



FINANCIAL RESULTS

For the nine months ended June 30, 2013



BERMUDA COMMERCIAL BANK LIMITED

NOTICE TO READERS

This report has been prepared for the three and nine month periods ended June 30, 2013 and is current as at September 11, 2013. This report should be read in conjunction with the accompanying interim financial statements for the nine months ended June 30, 2013.

Chairman's Report

The Bank recorded a profit of \$1.76 million for the June 30, 2013 quarter compared with a profit of \$4.00 million for the quarter ended June 30, 2012. Total revenues for the period were \$6.34 million compared to \$7.58 million in the prior year period.

Net income for the nine months ended June 30, 2013 was \$6.84 million compared with \$7.23 million for the nine-month period ended June 30, 2012. Net interest income for the first nine months was \$11.38 million up slightly from \$11.31 million recorded in the prior year period. Non-interest income totaled \$8.97 million for the nine months ended June 30, 2013 (2012: \$6.44 million) following strong gains from the Bank's financial investments.

INTEREST INCOME

Interest income for the quarter was \$4.47 million compared with \$4.51 million last year resulting from a slight decrease in the Bank's financial investments portfolio.

Interest expense increased to \$0.93 million from \$0.91 million in 2012. This increase resulted from a slightly higher average interest rate on the Bank's term deposits.

NON-INTEREST INCOME

Total non-interest income was \$2.81 million for the quarter compared with \$3.98 million in 2012. This decrease resulted primarily from one-time items and hedging timing differences on the Bank's financial Investments with underlying revenues showing a slight year on year improvement.

Fees and commissions increased to \$1.12 million for the quarter from \$1.06 million a year earlier following an increase in corporate secretarial fees.

The Bank incurred hedging costs of \$0.56 million for the quarter primarily in relation to our investment portfolio. This compares to a gain of \$1.06 million in the prior year. In order to manage risk within the Bank's investment portfolio, BCB operates a strategy utilising equity indices put options. Due to the positive performance of the market, the Bank recorded a loss for the quarter on these indices options. This loss partially offset the strong realised gain recorded during the quarter on the Bank's investment portfolio.

Gains from the sale of financial investments were \$2.21 million for the quarter compared to gains of \$1.85 million last year. As part of BCB's risk and liquidity management process, portfolio securities are sold from time to time resulting in gains and losses for the Bank. With the Bank's investment portfolio currently performing strongly most sales during the quarter resulted in solid gains for the Bank. While welcome, these gains have inflated both the Bank's current and prior year quarterly revenues over normal expected levels.

EXPENSES

Payroll costs for the quarter were \$2.34 million compared with \$1.98 million in the prior year. This increase resulted from an increased employee headcount following the broadening and strengthening of the Bank's employee base in response to increased customer numbers and expanding business requirements.

Amortisation costs increased from \$0.04 million in 2012 to \$0.13 million in 2013 primarily from amortisation charges associated with the purchase of BCB Paragon Trust Limited and BCB Charter Corporate Services Limited.

General and administrative expenses at \$2.03 million increased relative to 2012 (\$1.48 million). The majority of this increase related to non-recurring legal, professional and travel fees. Additionally, the recurring cost base grew by approximately 5% in line with the growth of the overall business and the larger headcount.

FINANCIAL POSITION

All changes in financial position are made in reference to the Bank's last audited financial statements as at September 30, 2012.

ASSETS

Total assets of \$568.20 million at June 30, 2013 were broadly in line with the September 30, 2012 balance of \$572.01 million.

Cash, money market funds and term deposits decreased to \$217.19 million from \$226.91 million at September 30, 2012 following a similar decrease in customer deposit balances.

