

February 28, 2013

Bermuda National Limited
("BNL" or "the Company")

Financial Results for the quarter ended December 31, 2012

For Immediate Release- (Hamilton, Bermuda) Bermuda National Limited, a Bermuda exempted financial services investment holding company, is pleased to announce its results for the quarter ended December 31, 2012, its first quarter as a public company, following the restructuring of Bermuda Commercial Bank Limited ("BCB") which completed on October 1, 2012.

Highlights for the first quarter:

- Consolidated net income of approximately \$3.0 million;
- Shareholders' equity of approximately \$133.8 million;
- Strong operating performance from the Company's major subsidiary, Bermuda Commercial Bank ("BCB" or the "Bank"), which continues to grow its assets whilst maintaining a highly liquid balance sheet and a strong capital ratio;
- Westhouse Holdings plc has taken measures to reduce costs as a result of poor trading conditions;
- The Company's other investments continue to perform in line with expectations;
- Completion of private placing with Utilico Investments Limited ("Utilico") to raise approximately \$15 million and the acquisition of Utilico's interest in Ascot Lloyd Holdings Limited, a UK independent financial adviser; and
- Post quarter end, issue of bonus warrants to qualifying shareholders on a one for three basis with an exercise price of \$12.00 per share, to provide the Company with a flexible funding structure to be used in future corporate investments and acquisitions.

Commenting on the financial results, Warren McLeland, Chairman of BNL said:

"BNL's first quarter results highlight the strong performance at the Company's main subsidiary, BCB. BCB continues to improve on all its key metrics and we continue to see the benefits of BCB operating a highly liquid balance sheet with its assets invested in a combination of cash and a diversified bond portfolio. The completion of the private placing with Utilico and the recent bonus warrant issue gives the Company additional funding in order to move ahead with its stated strategy to make corporate investments and acquisitions in the financial services sector."

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Introduction

For the quarter ended December 31, 2012, the Company recorded net income of approximately \$3.0 million on total assets of approximately \$605.4 million and shareholders' equity of approximately \$133.8 million. The Company intends to pay dividends to shareholders on a semi annual basis.

The Company's performance in the first quarter of the current financial year was driven principally by BCB which reported a strong operating performance in the three months ended December 31, 2012. The Company's other investments performed in line with expectations and the Company continues to look for attractive corporate investments and acquisitions in the financial services sector. BNL is currently in exclusive discussions to acquire a financial services business in the UK and will update shareholders at the appropriate time.

An analysis of each of the Company's subsidiaries and investments is set out below.

BCB

BCB reported strong profits and continued customer deposit growth during the three months ended December 31, 2012. The Bank's capital position improved following gains in the market value of its financial Investments portfolio and both capital ratios and liquidity levels remain solid.

The Bank recorded profits of \$4.4 million for the December 31, 2012 quarter compared with a profit of \$0.8 million for the quarter ended December 31, 2011. Total revenues for the period were \$9.1 million compared to \$4.0 million in the prior year period.

Interest Income

Interest income for the quarter was \$4.3 million compared to \$4.5 million in 2011 resulting from a small reduction in average yields on the Bank's financial investments portfolio.

Interest expense increased modestly to \$0.9 million. This increase tracks the increase in average customer term deposits for the December 2012 quarter compared with the average for the December 2011 quarter.

Non Interest Income

Total non interest income was \$5.6 million for the quarter, up from \$0.3 million in 2011. This increase was driven by strong capital gains from the Bank's financial Investments.

Fees and commissions reduced to \$1.1 million for the quarter from \$1.2 million a year earlier following the Bank's exit from the fund administration business. Excluding discontinued items, fees and commissions increased by 8%.

Gains from the sale of financial investments were \$5.1 million for the quarter compared to a loss of \$0.3 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 the Bank's quarterly profit over normal expected levels.

BCB recorded an impairment provision of \$1.2 million during the quarter against the Bank's financial investment portfolio. This provision, modeled on the Bank's internal, historical data derived loss expectations, will be used against future losses as and when they occur.

Expenses

Payroll costs for the quarter were \$2.9 million compared with \$1.9 million in the prior year. 2012 costs were inflated by \$0.5 million of annual performance based compensation expenses. Additionally, the Bank's employee headcount

increased to 70 from 57 one year ago following the continued broadening and strengthening of the Bank's employee base in response to increased customer numbers and expanding business requirements.

