BERMUDA COMMERCIAL BANK LIMITED

Annual Report 2005

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Cover photos by;
Ann Spurling, Bermuda Commercial Bank Building.
Roland Skinner, aerial view of Bermuda.
Bermuda Department of Tourism, aerial view of Dockyard.

Letter to Shareholders

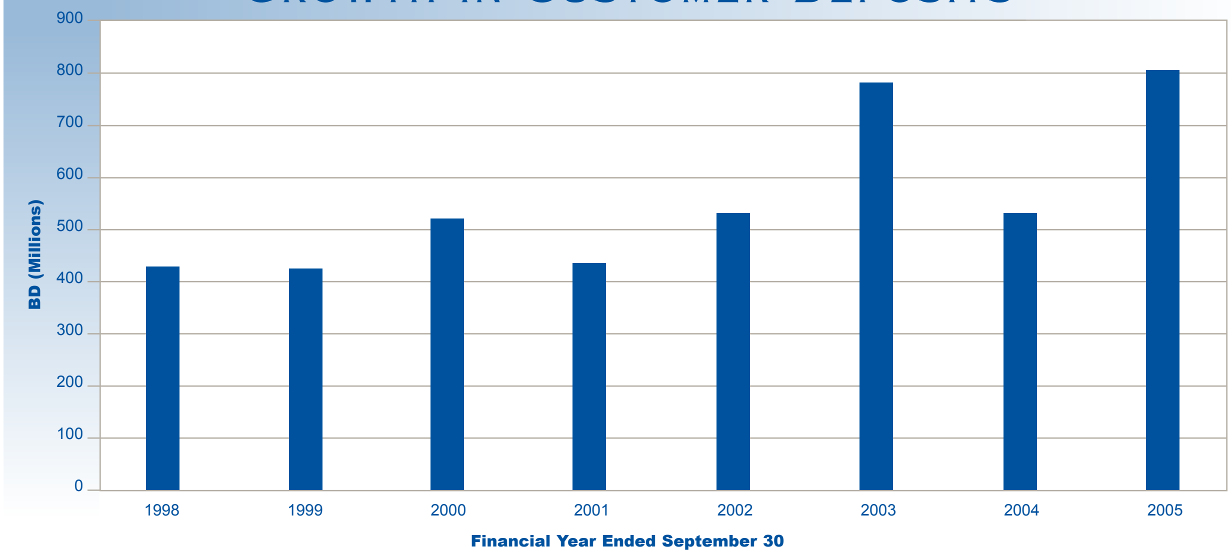
2005 was an excellent year for Bermuda Commercial Bank Limited. Buoyed by a rising interest rate environment, the Bank reported record revenues and operating income. Total income for the year increased by 35.7% while net income increased by 87.3%. Total assets were $858.82 million at September 30, 2005, an increase of 46.5% or $272.44 million over the prior year.

Ten years ago BCB's management put in motion a policy of pursuing a low risk, highly liquid balance sheet. Over the years we have maintained our commitment to this policy and at year-end, cash and cash equivalents represented over 99% of the Bank's total assets. Furthermore, with interest rates returning to historically more normal levels, this low risk policy is translating directly to our income statement in the form of increased earnings.

We are pleased to report that year-end customer deposits were $803.08 million, a $268.80 million increase over the 2004 balance of $534.28 million. While very welcome, we note that this dramatic increase in deposits has been largely driven by a small number of large clients and that significant balance sheet fluctuations must be viewed as part of normal business dictated by client cash flow requirements. Average customer deposit balances, the more significant driver of profitability, remained at levels similar to the strong averages recorded in the prior financial year.

The following chart represents the increase in total customer deposits since 1998.

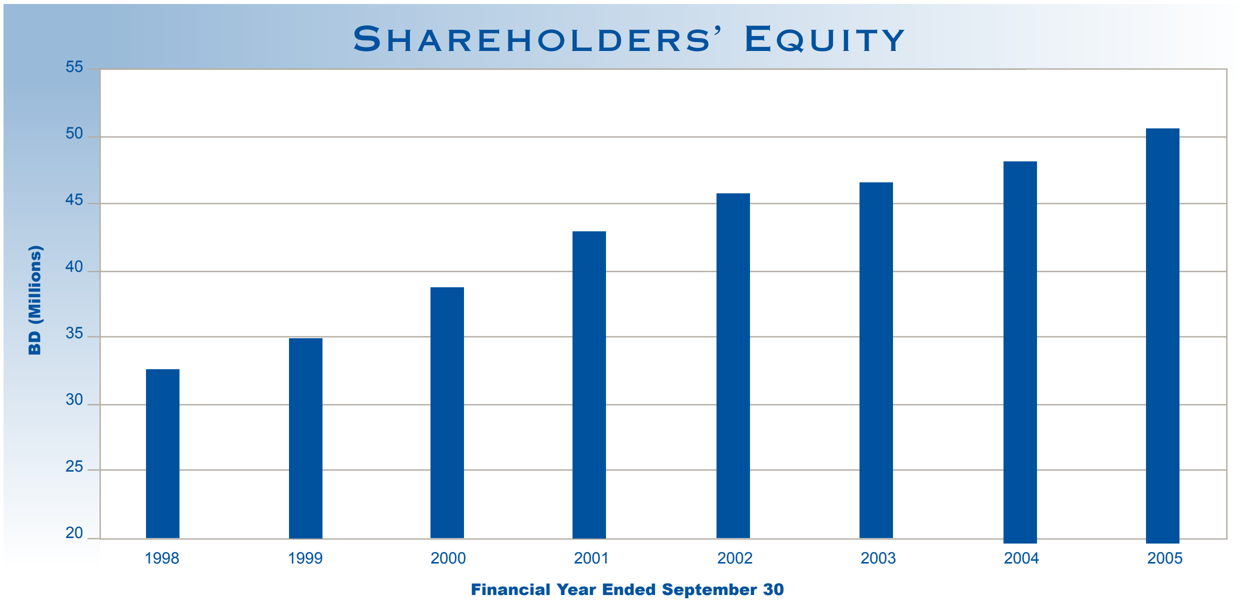
Growth in Customer Deposits



The US economy continues to perform strongly and in an effort to control inflation the Federal Reserve Board increased interest rates eight times during the reporting period - interest rates are currently at levels last seen in 2001. These increases have had a very direct, and positive, impact on BCB's core earnings. Interest income has almost doubled to $16.92 million from $8.90 million while net interest income has increased $3.60 million, or 77.8%, to $8.23 million from $4.63 million.

The Board of Directors approved increasing the half-yearly dividend to $0.25 per share, which brings the dividend for the year to $0.475 per share. This dividend represents 39.9% of annual 2005 earnings and generates an annual yield of 5.9% based on the average fiscal year 2005 trading price of $8.02 for the Bank's common stock.

