



# 2000 Annual Report

**B E R M U D A C O M M E R C I A L  
B A N K L I M I T E D**

Telephone: (441) 295-5678  
Fax: (441) 295-8091  
E-mail: enquiries@bcb.bm  
Bermuda Commercial Bank Building  
44 Church Street  
Hamilton HM 12 Bermuda

**Board of Directors as at September 30,2000**

John Chr. M.A.M.Deuss \*1\*2\*3  
Chairman & President  
Chief Executive Officer

President Transworld Oil Limited

Dr. Clarence R. Terceira JP  
Vice Chairman & Vice President  
Founding Director, Former President  
Retired Dental Surgeon

Andrew Carr CMA  
President & CEO Marsh Management Services  
(Bermuda) Ltd.

Martina E.W.M.Deuss \*1\*2  
Treasurer Transworld Oil Limited

C. Jerome Dill  
Partner Appleby, Spurling & Kempe

Arnold A. Francis CBE, QC, JP  
Founding Director, Former President  
Consultant Francis & Forrest

Herbert N. Haag \*1  
President & CEO Partner Re Ltd.

R. Anthony Jones MA  
Managing Director Washington Properties  
(Bermuda) Ltd.

Michael J. Mello QC, JP  
Senior Partner Mello Jones & Martin

Brian O'Hara \*1  
President & CEO XL Capital Ltd.

Delaey Robinson  
Innkeeper and Member of Parliament

E. John Sainsbury  
Former CEO Argus Insurance Co. Ltd.

Timothy W. Ulrich \*1\*2  
Vice President and General Counsel  
Transworld Oil Limited

There are no service contracts with directors.

**I N T E R N A T I O N A L C O R P O R A T E  
M A N A G E M E N T O F B E R M U D A L T D .**

Telephone: (441) 292-3580 Fax: (441) 292-5898  
Incorporated in Bermuda on December 21, 1992. Provides  
corporate and partnership management and corporate registrar  
and financial services.

**I N T E R N A T I O N A L T R U S T C O M P A N Y  
O F B E R M U D A L T D .**

Telephone: (441) 292-3580 Fax: (441) 292-6128  
Incorporated in Bermuda on February 24, 1970. Provides trust  
and financial services to individuals and companies.

**B C B S E C U R I T I E S L T D .**

Telephone: (441) 295-5678 Fax: (441) 292-3306  
Incorporated in Bermuda on July 27, 1995. Provides local  
market trading.

**B E R M U D A P R O V I D E N T P R O P E R T I E S L T D .**

Telephone: (441) 295-5678 Fax: (441) 295-4759  
Incorporated in Bermuda on June 21,1971. Owns and manages  
The Bermuda Commercial Bank Building in Bermuda.

**S O M E R S M O R T G A G E A N D F I N A N C E L T D .**

Telephone: (441) 292-1841 Fax: (441) 292-6950  
Incorporated in Bermuda on July 14, 1981. Provides  
mortgages,ordinary loans,and personal loans that are financed  
by deposits. The Company is currently running off its  
mortgage book and is not offering new lending nor accepting  
new deposits.

**B E R C O M N O M I N E E S L I M I T E D**

Telephone: (441) 295-5678 Fax: (441) 295-8091  
Incorporated in Bermuda on July 8,1987 as a nominee company.

The registered address for above companies is:

Bermuda Commercial Bank Building  
44 Church Street  
Hamilton HM 12 Bermuda

Bermuda is the principal country of operations for the above companies.

**B C B ( M A U R I T I U S ) L I M I T E D**

Sixth Floor, Cerné House, Chaussée, Port Louis, Mauritius  
Telephone: (230) 212-5011 Fax: (230) 212-9405  
Incorporated in Mauritius on November 2, 1994. Provides  
custodial services for BCB in Mauritius.

\*1 Denotes non-Bermudian directors.

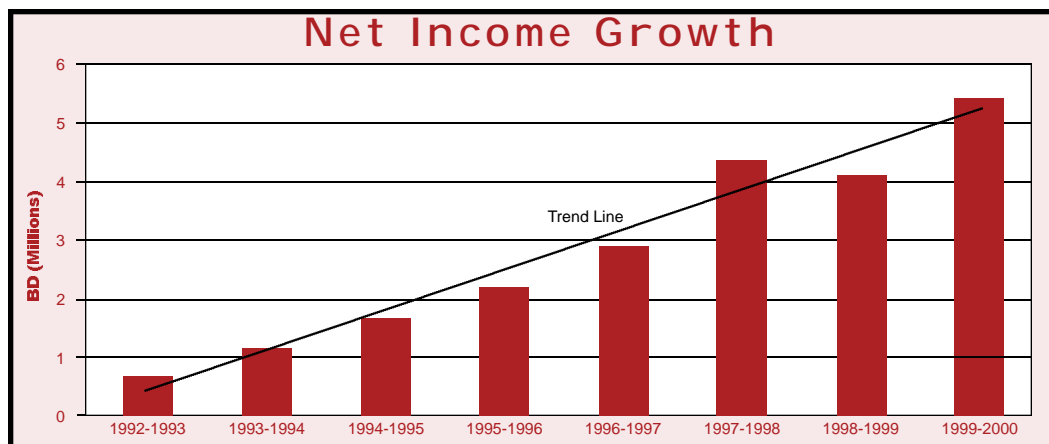
\*2 Denotes directors who have waived directors' fees for the year.

\*3 FCIB is wholly-owned by Mr. Deuss. FCIB is a material shareholder of the Bank. FCIB  
has agreed to waive any management fee which in the future may become due under the  
current Service and Management Agreement, discussed in Footnote #8 of the Consolidated  
Financial Statements, up to its date of termination on May 10, 2003.

As at September 30, 2000, the total interest of all Directors, Statutory Officers, and  
Executive Officers in common shares and warrants and options amounted to 2,204,542  
(51.57%) and 2,925,036 (73.87%) respectively.

# Letter to Shareholders

BERMUDA COMMERCIAL BANK (“BCB”) earnings have reached a record high while expenses remain under impressive control for the year ended September 30, 2000. Net income has increased 33.11% over the prior year to \$5.42 million while total assets have grown 21.19% to \$565.71 million. The annual dividend has increased from forty cents (40¢) to forty-two and a half cents (42.5¢) per share, an increase of 6.25% over 1998/1999. The following chart represents the trend in BCB’s dependable growth since 1993, when First Curacao International Bank N.V. (“FCIB”) assumed management responsibility.



