

September 11, 2013

**Bermuda National Limited**  
**(“BNL”, the “Company” or the “Group”)**

**Financial Results for the nine months ended June 30, 2013**

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 and nine months ended June 30, 2013.

Highlights:

- Consolidated net income of approximately \$4.8 million;
- Shareholders’ equity of approximately \$130.2 million;
- Continued positive operating performance from the Company’s major subsidiary, Bermuda Commercial Bank Limited (“BCB” or the “Bank”) with the Bank reporting net income for the nine months of \$6.8 million;
- BCB’s capital ratio in excess of 20% and a tier one ratio of 22.65%;
- The Company’s other investments continue to perform in line with expectations;
- Completion post period end of the acquisition of J O Hambro Investment Management Limited (“J O Hambro”); and
- Exercise of Bonus Warrants post period end by BNL’s major shareholders to raise approximately \$22.4 million for the Company.

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

“The third quarter has produced good results for the Company and another strong performance from BCB in particular. Post the quarter end, the completion of the acquisition of J O Hambro was a significant event for the Company and will hopefully bring a number of synergies and benefits to our other investments. Westhouse Holdings plc continues to experience difficult trading conditions, but we believe that following a number of initiatives, future results should improve.”

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## Summary of BNL's results for the 9 months ended June 30, 2013

### Introduction

For the nine months ended June 30, 2013, the Company recorded net income of approximately \$4.8 million on total assets of approximately \$584.1 million and shareholders' equity of approximately \$130.2 million. Year to date earnings per share totaled \$0.55.

The Company's performance in the third quarter continues to be positively driven by BCB which recorded net income in the quarter of \$1.8 million before accounting for unrealised gains from its investment portfolio which were \$2.2 million for the quarter.

BNL's share of the losses incurred by Westhouse in the third quarter was approximately \$350k. This remains disappointing but the losses are reducing and continue the improved trading performance that was reported in the second quarter. The Company's other investments continue to perform strongly and in line with expectations.

Consistent with its stated strategy to make investments and acquisitions in the financial services sector, BNL was pleased to announce on August 5, 2013, the completion of the acquisition of J O Hambro for a total cash consideration of £50 million. As at the date of this announcement, BNL owns 62.5% of J O Hambro's issued share capital with the balance owned by J O Hambro's management and staff. This proposed acquisition is a significant strategic step for BNL as it is acquiring a well known UK private wealth asset manager with a strong track record. It is anticipated that the acquisition will provide a number of synergies across the Group.

Post the quarter end the Company's major shareholders, Utilico Investments Limited, Permanent Investments Limited and ICM Limited, in aggregate exercised Bonus Warrants to raise approximately \$22.4 million for the Company. These funds were then used to part fund the J O Hambro acquisition.

## Review of Investments

### ***BERMUDA COMMERCIAL BANK LIMITED ("BCB" or the "Bank")***

The Bank recorded a profit of \$1.8 million for the three months ended June 30, 2013 (2012: \$4.0 million). Total revenue for the period was \$6.3 million (2012: \$7.6 million).

Net income for the nine months ended June 30, 2013 was \$6.8 million (2012: \$7.2 million). Net interest income for the first nine months was \$11.4 million (2012: \$11.3 million). Non-interest income totaled \$8.9 million for the nine months ended June 30, 2013 (2012: \$6.44 million) following strong gains from the Bank's financial investments.

Interest income for the quarter was \$4.5 million compared with \$4.51 million in 2012 resulting from a slight decrease in the Bank's financial investments portfolio. Total non-interest income was \$2.8 million for the quarter compared with \$3.9 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.

Gains from the sale of financial investments were \$2.2 million for the quarter compared to gains of \$1.9 million in 2012. As part of BCB's risk and liquidity management process, investments are sold from time to time. With the Bank's investment portfolio currently performing strongly, most sales during the quarter resulted in solid gains for the Bank.

Payroll costs for the quarter were \$2.3 million compared with \$1.9 million in the prior year. Amortisation costs increased from \$0.04 million in 2012 to \$0.13 million in 2013 primarily from amortisation charges related to the 2011 purchase of BCB Paragon Trust Limited and BCB Charter Corporate Services Limited. General and administrative expenses were \$2.0 million (2012: \$1.5 million).

Total assets of \$568.2 million at March 31, 2013 were broadly in line with the September 30, 2012 balance of \$572.0 million. Cash, money market funds and term deposits decreased to \$217.2 million from \$226.9 million at September 30, 2012 following a similar decrease in customer deposit balances.

Financial investments decreased slightly to \$253.5 million from \$256.8 million at September 30, 2012. The Bank's financial investment portfolio consists primarily of corporate debt securities, debt securities issued by banks, along with a smaller number 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.

Loans and advances were \$43.3 million at June 30, 2013 up from \$34.2 million at year-end. Total customer deposit balances decreased slightly to \$451.2 million from \$457.5 million at September 30, 2012.

The Bank's capital position increased to \$109.4 million at June 30, 2013 from \$104.8 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 \$396.4 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.

### ***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.

During the quarter, BNL increased its stake in PCFG and is now interested in 15,553,800 shares in PCFG representing approximately 29.3% of PCFG's issued share capital. The Group has a diluted economic interest in PCFG of approximately 66%, comprising an equity interest of 29.3% and an interest in convertible loan notes issued by PCFG.

As a result of the increased equity holding in PCFG, BNL is required under International Financial Reporting Standards to equity account PCFG's financial results. The quarter ended June 30, 2013 is the first quarter in which PCFG's results are reflected in BNL's financial results. BNL's share of the profits generated by PCFG on the quarter ended June 30, 2013 was approximately \$57k.