General and administrative expenses of \$1.6 million also increased relative to 2011 (\$1.3 million) with the increase due principally to higher investment management fees resulting from the increase in value of the Bank's investment portfolio. The Bank's remaining expenses remained at similar levels to the prior year quarter.

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 increased marginally to \$592.3 million at December 31, 2012 from \$572.0 million at September 30, 2012.

Cash, money market funds and term deposits increased to \$243.8 million from \$226.9 million at September 30, 2012 following a similar increase in customer deposit balances.

Financial investments increased to \$260.9 million from \$256.8 million at September 30, 2012. This increase resulted from continued improvements in the market valuations of the Bank's investment portfolio following a strong quarter for global bond markets.

The Bank's financial investment portfolio consists primarily of corporate debt securities and debt securities issued by insurance companies, along with a number of asset-backed securities. The Bank's investment in equities was further reduced during the quarter, following the sale of the majority of the Bank's Bermuda equities to Bermuda First Investment Company Limited.

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 increase in the level of financial investments driven by term deposit activities of its customer base.

Other balance sheet assets including the Bank's loans and advances portfolio remained at similar levels to September 2012.

Liabilities

Total customer deposit balances increased to \$469.8 million from \$457.5 million at September 30, 2012. Despite the increase in overall deposits, term deposit balances decreased over the quarter driven by the operational activities of a number of large customers. BCB's customer position improved as measured by its other key customer performance metrics - customer numbers and customer concentration, resulting in a deeper, more stable deposit base.

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

Capital

The Bank's capital position increased to \$112.3 million at December 31, 2012 from \$104.8 million at September 30, 2012. This improvement resulted from unrealised mark to market gains on the Bank's financial investments portfolio.

The Bank's regulatory capital ratio was 21.57% at December 31, 2012 while the tier one ratio was 23.25%. The Bank had total risk weighted assets of \$385.5 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. Risk assets include loans, mortgages and other investments and banks with a higher ratio of these risk assets to capital are more vulnerable to movements in valuation.

PRIVATE & COMMERCIAL FINANCE GROUP PLC (“PCFG”)

PCFG is a UK asset financing company, whose shares are quoted on the London Stock Exchange. PCFG was founded in 1993 and has grown by a combination of acquisitions and organic growth, providing car and asset finance to over 16,000 customers across the UK. The Group has a diluted economic interest in PCFG of approximately 65%, comprising an equity interest of approximately 19.9% and an interest in convertible loan notes issued by PCFG.

PCFG successfully raised £8.9 million through a subscription, placing, and open offer of unsecured convertible loan notes. In addition all revolving bank facilities were extended and committed for more than three years and they obtained new funding facilities of £4 million increasing headroom to £19 million.

On November 27, 2012, PCFG announced its results for the six months ended September 30, 2012. They reported an increase of 40% in profit before tax to £0.34 million (2011: £0.24 million) and an increase of 11% in total assets to £9.1 million (2011: £8.2 million). The return on average portfolio assets increased to 0.8% (2011: 0.5%) and the net asset value per share was 17.6p (2011: 16.5p).

WESTHOUSE HOLDINGS PLC (“Westhouse”)

Westhouse is a corporate and institutional stockbroking group located in London. Like a number of corporate and institutional brokers in the City of London, trading conditions have been very difficult for Westhouse. The number of IPOs and secondary capital raisings has significantly reduced over the last few years. As a result, over the last six months, Westhouse has restructured its cost base, primarily by reducing its headcount. In order to reduce ongoing costs it was approved by shareholders at a general meeting on February 4, 2013 that Westhouse’s shares would be privatised and delisted from the London Stock Exchange with effect from February 11, 2013.

In the quarter ended December 31, 2012, Westhouse has strengthened its management team with a number of new appointments including a new head of corporate finance and broking and the creation of a fixed income team. The pipeline for corporate transactions is stronger than it has been for some time and it is anticipated that the company’s performance will improve in the current calendar year.

BNL holds a 46% interest in Westhouse and BNL’s share of the losses incurred by Westhouse from the date of acquisition to December 31, 2012 was \$1.1 million.

ASCOT LLOYD HOLDINGS LIMITED (“Ascot Lloyd”)

Ascot Lloyd is an independent financial adviser (“IFA”) located in the UK and regulated by the Financial Services Authority. BNL interest in Ascot Lloyd is through a £2 million convertible loan note facility. As at December 31, 2012, of the £2 million to be drawn down under the terms of the convertible loan note facility, £1.25 million was drawn down. Subsequent to the end of the first quarter, Ascot Lloyd drew down an additional £0.5 million.