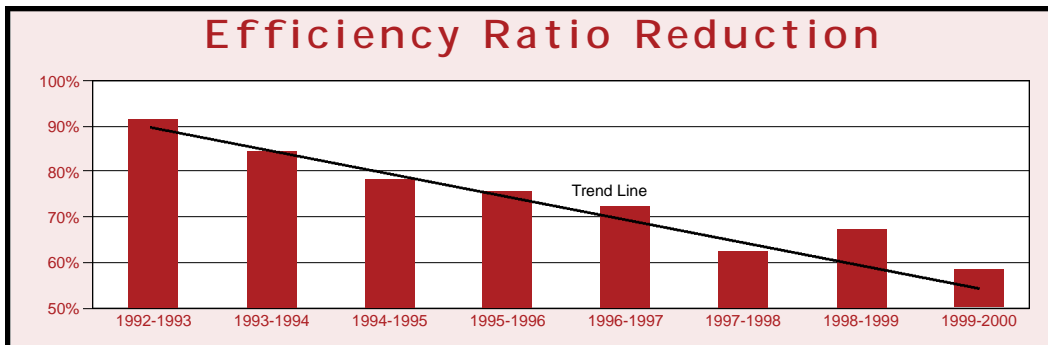
The increase in net income is attributable to an 8.84% increase in total revenues combined with a decline in expenses of 3.46%. One of the results of our asset growth is a 22.26% increase in net interest income. During the year, 302 new accounts were opened across the BCB Group of Companies. The number of accounts registered with BCB Gold, BCB’s electronic cash management system that allows our customers to manage their accounts remotely on a real-time basis, has increased to approximately 1,600 accounts managed from client locations.

In 1999/2000, the Bank saw the addition of the State Street Global Advisors money market fund to the portfolio of products offered. The new fund offers an investment that is rated AAA and produces a yield that is comparable to the Bank’s other offerings. BCB also offers a product developed jointly with State Street Global Advisors that is aimed at the local Captive Insurance Management business. The product offers Captive Managers access to a suite of State Street investment vehicles to give a choice of risk and reward suited to the client’s profile. The Dollar Assets Portfolio (Bermuda) Limited (“DAP”) daily liquidity money market fund has continued to be the flagship product of the Bank’s relationship with Merrill Lynch Asset Management L.P. and has exhibited consistently competitive interest rates.

The 3.46% decline in expenses is attributable to the continuous improvement in the use of systems for straight-through processing coupled with strategic alliances designed to provide the Bank’s clients with premier services offered by worldwide leaders. Several system interfaces were designed, developed and implemented to allow for further automation of the banking environment. The strategic alliances and system interfaces allow the Bank to handle a larger volume of transactions without adding material costs. Improvements to the overall technical environment were also made

during the current year. Concerning Year 2000, there was no interruption to service as BCB passed into the new millennium with the corresponding change in system date. Applications, operating systems and hardware continued to perform as normal, reflecting the comprehensive testing conducted in mid-1999.

The following chart demonstrates the cost control trend since 1993, with an efficiency ratio for the financial year at an impressive 58.88%.



The growth in the Bank's net income and balance sheet is based on a two-pronged approach. The Bank maintains a low risk, liquid balance sheet to ensure low risk shareholder investment and high depositor confidence. And, the Bank manages expenses and improves efficiencies to control costs. Cash and deposits with other banks represent 95.27% of BCB's total assets at year end while they represented 93.13% at the prior year end emphasizing the strength and quality of BCB's Consolidated Balance Sheet. The run-off of Somers Mortgage & Finance Limited continued during the year permitting BCB's dependence on real estate assets to be reduced. In the upcoming year, the Bank will evaluate methods to further improve the liquidity and low risk nature of the Balance Sheet. The Directors are in discussions to sell the Bermuda Commercial Bank Building to further reduce investment in the local real estate market. Consideration is being given to disposing of the Bank's other non-liquid investments.

The established policies and procedures of the Bank allow for the steady growth and maintenance of outstanding client service. During the current year, the Board of Directors announced the appointment of Mr. Paul Tucker as the General Manager of International Trust Company of Bermuda Limited, a wholly-owned subsidiary of the Bank. In the upcoming year, the Bank's management team will focus on marketing the Bank's services in both the traditional sense and through the Internet to capitalize on the global opportunities presented by the growth of electronic delivery of financial services and e-commerce.

As announced at last year's Annual General Meeting, BCB is participating in the development of an electronic financial services platform. In line with BCB's policy of bullet proof banking, the launch of the product has been delayed to ensure that the product incorporates the most advanced system security available. During the financial year 1999/2000, terms were outlined for a joint venture agreement between BCB, FCIB, and an affiliate of FCIB for the provision of electronic financial services. The BCB Board of Directors has approved and authorized signing of an Agreement on Principal Terms Regarding E-Banking Joint Venture in anticipation of the execution of a detailed joint venture agreement. FCIB and its affiliates are responsible for the development of BCB's comprehensive Internet banking software platform. The launch of E-Banking is expected to occur sometime during the first quarter of 2001. BCB personnel have been actively involved with defining

the requirements and testing the system.

On behalf of the staff and management of Bermuda Commercial Bank, I thank our shareholders and clients for their continued support. I would also like to express a special appreciation to the staff and management for their continued dedication, hard work, and commitment to the Bank, which has contributed to the successful results of 1999/2000 described in the financial statements and accompanying information contained in the 2000 Annual Report.

A handwritten signature in black ink, appearing to read 'John Chr. M.A.M. Deuss', with a stylized, sweeping flourish at the end.

**JOHN Chr. M.A.M. Deuss**  
**CHAIRMAN, PRESIDENT, AND CHIEF EXECUTIVE OFFICER**

# Management's discussion and analysis of results of operations and financial condition

Bermuda Commercial Bank ("BCB") is reporting strong growth in the current year with net income increasing from \$4.07 million to \$5.42 million, or 33.11%, and total assets increasing from \$466.79 million to \$565.71 million, or 21.19%. This growth was attained without shifting the Bank's focus on providing superior service through the optimal use of systems while maintaining a minimal risk profile.

Because of the record year for BCB, performance ratios of the Bank are all moving towards their targeted levels. Earnings per share increased \$0.32 to \$1.27 from \$0.95, an increase of 33.68%. The Efficiency Ratio at 58.88% is approaching the 50% mark, while Return on Assets of 1.05% exceeded 1% for the first time. Return on Equity came in at 14.77%, the fourth consecutive year over 10%, and is rapidly approaching the 18% benchmark level. While having an impressive dividend payout ratio of 33.46%, BCB has managed to increase its book value per share to \$9.01 from \$8.17 at September 30, 1999, an increase of 10.28%. The annual yield, based on year end market values, increased to 7.73%.

## BALANCE SHEET

The Bank's Corporate Treasury Department enjoyed a particularly fruitful year. Despite the run-off of Somers Mortgage and Finance Limited ("Somers"), total customer deposits rose to \$522.59 million at September 30, 2000 from \$428.17 million at September 30, 1999, an increase of 22.05% or \$94.42 million. This increase in our customer deposit balances is a direct result of higher average deposits from existing clients in addition to new business relationships. During the year, Corporate Treasury opened 265 new accounts for 178 customers.

As a direct result of the expansion in our customer deposits, the asset side of our balance sheet has also increased. Customer deposits are placed with highly rated counterparties in the interbank market with essentially matching maturities. Total cash and deposits with other banks has risen to \$538.88 million from \$434.72 million, an increase of \$104.16 million or 23.96%.

We have continued with the strategy established in 1997 to run off the existing mortgages at Somers according to the contractual repayment schedules. At September 30, 2000, loans and advances were \$14.71 million compared to \$19.63 million at September 30, 1999, a decline of \$4.92 million or 25.06%, due to principal payments, early repayments, and an increase in the allowance for loan losses. The principal payments and early repayments on these loans has offset the decrease in Somers' customer deposits and increased our cash deposited with other institutions.