Financial investments decreased slightly to \$253.46 million from \$256.76 million at September 30, 2012. This decrease resulted as net sales and maturities during the quarter more than offset the overall improvement in the market valuations of the Bank's investment portfolio. The Bank's financial investment portfolio consists primarily of corporate debt securities, debt securities issued by banks, along with a lesser percentage of asset-backed securities. The Bank also holds smaller portfolios of government debt, equities, and portfolio funds. Within each category, securities are heavily diversified across industry, currency, and jurisdiction. The Bank's strategy continues to encompass a low risk balance sheet with any future changes in the level of financial investments driven by the deposit activities of our customer base.

Loans and advances were \$43.33 million at June 30, 2013 up from \$34.16 million at year-end. The Bank is not active in the credit market, but we have provided a small number of loan and overdraft facilities. The increase resulted from new overdraft facilities and increased drawdown of existing loan and overdraft facilities.

Other balance sheet assets remained at similar levels to September 2012.

LIABILITIES

Total customer deposit balances decreased slightly to \$451.23 million from \$457.54 million at September 30, 2012. Despite the overall decrease, the Bank's customer position as measured by its key customer performance metrics - customer numbers and customer concentration, improved relative to year-end levels.

Other balance sheet liabilities remained at similar levels to September 2012.

CAPITAL

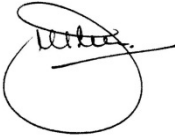
The Bank's capital position increased to \$109.38 million at June 30, 2013 from \$104.76 million at September 30, 2012. This improvement resulted primarily from unrealised mark to market gains on the Bank's financial investments portfolio.

The Bank's regulatory capital ratio was 20.94% at June 30, 2013 while the tier one ratio was 22.65%. The Bank's total risk weighted assets were \$396.37 million. BCB maintained its extremely conservative 'risk asset' leverage ratio of less than 4:1 comparing favourably to industry averages of more than 12:1. The Bank's proforma Basel III leverage ratio of 18% as at June 30, 2013 was also significantly stronger than global standards.

OUTLOOK

The Bank seeks to consistently grow its capital base and to strengthen the depth and diversity of our deposit base. We believe these steps along with our consistently strong leverage ratios will lead to a greater market share and growth in long term sustainable earnings. We again achieved these goals this quarter and by adhering to our conservative growth model we hope to continue these gains into the future.

I would like to thank our shareholders and clients for their continued support. I would also like to express a very special appreciation to our dedicated staff and management for their on-going commitment and contribution to the success of the Bank.

A handwritten signature in black ink, appearing to read "J. Michael Collier", is written over a large, hand-drawn circle.

J. Michael Collier, JP
Chairman

September 11, 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(expressed in United States dollars - unaudited)

Assets	JUN 30, 2013	SEP 30, 2012*
Cash and term deposits:		
Due on demand	\$ 4,993,371	\$ 36,791,170
Term deposits	212,197,759	190,122,887
Total cash and term deposits	217,191,130	226,914,057
Derivative financial instruments	4,359,526	5,442,168
Interest receivable	3,553,170	4,206,083
Other assets	14,572,504	12,757,761
Investment securities	253,459,551	256,763,047
Loans and advances to customers	43,328,351	34,158,768
Investment in an associate	18,474,846	18,327,628
Property and equipment	3,314,398	3,433,039
Goodwill and other intangible assets	9,947,323	10,006,104
Total assets	\$ 568,200,799	\$ 572,008,655
Liabilities		
Deposits:		
Demand deposits	\$ 230,535,257	\$ 207,025,252
Term deposits	220,697,485	250,510,105
Total deposits	451,232,742	457,535,357
Derivative financial instruments	-	4,541,914
Interest payable	3,356,303	2,413,707
Customer drafts payable	935,208	591,887
Other liabilities	3,299,569	2,169,723
Total liabilities	\$ 458,823,822	\$ 467,252,588
Equity		
Capital stock	\$ 16,807,963	\$ 16,807,963
Share premium	22,131,188	22,131,188
Reserves	12,120,254	8,337,762
Retained Earnings	58,317,572	57,479,154
Total equity	109,376,977	104,756,067
Total liabilities and equity	\$ 568,200,799	\$ 572,008,655

