

Press Release

MAY 12, 2011

Bermuda Commercial Bank reports net profit of \$1.35 million for the half-year ended March 31, 2011. Customer deposits show strong growth. Directors declare half-year dividend.

(Hamilton, Bermuda, May 12, 2011) - Details of the financial results and operations of Bermuda Commercial Bank Limited ("BCB" or "the Bank") for the six months ended March 31, 2011 are as follows:

BCB reported a profit of \$1.35 million for the six months ended March 31, 2011 equating to fully diluted earnings per share of \$0.20. This compares with a net loss of \$1.47 million for the six months ended March 31, 2010. Additionally, we recorded a \$5.52 million unrealised gain on our investment portfolio. Total revenue for the period was \$5.74 million compared to \$2.45 million in the prior period. Michael Collier, Chairman, stated that "Our improved earnings reflect strong interest income on our investments matched by solid growth in customer deposits."

"The Bank's profit together with the pleasing unrealised gain on our investment portfolio boosted shareholders' equity to \$82.58 million at March 31, 2011 compared with \$74.96 million at September 30, 2010. Our capital ratio, which is a measure of liquidity and stability, was 18.6% at period end, significantly higher than the general industry standards and a clear indication of the strength of BCB's balance sheet," said Mr. Collier.

"Overall we are pleased with the steady growth of the Bank's deposit base and profitability since the completion of the sale of the Bank to the new investor group in April 2010. Over the course of the last twelve months, we have made it a management priority to strengthen the Bank from the ground upwards. We have improved our employee and management depth by retaining new professionals, and continue to invest in new state-of-the-art technologies and streamlined processes in all operational areas. We are indeed pleased to have received the 2011 Kinetic Process Innovation Award for Banking Technology Application Excellence. Our existing customers will have seen the roll out of new products," stated Mr. Collier.

NET INTEREST INCOME

Total interest income increased substantially to \$4.84 million compared with \$0.94 million one year ago. This increase was driven by the reallocation of a portion of the Bank's balance sheet into a diversified and liquid investment portfolio. BCB also recorded increased interest income on the Bank's small short term loan portfolio. Interest income on our cash and money market funds decreased slightly versus 2010 as interest rates continued to reduce.

Interest expense increased to \$0.67 million from \$0.15 million following a 79.2% increase in customer term deposits since September 2010. Additionally, the maturity of these term deposits lengthened resulting in a more stable but expensive source of funding.

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NON INTEREST INCOME

Non interest income includes a number of changes from the prior year period following the Bank's diversification into a number of new areas.

Foreign exchange and hedging costs result primarily from the costs of hedging our investment portfolio and should be measured in the context of our increased investment interest income, the gains on sale of investments and the unrealised gains on the investment portfolio.

Dividend income of \$0.09 million was recorded on the Bank's new investment portfolio.

Fees and commissions revenue increased to \$1.38 million from \$1.05 million following increased business in our banking, trust and corporate services departments.

Gains from the sale of investments were \$1.51 million, up from \$0.25 million a year earlier. As part of BCB's risk and liquidity management process, portfolio investments may be sold resulting in gains and losses for the Bank. During the six months ended March 31, 2011, the Bank's investments performed well leading to a net overall appreciation of the portfolio.

EXPENSES

Total expenses for the first six months increased by 12.0% to \$4.39 million compared with \$3.92 million for the same period last year. This increase was driven by higher payroll

related costs as we increased our employee headcount in response to our expanding business requirements. General and administrative expenses were also higher compared with 2010 as we increased our local market advertising initiatives.

FINANCIAL POSITION

Total assets increased to \$506.96 million at March 31, 2011 from \$409.66 million at September 30, 2010 reflecting a \$94.89 million increase in customer deposits. While the majority of the balance sheet remains invested in short term interbank and money market funds, the Bank has increased its investment portfolio to \$146.34 million at March 31, 2011 from \$82.41 million at September 30, 2010. "BCB has utilised the expertise within its investor group to build and manage a diversified securities portfolio. This diversification, across industry, geography and currency has reduced the overall volatility of our interest income while at the same time providing good liquidity and strong revenue growth for the Bank. The unrealised investment gain of \$5.52 million has resulted primarily from increases in the investment portfolio as yields have fallen," stated Mr. Collier.

"BCB has restructured its balance sheet from the enviable starting position of essentially holding all money market and securities investments. This has resulted in good pricing and significantly stronger liquidity compared to our peer banks that remain heavily invested in customer loan and mortgage products. Our balance sheet remains straightforward with transparent investments, and is guarded by our conservative capital position," stated Mr. Collier.

