



Six-Month Letter to Shareholders

The Board of Directors has resolved that a semi-annual dividend of \$0.40 per share be paid to shareholders of record as of May 14, 2008. Accordingly, we have pleasure in enclosing your 2008 mid-year dividend cheque. This distribution represents 40.4% of earnings for the six months ending March 31, 2008. The semi-annual dividend generates an annual yield of 8.0% based on a market value of \$10.00 for the Bank's common stock.

Financial Results

The Bank reported net income for the six month period ended March 31, 2008 of \$4.39 million compared to \$2.79 million at March 31, 2007, an increase of \$1.60 million. Diluted earnings per share increased to \$0.75 per share compared to \$0.52 per share one year ago. Total revenue for the period was \$8.99 million compared to \$7.80 million in the prior period.

Net interest income during the period was \$5.43 million compared to \$5.03 million for the same period last year. This increase results from the year on year growth in client deposit levels more than offsetting the continued reduction in US interest rates. Looking forward, BCB anticipates a reduction in net interest income in the second half of fiscal 2008 in line with reduced average interest rate levels.

Fee and other income increased by \$790,000 to \$3.56 million. This increase resulted primarily from \$740,000 in one-time gains associated with the Visa and MasterCard IPOs. Additionally, increases in foreign exchange and custody income marginally outpaced a reduction in fund administration revenues.

Total expenses for the six month period were \$4.60 million compared to \$5.01 million for the prior year period, a decrease of \$410,000 or 8.20%. The 2007 figure includes \$500,000 of non recurring expenses relating to the sale process compared with \$110,000 in 2008. Excluding these one-time costs, total expenses were almost exactly in line with the prior period.

BCB's balance sheet continues to strengthen. Total assets grew from \$621.55 million at September 30, 2007 to \$696.45 million at March 31, 2008, an increase of 12.1%. Total assets at March 31, 2007 were \$583.18 million. This growth was driven by corresponding increases in client deposits. BCB's long term policy of limiting its investments to cash and cash equivalents ensures that the Bank has no exposure to the current sub-prime issues.

Sale of the Bank

In our letter to shareholders dated February 15, 2008 we advised on the situation with respect to the sale of the Bank. We have not been informed by First Curacao International Bank, the controlling shareholder of BCB, of any significant developments in its efforts to negotiate the sale of its shares, warrants, and options.

Warrants

As at March 31, 2008 BCB had 1,458,149 unexercised warrants. BCB would like to remind warrant holders that the expiry date of these warrants is May 30, 2008. This expiry date will not be extended and all unexercised warrants will expire at this date and be of no value.

Conclusion

On behalf of the staff and management of Bermuda Commercial Bank, I would like to 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.

A handwritten signature in black ink, appearing to read 'E. John Sainsbury', with a stylized flourish at the end.

E. John Sainsbury
President

May 2008

BERMUDA COMMERCIAL BANK LIMITED CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS for the six months ended March 31, 2008 and 2007

	March 31, 2008 (Unaudited)	March 31, 2007 (Unaudited)
INCOME		
Interest income	\$ 12,362,561	\$ 10,709,812
Interest expense	<u>6,932,308</u>	<u>5,682,355</u>
Net interest income	<u>5,430,253</u>	<u>5,027,457</u>
Fees and commissions	2,172,925	2,255,410
Net exchange gains	545,855	393,388
Other operating income	<u>844,554</u>	<u>122,389</u>
Total income	<u>8,993,587</u>	<u>7,798,644</u>
EXPENSES		
Salaries and employee benefits	2,550,318	2,440,343
Depreciation	224,167	294,608
Other expenses	<u>1,824,745</u>	<u>2,272,221</u>
Total expenses	<u>4,599,230</u>	<u>5,007,172</u>
NET INCOME	4,394,357	2,791,472
RETAINED EARNINGS, BEGINNING OF PERIOD	38,320,429	35,905,550
Dividends	<u>(2,360,556)</u>	<u>(1,766,001)</u>
RETAINED EARNINGS, END OF PERIOD	<u>\$ 40,354,230</u>	<u>\$ 36,931,021</u>
Basic earnings per common share, based on		
4,395,093 (2006: 4,365,089) weighted average issued shares	\$ 1.00	\$ 0.64
Diluted earnings per common share, based on 4,395,093 (2007: 4,365,089) weighted average issued shares and incremental shares from assumed exercise of stock options of 926,551 (2007: 702,435) and warrants of 537,837 (2007: 295,211) for adjusted weighted average shares outstanding of 5,859,481 (2007: 5,362,735)		
	\$ 0.75	\$ 0.52

BERMUDA COMMERCIAL BANK LIMITED
CONSOLIDATED BALANCE SHEET

as at

	March 31, 2008 (Unaudited)	September 30, 2007 (Unaudited)	March 31, 2007 (Unaudited)
ASSETS			
Cash, money market and term deposits			
Due on demand	\$ 17,780,146	\$ 20,756,191	\$ 22,372,384
Money market funds	-	-	-
Term deposits	673,959,564	597,842,363	557,607,912
Total cash, money market and term deposits	<u>691,739,710</u>	<u>618,598,554</u>	<u>579,980,296</u>
Loans, net of allowance for loan losses	154,595	166,253	188,430
Equipment and computer software	671,592	832,178	1,216,039
Interest receivable	919,366	912,334	792,825
Other assets	2,967,853	1,037,052	1,007,389
	<u>\$ 696,453,116</u>	<u>\$ 621,546,371</u>	<u>\$ 583,184,979</u>
LIABILITIES			
Deposits			
Demand deposits	\$ 226,516,010	\$ 145,422,328	\$ 133,613,901
Term deposits	399,209,108	410,123,292	385,152,281
Total deposits	<u>625,725,118</u>	<u>555,545,620</u>	<u>518,766,182</u>
Interest payable	490,479	635,955	703,989
Other liabilities	5,284,282	3,448,126	3,251,497
Proposed dividend	2,360,058	1,755,557	1,752,319
	<u>633,859,937</u>	<u>561,385,258</u>	<u>524,473,987</u>
SHAREHOLDERS' EQUITY			
Capital stock	10,660,788	10,533,343	10,513,915
Share premium	11,578,161	11,307,341	11,266,056
Retained earnings	40,354,230	38,320,429	36,931,021
	<u>62,593,179</u>	<u>60,161,113</u>	<u>58,710,992</u>
	<u>\$ 696,453,116</u>	<u>\$ 621,546,371</u>	<u>\$ 583,184,979</u>

As at March 31, 2008, the total interest of all Directors and Executive Officers in (i) common shares and (ii) warrants and options amounted to 176,912 (3.98%) and 478 (0.01%), respectively.



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