*Audited

CONSOLIDATED STATEMENT OF INCOME

(expressed in United States dollars - unaudited)

Income	For the three months ended		For the nine months ended	
	JUN 30, 2013	JUN 30, 2012	JUN 30, 2013	JUN 30, 2012
Interest income:				
Cash and term deposits	\$ 43,488	\$ 91,100	\$ 211,822	\$ 376,511
Money market funds	-	6,749	59,042	34,342
Loans and advances to customers	514,525	307,807	2,148,382	1,037,297
Financial investments	3,903,887	4,108,721	11,681,955	12,542,175
Total interest income	4,461,900	4,514,377	14,101,201	13,990,325
Interest expense	(931,698)	(911,659)	(2,720,496)	(2,681,276)
Net interest income	3,530,202	3,602,718	11,380,705	11,309,049
Fees and commissions	1,115,169	1,055,137	3,089,279	3,121,520
Net exchange gains (losses)	(266,048)	(260,242)	(807,007)	(447,427)
Hedging of investment securities	(557,905)	1,063,492	(2,613,315)	(1,577,352)
Dividend income	254,017	217,471	620,167	415,906
Gain from sale of financial investments	2,214,009	1,845,102	9,631,898	4,639,369
Impairment losses on financial investments	-	-	(1,160,184)	-
Share of profit of an associate	28,286	59,450	147,186	178,350
Other operating income	19,727	(2,707)	61,204	108,842
Total income	6,337,457	7,580,421	20,349,933	17,748,257
Expenses				
Salaries and employee benefits	2,342,727	1,976,959	7,567,529	5,971,684
Depreciation	86,181	83,470	250,723	207,867
Amortisation	125,569	43,670	378,627	116,884
General and administrative expenses	2,025,823	1,475,546	5,314,636	4,219,138
Total expenses	4,580,300	3,579,645	13,511,515	10,515,573
Net income	\$ 1,757,157	\$ 4,000,776	\$ 6,838,418	\$ 7,232,684

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(expressed in United States dollars - unaudited)

Income	For the three months ended		For the nine months ended	
	JUN 30, 2013	JUN 30, 2012	JUN 30, 2013	JUN 30, 2012
Net income for the period	\$ 1,757,157	\$ 4,000,776	\$ 6,838,418	\$ 7,232,684
Other comprehensive income (loss):				
Net gain (loss) on financial investments	747,063	(4,397,669)	13,414,390	6,520,987
Reclassification of gains realised in income	(2,214,009)	(1,149,185)	(9,631,898)	(3,943,452)
Other comprehensive (loss) income	(1,466,946)	(5,546,854)	3,782,492	2,577,535
Total comprehensive income	\$ 290,211	\$ (1,546,078)	\$ 10,620,910	\$ 9,810,219

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended June 30, 2013 (expressed in United States dollars - unaudited)

		CAPITAL STOCK		SHARE PREMIUM		TREASURY STOCK		RESERVES		RETAINED EARNINGS		TOTAL
October 1, 2011	\$	16,926,449	\$	22,487,690	\$	(526,517)	\$	(7,392,701)	\$	51,421,529	\$	82,916,450
Total comprehensive income								2,577,535		7,232,684		9,810,219
Dividends (Note 7)										(1,400,563)		(1,400,563)
Net purchase of treasury stock						(17,721)						(17,721)
June 30, 2012	\$	16,926,449	\$	22,487,690	\$	(544,238)	\$	(4,815,166)	\$	57,253,650	\$	91,308,385
October 1, 2012	\$	16,807,963	\$	22,131,188	\$	-	\$	8,337,762	\$	57,479,154	\$	104,756,067
Total comprehensive income								3,782,492		6,838,418		10,620,910
Dividends (Note 7)										(6,000,000)		(6,000,000)
Net purchase of treasury stock												-
June 30, 2013	\$	16,807,963	\$	22,131,188	\$	-	\$	12,120,254	\$	58,317,572	\$	109,376,977