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Banks must perform testing to evaluate how well they can weather problems in their balance sheet. This stress testing looks at the impact of a reduction in value of the bank's "risk assets" which includes loans, mortgages and other investments. Banks with a higher ratio of risk assets to capital are more vulnerable to movements in valuation. BCB maintains an extremely conservative and robust ratio of less than 3:1, compared to industry averages of around 12:1.

Customer deposit balances increased strongly from \$323.61 million at September 30, 2010 to \$418.50 million at March 31, 2011. "Higher commercial and personal deposits were driven by the success of our recently launched and highly attractive fixed deposit offerings along with a steady stream of new business," Mr. Collier said. "Furthermore, this deposit growth has been heavily weighted towards longer maturing fixed deposits resulting in a deeper, more stable deposit base."

INTERIM DIVIDEND

The Board of Directors has resolved that a semi-annual dividend of \$0.10 per share will be paid to shareholders of record as of May 18, 2011.

SUMMARY

Mr. Collier said "Our longer-term shareholders will have noticed that the Bank has changed significantly over the last year – changes that will serve and benefit our growing customer base. BCB seeks to broaden its market share in Bermuda, while we are also considering overseas opportunities. As a result of these efforts and investments we are confidently looking to the future from a position of strength."

ABOUT BERMUDA COMMERCIAL BANK

Bermuda Commercial Bank Limited (BCB) is one of Bermuda's four licensed banks, established in 1969 and regulated by the Bermuda Monetary Authority.

Bermuda Commercial Bank is Bermuda's only bank focused purely on corporate and private wealth clients, offering a range of bespoke financial solutions. Bermuda Commercial Bank takes pride in ensuring clients' assets are safely and professionally managed at our Hamilton based office. For more information please visit our website www.bcb.bm.

BCB is publicly traded and listed on the Bermuda Stock Exchange www.bsx.com (Ticker: BCB.BH). Our share price is available on the BSX and on Bloomberg and is published daily in the Royal Gazette.

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Consolidated Statement of Financial Position

FOR THE SIX MONTHS ENDED MARCH 31, 2011 (in US\$ thousands - unaudited)

Assets	MAR 31, 2011	SEP 30, 2010*
Cash, money market funds and term deposits		
Due on demand	\$ 41,668	\$ 10,019
Money market funds	133,849	124,824
Term deposits	162,034	165,193
Total cash, money market funds and term deposits	337,551	300,036
Derivative financial instruments	21	2,030
Interest receivable	2,049	1,313
Other assets	5,754	12,676
Financial investments - available-for-sale	146,337	82,414
Loans and advances to customers	13,430	9,847
Property and equipment	347	361
Intangible assets	1,466	980
Total assets	\$ 506,955	\$ 409,657
Liabilities		
Deposits		
Demand deposits	\$ 242,861	\$ 225,591
Term deposits	175,637	98,017
Total deposits	418,498	323,608
Derivative financial instruments	1,988	1,320
Interest payable	377	52
Customer drafts payable	2,453	5,184
Other liabilities	1,056	4,538
Total liabilities	424,372	334,702
Equity		
Capital stock	15,966	15,246
Share premium	20,628	19,848
Treasury stock	(559)	(444)
Accumulated other comprehensive income	5,745	221
Retained earnings	40,803	40,084
Total shareholders' equity	82,583	74,955
Total liabilities and equity	\$ 506,955	\$ 409,657

* Audited

Consolidated Statement of Income

FOR THE SIX MONTHS ENDED MARCH 31, 2011 (in US\$ thousands - unaudited)

Income	MAR 31, 2011	MAR 31, 2010
Interest income		
Cash and term deposits	\$ 219	\$ 222
Money market funds	201	258
Loans and advances to customers	493	18
Financial investments - available-for-sale	3,924	441
	4,837	939
Interest expense	(669)	(145)
Net interest income	4,168	794
Fees and commissions	1,378	1,052
Net exchange (losses) gains	(309)	263
Dividend income	93	-
Gains from sale of financial investments - available-for-sale	1,514	245
Hedging of financial investments	(1,165)	-
Other operating income	63	95
Total income	5,742	2,449
Expenses		
Salaries and employee benefits	2,260	1,914
Depreciation	59	65
Amortisation	51	41
General and administrative expenses	2,022	1,896
Total expenses	4,392	3,916
NET PROFIT (LOSS)	\$ 1,350	\$ (1,467)
Basic earnings (loss) per common share	\$ 0.21	\$ (0.23)
Diluted earnings (loss) per common share	\$ 0.20	\$ (0.23)

Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED MARCH 31, 2011 (in US\$ thousands - unaudited)

Income	MAR 31, 2011	MAR 31, 2010
Net profit (loss) for the period	\$ 1,350	\$ (1,467)
Other comprehensive income		
Net gain on financial investments - available-for-sale	7,038	902
Reclassification of gains realised in income	(1,514)	(245)
Other comprehensive income	5,524	657
Total comprehensive income (loss)	\$ 6,874	\$ (810)

Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED MARCH 31, 2011 (in US\$ thousands - unaudited)

	Capital Stock	Share Premium	Treasury Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total
October 1, 2009	\$ 14,766	\$ 19,303	\$ -	\$ 2,080	\$ 38,903	\$ 75,052
Total comprehensive loss	-	-	-	657	(1,467)	(810)
Exercise of options	480	545	-	-	-	1,025
March 31, 2010	15,246	19,848	-	2,737	37,436	75,267
October 1, 2010	15,246	19,848	(444)	221	40,084	74,955
Total comprehensive income	-	-	-	5,524	1,350	6,874
Dividends	-	-	-	-	(631)	(631)
Exercise of options	720	780	-	-	-	1,500
Net purchase of treasury stock	-	-	(115)	-	-	(115)
March 31, 2011	\$ 15,966	\$ 20,628	\$ (559)	\$ 5,745	\$ 40,803	\$ 82,583

Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED MARCH 31, 2011 (in US\$ thousands - unaudited)

	MAR 31, 2011	MAR 31, 2010
Cash flows from operating activities		
Net profit (loss)	\$ 1,350	\$ (1,467)
Adjustments to reconcile net profit (loss) to cash flows used in operating activities:		
Depreciation	59	65
Amortisation	51	41
Decrease (increase) in term deposits maturing 3-12 months	792	(751)
Gain on sale of investments in securities - available-for-sale	1,514	245
Decrease in derivative financial instruments	2,677	-
Increase in interest receivable	(736)	(43)
Decrease in other assets	6,921	39
Increase (decrease) in interest payable	325	(38)
(Decrease) increase in customer drafts payable	(2,731)	289
Decrease in other liabilities	(3,482)	(3)
Cash flows from (used in) operating activities	6,740	(1,623)
Cash flows from investing activities		
Net (increase) decrease in loans and advances	(3,583)	12
Proceeds from sale of financial investments - available-for-sale	27,998	909
Purchase of financial investments - available-for-sale	(87,910)	(4,887)
Purchase of property and equipment	(45)	(12)
Purchase of intangible assets	(537)	(6)
Cash flows used in investing activities	(64,077)	(3,984)
Cash flows from financing activities		
Net increase (decrease) in deposits	94,890	(53,502)
Proceeds from exercise of options	1,500	1,025
Purchase of treasury stock	(115)	-
Dividends paid	(631)	-
Cash flows from (used in) financing activities	95,644	(52,477)

Consolidated Statement of Cash Flows CONTINUED

FOR THE SIX MONTHS ENDED MARCH 31, 2011 (in US\$ thousands - unaudited)

	MAR 31, 2011	MAR 31, 2010
Net increase (decrease) in cash and cash equivalents	\$ 38,307	\$ (58,084)
Cash and cash equivalents at October 1	299,244	408,633
Cash and cash equivalents at March 31	\$ 337,551	\$ 350,549
Cash and cash equivalents		
Cash, money market and term deposits	\$ 337,551	\$ 351,300
Less: term deposits maturing 3-12 months	-	(751)
Cash and cash equivalents	\$ 337,551	\$ 350,549
Operational cash flows from interest and dividends		
Interest paid	\$ 344	\$ 183
Interest received	\$ 4,101	\$ 896
Dividends received	\$ 93	\$ -

Notes to the Interim Consolidated Financial Statements

FOR THE SIX MONTHS ENDED MARCH 31, 2011 (in US\$ thousands - unaudited)

1. BASIS OF PREPARATION

These interim consolidated financial statements for the six month period ended March 31, 2011 have been prepared in accordance with International Accounting Standards (IAS 34), Interim Financial Reporting.

These interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's annual financial statements for the year ended September 30, 2010.

The Bank's interim results are not materially affected by seasonal factors.