As of September 30, 2000, the Bank has expended \$314,000 related to its Internet banking initiative. Of this balance, \$263,000 is included with Other Assets on the Consolidated Balance Sheet. Once the product is launched, this balance will be transferred to Premises and Equipment and depreciated over the estimated useful lives of the associated assets. The remaining balance has been expensed and is contained within Other Expenses on the Consolidated Statement of Operations and Retained Earnings.

Interest payable has increased by \$711,000, or 48.25%, as a function of higher deposits, higher interest rates, and timing differences. The Board of Directors approved an increased six month dividend as of September 30, 2000 of \$0.225 compared to \$0.20 in the prior year.

## STATEMENT OF OPERATIONS

Interest income has risen to \$34.24 million from \$24.35 million, an increase of 40.61%, and interest expense has grown to \$27.31 million from \$18.69 million, an increase of 46.12%. The larger percentage increase in interest expense than in interest income can be attributed to the combined effect of lower loans and advances, which earn higher interest rates, and lower margins earned on a higher average customer fixed deposit balance. Net interest income has risen to \$6.93 million, an increase of \$1.26 million or 22.26%, over the same period in 1998/1999. This growth in interest income is attributable to higher average balances deposited with the Bank throughout the fiscal year and the ability of our Corporate Treasury Department to maintain a healthy basis point spread between interest revenue and interest expense. The usual increase in deposits was noticed toward the end of the 1999 calendar year. Concerns over Y2K issues and the normal year end balance sheet window dressing encouraged asset managers to move into cash and high quality investments. Corporate Treasury used these added funds to its advantage by capturing the turn of the year spike in interest rates and widening the net interest spread earned on the Bank's deposits. The uncertainty created by the correction in the equity markets at the beginning of calendar year 2000 pushed assets into cash and helped to keep the Bank's balances above prior year levels.

Treasury products, such as BCB GOLD, Dollar Assets Portfolio (Bermuda) Limited (“DAP”), State Street Global Advisors money market fund, and the management of deposit accounts, continue to provide the main source of BCB’s income. The planning focus continues to center on expanding our marketing effort, diversifying our client base, and improving the quality of our products and services.

Taking a small spread on each currency transaction as it passes through the Bank produces net exchange gains. The Bank never assumes foreign exchange risk by taking proprietary positions. The introduction of the Euro during the prior fiscal year found some investors overweight in the new currency. This spurred a flurry of activity as clients adjusted their portfolios in the prior year. The same activity was not noted in 1999/2000 resulting in a lower volume of transactions as net exchange gains fell by \$41,000, a 5.11% decrease.

Fees and commissions declined by \$206,000, or 4.74%, from the previous year. Transaction fees from Corporate Treasury and BCB Securities Limited saw an increase of 4.18%, or \$33,000, due primarily to fees associated with local market trading. Somers saw a decline in fees and commissions of \$29,000, or 73.85%, as a by-product of its run-off.

Our Corporate Trust business segment contributes to the majority of BCB’s fees and commissions. This business segment provides trust, company and fund management, corporate registrar, financial, and custodial services. Our Corporate Trust business continues to contribute to the overall group, as many of its clients maintain significant cash balances with Corporate Treasury.

BCB, as the fund manager for DAP, earned \$258,000 less than in the prior year. DAP balances averaged \$216.45 million during 1999/2000 compared to \$397.53 million in 1998/1999, resulting in lower fees earned.

Our Global Custody Department has seen a shift in its business away from vanilla custody work and into customized security administration for day traders and asset managers. There are two primary reasons for this move. Bermuda-based mutual funds have acted on the recent relaxing of the Bermuda Law with regard to not having to maintain a Bermuda-based custodian. As mutual funds are permitted to choose a custodian outside of Bermuda, some of our clients have opted to relocate this function to jurisdictions that are geographically closer and/or less expensive. Moreover, we have noted a change by institutional clients from the traditional custodian structure to the prime broker structure. While Global Custody has experienced a decline in its custody fees, the fees earned for handling a settlement on behalf of our new day trading clients more than offset these lost revenues. Total net custody revenues have increased by \$240,000, or 22.13%, over the prior fiscal year. The Non-Resident Alien tax issue in the United States becomes effective on January 1, 2001. Global Custody has informed our clients of the effect that these new laws will have on their activity at BCB.

While fees and commissions for both International Corporate Management of Bermuda Limited (“ICMOB”) and International Trust Company of Bermuda Limited (“ITCOB”) were below the prior year by 10.24% and 7.28%, respectively, we are in a position to see improvement in the next fiscal year.

ICMOB has lost some clients who determined that their marketing efforts would be more effective if the custody and management of their assets were centered in Europe. As anticipated, other clients moved their registrar business in-house. Finally, ICMOB resigned from certain clients who did not meet with the overall client profile that we wish to maintain. Over the past three years, we have seen flat to lower earnings in ICMOB. In an effort to reverse these trends, a new General Manager has been recruited, and he will join us in January 2001. Once he has gained a degree of comfort with the department, we will implement an action plan that is aimed at expanding the client base through more efficient use of resources and a concerted marketing effort.

ITCOB has gone through a transitional year. The new General Manager arrived in May 2000. Most of the year was spent maintaining client service and developing a pending book of potential new business. Business under development should come onto the books in the next fiscal year. Once the marketing effort reaches its expected level of activity, ITCOB expects to see a regular stream of new business. This should have a beneficial effect on the balances held in Corporate Treasury as well as the direct impact on fee revenues.

Investment income decreased by \$33,000, or 100% from the prior year, due to the fact that we disposed of all of the investments that generate income. For the fiscal year ended September 30, 2000, other operating income, which is composed of rental income from Bermuda Provident Properties Limited and disbursement recoveries, increased by \$90,000, or 7.00%.

This year saw a decline in total expenses of 3.46%, or \$278,000, while the published Bermuda cost of living increase was 2.70%. Salaries and employee benefits remained flat with a 0.05% increase demonstrating the reliance on improved systems for straight-through processing rather than increasing staff numbers. Depreciation expense declined by \$51,000, or 6.78%, as certain equipment became fully depreciated during the current year and the useful lives were extended on a number of software programs due to system upgrades. General and administrative expenses have decreased to \$2.47 million from \$2.70 million, or 8.52%, through conscientious monitoring and cost control efforts.

#### PERFORMANCE MEASURES

The Directors have declared a dividend of 22.5 cents per share for the six months ended September 30, 2000, which, when added to the 20 cents per share declared in March 2000, amounts to a total dividend of 42.5 cents per share for the year. The continued growth in the Bank has been passed on to the shareholders as represented by the dividend growth over the past five years of 6.25% (1999:40 cents), 21.43% (1998:35 cents), 112.50% (1997: 20 cents) and 183.33% (1996:15 cents).

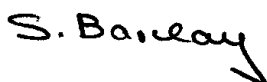
	<i>Financial Ratios</i>		<i>Per Share Information</i>	
	2000	1999	2000	1999
Return on equity	14.77%	12.08%	Cash dividends	\$ 0.425 \$ 0.40
Return on assets	1.05%	0.87%	Net income - Basic	1.27 0.95
Risk weighted capital ratio	30.66%	32.32%	Net income - Fully diluted	0.92 0.72
Efficiency ratio	58.88%	66.38%	Net book value	9.01 8.17
Dividend to share price ratio	7.73%	6.15%	Market value at year end	5.50 6.50
Dividend payout ratio	33.46%	42.11%		
Cash, balances with other banks, / total assets	95.26%	93.13%		

Off-balance sheet assets under administration, custody, and trust, have decreased to \$4.5 billion from \$5.1 billion, a decrease of \$600 million or 11.73%. This decrease is attributable to several factors including market conditions contributing to lower client portfolio valuations, client liquidations, and terminated business.

