

February 8, 2013

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

Issue of Bonus Warrants to Qualifying Shareholders

For Immediate Release- (Hamilton, Bermuda) Bermuda National Limited, a Bermuda exempted financial services investment holding company, today announces that it proposes to make a Bonus Warrant Issue to Qualifying Shareholders on the basis of one Bonus Warrant for every three Shares held. A Circular will be posted to Shareholders today setting out further details in respect of the Bonus Warrant Issue.

Bonus Warrant Issue Highlights:

- Bonus Warrants to be issued on the basis of one Bonus Warrant for every three Shares held by Qualifying Shareholders;
- 2,902,349 Bonus Warrants to be issued which if fully exercised would represent approximately 25% of the Company's enlarged issued share capital;
- Bonus Warrants to be listed on the Bermuda Stock Exchange ("the BSX");
- Each Bonus Warrant will entitle the Qualifying Shareholder to subscribe for one Bonus Warrant Share at a subscription price of US\$12.00 per share (equal to the average trading price of the Company's Shares as listed on the BSX at the close of trading over the last 30 business days);
- Bonus Warrants will be exercisable at any time from the issue date, February 11, 2013, to September 30, 2013; and
- Bonus Warrant Issue provides Qualifying Shareholders the opportunity to participate in the growth of the Company and provide the Company with a flexible funding structure in order to make corporate investments and acquisitions in the future.

Commenting on the proposed Bonus Warrant Issue, Warren McLeland, Chairman of BNL said:

"The Bonus Warrant Issue offers an opportunity to those shareholders who would like to further participate in the growth of the Company. It provides BNL with a flexible funding structure and one which will enable the Company to move forward with its stated strategy to make corporate investments and acquisitions in the financial services sector."

Unless otherwise defined, capitalised terms in this announcement shall have the same meaning as in the Circular.

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Bonus Warrant Issue

Introduction

The Board proposes, subject to the terms and conditions set out below, to make the Bonus Warrant Issue on the basis of one (1) Bonus Warrant for every three (3) Shares held by the Qualifying Shareholders. As at the Latest Practicable Date, save for the Bonus Warrant Issue, 240,746 Shares remain to be issued on exercise of any other subscription rights.

The Qualifying Shareholders whose names appear on the register of members of the Company on the Bonus Warrant Record Date will be entitled to the Bonus Warrant Issue. Full exercise of the Bonus Warrants would result in the issue of a total of 2,902,349 new Bonus Warrant Shares on the basis of 8,707,050 Shares in issue as at the Latest Practicable Date. The Bonus Warrant Issue if fully exercised would, represent approximately 25.0% of the issued share capital of the Company as enlarged by the Bonus Warrant Shares to be issued upon the exercise of all the Bonus Warrants.

Subscription price of the Bonus Warrants

Each Bonus Warrant will entitle its holder to subscribe for one Bonus Warrant Share at a subscription price of US\$12.00, subject to adjustment, upon the exercise of one Bonus Warrant. Bonus Warrant Holders are required to pay the Subscription Price in US\$ pursuant to the terms and conditions of the Instrument. Bonus Warrant Holders who reside in Bermuda for the purposes of the Exchange Control Regulations 1973 may be subject to the Foreign Currency Purchase Tax Act 1975.

Subscription period of the Bonus Warrants

Subject to the terms and conditions mentioned below, the Bonus Warrants will be exercisable at any time from the Issue Date to September 30, 2013 (both dates inclusive) or such later date as determined by the Board from time to time at its sole discretion by notice published on the Company's website and as notified to the BSX and disseminated by the BSX, including on the BSX website. Any subscription rights not exercised on or before the expiry date or such earlier date as provided in the Instrument will lapse.

Fractional entitlements

Fractional entitlements to the Bonus Warrants (if any) will not be granted to the Qualifying Shareholders. If any fractional interest in a Bonus Warrant shall arise, the fractional interest shall automatically be rounded to the nearest whole number of Bonus Warrants.

Status of the shares to be issued upon exercise of the Bonus Warrants

Bonus Warrant Shares which are allotted and issued on the exercise of the subscription rights attaching to the Bonus Warrants will rank *pari passu* in all respects with the then Shares in issue on the date of such allotment and issue and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant issue and allotment dates of the Bonus Warrant Shares after the due exercise of the subscription rights attaching to the Bonus Warrants.

Conditions to the Bonus Warrant Issue

The Bonus Warrant Issue is conditional upon the BSX granting the listing of, and permission to deal in, the Bonus Warrants and any Bonus Warrant Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants.

The Bonus Warrants will be issued subject to and with the benefit of the Instrument to be executed by the Company. The Bonus Warrants will be issued in registered form and will form one class and rank *pari passu* in all respects with each other.

Application for listing

The Company has applied to the BSX for (i) the listing of, and permission to deal in, the Bonus Warrants and (ii) approval in principle to list, and deal in, the Bonus Warrant Shares falling to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants. In the opinion of the Directors, the Bonus Warrants will have an indicative listing value of US\$0.32.