Notes to the Interim Consolidated Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED MARCH 31, 2011 (in US\$ thousands - unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim consolidated financial statements are consistent with those used in the Bank's annual financial statements for the year ended September 30, 2010.

3. DIVIDENDS PAID AND PROPOSED

Dividends on ordinary shares declared and paid during the six-month period: Final dividend for the year ended September, 30, 2010: 10.00 cents (year ended September 30, 2009: nil cents).

4. CASH, MONEY MARKET FUNDS AND TERM DEPOSITS

Cash, money market funds and term deposits include:

	MAR 31, 2011	SEP 30, 2010*
Cash and demand deposits	\$ 41,668	\$ 10,019
Money market funds	133,849	124,824
Term deposits		
Deposits maturing - within 1 month	162,034	164,401
Deposits maturing - 1-3 months	-	-
Deposits maturing - 3-12 months	-	792
Total	\$ 337,551	\$ 300,036

5. FINANCIAL INVESTMENTS – AVAILABLE-FOR-SALE

The fair values of financial investments - available-for-sale by major classifications of financial investments were as follows:

	MAR 31, 2011	SEP 30, 2010*
Government debt securities	\$ 3,611	\$ 2,691
Government guaranteed debt securities	13,122	13,014
Debt securities issued by banks	50,567	15,457
Corporate debt securities	60,680	42,659
Mortgage-backed securities	5,900	4,020
Equities	12,457	4,573
	\$ 146,337	\$ 82,414

* Audited

Notes to the Interim Consolidated Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED MARCH 31, 2011 (in US\$ thousands - unaudited)

6. DEPOSITS

	MAR 31, 2011	SEP 30, 2010*
Demand deposits	\$ 242,861	\$ 225,591
Term deposits		
Deposits maturing - within 1 month	112,188	76,183
Deposits maturing - 1-3 months	11,909	11,448
Deposits maturing - 3-12 months	28,394	9,843
Deposits maturing - 1-5 years	23,146	543
	175,637	98,017
Total	\$ 418,498	\$ 323,608

7. SEGMENT INFORMATION

For management purposes the Bank is organised into two business segments:

(a) The Banking Services 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.

(b) The Corporate Services segment provides trust, company management, asset management and fund administration, corporate registrar, financial, and custody services to third parties as well as to the Bank's other business segment.

Head Office includes general and administrative and corporate expenses not directly attributable to the business segments.

Inter-segment transfer prices are on an arm's length basis in a manner similar to transactions with third parties.

The Bank operates in a single jurisdiction, Bermuda, and therefore no geographical information is presented.

No one single customer accounted for 10% or more of the Bank's revenues in the six month period.

* Audited

Notes to the Interim Consolidated Financial Statements CONTINUED

FOR THE SIX MONTHS ENDED MARCH 31, 2011 (in US\$ thousands - unaudited)

2011	Banking Services	Corporate Services	Head Office	Elimination of intersegment amounts	Total
Net interest income from external customers	\$ 4,168	\$ -	\$ -	\$ -	\$ 4,168
Fees and other income from external customers	403	821	-	-	1,224
Hedging of financial investments	(1,164)	-	-	-	(1,164)
Gains from sale of available-for-sale financial investments	1,514	-	-	-	1,514
Inter-segment fees and other income	-	51	-	(51)	-
Total income	4,921	872	-	(51)	5,742
Total expenses	(1,813)	(863)	(1,767)	51	(4,392)
Net profit	\$ 3,108	\$ 9	\$ (1,767)	\$ -	\$ 1,350
Segment assets	\$ 506,408	\$ 1,126	\$ -	\$ (579)	\$ 506,955
Segment liabilities	\$ 424,013	\$ 410	\$ -	\$ (51)	\$ 424,372

2010	Banking Services	Corporate Services	Head Office	Elimination of intersegment amounts	Total
Net interest income from external customers	\$ 793	\$ -	\$ -	\$ -	\$ 793
Fees and other income from external customers	736	674	-	-	1,410
Hedging of financial investments	-	-	-	-	-
Gains from sale of available-for-sale financial investments	245	-	-	-	245
Inter-segment fees and other income	-	31	-	(31)	-
Total income	1,774	705	-	(31)	2,448
Total expenses	(1,531)	(838)	(1,577)	31	(3,915)
Net profit	\$ 243	\$ (133)	\$ (1,577)	\$ -	\$ (1,467)
Segment assets	\$ 369,891	\$ 800	\$ -	\$ (376)	\$ 370,315
Segment liabilities	\$ 294,845	\$ 217	\$ -	\$ (15)	\$ 295,047