the first Dividend Record Date after reinstatement of the Plan; or
- (b) more than two (2) years then each Participant will be deemed to have given a Termination Notice effective upon the expiration of that period of suspension.
- 12.4 The accidental omission to give to a Shareholder a notice of modification, variation, amendment, suspension or termination of the Plan, or non-receipt of such a notice by a Shareholder, shall not invalidate the modification, amendment, variation, suspension or termination of the Plan.
- 13. Taxation**
- 13.1 The Company does not make any representation or warranty in respect of, or accept any responsibility for, the liability of Participants to the payment of any tax in respect of any issue of Shares, payment or other transaction pursuant to the Plan.
- 13.2 The decision as to whether or not to elect to participate in the Plan is entirely the responsibility of each Shareholder. If you are in any doubt as to what to do, you should consult your professional advisers. All shareholders resident outside Bermuda should consult their legal or other professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to participate in the Plan.
- 14. Underwriting of the Plan**
- 14.1 The Plan may be partially or fully underwritten from time to time at the discretion of the Company.
- 15. Discretion of the Company**
- 15.1 An election made by a Shareholder in a Plan Application Form comes into force when the application is approved by the Company and, until then, the election creates no rights or liabilities.
- 15.2 Approval of an application may be withheld by the Company at its discretion (not to be unreasonably withheld).
- 15.3 Approval of an application shall be withheld by the Company where, in its opinion, approval of it would prejudice the effective operation of the Plan, would result in a breach of any law or may result in regulatory, pecuniary, legal, tax or other material disadvantage for the Company or its Shareholders as a whole or would otherwise be contrary to the interests of the Company as determined by the Board.
- 15.4 The Company may by giving not less than seven (7) days written notice also reduce the degree of participation of a Shareholder in the Plan in its absolute discretion. If the degree of participation of a Shareholder is reduced by the Company, then the Shareholder will receive cash Dividends in the normal way in respect of all of that Shareholder's Shares which are not participating in the Plan.
- 15.5 The Company shall not be bound to state any reason for the withholding of the approval or the reduction of the degree of participation of a Shareholder in the Plan.
- 15.6 Where approval of an application is withheld or the degree of participation is reduced, the Company shall so inform the Shareholder from whom the application was received in writing.

16. Governing law

16.1 These Terms and Conditions shall be governed by, and construed in accordance with, the laws of Bermuda.