Strengthening income and shareholder value is the cornerstone of any business and Bermuda Commercial Bank is no exception. Our management team is focused on steadily building the Bank's book of business and by consistently fortifying our balance sheet we have built a strong base of shareholder value. The following chart represents the steady growth in shareholders' equity since 1998.



Last year the Bank reported the pending loss of a large custody client which we advised would adversely impact our 2005 earnings. Despite the confirmed loss of this client during the year, we are pleased to report that the impact of this loss was more than offset by increased fee revenues from new and existing customers. Overall 2005 fee income was $5.91 million, a 2.2% increase over the $5.78 million recorded in 2004. The increase in fees and other income is attributable to a combination of new business and strong performances in our asset management and fund administration departments. In keeping with the Bank's policy of pursuing an entirely liquid and transparent balance sheet, the Bank holds no investments other than cash and cash equivalents, and as such, no investment income was reported for fiscal year 2005 or 2004.

BCB has always been committed to strong cost discipline. In the recent era of falling interest rates, this commitment enabled us to continuously report solid annual earnings. Now, with interest rates rising, we have begun to reap the rewards of this discipline with increases in revenue far outstripping associated cost increases. Total 2005 expenses, at $8.97 million, were 17.1% greater than the prior year figure of $7.66 million. This compares very favorably to our 35.7% increase in total revenues and has resulted in our 2005 efficiency ratio improving to 63.4% from 73.5% – the fourth consecutive annual improvement. Furthermore, and as detailed in our Management's Discussion and Analysis section, 2005 expenses include a number of non-recurring items. Excluding these non-recurring items the increase in our expenses was only 4.8%.

BCB remains firm to its stated strategy of full automation, on-line delivery of services, and a highly liquid balance sheet. The Bank continues to improve and refine its internet banking system while maintaining the personal and flexible service which has always been a hallmark of BCB.

During the year, BCB commenced a full review of its policies, procedures and risk management systems. A centralized database was established and existing policies and procedures are being reviewed and updated in line with current best practices. In the area of compliance, a dedicated compliance officer position was created and the Bank's compliance software was upgraded. The Bank's risk management committee develops and implements procedures to identify, monitor and mitigate risk and to this end BCB's risk management structure was also reviewed and strengthened to provide the highest level of control over the Bank's operations. These initiatives are being independently monitored and evaluated by BCB's internal audit department who report directly to the Bank's audit committee and Board of Directors.

Over the last number of years we have focused on building our products and consolidating our workforce. We offer a distinct portfolio of market-oriented services which we now wish to reintroduce to the local and global marketplaces. To this end, we have allocated significant resources to launch an aggressive marketing campaign over the coming years. Hand in hand with this initiative, the Bank is strengthening its financial reporting and management information systems to better monitor and track the results of this enhanced marketing strategy.

A significant contribution to this year's success was the valued performance of the Bank's workforce. We have a strong and experienced management team in place and with 2005 turnover levels well below local industry averages we have benefited from increased stability and an ever strengthening knowledge base.

Looking forward, BCB is committed to continued financial discipline and stability. Our low risk, fee income structure will be maintained. We will remain in tune with our customers' changing requirements; we will continue to upgrade our core banking and eBanking platforms, offering increasingly enhanced products and services to the Bank's client base. And, while 2005 was a successful year for the Bank on quite a number of fronts, we have absolutely no intention of relaxing on these achievements and will continue to actively pursue growth opportunities. Our staff and management are fully committed to building on this year's success. Coupled with the launch of our renewed marketing drive, we look forward to 2006 with a high level of confidence as we seek to further enhance revenues for the ultimate benefit of the Bank's shareholders.

In closing, and on behalf of the Board of Directors of the Bank, we would like to express a very special thank you to all our management and staff for their dedication, hard work, and commitment to the Bank. We also thank our loyal shareholders and clients for their continued support.

JOHN CHR. M.A.M. DEUSS
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

TIMOTHY W. ULRICH
PRESIDENT AND CHIEF OPERATING OFFICER

MANAGEMENT'S DISCUSSION AND ANALYSIS

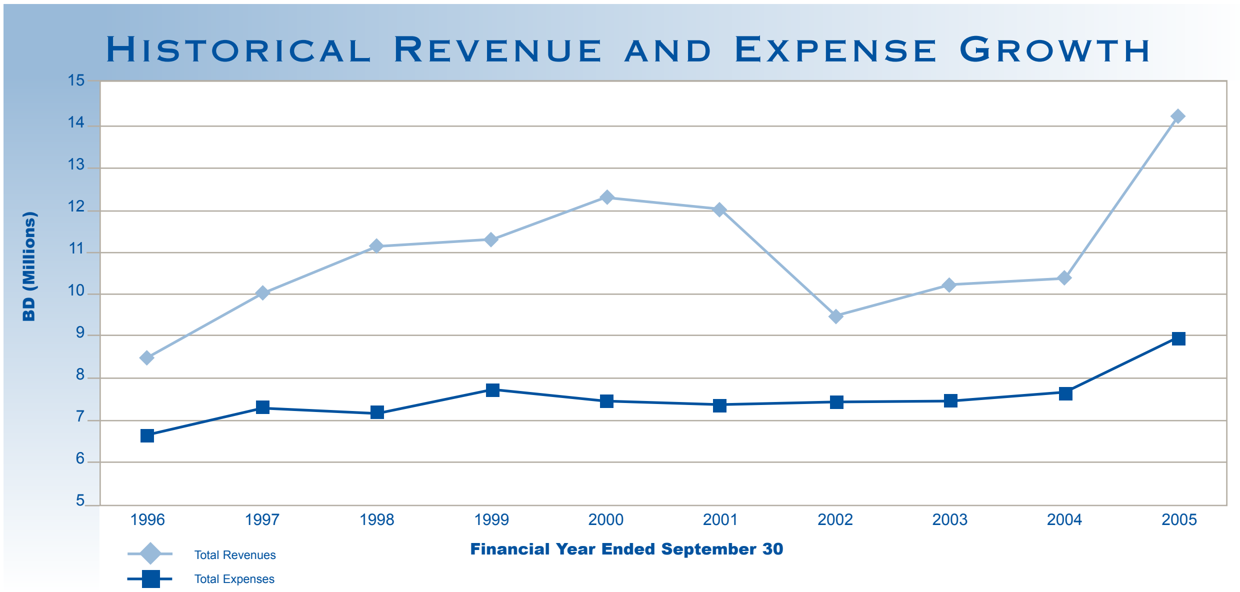
Management's Discussion and Analysis should be read in conjunction with our Consolidated Financial Statements, the notes to those financial statements, and the Letter to Shareholders. All references to BCB or the Bank refer to Bermuda Commercial Bank Limited and its subsidiaries on a consolidated basis.