For the year ended March 31, 2013 PCFG reported a 9% increase in profit before tax to £0.8 million (excluding a one-off item in 2012, like for like profit before tax was up 30%). Net assets increased by 6% to £9.3 million and net assets per share on an undiluted basis increased to 17.7p (2012:16.6p). During the year the company completed a £5.9 million fund raising and committed debt facilities were extended and increased to £95.3 million.

As at June 30, 2013 PCFG's market capitalisation was approximately \$5.2 million and BNL's investment in PCFG was valued at approximately \$1.5 million.

### ***WESTHOUSE HOLDINGS plc ("Westhouse")***

Westhouse is a private corporate and institutional stockbroking group located in London in which BNL has an equity interest of approximately 46.1%.

Trading conditions continued to be challenging in the third quarter for Westhouse. However, it is pleasing to report that in the month of June Westhouse reported a break even financial result. This followed improved trading in May and is indicative that the cost reductions that the company made earlier in the year are positively impacting performance. Westhouse are in the process of implementing further cost reduction measures and we anticipate that the trading performance will improve in the medium term particularly as its corporate transaction pipeline continues to strengthen.

During the quarter, BNL's share of Westhouse's losses was approximately \$350k and \$1.9 million for the nine months ended June 30, 2013.

### ***OTHER INVESTMENTS***

The Company's other investments continue to perform in line with expectations. During the quarter, BNL received a 2012 final dividend in relation to its holding in Sing Investments & Finance Ltd for approximately \$300k. There were no further additions to the Company's portfolio of investments in the quarter under review.

**BERMUDA NATIONAL LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at June 30, 2013  
(in US\$ - unaudited)

	<b>June 30, 2013</b>
<b>ASSETS</b>	
Cash, money market and term deposits	
Due on demand	\$ 45,064,101
Term deposits	<u>172,143,082</u>
Total cash, money market funds and term deposits	<u>217,207,183</u>
Derivative financial instruments	4,359,526
Financial Investments	266,929,923
Loans and advances to customers	45,711,642
Investment in associates	25,855,777
Property and equipment	3,314,392
Goodwill and other intangible assets	9,947,329
Interest receivable	3,659,094
Other assets	<u>7,115,668</u>
Total assets	<u>\$ 584,100,534</u>
<b>LIABILITIES</b>	
Deposits	
Demand deposits	\$ 224,443,985
Term deposits	<u>220,697,485</u>
Total deposits	445,141,470
Derivative financial instruments	-
Interest payable	3,356,303
Customer drafts payable	935,208
Other liabilities	<u>4,488,340</u>
Total liabilities	453,921,321
<b>EQUITY</b>	
Capital stock	873
Share premium	59,046,754
Treasury shares	(2,570)
Reserves	11,622,729
Retained earnings	<u>59,511,427</u>
Total equity	<u>130,179,213</u>
Total liabilities and equity	<u>\$ 584,100,534</u>

**BERMUDA NATIONAL LIMITED**  
**CONSOLIDATED STATEMENT OF INCOME**  
(in US\$ - unaudited)

	For the nine month period ended June 30, 2013	For the three month period ended June 30, 2013	March 31, 2013
<b>INCOME</b>			
Interest income	\$		
Cash and term deposits	211,680	43,346	168,334
Money market funds	59,042	-	59,042
Loans and advances to customers	2,215,015	581,158	1,633,857
Financial investments	<u>12,963,441</u>	<u>5,126,683</u>	<u>7,836,758</u>
	15,449,178	5,751,187	9,697,991
Interest expense	<u>(3,910,571)</u>	<u>(2,122,134)</u>	<u>(1,788,437)</u>
Net interest income	11,538,607	3,629,053	7,909,554
Fees and commissions	3,051,939	1,100,925	1,951,014
Net exchange gains (losses)	(863,222)	(146,079)	(717,143)
Hedging of investment securities	(2,613,315)	(557,905)	(2,055,410)
Dividend income	970,315	590,165	380,150
Gain from sale of financial investments	9,631,898	2,214,009	7,417,889
Impairment losses on financial investments	(1,160,184)	-	(1,160,184)
Share of loss of associates	(1,694,450)	(250,619)	(1,443,831)
Other operating income	<u>61,204</u>	<u>19,727</u>	<u>41,477</u>
Total income	<u>18,922,792</u>	<u>6,599,276</u>	<u>12,323,516</u>
<b>EXPENSES</b>			
Salaries and employee benefits	7,567,529	2,342,727	5,224,802
Depreciation	250,723	(34,802)	285,525
Amortisation	378,627	246,552	132,075
General and administrative expenses	<u>5,902,546</u>	<u>2,351,915</u>	<u>3,550,631</u>
Total expenses	<u>14,099,425</u>	<u>4,906,392</u>	<u>9,193,033</u>
NET INCOME	\$ <u>4,823,367</u>	\$ <u>1,692,884</u>	\$ <u>3,130,483</u>

**-ENDS-**

Bermuda National Limited is a listed exempt financial services investment holding company whose major assets include its 100% owned subsidiary, Bermuda Commercial Bank Limited, one of Bermuda's four licensed banks and a 62.5% holding in J O Hambro Investment Management Limited, a UK wealth manager with \$6.0 billion assets under management. The Group's other investments include an economic interest of 66% in the London Stock Exchange listed Private & Commercial Finance Group plc, a UK asset financing company, comprising a 29.3% equity interest and interests in convertible loan notes and a 46.1% stake in Westhouse Holdings plc, a corporate and institutional stockbroking group. BNL's shares are publicly traded and listed on the Bermuda Stock Exchange (Website: [www.bsx.com](http://www.bsx.com) Ticker: BNL.BH) and more details on the Company can be found at [www.bermudanational.bm](http://www.bermudanational.bm).