The UK IFA industry is in the midst of considerable regulatory change which is creating a number of consolidation opportunities for Ascot Lloyd. Ascot Lloyd has embraced the regulatory change and in 2012 made a number of infrastructure improvements on which to build both by acquisition and organic growth in 2013.

For the year ended December 31, 2012, Ascot Lloyd reported unaudited gross income of £4.4 million (2011: £2.9 million) and EBITDA of £0.63 million.

SING INVESTMENTS & FINANCE LTD (“Sing Investments”)

Sing Investments is a finance company listed on the Singapore Stock Exchange with 40 years experience. Their products include fixed and saving deposits and the provision of loans and credit facilities to individuals and corporations. Singapore is a rapidly developing and growing economy and one in which the directors of BNL believe the Company should be invested in.

In the quarter ended December 31, 2012, Sing Investments completed a rights issue to raise SG\$62.8 million to strengthen its capital structure and to take advantage of growth opportunities in the market.

For the nine months ended September 30, 2012 Sing Investments reported profit before tax of SG\$11.7 million on net interest income of SG\$22.4 million and total assets of SG\$1.7 billion. As at December 31, 2012, BNL held a 4.9% interest in Sing Investments which was valued at approximately US\$8.9 million.

BERMUDA NATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31, 2012
(in US\$ - unaudited)

	December 31, 2012
ASSETS	
Cash, money market and term deposits	
Due on demand	\$ 62,441,967
Money market funds	5,079,359
Term deposits	176,246,749
Total cash, money market funds and term deposits	243,768,075
Derivative financial instruments	4,679,000
Financial Investments	274,114,854
Loans and advances to customers	28,907,231
Investment in associates	25,245,195
Property and equipment	3,381,257
Goodwill and other intangible assets	9,964,801
Interest receivable	2,655,551
Other assets	12,669,071
Total assets	\$ 605,385,035
LIABILITIES	
Deposits	
Demand deposits	\$ 263,016,807
Term deposits	198,223,892
Total deposits	461,240,699
Derivative financial instruments	1,891,150
Interest payable	2,635,360
Customer drafts payable	3,286,708
Other liabilities	2,507,760
Total liabilities	471,561,677
EQUITY	
Capital stock	871
Share premium	58,807,656
Reserves	14,510,955
Retained earnings	60,503,876
Total equity	133,823,358
Total liabilities and equity	\$ 605,385,035

BERMUDA NATIONAL LIMITED
CONSOLIDATED STATEMENT OF INCOME
for the three months ended December 31, 2012
(in US\$ - unaudited)

	December 31, 2012
INCOME	
Interest income	\$
Cash and term deposits	87,509
Money market funds	51,866
Loans and advances to customers	110,046
Financial investments	4,090,465
	<u>4,339,886</u>
Interest expense	<u>(905,967)</u>
Net interest income	3,433,919
Fees and commissions	1,045,852
Net exchange gains (losses)	213,205
Hedging of investment securities	211,238
Dividend income	153,001
Gain from sale of financial investments	5,102,784
Impairment losses on financial investments	(1,160,184)
Share of loss of associates	(1,117,958)
Other operating income	20,719
	<u>7,902,576</u>
EXPENSES	
Salaries and employee benefits	2,862,775
Depreciation	79,857
Amortisation	132,075
General and administrative expenses	1,803,148
	<u>4,877,855</u>
NET INCOME	<u><u>\$ 3,024,721</u></u>
Basic earnings per common share	\$ 0.35
Diluted earnings per common share	\$ 0.35

-ENDS-

Bermuda National Limited is a listed exempt financial services investment holding company with shareholder funds of \$138 million. The Group's major asset is its 100% owned subsidiary, Bermuda Commercial Bank Limited, one of Bermuda's four licensed banks, which is focused on corporate and private wealth. The Group's other main investments include a 19.9% equity stake and a convertible loan note in the London Stock Exchange listed Private & Commercial Finance Group PLC, a UK asset financing company (economic exposure of up to 65%) and a 46% stake in Westhouse Holdings PLC, a corporate and institutional stockbroking group. In addition, BNL has a £1.75 million convertible loan note facility with Ascot Lloyd Holdings Limited, a UK independent financial adviser.

BNL's shares are publicly traded and listed on the Bermuda Stock Exchange (Website: www.bsx.com Ticker: BNL.BH) and more details on the Company can be found at www.bermudanational.bm. BNL's share price is available on the BSX and on Bloomberg, and is published daily in the Royal Gazette.