RESULTS OF OPERATIONS FOR THE YEAR ENDED SEPTEMBER 30, 2005

Bermuda Commercial Bank Limited reported record consolidated earnings for 2005 of $5.17 million, up 87.3% from the $2.76 million reported in 2004. This growth was achieved, externally, by a rising interest rate environment and, internally, by maintaining a solid balance sheet. Earnings per share for the year ended September 30, 2005 were $1.19 compared to $0.64 for the prior year.

INCOME

Total income for 2005 was $14.14 million, an increase of $3.72 million, or 35.7%, over the prior year while our total expenses increased by 17.1%, from $7.66 million to $8.97 million. The historical spread between revenues and expenses is graphically demonstrated in the chart below:



By far the largest contributor to the growth in total income was net interest income. Net interest income for the year ended September 30, 2005, was $8.23 million compared to $4.63 million at September 30, 2004, a very pleasing increase of $3.60 million or 77.8%. Driving this increase was a buoyant US economy and the associated, gradual increase in US interest rates throughout the current fiscal year. Interest income increased by $8.02 million or 90.1% while interest expense increased by $4.42 million or 103.5%. For the second year running, the percentage increase in interest expense outpaced the increase in interest income reflecting the market reality that as interest rates rise a larger percentage of this increase is passed onto our customers. Despite this slight margin erosion, strong balance sheet management and the vigorous monitoring of interest rates on all our placements ensured that the Bank's net interest margin remains extremely competitive.

Total fees and commissions increased by $130,000, or 2.2%, from the previous year. In a rapidly changing global climate the cost of doing business continues to remain high as regulatory and compliance costs continue to increase. Despite these changes, BCB has maintained its fee structure in line with the prior year. We are focused instead on building revenues through a growing client base. Management continues to monitor our fee structure and feel we have achieved the right blend to enable us to provide a quality banking service to our clients and a suitable margin to the Bank.

Transaction fees from Banking Services reported an increase of $80,000, or 4.8%. The Bank continues to increase its client base and this coupled with the success of our eBanking initiative has resulted in higher transaction fee income in spite of unchanged published fee rates.

BCB does not assume any foreign exchange risk through proprietary trading positions. Rather, net exchange gains are earned with a small spread on each currency conversion as it passes through the Bank. Net foreign exchange gains were 7.2% greater than 2004 as a consequence of continued turbulence in the international currency markets, particularly in the first half of the fiscal year.

Our Corporate Services business provides trust, fund administration, asset and company management, corporate registrar, financial, and custodial services. This segment continues to contribute significantly to the overall group, as many of its clients maintain significant cash balances with Banking Services.

International Corporate Management of Bermuda Limited ("ICMOB"), our wholly owned corporate and fund administration subsidiary recorded a modest 1.5% increase in annual fees. Despite this marginal growth, the outlook for ICMOB remains positive; assets under administration have increased, operating costs have been reduced and staff stability is at its highest level in five years. We hope to leverage these points to our advantage in the coming years in the form of increased service levels and accelerated fee growth.

Asset management fees increased by 6.9% over the prior year. We are pleased to note that investment levels have increased as clients continued to avail themselves of the AAA ratings associated with the funds offered by the Bank.

Fees and commissions in our custodial services department were 10.7% lower than the prior year due to the loss of a large custody client. The Bank serviced this client for over ten years, and the quality of service was not a determining factor in the client's decision. Rather, a comprehensive review of all its service providers and the consolidation of its stable of vendors led to this event. We expect to feel the effects of this loss further in 2006 as the loss of this business is annualized over the full fiscal year. Mitigating this loss, the Bank recently increased its marketing efforts and already we have reaped benefits in the form of increased custody, corporate secretarial and fund administration business.

Fees and commissions of BCB Trust Company Limited, the Bank's wholly owned subsidiary, increased by 17.6%. Excluding trust termination fees, recurring fee income showed a slight decrease versus the prior year primarily due to a lower volume of assets held in trust during the year.

Other operating income, primarily recoveries from clients of pass-through charges, increased by $40,000 or 18.2%. An increase in the level of expenses incurred by the Bank on behalf of specific clients resulted in a similar increase in the level of recoveries from those clients.

Expenses

Total expenses for the year ended September 30, 2005 were $8.97 million compared to $7.66 million at September 30, 2004, an increase of $1.31 million or 17.1%. This increase is significantly below the corresponding 35.7% increase in revenues, resulting in an improvement in the Bank's efficiency ratio to 63.4% from 73.5% during the prior period. 2005 represents the fourth consecutive year in which the efficiency ratio has improved and brings the Bank considerably closer to its stated long-term target ratio of 50%.

Of the total increase in expenses of $1.31 million, $940,000 relates to non-recurring items. BCB is moving to new premises. Under the terms of the new lease all capital improvements made to the Bank's existing premises will be replicated in the new premises at no cost to the Bank. However, accepted accounting practices require that any unamortized premises costs be fully expensed by the date of the move. These costs will then be recovered, via an amortization holiday, in the years following the move. Total unamortized costs at the date of the move were calculated to be $610,000, $230,000 of which was expensed in fiscal 2005 and the remaining $380,000 will be expensed in fiscal 2006. Secondly, BCB incurred total costs of $480,000 in settlement of a legal claim against the Bank. This case has been fully resolved and no further costs will be incurred in this regard. Finally, $230,000 of the increase is attributable to a prior year net mortgage recovery within the Bank's declining loan portfolio.

Excluding these non-recurring items, total expenses increased by just $370,000 or 4.8%. The Bank is strongly committed to investing in its employees and technology and these areas accounted for the highest portion of this remaining increase. The other major components of the increase were higher marketing and compliance costs.

Financial Condition as at September 30, 2005

Total customer deposits increased to $803.08 million at September 30, 2005 from $534.28 million at September 30, 2004, representing growth of 50.3% or $268.80 million. Many of our clients, particularly mutual funds, invest large balances at month and quarter ends, thus client activity results in significant changes to our balance sheet over time - the balance increases recorded at year-end need to be understood in this context.

The Bank registered a steady increase in average customer deposit balances over the period 2001 to 2004 and Management is pleased to report that we have maintained this high level of average deposits during the 2005 fiscal year.

Total cash and cash equivalents have risen to $854.00 million at September 30, 2005 from $581.13 million at September 30, 2004, an increase of $272.87 million or 47.0%.

The Bank's loan portfolio continues to wind down and at September 30, 2005 net loans and advances were just $1.41 million compared to $1.94 million at September 30, 2004, a decline of $530,000 or 27.3%, due to principal payments and early repayments. Equipment and computer software also decreased, from $1.80 million at September 30, 2004 to $1.35 million at year-end 2005, primarily as a result of annual amortization on existing capital assets, particularly leasehold improvements, offset partially by purchases and upgrades. Other assets decreased by $180,000 to $950,000 from $1.13 million, or 15.9%, as a result of timing differences on the collection of receivables from customers and prepayments for services made by the Bank. The increase in both interest receivable and interest payable is a function of the year on year increase in interest rates combined with the maturity schedules of our assets and liabilities.