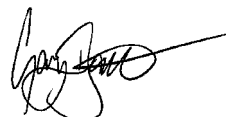
The preceding Management's Discussion and Analysis of Results of Operations and Financial Condition should be read in conjunction with our Consolidated Financial Statements and the notes to those financial statements.



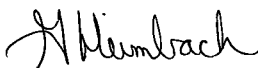
JOHN CHR. M.A.M. DEUSS  
*Chairman, President,  
and Chief Executive Officer*



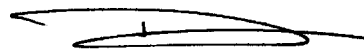
SUSAN BARCLAY  
*Executive Assistant to the Managing Director  
and Company Secretary of BCB*



GARY BARRETT  
*General Manager, Information Technology*



GRETA L. HEIMBACH  
*Controller*



PAUL TUCKER  
*General Manager, International Trust  
Company of Bermuda Limited*



L. CLEO WILSON  
*General Manager, Global Custody and Acting  
General Manager, International Corporate  
Management of Bermuda Limited*



MANUEL YGLESIAS  
*General Manager, Corporate Treasury*

# Independent Auditors' Report

Chartered Accountants  
Carter House  
Church and Parliament Streets  
P.O. Box 100155  
Hamilton HM 10, Bermuda  
Telephone: (441) 292-1500  
Facsimile: (441) 292-0961

**Deloitte  
& Touche**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
Bermuda Commercial Bank Limited

We have audited the consolidated balance sheet of Bermuda Commercial Bank Limited as at September 30, 2000 and the consolidated statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Bank as at September 30, 2000 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

*Deloitte & Touche*

November 8, 2000

Deloitte  
Touche  
Tohmatsu

# Consolidated Balance Sheet

as at September 30, 2000

	2000	1999
<b>ASSETS</b>		
Cash and deposits with other banks (Note 2)		
Due on demand	\$ 55,920,028	\$ 33,764,849
Term deposits	482,955,403	400,950,243
Total cash and deposits with other banks	538,875,431	434,715,092
Loans and advances, net of allowance for loan losses (Note 3)	14,708,778	19,625,494
Investments	157,250	157,250
Premises and equipment (Note 4)	8,999,565	9,268,870
Interest receivable	1,165,066	1,240,990
Other assets	1,803,202	1,783,952
	\$ 565,709,292	\$ 466,791,648
<b>LIABILITIES</b>		
Deposits (Note 5)		
Demand deposits	\$ 132,236,949	\$ 127,242,655
Term deposits	390,349,746	300,931,017
Total deposits	522,586,695	428,173,672
Interest payable	2,183,224	1,472,623
Other liabilities	1,452,345	1,372,314
Proposed dividend	961,899	855,022
	527,184,163	431,873,631
<b>CAPITAL FUNDS</b>		
Capital stock (Note 6)	10,260,259	10,260,259
Share premium (Note 6)	10,727,037	10,727,037
Property appraisal excess (Note 7)	1,854,364	1,973,337
Retained earnings	15,683,469	11,957,384
	38,525,129	34,918,017
	\$ 565,709,292	\$ 466,791,648

*See accompanying notes to the consolidated financial statements*

Signed on Behalf of the Board:

Chairman, John Chr. M.A.M. Deuss



Vice Chairman, Dr. Clarence R. Terceira



# Consolidated Statement of Operations and Retained Earnings

for the year ended September 30, 2000

	2000	1999
<b>I N C O M E</b>		
Interest income	\$ 34,235,209	\$ 24,348,823
Interest expense	27,312,324	18,686,268
Net interest income	6,922,885	5,662,555
Net exchange gains	755,883	796,578
Fees and commissions	4,136,217	4,342,184
Net investment income	-	32,601
Other income	1,375,806	1,285,780
Total income	13,190,791	12,119,698
<b>E X P E N S E S</b>		
Salaries and employee benefits	4,589,999	4,587,592
Depreciation	703,688	754,899
Other expenses	2,473,071	2,702,348
Total expenses	7,766,758	8,044,839
<b>NET INCOME</b>	5,424,033	4,074,859
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	11,957,384	9,473,595
Dividends (Note 10)	(1,816,921)	(1,710,044)
Transfer from property appraisal excess (Note 7)	118,973	118,974
<b>RETAINED EARNINGS, END OF YEAR</b>	\$ 15,683,469	\$ 11,957,384
Earnings per share (Note 15)	\$ 1.27	\$ 0.95
Fully diluted earnings per share (Note 15)	\$ 0.92	\$ 0.72

*See accompanying notes to the consolidated financial statements*

# Consolidated Statement of Cash Flows

for the year ended September 30, 2000

	2000	1999
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>		
Net income	\$ 5,424,033	\$ 4,074,859
Adjustment to reconcile net income to cash flows from operating activities:		
Depreciation	703,688	754,899
Provision for loan losses	150,077	61,088
Gain on sale of investments	-	(32,601)
Decrease in interest receivable	75,924	536,450
(Increase) decrease in other assets	(19,250)	1,040,162
Increase (decrease) in interest payable	710,601	(201,162)
Increase in other liabilities	80,031	31,614
Cash flows from operating activities	7,125,104	6,265,309
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net decrease in loans and advances	4,766,639	4,867,851
Purchase of premises and equipment	(434,383)	(566,466)
Purchase of investments	-	(96,136)
Proceeds on sale of investments	-	56,487
Cash flows from investing activities	4,332,256	4,261,736
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase (decrease) in customer deposits	94,413,023	(2,551,332)
Dividends paid	(1,710,044)	(1,710,044)
Cash flows provided by (used in) financing activities	92,702,979	(4,261,376)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>104,160,339</b>	<b>6,265,669</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>434,715,092</b>	<b>428,449,423</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 538,875,431</b>	<b>\$ 434,715,092</b>

*See accompanying notes to the consolidated financial statements*

# Notes to the Consolidated Financial Statements

September 30, 2000

## 1. SIGNIFICANT ACCOUNTING POLICIES

**Basis of Preparation** The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Bermuda and Canada. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**Basis of Consolidation** The consolidated financial statements include the assets, liabilities, and results of operations of the Bank and its wholly-owned subsidiaries. Intercompany transactions are eliminated on consolidation.

During 1995, the Bank formed a joint venture with Merrill Lynch Asset Management L.P., a limited partnership incorporated in Princeton, USA. The accompanying financial statements include the Bank's proportionate share of assets, liabilities, revenues and expenses of the joint venture, BCB Merrill Lynch Asset Management Limited ("BCB-MLAM"), up to the date of its liquidation in September of 2000.

**Foreign Currency Translation** United States dollar balances and transactions are translated into Bermuda dollars at par. Monetary assets and liabilities in other currencies are translated into Bermuda dollars at the rates of exchange prevailing at the balance sheet date. Income and expense items in other currencies are translated into Bermuda dollars at the rates prevailing at the dates of the transactions. Differences arising on the translation of assets and liabilities are charged or credited directly to other income or other expenses.