Reasons for the Bonus Warrant Issue

The Company's strategy is to make corporate investments and acquisitions in the financial services sector. The Company continues to see opportunities emerging as a result of the 2008 global credit crisis and the subsequent events caused by the crisis. The Directors believe that the Bonus Warrant Issue will provide the Qualifying Shareholders with an opportunity to participate in the growth of the Company. The Bonus Warrant Issue offers all Qualifying Shareholders the opportunity to invest in the Company on the same terms and it will also strengthen the equity base of the Company and increase the Company's working capital if and when the Bonus Warrants are exercised.

The Company is currently in exclusive discussions to acquire a financial services business. However, there can be no certainty that these discussions will be successful and the Company will update Shareholders at the appropriate time. If the discussions are successful then the Company intends to apply any subscription monies received when the Bonus Warrants are exercised to part fund the acquisition. If however, the proposed acquisition does not proceed then the Directors believe that there will be further investment opportunities for the Company which may require funding and which the exercise of the Bonus Warrants will assist in the Company's future funding needs.

Qualifying Shareholders should be aware that if they choose not to exercise the Bonus Warrants, their shareholding may be diluted if other Qualifying Shareholders choose to exercise their Bonus Warrants. The extent of any dilution will depend on how many of the Bonus Warrants are exercised.

Listing, Dealings and Certificates

An application has been submitted to the BSX for the listing of, and permission to deal in, the Bonus Warrants and any Bonus Warrant Shares which may fall to be issued upon exercise of the subscription rights attaching to the Bonus Warrants. Conditional upon the satisfaction of the conditions as set out in the paragraph headed "Conditions to the Bonus Warrant Issue" above, it is expected that the Bonus Warrant Certificates will be issued and posted to the persons entitled thereto at their own risk on the Issue Date. In the case of a joint holding, the Bonus Warrant Certificates and/or the Bonus Shares will be posted to the address of the person whose name stands first on the register of members of the Company on the Record Date. Dealings in the Bonus Warrants on the BSX are expected to commence on the Issue Date.

It is emphasised that tax implications on the Bonus Warrant Issue and the holding and exercise of the Bonus Warrants, are a matter of the holders thereof and neither the Company nor any of the Directors accept any responsibility for any tax effect on, or liabilities of, the holders thereof.

Current Trading

The Company announced the financial results for its major subsidiary, BCB, for the year ended September 30, 2012, on December 6, 2012. BCB made good progress during the year and reported underlying profit of \$7.45 million (2011: \$2.60 million). BCB's capital position improved substantially to \$104.76 million (2011: \$82.92 million) and total assets increased by \$40.03 million to \$572.01 million (2011: \$531.98 million). The year end total capital ratio was 23.34% (2011: 27.08%).

In December 2012, the Company completed its private placing with Utilico Investments Limited ("Utilico"), the Company's major shareholder, to raise approximately \$15 million and acquired Utilico's interest in a £2 million convertible loan note in Ascot Lloyd Holdings Limited, a UK independent financial adviser.

BCB continues to progress in all areas of its business and the Company's other investments continue to perform in line with expectations. However, Westhouse Holdings plc ("Westhouse"), a UK based small and mid cap stockbroker, in which the Company has a 46% interest, continues to be affected by the poor trading environment in which it operates and the company is taking measures to address the slow trading conditions.

The Company expects to release its first quarter results for the period ended December 31, 2012 in March 2013.

Rights of the Overseas Shareholders

As at the Latest Practicable Date, there were certain Shareholders whose addresses as shown on the register of members of the Company were outside Bermuda. The Directors have considered the legal and practical problems under the laws of the overseas jurisdictions in which the Overseas Shareholders are located. The Directors are of the view that due to the time and costs involved in the registration of this Circular and/or compliance with the legal or regulatory requirements or special formalities in those jurisdictions, no Bonus Warrants will be issued to the Overseas Shareholders in those jurisdictions and this Circular is provided to them for information purposes only.

The Bonus Warrants which would otherwise have been issued or distributed to such Overseas Shareholders will be sold in the market as soon as practicable after dealings in the Bonus Warrants commence if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in US dollar currency to such Overseas Shareholders. Remittance thereof will be posted to such Overseas Shareholder(s), at their own risks, unless the amount falling to be distributed to any such Overseas Shareholders shall be less than US\$100, in which case such amount will not be distributed but will be retained for the benefit of the Company.

-ENDS-

Bermuda National Limited is a listed Bermuda exempt financial services investment holding company whose 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 £4.3 million convertible loan note in the London Stock Exchange listed Private & Commercial Finance Group PLC, a UK asset financing company, and a 46% stake in Westhouse Holdings PLC, a corporate and institutional stockbroking group. In addition, BNL has acquired a £2.0 million convertible loan note in 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.