Other liabilities have increased to $3.02 million from $2.77 million at September 30, 2004, an increase of $250,000 or 9.0%. Factors affecting this increase were the level of outstanding customer drafts, which is solely a timing difference based on when customers purchase the drafts and present them for payment, and the staff profit share liability which has increased as a result of the growth in the Bank's net income for the year.

Shareholders' equity has increased by $3.15 million to $51.32 million from $48.17 million, almost entirely due to the net effect of net income offset by annual dividends due and paid to shareholders. BCB, along with all other Bermudian banks is regulated by the Bermuda Monetary Authority which has established minimum capital ratio levels for local banking institutions. We are pleased to report that due to our solid and prudent financial position we continue to remain consistently well above these ratio requirements.

Dividend

The Directors have declared a dividend of 25.0 cents per share for the six months ended September 30, 2005, which, when added to the 22.5 cents per share declared in March 2005, amounts to a total dividend of 47.5 cents per share for the year, a 5.6% increase over the 2004 full year annual dividend. This represents a 39.9% payout on our 2005 net income.

PERFORMANCE MEASURES

The performance ratios below highlight the Bank's successful year and the strong year on year growth in both our income statement and balance sheet. Our financial ratios are at the strongest levels seen in years. Looking to 2006, the US Fed has already increased interest rates and our balance sheet remains solid. Management will continue to concentrate on what we do best - steadily building our business while maintaining the strictest level of financial discipline.

Per Share Information	2005	2004
Cash dividends	$ 0.475	$ 0.450
Net book value	$ 11.87	$ 11.13
Market value at year-end	$ 8.50	$ 9.25
Net income - basic	$ 1.19	$ 0.64
Net income - diluted	$ 1.04	$ 0.54
Capital Ratios		
Tier 1 capital ratio	27.66%	39.40%
Tier 2 capital ratio	0.04%	0.05%
Risk weighted capital ratio	27.70%	39.45%

Financial Ratios	2005	2004
Return on equity	10.38%	5.80%
Return on assets	0.72%	0.39%
Efficiency ratio	63.43%	73.52%
Dividend payout ratio	39.92%	70.31%
Dividend to share price ratio	5.59%	4.86%
Cash and cash equivalents / total assets	99.44%	99.10%

JOHN CHR. M.A.M. DEUSS
Chairman and Chief Executive Officer

TIMOTHY W. ULRICH
President and Chief Operating Officer

DOMINIQUE SMITH
Senior Vice President

MICHAEL CRANFIELD
General Manager, Information Technology

PAUL T. KNEEN
General Manager, International Corporate Management of Bermuda Limited

P. GLENDALL PHILLIPS
General Manager, Banking & Custodial Services

GREG REID
General Manager, Accounting & Administration

MANUEL YGLESIAS
General Manager

Independent Auditors' Report

Deloitte.

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Chartered Accountants
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Church and Parliament Streets
P.O. Box HM 1556
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Bermuda Commercial Bank Limited

We have audited the consolidated balance sheet of Bermuda Commercial Bank Limited as at September 30, 2005 and the consolidated statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Bank as at September 30, 2005 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

Deloitte & Touche

November 4, 2005

Audit . Tax . Consulting . Financial Advisory .

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Deloitte Touche Tohmatsu

Consolidated Balance Sheet

as at September 30, 2005

	2005	2004
Assets		
Cash and cash equivalents (Note 2)		
Due on demand	$ 18,669,607	$ 89,079,155
Money market funds	299,400,000	199,700,000
Term deposits	535,934,584	292,353,889
Total cash and cash equivalents	854,004,191	581,133,044
Loans and advances (net of allowance for loan losses) (Note 3)	1,413,542	1,937,022
Equipment and computer software (Note 4)	1,352,320	1,799,794
Interest receivable	1,106,563	386,609
Other assets	946,472	1,126,514
Total assets	$ 858,823,088	$ 586,382,983
Liabilities		
Deposits (Note 5)		
Demand deposits	$ 203,078,626	$ 244,663,194
Term deposits	599,996,491	289,620,604
Total deposits	803,075,117	534,283,798
Interest payable	329,479	182,469
Other liabilities	3,015,034	2,767,995
Proposed dividend	1,083,090	973,806
Total liabilities	807,502,720	538,208,068
Shareholders' Equity		
Capital stock (Note 6)	10,397,666	10,387,265
Share premium (Note 6)	11,019,028	10,996,924
Retained earnings	29,903,674	26,790,726
Total shareholders' equity	51,320,368	48,174,915
Total liabilities and shareholders' equity	$ 858,823,088	$ 586,382,983

See accompanying notes to the consolidated financial statements

Signed on behalf of the Board:

Chairman, John Chr. M.A.M. Deuss

Vice Chairman, Dr. Clarence R. Terceira

Consolidated Statement of Operations and Retained Earnings

for the year ended September 30, 2005

	2005	2004
Income		
Interest income	$ 16,923,208	$ 8,903,817
Interest expense	8,692,860	4,269,515
Net interest income	8,230,348	4,634,302
Fees and commissions	4,871,530	4,839,906
Net exchange gains	778,080	725,842
Other operating income	257,545	218,048
Total income	14,137,503	10,418,098
Expenses		
Salaries and employee benefits	4,467,193	4,190,219
Amortization	687,348	479,342
Other expenses	3,812,770	2,989,917
Total expenses	8,967,311	7,659,478
Net Income	5,170,192	2,758,620
Retained Earnings, Beginning of Year	26,790,726	25,978,577
Dividends (Note 7)	(2,057,244)	(1,946,471)
Retained Earnings, End of Year	$ 29,903,674	$ 26,790,726
Basic earnings per common share (Note 8)	$ 1.19	$ 0.64
Diluted earnings per common share (Note 8)	$ 1.04	$ 0.54

See accompanying notes to the consolidated financial statements

Consolidated Statement of Cash Flows

for the year ended September 30, 2005

	2005	2004
Cash Flows From Operating Activities		
Net income	$ 5,170,192	$ 2,758,620
Adjustment to reconcile net income to cash flows from operating activities:		
Amortization and write-offs	687,348	470,211
Reduction in provision for loan losses	(3,067)	(376,027)
Bad debt expense	-	9,131
Increase in interest receivable	(719,954)	(145,500)
Decrease in other assets	180,042	50,362
Increase in interest payable	147,010	73,614
Increase in other liabilities	247,039	50,499
Cash flows from operating activities	5,708,610	2,890,910
Cash Flows From Investing Activities		
Net decrease in loans and advances	526,547	1,545,395
Purchase of equipment and computer software	(239,874)	(665,153)
Cash flows from investing activities	286,673	880,242
Cash Flows From Financing Activities		
Net increase (decrease) in customer deposits	268,791,319	(251,655,207)
Proceeds from exercise of warrants	32,505	361,170
Dividends paid	(1,947,960)	(1,935,636)
Cash flows from financing activities	266,875,864	(253,229,673)
Net Increase (Decrease) in Cash and Cash Equivalents	272,871,147	(249,458,521)
Cash and Cash Equivalents, Beginning of Year	581,133,044	830,591,565
Cash and Cash Equivalents, End of Year	$ 854,004,191	$ 581,133,044

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements

September 30, 2005

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation - The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Bermuda and Canada. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Basis of Consolidation - The consolidated financial statements include the assets, liabilities, and results of operations of the Bank and its wholly owned subsidiaries. Intercompany transactions are eliminated on consolidation.