**Loans and Advances** Loans and advances are stated net of any related allowance for loan losses.

A loan is classified as non-performing when, in the opinion of management, there is reasonable doubt as to the collectibility of interest or principal, or there are circumstances that indicate an account will be difficult to recover in full within a reasonable period. Loans for which collection is more than 90 days overdue are classified as non-performing. When a loan is classified as non-performing, accrued but uncollected interest is reversed against income. Thereafter, interest income is recognized on a cash basis only after specific provisions for losses have been recovered and provided there is no further doubt as to the collectibility of principal. Non-performing loans may revert to performing status when all payments become fully up-to-date and, in the opinion of management, there is no reasonable doubt as to the ultimate collectibility of the principal or interest.

All non-performing loans are considered to be impaired. Impairment is measured as the difference between the recorded value of the loan and its estimated realizable amount, determined by discounting the expected future cash flows at the interest rate inherent in the loan at the date of impairment or the fair value of collateral for certain collateral dependent loans.

**Allowance for Loan Losses** The allowance for loan losses is based on management's assessment of an adequate provision to meet losses on existing loans and advances. The adequacy of the allowance for loan losses is continually reviewed by management, taking into consideration matters such as current economic conditions, past loss experience, individual circumstances affecting loan quality, and other relevant factors.

The allowance for loan losses consists of specific provisions against loan and advance exposures determined on an item-by-item basis, as well as a general provision. The general provision for loan losses is established to absorb losses attributable to the deterioration of loan quality and reflects management's best estimate of losses existing in the loan portfolio in respect of loans for which individual specific provisions cannot yet be determined.

The allowance is increased by provisions for loan losses charged to other expenses, and reduced by write-offs net of recoveries. The provision is the amount required to bring the allowance to the level management determines is required to estimate losses. This evaluation is inherently subjective as it requires material estimates including the amount and timing of future cash flows expected to be received on impaired loans and advances that may be susceptible to significant change.

**Investments** Investments are carried at cost which, in the opinion of management, approximates fair value.

**Premises and Equipment** The land is carried at cost. The buildings are carried at an appraised value less accumulated depreciation. Other equipment is carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets.

**Property Appraisal Excess** The excess of the appraised value of the land and building over the depreciated cost is included in property appraisal excess. The appraisal excess is amortized annually to retained earnings in amounts equal to the depreciation charge relating to the appraisal excess on the building.

**Earnings per Share** Earnings per share presented in the Consolidated Statement of Operations and Retained Earnings is calculated by dividing net income by the weighted average number of common shares outstanding during the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 1. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Fully diluted earnings per share reflects the maximum dilution of current earnings that the potential conversion of warrants and exercise of stock options would have caused had they occurred during the current year. Fully diluted earnings per share is calculated by dividing net income by the weighted average number of common shares that would have been in issue if the warrants and options outstanding at the end of the year had been converted or exercised at the beginning of the year.

**Trust Assets** Securities and properties, other than demand or term deposits with the Bank and its subsidiaries, held in a trust, agency or fiduciary capacity for customers, are not included in the consolidated balance sheet as such assets are not the property of the Bank or its subsidiaries.

**Comparative Figures** Certain comparative figures have been reclassified to conform with the current year's presentation.

### 2. CASH AND DEPOSITS WITH OTHER BANKS

Cash and deposits with other banks include demand and term deposits and short-term money market instruments. The maturities and Bermuda dollar equivalents are as follows:

	Within 1 Month	2 - 6 Months	6 Months to 1 Year	Total
United States Dollar	\$ 499,070,487	\$ -	\$ -	\$ 499,070,487
United Kingdom Sterling	15,736,393	1,325,160	-	17,061,553
Bermuda Dollar	5,521,827	-	-	5,521,827
Canadian Dollar	3,868,092	2,431,703	-	6,299,795
Other	7,826,090	3,095,679	-	10,921,769
2000 Total	\$ 532,022,889	\$ 6,852,542	\$ -	\$ 538,875,431
United States Dollar	\$ 374,926,355	\$ 5,000,000	\$ 5,000,000	\$ 384,926,355
United Kingdom Sterling	24,444,292	-	138,348	24,582,640
Bermuda Dollar	4,627,125	-	-	4,627,125
Canadian Dollar	3,671,143	1,141,312	1,022,070	5,834,525
Other	12,631,311	2,113,136	-	14,744,447
1999 Total	\$ 420,300,226	\$ 8,254,448	\$ 6,160,418	\$ 434,715,092

The average effective yields earned are as follows:

	2000	1999
Term deposits with other banks	5.97%	5.05%
Short-term money market instruments	5.93%	5.24%
Demand deposits with other banks	3.12%	2.65%

### 3. LOANS AND ADVANCES

Loans and advances and the allowance for loan losses at September 30 are as follows:

	2000			1999		
	Gross	Allowance	Net	Gross	Allowance	Net
Mortgage loans	\$ 14,841,880	\$ 678,531	\$ 14,163,349	\$ 19,822,345	\$ 576,098	\$ 19,246,247
Ordinary loans	45,987	-	45,987	361,939	5,344	356,595
Overdrafts	503,008	3,566	499,442	22,652	-	22,652
Total	\$ 15,390,875	\$ 682,097	\$ 14,708,778	\$ 20,206,936	\$ 581,442	\$ 19,625,494

Mortgage loans consist primarily of first mortgages on Bermuda properties held by the Bank's wholly owned subsidiary, Somers Mortgage and Finance Limited. These mortgages are financed by term deposits with that company and are repayable in monthly installments over periods not exceeding 20 years and are callable on 90 days notice. Ordinary loans and overdrafts are either unsecured or secured by chattel mortgages over personal property.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 3. LOANS AND ADVANCES CONTINUED

The loan portfolio at September 30 by contractual maturity is as follows:

	Within 1 Year	1 - 5 Years	5 - 10 Years	>10 Years	Impaired	Total	Average Effective Yield
Mortgage loans	\$ 71,576	\$ 935,979	\$ 2,527,030	\$ 10,017,293	\$ 1,290,002	\$ 14,841,880	7.92%
Ordinary loans	22,537	23,450	-	-	-	45,987	5.61%
Overdrafts	499,442	-	-	-	3,566	503,008	5.21%
2000 Total	\$ 593,555	\$ 959,429	\$ 2,527,030	\$ 10,017,293	\$ 1,293,568	\$ 15,390,875	
Mortgage loans	\$ 284,682	\$ 1,312,000	\$ 3,300,674	\$ 12,598,221	\$ 2,326,768	\$ 19,822,345	7.81%
Ordinary loans	269,418	87,187	-	-	5,334	361,939	7.46%
Overdrafts	22,652	-	-	-	-	22,652	5.22%
1999 Total	\$ 576,752	\$ 1,399,187	\$ 3,300,674	\$ 12,598,221	\$ 2,332,102	\$ 20,206,936	

The following is an analysis of the allowance for loan losses at September 30:

	Specific	2000 General	Total	Specific	1999 General	Total
Balance at beginning of year	\$ 484,359	\$ 97,083	\$ 581,442	\$ 587,990	\$ 138,526	\$ 726,516
Released	(35,731)	(13,082)	(48,813)	(797)	(41,443)	(42,240)
Increases and new provisions	198,890	-	198,890	103,328	-	103,328
Written off	(49,422)	-	(49,422)	(206,162)	-	(206,162)
Balance at end of year	\$ 598,096	\$ 84,001	\$ 682,097	\$ 484,359	\$ 97,083	\$ 581,442

As at September 30, 2000, loans in the amount of \$1,293,568 (1999: \$2,332,102) were considered impaired. Included in the allowance for loan losses is \$598,096 (1999: \$484,359) related to impaired loans. For the year ended September 30, 2000, \$198,890 (1999: \$103,328) of increases and new provisions related to impaired loans were charged to income and \$48,813 (1999: \$42,240) of allowances were released related to recoveries for a total allowance for loan losses of \$150,077 (1999: \$61,088).