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended June 30, 2013 (expressed in United States dollars - unaudited)

Operating activities	JUN 30, 2013	JUN 30, 2012
Net income	\$ 6,838,418	\$ 7,232,684
Adjustments to reconcile net income to cash flows used in operating activities:		
Depreciation	250,723	207,867
Amortisation	378,627	116,884
Share of profit of an associate	(147,186)	(178,350)
Gain on sale of investment securities	(9,631,898)	4,639,369
(Increase) decrease in derivative financial instruments	(3,459,272)	2,505,254
Impairment losses on financial investments	1,160,184	-
Decrease (increase) in interest receivable	652,913	(402,006)
Increase in other assets	(1,814,743)	(51,480,159)
Increase in interest payable	942,596	1,003,524
Increase (decrease) in customer drafts payable	343,321	(2,811,881)
Increase in other liabilities	1,129,846	275,496
Net cash provided by (used in) operating activities	(3,356,471)	(38,891,318)
Investing activities		
Net (increase) decrease in loans and advances to customers	(9,169,583)	3,194,205
Proceeds from sale of investment securities	101,083,273	49,798,857
Purchases of investment securities	(85,525,603)	(109,028,807)
Increase in investment in an associate	-	(160,600)
Purchases of property and equipment	(132,082)	(3,291,175)
Purchases of goodwill and other intangible assets	(319,846)	(7,525,520)
Net cash used in investing activities	5,936,159	(67,013,040)
Financing activities		
Net increase (decrease) in deposits	(6,302,615)	88,448,058
Purchase of treasury stock	-	(17,721)
Dividends paid	(6,000,000)	(1,400,563)
Net cash provided by (used in) financing activities	(12,302,615)	87,029,774
Net increase (decrease) in cash and cash equivalents	(9,722,927)	(18,874,584)
Cash and cash equivalents, beginning of period	226,914,057	273,293,269
Cash and cash equivalents, end of period	\$ 217,191,130	\$ 254,418,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended June 30, 2013 (expressed in United States dollars - unaudited)

1. Basis of Preparation

These interim consolidated financial statements for the nine month period ended June 30, 2013 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, 2012.

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

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, 2012.

3. Cash and Term Deposits

Cash and term deposits include:

	JUN 30, 2013	SEP 30, 2012*
Cash and demand deposits	\$ 4,993,371	\$ 36,791,170
Term deposits:		
Deposits maturing - within 1 month	212,197,759	190,122,887
Deposits maturing - 1-3 months	-	-
Deposits maturing - 3-12 months	-	-
Total Term Deposits	212,197,759	190,122,887
Total	\$ 217,191,130	\$ 226,914,057

* Audited

4. Investment securities

Available-for-sale investment securities

The fair values of available-for-sale investment securities by major classifications of investment securities were as follows:

	JUN 30, 2013	SEP 30, 2012*
Debt securities issued by banks	\$ 47,830,189	\$ 67,710,370
Government debt securities	689,753	3,375,133
Corporate debt securities	102,346,921	99,217,829
Asset-backed securities	56,356,779	48,727,445
Equities	24,273,939	27,195,270
Portfolio funds	21,961,970	10,537,000
	\$ 253,459,551	\$ 256,763,047

* Audited

5. Loans and Advances to Customers

Loans and advances to customers and the allowance for loan losses at June 30, 2013 were as follows:

	JUN 30, 2013			SEP 30, 2012*		
	GROSS	ALLOWANCE	NET	GROSS	ALLOWANCE	NET
Commercial overdrafts	\$ 22,608,134	\$ -	\$ 22,608,134	\$ 18,355,735	\$ -	\$ 18,355,735
Commercial loans	20,057,762	-	20,057,762	15,320,258	-	15,320,258
Consumer mortgage loans	405,883	50,000	355,883	388,925	50,000	338,925
Credit cards	127,474	-	127,474	118,470	-	118,470
Others	179,098	-	179,098	25,380	-	25,380
Total	\$ 43,378,351	\$ 50,000	\$ 43,328,351	\$ 34,208,768	\$ 50,000	\$ 34,158,768