Foreign Currency Translation - United States dollar balances and transactions are translated into Bermuda dollars at par. Monetary assets and liabilities in other currencies are translated into Bermuda dollars at the rates of exchange prevailing at the balance sheet date. Income and expense items in other currencies are translated into Bermuda dollars at the rates prevailing at the dates of the transactions. Differences arising on the translation of assets and liabilities are charged or credited directly to net exchange gains.

Loans and Advances - Loans and advances are stated net of any related allowance for loan losses.

A loan is classified as non-performing when, in the opinion of management, there is reasonable doubt as to the collectibility of interest or principal, or there are circumstances that indicate an account will be difficult to recover in full within a reasonable period. Loans for which collection is more than 90 days overdue are classified as non-performing. When a loan is classified as non-performing, accrued but uncollected interest is reversed against income. Thereafter, interest income is recognized on a cash basis only after specific provisions for losses have been recovered and provided there is no further doubt as to the collectibility of principal. Non-performing loans may revert to performing status when all payments become fully up-to-date and, in the opinion of management, there is no reasonable doubt as to the ultimate collectibility of the principal or interest.

All non-performing loans are considered to be impaired. Impairment is measured as the difference between the recorded value of the loan and its estimated realizable amount, determined by discounting the expected future cash flows at the interest rate inherent in the loan at the date of impairment or the fair value of collateral for certain collateral dependent loans. If the estimated realizable amount of the loan is less than its recorded value, an allowance for loan losses is charged to other expenses.

The allowance for loan losses is based on management's assessment of an adequate provision to meet losses on existing loans and advances. The adequacy of the allowance for loan losses is continually reviewed by management, taking into consideration matters such as current economic conditions, past loss experience, individual circumstances affecting loan quality, and other relevant factors.

The allowance for loan losses consists of specific provisions against loan and advance exposures determined on an item-by-item basis, as well as a general provision. The general provision for loan losses is established to absorb losses attributable to the deterioration of loan quality and reflects management's best estimate of losses existing in the loan portfolio in respect of loans for which individual specific provisions cannot yet be determined.

The allowance is increased by provisions for loan losses charged to other expenses and reduced by write-offs net of recoveries. The provision is the amount required to bring the allowance to the level management determines is required to estimate losses. This evaluation is inherently subjective as it requires material estimates including the amount and timing of future cash flows expected to be received on impaired loans and advances that may be susceptible to significant change.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derivative Financial Instruments - Derivatives are used to provide clients with the ability to manage their own market risk exposures. The most frequently used derivatives by clients are forward foreign exchange contracts. When the Bank enters into derivative contracts with clients, the client is required to settle the contract with the Bank in advance. The Bank will also simultaneously enter into a matching and offsetting derivative contract.

Equipment and Computer Software - Equipment, leasehold improvements, and computer software are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of the related assets, which are up to seven years for equipment, three years for computer hardware, up to five years for computer software, and the term of the lease for leasehold improvements.

Earnings per Share - Basic Earnings per Share (EPS) is calculated by dividing net income by the weighted average number of common shares outstanding during the year. The Diluted EPS calculation assumes that stock options and warrants are only exercised and converted when the exercise price is below the average market price of the shares. It also assumes that the Bank will use any proceeds to purchase its common shares at their average market price during the period. Consequently, there is no imputed income on the proceeds and weighted average shares are only increased by the difference between the number of options and warrants exercised and the number of shares purchased by the Bank.

Fair Value of Financial Instruments - The estimated fair values of financial instruments approximate their carrying values. Management estimates fair value on the basis of quoted market prices and financial rates, net present values of expected future cash flows, and such other methods as management considers appropriate in light of all existing information. Because management's methodologies necessarily involve assumptions about future events, the estimates are subject to considerable uncertainty.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts due on demand, term deposits, and money market funds. The maturities are as follows:

	Within 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	Total
United States Dollar	$ 711,139,223	$ 30,000,000	$ -	$ -	$ 741,139,223
Euro	51,787,757	-	-	-	51,787,757
British Pound	35,575,017	883,650	-	-	36,458,667
Canadian Dollar	6,765,057	1,177,330	-	85,624	8,028,011
Bermuda Dollar	1,281,845	-	-	-	1,281,845
Other	15,308,688	-	-	-	15,308,688
2005 Total	$ 821,857,587	$ 32,060,980	$ -	$ 85,624	$ 854,004,191

2. CASH AND CASH EQUIVALENTS (cont'd)

	Within 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	Total
United States Dollar	$ 448,554,652	$ 20,000,000	$10,324,000	$ -	$ 478,878,652
Euro	32,021,941	3,579,180	-	-	35,601,121
British Pound	32,274,619	899,200	-	-	33,173,819
Canadian Dollar	6,845,642	825,605	314,516	78,629	8,064,392
Bermuda Dollar	6,097,826	-	-	-	6,097,826
Other	10,292,534	9,024,700	-	-	19,317,234
2004 Total	$ 536,087,214	$ 34,328,685	$10,638,516	$ 78,629	$ 581,133,044

The average effective yields earned are as follows:

	2005	2004
Term deposits	2.80%	1.54%
Money market funds	2.70%	1.12%
Demand deposits with other banks	1.10%	0.37%

3. LOANS AND ADVANCES

Loans and advances and the allowance for loan losses at September 30 are as follows:

	2005 Gross	2005 Allowance	2005 Net	2004 Gross	2004 Allowance	2004 Net
Mortgage loans	$ 1,586,229	$ 197,653	$ 1,388,576	$ 2,133,851	$ 200,720	$ 1,933,131
Other	24,966	-	24,966	3,891	-	3,891
Total	$ 1,611,195	$ 197,653	$ 1,413,542	$ 2,137,742	$ 200,720	$ 1,937,022

Mortgage loans consist primarily of first mortgages on Bermuda properties held by the Bank. These mortgages are generally repayable over periods not exceeding 15 years and are callable on 90 days notice.

