



Six-Month Letter to Shareholders

Details of the financial results and operations of Bermuda Commercial Bank Limited (“BCB” or the “Bank”) for the six month period ended March 31, 2010 are as follows:

Financial Results

The Bank reported a net loss for the six month period ended March 31, 2010 of \$1.47 million compared to net income of \$680,000 at March 31, 2009, a decrease of \$2.15 million. Diluted loss per share was \$0.23 compared with earnings of \$0.11 per share one year ago.

Net interest income for the period was \$790,000 compared to \$3.37 million for the same period last year. BCB has no credit portfolio and the majority of the Bank’s balance sheet is invested in cash and highly conservative money market funds. The yields on these products have reduced significantly in line with reduced global and, in particular, U.S. interest rates. While this strategy ensures maximum liquidity and minimal credit risk, it provides little to no return in the current interest rate environment. BCB did not invest in the troubled derivative securities market and has had no write-downs or losses in its investment portfolio.

Fee and other income increased by \$140,000 to \$1.66 million driven primarily by gains on the sale of the Bank’s holding of Visa Inc. shares.

Total expenses for the six month period decreased by \$300,000 or 7.1% from \$4.21 million to \$3.91 million. This decrease resulted from a slightly lower headcount and a decrease in performance related employee compensation costs. Amortization costs also decreased.

The continued uncertainty surrounding the BCB sale process contributed to the ongoing reduction in the Bank’s balance sheet. Total assets decreased from \$423.35 million at September 30, 2009 to \$370.31 million at March 31, 2010, a decrease of 12.5%. Total assets at March 31, 2009 were \$435.36 million. The sale process was subsequently resolved in mid April 2010 when Permanent Investments Limited (“PIL”) acquired First Curacao International Bank’s (“FCIB”) controlling interest in BCB. PIL will very shortly launch a tender offer for the remaining shares of the Bank.

Despite the reduction in assets and the net loss for the period, BCB’s capital position improved during the period. The Bank’s shareholder equity increased to \$75.27 million from \$75.05 million at September 30, 2009. This increase resulted from \$660,000 in unrealized gains on the Bank’s small security portfolio and the exercise of 200,000 options by FCIB in December 2009. As the Bank’s balance sheet consists predominantly of cash and other short term investments, and with no direct exposure or losses due to the

recent sub-prime crises, BCB's capital ratios remain significantly higher than industry standards and regulatory requirements.

Shareholder Dividend

Taking into consideration the net loss for the period and the pending tender offer the Board has decided not to pay a semi-annual dividend at this time.

Date

May 2010

BERMUDA COMMERCIAL BANK LIMITED CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS for the six months ended March 31, 2010 and 2009

	March 31, 2010 (Unaudited)	March 31, 2009 (Unaudited)
INCOME		
Interest income		
Cash and term deposits	\$ 239,441	\$ 4,309,337
Money market funds	257,601	440,638
Investments in securities	441,197	-
	<u>938,239</u>	<u>4,749,975</u>
Interest expense	144,888	1,375,645
Net interest income	<u>793,351</u>	<u>3,374,330</u>
Fees and commissions	1,051,910	1,148,483
Other operating income	94,719	89,241
Net exchange gains	263,175	276,785
Gain on sale of investments in securities	244,716	-
Total income	<u>2,447,871</u>	<u>4,888,839</u>
EXPENSES		
Salaries and employee benefits	1,913,547	2,133,182
Amortization	105,453	231,821
Other expenses	1,895,770	1,840,491
Total expenses	<u>3,914,770</u>	<u>4,205,494</u>
NET INCOME	(1,466,899)	683,345
RETAINED EARNINGS, BEGINNING OF PERIOD	38,903,419	39,278,433
Dividends	-	-
RETAINED EARNINGS, END OF PERIOD	<u>\$ 37,436,520</u>	<u>\$ 39,961,788</u>
Basic (loss) earnings per common share, based on 6,252,688 (2009: 6,017,418) weighted average issued shares	\$ (0.23)	\$ 0.11
Diluted (loss) earnings per common share, based on 6,252,688 (2009: 6,017,418) weighted average issued shares and incremental shares from assumed exercise of stock options of 164,432 (2009: 394,750) for adjusted weighted average shares outstanding of 6,417,120 (2009: 6,412,168)	\$ (0.23)	\$ 0.11

BERMUDA COMMERCIAL BANK LIMITED
CONSOLIDATED BALANCE SHEET

as at

	March 31, 2010 (Unaudited)	September 30, 2009 (Audited)	March 31, 2009 (Unaudited)
ASSETS			
Cash, money market and term deposits			
Due on demand	\$ 16,165,826	\$ 13,103,030	\$ 12,756,664
Money market funds	133,380,237	167,453,850	178,469,000
Term deposits	201,754,365	228,076,626	240,026,951
Total cash, money market and term deposits	<u>351,300,428</u>	<u>408,633,506</u>	<u>431,252,615</u>
Investments in securities	17,269,792	12,880,026	271,417
Equipment, leasehold improvements and computer software	604,715	692,301	725,373
Interest receivable	270,062	227,479	1,845,999
Other assets	869,692	920,715	1,262,257
	<u>\$ 370,314,689</u>	<u>\$ 423,354,027</u>	<u>\$ 435,357,661</u>
LIABILITIES			
Deposits			
Demand deposits	\$ 142,223,317	\$ 145,285,104	\$ 121,890,268
Term deposits	149,824,903	200,265,590	235,219,245
Total deposits	<u>292,048,220</u>	<u>345,550,694</u>	<u>357,109,513</u>
Interest payable	36,008	74,093	124,254
Other liabilities	2,962,360	2,676,656	3,821,560
Proposed dividend	-	-	-
	<u>295,046,588</u>	<u>348,301,443</u>	<u>361,055,327</u>
SHAREHOLDERS' EQUITY			
Capital stock	15,246,449	14,766,449	14,766,449
Share premium	19,847,690	19,302,690	19,302,690
Accumulated other comprehensive income	2,737,442	2,080,026	271,417
Retained earnings	37,436,520	38,903,419	39,961,778
	<u>75,268,101</u>	<u>75,052,584</u>	<u>74,302,334</u>
	<u>\$ 370,314,689</u>	<u>\$ 423,354,027</u>	<u>\$ 435,357,661</u>

As at March 31, 2010, the total interest of all Directors and Executive Officers in (i) common shares and (ii) options amounted to 163,768 (2.58%) and nil (0%), respectively.



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