### 4. PREMISES AND EQUIPMENT

	Useful Life	Cost or Appraised Value	Accumulated Depreciation	Net Book Value 2000	Net Book Value 1999
Land		\$ 2,250,000	\$ -	\$ 2,250,000	\$ 2,250,000
Buildings	40	7,927,015	2,609,887	5,317,128	5,492,721
Furniture and equipment	3 - 7	4,826,374	3,393,937	1,432,437	1,526,149
Total		\$ 15,003,389	\$ 6,003,824	\$ 8,999,565	\$ 9,268,870

The land and building were valued in September 1990 by a professional appraiser, using a method based on the projected future rental income of the property.

As of September 30, 2000, the Bank has expended \$263,462 related to its Internet banking initiative. This balance is included with Other Assets on the Consolidated Balance Sheet. Once the product is launched, this balance will be transferred to Premises and Equipment and depreciated over the estimated useful lives of the associated assets.

### 5. DEPOSITS

Deposits include both demand and term deposits. Deposits payable on demand are interest and non-interest bearing deposits where the Bank does not have the right to require notice of withdrawal. Deposits payable on a fixed date are interest-bearing deposits that mature on a specified date. The maturities and Bermuda dollar equivalents are as follows:

	Within 1 Month	2 - 6 Months	6 Months to 1 Year	1 - 5 Years	Total
United States Dollar	\$ 449,918,875	\$ 19,666,177	\$ 373,189	\$ -	\$ 469,958,241
Bermuda Dollar	15,379,863	2,639,338	457,916	98,884	18,576,001
United Kingdom Sterling	16,023,596	932,962	16,151	-	16,972,709
Canadian Dollar	3,017,337	3,132,097	123,061	-	6,272,495
Other	7,695,357	3,111,892	-	-	10,807,249
2000 Total	\$ 492,035,028	\$ 29,482,466	\$ 970,317	\$ 98,884	\$ 522,586,695

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 5. DEPOSITS CONTINUED

	Within 1 Month	2 - 6 Months	6 Months to 1 Year	1 - 5 Years	Total
United States					
Dollar	\$ 340,733,035	\$ 12,153,445	\$ 401,661	\$ -	\$ 353,288,141
Bermuda					
Dollar	23,481,817	3,552,152	68,392	3,488,766	30,591,127
United Kingdom Sterling	23,590,724	466,773	45,044	-	24,102,541
Canadian Dollar	3,220,261	2,405,680	121,102	-	5,747,043
Other	12,367,483	2,077,337	-	-	14,444,820
1999 Total	\$ 403,393,320	\$ 20,655,387	\$ 636,199	\$ 3,488,766	\$ 428,173,672

The average effective interest rates paid were:

	2000	1999
Term deposits based on book values and contractual interest rates	5.63%	4.68%
Demand deposits	2.78%	2.16%

### 6. CAPITAL STOCK

All shares are common shares with a par value of \$2.40 each.

	Authorized Shares	Par Value	Issued & Fully Paid Shares	Par Value	Share Premium
Balance at September 30, 2000	10,000,000	\$ 24,000,000	4,275,108	\$ 10,260,259	\$ 10,727,037
Balance at September 30, 1999	7,000,000	\$ 16,800,000	4,275,108	\$ 10,260,259	\$ 10,727,037

As part of a Rights Offering in June of 1995, the Bank issued 1,625,036 warrants which are convertible to common shares at \$ 7.50 between May 1997 and May 2001. Of these warrants, 654,804 are held by the Bank's controlling shareholder.

Options to acquire common shares have been issued to the Bank's controlling shareholder as follows:

Issue Date	Number of options	Exercise Price	Exercise Date
December 1999	400,000	\$7.05	January 1, 2002 through December 31, 2006
December 1998	300,000	\$5	January 1, 2001 through December 31, 2005
December 1997	200,000	\$5.125	January 1, 2000 through December 31, 2004
December 1996	200,000	\$5	January 1, 1999 through December 31, 2003
December 1995	200,000	\$5	January 1, 1998 through December 31, 2002

### 7. PROPERTY APPRAISAL EXCESS

	2000	1999
Property appraisal excess, beginning of year	\$ 1,973,337	\$ 2,092,311
Transfer to retained earnings for depreciation relating to appraisal excess on building	(118,973)	(118,974)
Property appraisal excess, end of year	\$ 1,854,364	\$ 1,973,337

Property appraisal excess represents the Bank's post acquisition share of the excess of the appraised value of the land and building of a subsidiary company over its depreciated cost, less transfers to retained earnings.

The property appraisal excess is treated as part of the Bank's published reserves for the purpose of the limitation on lending in Section 38 of the Banks and Deposit Companies Act 1999.

### 8. RELATED PARTY CONSIDERATIONS

First Curacao International Bank N.V. ("FCIB"), which is incorporated in the Netherlands Antilles, owns 33.76% of the Bank's issued shares. Under the terms of an undertaking between the Bank and FCIB, the latter provides banking facilities, managerial services and advice to the Bank in consideration of which the Bank is charged an annual management fee. A management fee amounting to \$1,491,609 was payable to FCIB for the year ended September 30, 2000 (1999: \$835,346). These management fees, which are incurred in the normal course of operations, have been waived by FCIB.

FCIB has loaned \$2,960,387 to a Bermuda company in order to purchase shares in the Bank. FCIB owns 20% of the common shares of that company. That company currently holds 613,738 common shares and 150,772 warrants of the Bank.

The Bank also conducts, in the normal course of business, transactions with other shareholders, directors, and staff members, which are accounted for at their exchange amounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### 9. PENSION PLAN

The Bank contributes to a defined contribution pension plan at the following rates, following any probationary period for new staff:

- 5% of gross salary if service does not exceed 15 years; and
- 10% of gross salary if service exceeds 15 years.

Staff members may also make voluntary contributions to their respective scheme. The schemes are administered by an independent party, and all such funds are segregated from the assets and liabilities of the Bank. Pension expense incurred during 2000 amounted to \$148,554 (1999: \$148,658).

### 10. DIVIDEND

	2000	1999
Declared and Paid: Half Year (2000: 20 cents per common share; 1999: 20 cents)	\$ 855,022	\$ 855,022
Declared: Year End (2000: 22.5 cents per common share; 1999: 20 cents)	961,899	855,022
	\$ 1,816,921	\$ 1,710,044

### 11. CONTINGENT LIABILITIES

The Bank is contingently liable for letters of credit, which are fully matched by offsetting deposits and guarantees of banks and customers, in the amount of \$4,170,387 (1999: \$3,026,831).