The loan portfolio at September 30 by contractual maturity is as follows:

	Within 1 Year	1 - 5 Years	5 - 10 Years	>10 Years	Impaired	Total	Average Effective Yield
Mortgage loans	$ 1,000,000	$ 214,473	$ -	$ 166,852	$ 204,904	$ 1,586,229	5.59%
Other	3,303	21,663	-	-	-	24,966	1.95%
2005 Total	$1,003,303	$ 236,136	$ -	$ 166,852	$ 204,904	$ 1,611,195	

	Within 1 Year	1 - 5 Years	5 - 10 Years	>10 Years	Impaired	Total	Average Effective Yield
Mortgage loans	$ 18,542	$1,021,322	$ 586,170	$ 256,414	$ 251,403	$ 2,133,851	6.25%
Other	2,920	971	-	-	-	3,891	7.20%
2004 Total	$ 21,462	$1,022,293	$ 586,170	$ 256,414	$ 251,403	$ 2,137,742	

3. LOANS AND ADVANCES (cont'd)

The following is an analysis of the allowance for loan losses at September 30:

	2005			2004		
	Specific	General	Total	Specific	General	Total
Balance at beginning of year	$ 135,720	$ 65,000	$ 200,720	$ 499,550	$ 84,001	$ 583,551
Released	(5,000)	-	(5,000)	(360,888)	(19,001)	(379,889)
Increases and new provisions	1,933	-	1,933	3,862	-	3,862
Written off	-	-	-	(6,804)	-	(6,804)
Balance at end of year	$ 132,653	$ 65,000	$ 197,653	$ 135,720	$ 65,000	$ 200,720

4. EQUIPMENT AND COMPUTER SOFTWARE

	Cost	Accumulated Amortization	Net Book Value 2005	Net Book Value 2004
Equipment	$ 867,744	$ 584,734	$ 283,010	$ 300,659
Leasehold improvements	1,309,765	785,748	524,017	897,290
Computer software	2,053,190	1,507,897	545,293	601,845
Total	$ 4,230,699	$ 2,878,379	$ 1,352,320	$ 1,799,794

5. DEPOSITS

Deposits include both demand and term deposits. Deposits payable on demand are interest and non-interest bearing deposits. Deposits payable on a fixed date are interest-bearing deposits that mature on a specified date. The maturities are as follows:

	Within 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	Total
United States Dollar	$ 671,001,433	$ 10,881,504	$ 156,467	$ 918,446	$ 682,957,850
Euro	51,788,069	-	-	-	51,788,069
British Pound	35,362,406	861,318	-	23,035	36,246,759
Bermuda Dollar	8,755,897	45,758	2,358	-	8,804,013
Canadian Dollar	6,612,070	1,195,723	74,517	143,179	8,025,489
Other	14,219,336	1,033,601	-	-	15,252,937
2005 Total	$ 787,739,211	$ 14,017,904	$ 233,342	$ 1,084,660	$ 803,075,117

	Within 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	Total
United States Dollar	$ 362,542,002	$ 6,221,944	$ 1,325,509	$ 1,101,617	$ 371,191,072
Euro	32,082,389	842,014	-	22,642	32,947,045
British Pound	31,955,435	3,598,751	-	-	35,554,186
Bermuda Dollar	64,577,536	2,739,607	46,351	-	67,363,494
Canadian Dollar	6,628,717	847,447	268,625	219,475	7,964,264
Other	10,045,959	9,217,778	-	-	19,263,737
2004 Total	$ 507,832,038	$ 23,467,541	$ 1,640,485	$ 1,343,734	$ 534,283,798

5. DEPOSITS (cont'd)

The average effective interest rates paid were:

	2005	2004
Term deposits based on book values and contractual interest rates	2.31%	1.04%
Demand deposits	0.05%	0.07%

6. CAPITAL STOCK

All shares are common shares with a par value of $2.40 each.

	Authorized Shares	Par Value	Issued & Fully Paid Shares	Par Value	Share Premium
Balance at September 30, 2005	10,000,000	$ 24,000,000	4,332,361	$ 10,397,666	$ 11,019,028
Balance at September 30, 2004	10,000,000	$ 24,000,000	4,328,027	$ 10,387,265	$ 10,996,924

As part of a Rights Offering in June of 1995, the Bank issued 1,625,036 warrants which were convertible to common shares at $7.50 between May 1997 and May 2001. In May 2001, December 2001 and December 2002, the expiry dates of the warrants were extended to May 31, 2002, 2003 and 2005, respectively. In December 2004, the expiry date of the warrants was further extended to May 30, 2008. Of these warrants, 805,576 (2004: 805,576) are held by the Bank's controlling shareholder. As of September 30, 2005, 1,567,783 (2004: 1,572,117) warrants remain outstanding.

During the year, 4,334 (2004: 48,156) warrants were exercised resulting in an issuance of the same number of common shares, with a par value of $10,401 (2004: $115,575) and share premium of $22,104 (2004: $245,595).

Options to acquire common shares have been issued to the Bank's controlling shareholder as follows:

Issue Date	Number of Options	Exercise Price	Exercise Period
December 2000	500,000	$5.6972	January 1, 2003 through December 31, 2012
December 1999	400,000	$7.05	January 1, 2002 through December 31, 2011
December 1998	300,000	$5	January 1, 2001 through December 31, 2010
December 1997	200,000	$5.125	January 1, 2000 through December 31, 2009
December 1996	200,000	$5	January 1, 1999 through December 31, 2008
December 1995	200,000	$5	January 1, 1998 through December 31, 2008

In December 2001, the exercise date of the options originally issued in December 1995 was extended from December 31, 2002 to December 31, 2003. In December 2002, the exercise date of each lot of options was extended by two years. In December 2004, the exercise date of each lot of options was extended by a further three years.

7. DIVIDENDS

	2005	2004
Declared and Paid: Half Year (2005: 22.5 cents per common share; 2004: 22.5 cents)	$ 974,154	$ 972,665
Declared: Year End (2005: 25.0 cents per common share; 2004: 22.5 cents)	1,083,090	973,806
Total for year	$ 2,057,244	$ 1,946,471

8. EARNINGS PER SHARE

The following table presents the computation of basic and diluted earnings per share:

	Net Earnings	Weighted Average Shares	Earnings per Share
2005			
Basic Earnings Per Share			
Net income	$5,170,192	4,328,856	$ 1.19
Add: Incremental shares from assumed			
Exercise of stock options (Note 6)		529,410	
Conversion of warrants (Note 6)		102,380	
Adjusted weighted average shares outstanding		4,960,646	
Diluted Earnings Per Share			
Net income	$ 5,170,192	4,960,646	$ 1.04

	Net Earnings	Weighted Average Shares	Earnings per Share
2004			
Basic Earnings Per Share			
Net income	$ 2,758,620	4,301,839	$ 0.64
Add: Incremental shares from assumed			
Exercise of stock options (Note 6)		624,372	
Conversion of warrants (Note 6)		215,810	
Adjusted weighted average shares outstanding		5,142,021	
Diluted Earnings Per Share			
Net income	$ 2,758,620	5,142,021	$ 0.54

9. RELATED PARTY CONSIDERATIONS

The Bank is the appointed manager and custodian on a number of money market funds. As at September 30, 2005 the Bank had $199,400,000 (2004: $199,700,000) invested in these money market funds.