Allowance for loan losses consists of:

	JUN 30, 2013	SEP 30, 2012*
Balance at beginning of period	\$ 50,000	\$ 50,000
Credit loss during the period	-	-
Credit loss recovery during the period	-	-
	\$ 50,000	\$ 50,000

* Audited

6. Deposits

	JUN 30, 2013	SEP 30, 2012*
Demand deposits	\$ 230,535,257	\$ 207,025,252
Term deposits:		
Deposits maturing - within 1 month	93,770,763	106,981,836
Deposits maturing - 1-3 months	16,436,889	52,874,340
Deposits maturing - 3-12 months	52,322,862	26,473,287
Deposits maturing - 1-5 years	58,166,971	64,180,642
	220,697,485	250,510,105
Total	\$ 451,232,742	\$ 457,535,357

* Audited

7. Dividends

Dividends on ordinary shares declared and paid during the nine month period:
2013: \$6,000,000 (2012: \$1,400,563)

8. Fees and Commissions

	For the three months ended		For the nine months ended	
	JUN 30, 2013	JUN 30, 2012	JUN 30, 2013	JUN 30, 2012
Corporate services	\$ 564,225	\$ 504,820	\$ 1,569,081	\$ 1,618,892
Trust	359,404	359,917	1,083,404	954,273
Banking services	191,540	190,400	436,794	548,355
	\$ 1,115,169	\$ 1,055,137	\$ 3,089,279	\$ 3,121,520

9. General and Administrative Expenses

	For the three months ended		For the nine months ended	
	JUN 30, 2013	JUN 30, 2012	JUN 30, 2013	JUN 30, 2012
Rent and premises	\$ 240,044	\$ 206,183	\$ 666,274	\$ 655,570
Advertising and marketing	140,501	130,775	374,131	370,987
Professional fees	402,078	55,449	550,039	235,715
Information technology and systems	172,199	178,981	539,829	527,533
Banking services and license	205,703	187,615	610,433	574,580
Investment advisory fees	340,000	337,237	1,025,728	678,073
Board costs	48,351	45,651	145,053	154,815
Administrative	476,947	333,655	1,403,149	1,021,865
	\$ 2,025,823	\$ 1,475,546	\$ 5,314,636	\$ 4,219,138

10. Segment information

For management purposes, the Bank is organised into five business segments:

Banking Services

The Banking Services segment is responsible for corporate, institutional and individual customers' deposits, credit facilities and funds transfer facilities.

Investment Management

Customer funds deposited with the Bank are invested in a diversified portfolio of financial investments to obtain the maximum possible returns for the minimum necessary risk.

Corporate Services

The Corporate Services segment provides company management, asset management, corporate registrar, financial, and custody services to third parties as well as to the Bank's other segments.

Trust

The Trust segment provides trust administration services to third parties.

General and Administrative

Operating expenses including finance and other central functions that are not directly attributable to other business segments are recorded in the General and Administrative segment.

Management monitors the operating results of these business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

The Bank operates in a single jurisdiction, Bermuda, and therefore no geographical information is presented. The Bank has subsidiaries in Luxembourg, Cayman Islands and Mauritius, but does not offer banking or other services in these jurisdictions. The assets, liabilities and results of these entities are incorporated into the segment information. No single customer accounted for 10% or more of the Bank's revenues for the period.