During the ordinary course of business, the Bank and its subsidiaries are subject to pending or threatened legal action and proceedings. Management believes that the actions and proceedings and losses, if any, resulting from the final outcome thereof would not be material in the aggregate to the Bank's financial position or results of operations. In the unlikely event of any cost arising from legal action and proceedings, the Bank will rely on indemnities from third parties and insurance coverage.

### 12. COMMITMENTS

On August 17, 2000, the Bank signed an Agreement to Lease new premises subject to the construction of the leased building. Upon completion of the building, the Bank has committed to sign a three-year lease. It is not anticipated that the building will be ready for occupancy before October 2001. As the effective lease date has not yet been determined, the lease commitments by financial year cannot be accurately predicted. The agreed upon terms include annual rental commitments of \$780,000 and annual maintenance commitments of \$111,600.

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts whose value is derived from interest rates, foreign exchange rates, or other financial or commodity indices. The Bank enters into such contracts, including interest rate and foreign exchange forward contracts and futures, options, and swap contracts, as an intermediary for its clients. The Bank matches positions entered on behalf of its clients by entering offsetting positions for its own account. The Bank incurs market risk in its trading activities and credit risk in its risk management activities. The Bank deals with counterparties it believes to be creditworthy; however, credit risk arises due to both the possible non-performance of counterparties and possible position mismatch.

There were no derivative contracts outstanding as of September 30, 2000. At September 30, 1999, the Bank had two forward foreign exchange contracts outstanding with clients with total notional value of 224,000,000 Japanese Yen. These contracts were fully secured by cash on deposit with the Bank in the amount of 120% of the total notional value of the contracts. To eliminate the market risk on these contracts, the Bank entered into an offsetting position for its own account with a notional value of 224,000,000 Japanese Yen. During the year ended September 30, 2000, the Bank had no realized or unrealized gains on derivative transactions.

### 14. JOINT VENTURE

On October 11, 1995, the Bank signed a Shareholders' Agreement with Merrill Lynch Asset Management L.P., a limited partnership incorporated in Princeton, USA ("MLAM") establishing a joint venture company, BCB-MLAM, to provide asset management services to the institutional Bermuda market for an initial two-year period ending on October 31, 1997. The Shareholders' Agreement was restructured as a collaboration agreement between the Bank and MLAM with an effective date of December 1, 1997. The joint venture partners put the company into liquidation during 1999 and the company was liquidated on September 19, 2000. The joint venture received certain administrative and marketing services free of charge from the Bank and MLAM.

The following amounts are included in these financial statements representing the Bank's 50 percent interest in the joint venture:

	2000	1999
Net assets	\$ -	\$ 244,506
Net income (loss) for the period	\$ 520	\$ (3,400)

BCB-MLAM managed an institutional money market fund, Dollar Assets Portfolio (Bermuda) Limited through November 30, 1997. The Bank and FCIB have during the year, and at September 30, 2000 and 1999, invested assets in this fund on the same terms and conditions as third party investors. The Bank was appointed Fund Manager effective December 1, 1997. BCB-MLAM held funds in the Fund until liquidation was finalized.

### 15. EARNINGS PER SHARE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Basic earnings per share is calculated using the weighted average number of shares outstanding for the year of 4,275,108 in 2000 and 1999. Fully diluted earnings per share reflects the dilutive effect of the conversion of stock options and warrants (Note 6) outstanding at the end of the year as if they had been exercised at the beginning of the year. The number of shares used for the calculation of the fully diluted earnings per share is 7,100,144 (1999:6,800,144). Interest on the funds which would have been received had the options been exercised, in the amount of \$1,129,666 (1999:\$835,639), has been imputed at a rate of 6.0% (1999:5.0%) per annum.

### 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments approximate their carrying values. Management estimates fair value on the basis of quoted market prices and financial rates, net present values of expected future cash flows, and such other methods as management considers appropriate in light of all existing information. Because management's methodologies necessarily involve assumptions about future events, the estimates are subject to considerable uncertainty.

### 17. BUSINESS SEGMENTS

The Bank's reportable business segments are strategic operating units that offer substantially different products and services. The Bank has four reportable business segments: Corporate Treasury, Corporate Trust, Mortgage Lending, and Property Management.

**Corporate Treasury** The Corporate Treasury segment is responsible for monitoring and managing the risks associated with the majority of the Bank's financial assets and liabilities, including interest rate, foreign exchange, and credit risks.

**Corporate Trust** The Corporate Trust segment provides trust, company management, fund management, corporate registrar, financial, and custody services to unrelated third parties as well as to the Bank's other business segments.

**Mortgage Lending** The Mortgage Lending segment operated as follows prior to February 11, 1997:

- i. advance and lend money on mortgage or otherwise upon the security of real property
- ii. advance and lend money on ordinary and personal loans; and,
- iii. receive money on deposit, paying interest thereon.

On February 11, 1997, the Board of Directors approved a resolution to terminate active lending and run-off the mortgage book. This segment no longer accepts new deposits, and intends to rely on the Corporate Treasury segment to fund the maturity of existing deposit liabilities.

**Property Management** The Property Management segment owns an office building in Bermuda, which it leases to unrelated third parties as well as to the Bank's other business segments.

The segment accounting policies are the same as those described in the significant accounting policies disclosed in Note 1. Each segment is allocated a portion of head office costs. The net interest income earned on the deposits of customers acquired by segments other than Corporate Treasury is not allocated to those acquiring segments, but rather, the spread remains in Corporate Treasury. The following tables set forth information about segment net income and segment assets:

2000	Corporate Treasury	Corporate Trust	Mortgage Lending	Property Management	Elimination of inter-segment amounts	Totals
Net Interest Income						
from External Customers	\$ 5,547,878	\$ -	\$ 1,375,007	\$ -	\$ -	\$ 6,922,885
Inter-Segment Net						
Interest Income	579,941	29,300	(617,270)	8,029	-	-
Fees and Other Income						
from External Customers	1,568,950	3,513,566	10,096	1,175,294	-	6,267,906
Inter-Segment Fees						
and Other Income	-	122,336	-	472,701	(595,037)	-
Total Income	7,696,769	3,665,202	767,833	1,656,024	(595,037)	13,190,791
Operating Expenses	2,580,354	2,398,705	307,457	693,817	(595,037)	5,385,296
Net Income before						
Head Office Allocation	5,116,415	1,266,497	460,376	962,207	-	7,805,495
Head Office Allocation	1,014,899	1,226,194	94,597	45,772	-	2,381,462
Net Income	4,101,516	40,303	365,779	916,435	-	5,424,033
Segment Assets	538,582,521	1,654,329	16,856,832	8,615,610	-	565,709,292

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17. BUSINESS SEGMENTS CONTINUED