First Curacao International Bank N.V. ("FCIB"), which is incorporated in the Netherlands Antilles, owns 47.46% (2004: 47.50%) of the Bank's issued shares.

The Bank and FCIB were parties to a Service and Management Agreement where the latter provided managerial services and advice to the Bank in consideration of which the Bank was charged an annual management fee based on net income. The management fee, which was incurred in the normal course of operations, had traditionally been waived by FCIB. The Service and Management Agreement expired during the 2003 financial year and was not renewed. FCIB continues to provide managerial services and advice to the Bank for which it is not seeking any claim for reimbursement. The Bank has no liability to FCIB for the services provided. Management estimates the value of those services to approximate $217,000 for the year ended September 30, 2005 (2004: $182,000).

The Bank provides banking services to FCIB and other related parties under the same terms as an unrelated party would receive.

The Bank and FCIB entered into a Software License and Support Agreement effective October 1, 2003 providing for an initial license fee of $80,000 together with an annual support and maintenance fee equal to 15% of the license fee. During the 2004 financial year, the Internet Banking System underwent final user acceptance and testing in addition to implementation of robust upgrades, enhancements, and additional functions requested by the Bank. In consideration of these factors, the initial agreed upon license fee and the annual support and maintenance fees did not become due and payable until the fiscal year commencing October 1, 2004.

10. PENSION PLAN

The Bank meets the minimum requirements of the Bermuda National Pension Scheme (Occupational Pensions) Act 1998, related amendments and regulations. Under this legislation, the Bank contributes to its employees' pension requirements using a defined contribution plan at the following rates, following any probationary period for new staff:

5% of gross salary if service does not exceed 15 years; and
10% of gross salary if service exceeds 15 years.

As permitted under the legislation, staff members are required to contribute annually 5% based on the employees' pensionable earnings. Staff members with greater than 15 years of service are not required to make contributions.

The scheme is administered by an independent party, and all such funds are segregated from the assets and liabilities of the Bank. Pension expense incurred during 2005 amounted to $148,569 (2004: $143,085).

11. ASSETS UNDER TRUST AND CUSTODY

Securities and properties, other than demand or term deposits with the Bank, held in a trust or a custodial capacity for customers, are not included in the consolidated balance sheet as such assets are not the property of the Bank or its subsidiaries. The value of assets under trust and custody as at September 30, 2005 are estimated to be $1.58 billion (2004: $4.11 billion.)

12. COMMITMENTS AND CONTINGENT LIABILITIES

BCB plans to move premises in the second half of 2006. In December 2004 the Bank entered into a five-year lease on these new premises, which contains two options to renew the lease for five additional years for a total of fifteen years. Simultaneously, the Bank entered into a new and separate two year lease on its existing premises. The annual rental costs of both premises are similar and both leases have been structured to ensure that the lease on the existing premises expires upon the move to the new

12. COMMITMENTS AND CONTINGENT LIABILITIES (cont'd)

premises preventing any duplication of rental costs.

Payments due for premises rented under long-term leases at September 30, 2005 are:

2006	$ 599,772
2007	592,956
2008	592,956
2009	592,956
2010	$ 148,239

The Bank is contingently liable for letters of credit, which are fully matched by offsetting customer deposits in the amount of $1,753,000 (2004: $2,164,000). The Bank has issued a confirmed letter of credit in its own name in the amount of $300,000 (2004: $300,000) that is supported by a term deposit.

During the ordinary course of business, the Bank and its subsidiaries are subject to pending or threatened legal action and proceedings. Management believes that the actions and proceedings and losses, if any, resulting from the final outcome thereof would not be material in the aggregate to the Bank's financial position or results of operations.

13. BUSINESS SEGMENTS

The Bank's reportable business segments are strategic operating units that offer substantially different products and services. The Bank has three reportable business segments: Banking Services, Corporate Services, and Mortgage Lending.

Banking Services - 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. Results of the Bank's eBanking initiative are included within the Banking Services segment due to the correlation of activity.

Corporate Services - 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 segments.

Mortgage Lending - The Mortgage Lending segment operated as follows prior to February 11, 1997:

i. advance and lend money on mortgage or otherwise upon the security of real property;
ii. advance and lend money on ordinary and personal loans; and,
iii. receive money on deposit, paying interest thereon.

On February 11, 1997, the Board of Directors approved a resolution to terminate active lending and to run-off the mortgage book. This segment no longer accepts new deposits and is not offering new lending.

The segment accounting policies are the same as those described in Note 1. Each segment is allocated a portion of head office costs. The net interest income earned on the deposits of customers acquired by segments other than Banking Services is not allocated to those acquiring segments. The following tables set forth information about segment net income and segment assets.

13. BUSINESS SEGMENTS (cont'd)

2005	Banking Services	Corporate Services	Mortgage Lending	Elimination of inter-segment amounts	Totals
Net interest income from external customers	$ 8,135,852	$ -	$ 94,496		$ 8,230,348
Fees and other income from external customers	2,694,010	3,210,643	2,502		5,907,155
Inter-segment fees and other income	-	148,386	-	(148,386)	-
Total income	10,829,862	3,359,029	96,998	(148,386)	14,137,503
Operating expenses	(2,978,361)	(2,774,603)	(141,057)	99,112	(5,794,909)
Net income before head office allocation	7,851,501	584,426	(44,059)	(49,274)	8,342,594
Head office allocation	(1,599,426)	(1,467,152)	(155,098)	49,274	(3,172,402)
Net income	$ 6,252,075	$ (882,726)	$ (199,157)		$ 5,170,192
Segment assets	$ 856,753,677	$ 1,113,968	$ 1,398,281	$ (422,838)	$ 858,823,088

2004	Banking Services	Corporate Services	Mortgage Lending	Elimination of inter-segment amounts	Totals
Net interest income from external customers	$ 4,459,160	$ -	$ 175,142		$ 4,634,302
Fees and other income from external customers	2,525,609	3,255,194	2,993		5,783,796
Inter-segment fees and other income	-	179,693	-	(179,693)	-
Total income	6,984,769	3,434,887	178,135	(179,693)	10,418,098
Operating expenses	(2,921,937)	(2,281,159)	98,273	106,978	(4,997,845)
Net income before head office allocation	4,062,832	1,153,728	276,408	(72,715)	5,420,253
Head office allocation	(1,283,652)	(1,328,320)	(122,376)	72,715	(2,661,633)
Net income	$ 2,779,180	$ (174,592)	$ 154,032		$ 2,758,620
Segment assets	$ 583,594,317	$ 1,221,290	$ 1,946,802	$ (379,426)	$ 586,382,983