The following table presents income and expense and certain asset and liability information regarding the Bank's business segments:

	For the nine months ended JUN 30, 2013							
	BANKING SERVICES	INVESTMENT MANAGEMENT	CORPORATE SERVICES	TRUST	GENERAL & ADMINISTRATIVE	ELIMINATION OF INTER-SEGMENT AMOUNTS	TOTALS	
Net Interest Income from external customers	\$ 2,210,287	\$ 9,170,329	\$ 89	\$ -	\$ -	\$ -	\$ 11,380,705	
Fees and other income from external customers	495,739	(186,840)	1,571,340	1,083,404	-	-	2,963,643	
Hedging of investment securities	-	(2,613,315)	-	-	-	-	(2,613,315)	
Gains from sale of investment securities	-	9,631,898	-	-	-	-	9,631,898	
Share of profit of an associate	-	147,186	-	-	-	-	147,186	
Impairment losses on financial investments	-	(1,160,184)	-	-	-	-	(1,160,184)	
Inter-segment fees and other income	-	-	12,000	-	-	(12,000)	-	
Total income	2,706,026	14,989,074	1,583,429	1,083,404	-	(12,000)	20,349,933	
Depreciation	(127,541)	-	(9,750)	-	(113,432)	-	(250,723)	
Amortisation	-	-	(103,802)	(103,802)	(171,023)	-	(378,627)	
Operating expenses	(4,405,450)	(1,279,517)	(1,745,512)	(1,488,475)	(3,975,211)	12,000	(12,882,165)	
Net income	\$ (1,826,965)	\$ 13,709,557	\$ (275,635)	\$ (508,873)	\$ (4,259,666)	\$ -	\$ 6,838,418	
Segment assets	\$ 279,125,467	\$ 284,220,891	\$ 4,840,550	\$ 7,747,059	\$ 6,564,585	\$ (14,297,753)	\$ 568,200,799	
Segment liabilities	\$ 463,947,870	\$ 1,654,781	\$ 587,233	\$ 1,523,954	\$ 2,972,492	\$ (11,862,508)	\$ 458,823,822	

11. Segment information, (continued)

For the nine months ended JUN 30, 2012

	BANKING SERVICES	INVESTMENT MANAGEMENT	CORPORATE SERVICES	TRUST	GENERAL & ADMINISTRATIVE	ELIMINATION OF INTER-SEGMENT AMOUNTS	TOTALS
Net Interest Income from external customers	\$ (1,233,960)	\$ 12,542,178	\$ 831	\$ -	\$ -	\$ -	\$ 11,309,049
Fees and other income from external customers	627,656	(31,521)	1,648,433	954,273	-	-	3,198,841
Hedging of investment securities	-	(1,577,352)	-	-	-	-	(1,577,352)
Gains from sale of investment securities	-	4,639,369	-	-	-	-	4,639,369
Share of profit of an associate	-	178,350	-	-	-	-	178,350
Inter-segment fees and other income	-	-	15,501	-	-	(15,501)	-
Total income	(606,304)	15,751,024	1,664,765	954,273	-	(15,501)	17,748,257
Depreciation	(82,158)	-	(9,750)	-	(115,959)	-	(207,867)
Amortisation	-	-	-	-	(116,884)	-	(116,884)
Operating expenses	(3,680,038)	(871,758)	(1,671,868)	(884,789)	(3,097,870)	15,501	(10,190,822)
Net income	\$ (4,368,500)	\$ 14,879,266	\$ (16,853)	\$ 69,484	\$ (3,330,713)	\$ -	\$ 7,232,684
Segment assets	\$ 344,774,107	\$ 277,197,270	\$ 4,417,101	\$ 7,093,226	\$ 5,775,024	\$ (11,284,772)	\$ 627,971,956
Segment liabilities	\$ 534,889,527	\$ 8,213,346	\$ 371,217	\$ 23,857	\$ 2,955,907	\$ (10,471,732)	\$ 535,982,122

REGISTERED ADDRESS

BERMUDA COMMERCIAL BANK BUILDING
19 PAR-LA-VILLE ROAD
HAMILTON HM 11
BERMUDA

MAILING ADDRESS

P.O. BOX HM 1748
HAMILTON HM GX
BERMUDA

T: +1 (441) 295-5678

F: +1 (441) 296-0601

W: WWW.BCB.BM

E: ENQUIRIES@BCB.BM