1999	Corporate Treasury	Corporate Trust	Mortgage Lending	Property Management	Elimination of inter-segment amounts	Totals
Net Interest Income from External Customers	\$ 4,188,617	\$ -	\$ 1,473,938	\$ -	\$ -	\$ 5,662,555
Inter-Segment Net Interest Income	608,262	48,441	(662,950)	6,247	-	-
Fees and Other Income from External Customers	1,581,984	3,743,905	38,610	1,092,644	-	6,457,143
Inter-Segment Fees and Other Income	-	120,006	-	472,696	(592,702)	-
Total Income	6,378,863	3,912,352	849,598	1,571,587	(592,702)	12,119,698
Operating Expenses	2,605,129	2,801,174	204,708	688,897	(592,702)	5,707,206
Net Income before Head Office Allocation	3,773,734	1,111,178	644,890	882,690	-	6,412,492
Head Office Allocation	995,237	1,218,618	84,818	38,960	-	2,337,633
Net Income	2,778,497	(107,440)	560,072	843,730	-	4,074,859
Segment Assets	430,917,109	3,279,715	22,375,132	10,219,692	-	466,791,648

# Consolidated Five Year Summary

## STATEMENT OF OPERATIONS AND RETAINED EARNINGS

	2000	1999	1998	1997	1996
<b>INCOME</b>					
Interest income	\$ 34,235,209	\$ 24,348,823	\$ 32,531,300	\$ 25,336,082	\$ 17,296,356
Interest expense	27,312,324	18,686,268	26,899,671	20,609,530	13,385,082
Net interest income	6,922,885	5,662,555	5,631,629	4,726,552	3,911,274
Net exchange gains	755,883	796,578	727,519	570,330	412,603
Fees and commissions	4,136,217	4,342,184	4,225,671	3,723,778	3,485,891
Net investment income	-	32,601	102,336	38,464	36,202
Other operating income	1,375,806	1,285,780	1,253,449	1,513,197	1,236,325
Total income	13,190,791	12,119,698	11,940,604	10,572,321	9,082,295
<b>EXPENSES</b>					
Salaries and employee benefits	4,589,999	4,587,592	4,124,744	3,807,194	3,738,805
Depreciation	703,688	754,899	687,551	835,576	710,949
Loss on disposal of premises and equipment	-	-	190,613	70,000	-
Other	2,473,071	2,702,348	2,619,155	2,932,599	2,449,217
Total expenses	7,766,758	8,044,839	7,622,063	7,645,369	6,898,971
<b>NET INCOME</b>	5,424,033	4,074,859	4,318,541	2,926,952	2,183,324
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>					
	11,957,384	9,473,595	6,532,369	4,341,465	2,683,054
Dividends	(1,816,921)	(1,710,044)	(1,496,288)	(855,021)	(641,266)
Transfer from property appraisal excess	118,973	118,974	118,973	118,973	116,353
<b>RETAINED EARNINGS, END OF YEAR</b>	\$ 15,683,469	\$ 11,957,384	\$ 9,473,595	\$ 6,532,369	\$ 4,341,465
Earnings per share	\$ 1.27	\$ 0.95	\$ 1.01	\$ 0.68	\$ 0.51

## CONSOLIDATED FIVE YEAR SUMMARY CONTINUED

### BALANCE SHEET

	2000	1999	1998	1997	1996
<b>ASSETS</b>					
Cash and balances with other banks	\$ 538,875,431	\$ 434,715,092	\$ 428,449,423	\$ 570,580,095	\$ 350,175,583
Loans and advances, net	14,708,778	19,625,494	24,554,433	31,359,317	37,464,307
Investments	157,250	157,250	85,000	1,850,436	2,759,693
Premises and equipment	8,999,565	9,268,870	9,457,303	10,395,720	10,931,285
Interest receivable and other assets	2,968,268	3,024,942	4,601,554	3,882,245	3,486,626
	\$ 565,709,292	\$ 466,791,648	\$ 467,147,713	\$ 618,067,813	\$ 404,817,494
<b>LIABILITIES</b>					
Demand, savings and term deposits	\$ 522,586,695	\$ 428,173,672	\$ 430,725,004	\$ 583,783,942	\$ 371,783,190
Interest payable and other liabilities	4,597,468	3,699,959	3,869,507	3,278,282	3,191,389
Variable rate guaranteed redeemable notes	-	-	-	1,274,640	2,183,897
	527,184,163	431,873,631	434,594,511	588,336,864	377,158,476
<b>CAPITAL FUNDS</b>					
Capital stock	10,260,259	10,260,259	10,260,259	10,260,259	10,260,259
Share premium	10,727,037	10,727,037	10,727,037	10,727,037	10,727,037
Property appraisal excess	1,854,364	1,973,337	2,092,311	2,211,284	2,330,257
Retained earnings	15,683,469	11,957,384	9,473,595	6,532,369	4,341,465
	38,525,129	34,918,017	32,553,202	29,730,949	27,659,018
	\$ 565,709,292	\$ 466,791,648	\$ 467,147,713	\$ 618,067,813	\$ 404,817,494

# BCB Management & Staff

as of September 30, 2000

## BERMUDA COMMERCIAL BANK LIMITED AND SOMERS MORTGAGE AND FINANCE LIMITED

### MANAGEMENT

Susan Barclay - Executive Assistant to the Managing Director; Company Secretary of BCB  
Gary Barrett - General Manager, Information Technology  
Greta Heimbach - Controller  
Cleo Wilson - General Manager, Global Custody  
Manuel Yglesias - General Manager, Corporate Treasury  
Cheryl Eve - Manager, Global Custody  
Karen Butterfield - Assistant Manager, Head of Corporate Administrators  
Sophia Ming - Assistant Manager, Head of Treasury Operations  
Ann Robinson - Assistant Manager, Head of Operations  
Gloria Spence - Assistant Manager, Global Custody  
Gregory Summers - Assistant Manager, Head Dealer

### OFFICERS

Sue Davis  
Shannalette DeSilva  
Lisa Foggo  
Sharry Hall  
Glorita Hayward  
Heather Roque  
Lynne Taylor

Jonathan Alexander  
Donaè Baker  
Carlamay Bean  
Michael Cranfield  
Makeba DeShields  
Takiyah Evans  
Shawnette Griffith

Seanne Hassell  
Sarai Hill  
Michelle Johnston  
Leroy Jones  
Stephen Kumalae  
Tarquia Lambe  
Dezanè Lathan

### STAFF

Michael McGowan  
Reneè McHardy  
Charles Morton  
Charmette Phillip  
Marita Roberts  
Keita-Roy Simons  
Paula Simons

Jill Smith  
Georgette Trott  
Dionne Trott  
Eugena Wainwright  
Brian Ward  
Elsie Webb  
Keema Wilson

## INTERNATIONAL CORPORATE MANAGEMENT OF BERMUDA LIMITED

### MANAGEMENT

Deborah Hubbard-Taylor – Manager, Corporate Services  
Christine Sommerville – Assistant Manager, Corporate Services

### OFFICERS

Kim Pratt  
Marcia Spencer  
Angela Tull-Simmons

### STAFF

Maria Smith  
Rachael Sousa  
Shannette Young

## INTERNATIONAL TRUST COMPANY OF BERMUDA LIMITED

### MANAGEMENT

Paul Tucker – General Manager

### OFFICER

Leonora Carter

### STAFF

Raphaella Jennings  
Ayana Swann

## BERMUDA PROVIDENT PROPERTIES LIMITED

Clinard Gaiton





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