Consolidated Five Year Summary

BALANCE SHEET

	2005	2004	2003	2002	2001
Assets					
Cash and cash equivalents	$ 854,004,191	$ 581,133,044	$ 830,591,565	$ 574,644,610	$ 481,617,204
Loans and advances, net	1,413,542	1,937,022	3,106,390	4,084,164	6,638,428
Premises, equipment, and computer software	1,352,320	1,799,794	1,613,983	1,935,531	1,468,087
Interest receivable and other assets	2,053,035	1,513,123	1,417,985	2,076,455	2,495,603
Total assets	$ 858,823,088	$ 586,382,983	$ 836,729,923	$ 582,740,760	$ 492,219,322
Liabilities					
Total deposits	$ 803,075,117	$ 534,283,798	$ 785,939,005	$ 533,230,822	$ 442,545,266
Interest payable and other liabilities	4,427,603	3,924,270	3,789,322	3,226,009	6,751,418
Total liabilities	807,502,720	538,208,068	789,728,327	536,456,831	449,296,684
Shareholders' Equity					
Capital stock	10,397,666	10,387,265	10,271,690	10,271,690	10,270,250
Share premium	11,019,028	10,996,924	10,751,329	10,751,329	10,748,269
Retained earnings	29,903,674	26,790,726	25,978,577	25,260,910	21,904,119
Total shareholders' equity	51,320,368	48,174,915	47,001,596	46,283,929	42,922,638
Total liabilities and shareholders' equity	$ 858,823,088	$ 586,382,983	$ 836,729,923	$ 582,740,760	$ 492,219,322

CONSOLIDATED FIVE YEAR SUMMARY (cont'd)

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

INCOME	2005	2004	2003	2002	2001
Interest income	$ 16,923,208	$ 8,903,817	$ 11,813,708	$ 27,465,402	$ 34,235,209
Interest expense	8,692,860	4,269,515	6,437,350	20,866,750	27,312,324
Net interest income	8,230,348	4,634,302	5,376,358	6,598,652	6,922,885
Fees and commissions	4,871,530	4,839,906	3,521,925	3,654,865	4,506,841
Net exchange gains	778,080	725,842	497,985	553,309	755,883
Net investment income	-	-	-	178,720	-
Other operating income	257,545	218,048	85,465	970,671	200,512
Total income	14,137,503	10,418,098	9,481,733	11,956,217	12,386,121
EXPENSES					
Salaries and employee benefits	4,467,193	4,190,219	3,663,115	4,242,787	4,521,121
Depreciation	687,348	479,342	710,457	472,821	511,228
Other	3,812,770	2,989,917	3,062,173	2,677,327	2,411,217
Total expenses	8,967,311	7,659,478	7,435,745	7,392,935	7,443,566
OPERATING INCOME	5,170,192	2,758,620	2,045,988	4,563,282	4,942,555
Unusual Items	-	-	2,379,778	(2,369,623)	-
Discontinued Operations	-	-	856,967	4,097,362	481,478
NET INCOME	5,170,192	2,758,620	5,282,733	6,291,021	5,424,033
RETAINED EARNINGS[1]	26,790,726	25,978,577	21,904,119	15,683,469	11,957,384
Dividends	(2,057,244)	(1,946,471)	(1,925,942)	(1,924,735)	(1,816,921)
Transfer from property appraisal excess	-	-	-	-	1,854,364
RETAINED EARNINGS[2]	$ 29,903,674	$ 26,790,726	$ 25,978,577	$ 25,260,910	$ 21,904,119
Basic earnings per share	$ 1.19	$ 0.64	$ 0.62	$ 1.23	$ 1.47

[1] Beginning of year
[2] End of year

Management and Staff

Dominique Smith – Senior Vice President

Michael Cranfield – General Manager, Information Technology
Paul T. Kneen – General Manager, International Corporate Management of Bermuda Limited
P. Glendall Phillips – General Manager, Banking & Custodial Services
Greg Reid – General Manager, Accounting & Administration
Manuel Yglesias – General Manager

Ronald Hubbard – Chief Compliance Officer
Alan Moore – Manager, International Corporate Management of Bermuda Limited
Ishwar Narayanan – Internal Auditor
Gregory Summers – Manager, Banking & Custodial Services

Anne Bennett-Smith – Corporate Secretary
Karen Blankendal – Assistant Manager, Head of Corporate Administrators
Shanalette DeSilva – Assistant Manager, Head of Custodial Services
Sophia Ming – Assistant Manager, Head of Treasury Operations
Ann Robinson – Assistant Manager, Head of Operations

Monique Bailey
Natascia Bertoli Badoli
Alan Bird
Kelvin Cruickshank
Denise Darrell
Milton Darrell
Susan Davis
Makeba DeShields
Angelique Dowling
Jeanette Galloway
Samira Hollis
Michelle Johnston
Terreika Jones
Dezané Lathan
Sindy Lowe
Reneé McHardy
James Mountjoy
Marek Noha
Charmette Phillip
Heather Roque
Marilyn Scott
Donnette Simons
Jill Smith
Melissa Smith
Rochelle Somner
Lauren Storie
Andre Swan
Rhonda Trott
Teanne Trott
Eugena Wainwright
Brian Ward
Elsie Webb

BOARD OF DIRECTORS AS AT SEPTEMBER 30, 2005

John Chr. M.A.M. Deuss [1, 2, 3]
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
President, Transworld Oil Limited
President and CEO,
First Curaçao International Bank N.V.

Dr. Clarence R. Terceira JP
VICE CHAIRMAN AND VICE PRESIDENT
Founding Director, Former President
Retired Dental Surgeon

Timothy W. Ulrich [1, 2]
PRESIDENT AND CHIEF OPERATING OFFICER
Vice President and General Counsel,
Transworld Oil Limited
Supervisory Director and General Counsel,
First Curaçao International Bank N.V.

Martina E.W.M. Deuss [1, 2]
Treasurer, Transworld Oil Limited
Managing Director/Treasurer,
First Curaçao International Bank N.V.

C. Jerome Dill
Partner, Appleby Spurling Hunter

Arnold A. Francis CBE, QC, JP
Founding Director, Former President
Consultant, Francis & Forrest

R. Anthony Jones MA
Managing Director, Washington Properties
(Bermuda) Limited

Michael J. Mello QC, JP
Senior Partner, Mello Jones & Martin

Delaey Robinson
Innkeeper

E. John Sainsbury
Former CEO, Argus Insurance Co. Ltd.

SUBSIDIARIES AS AT SEPTEMBER 30, 2005

INTERNATIONAL CORPORATE MANAGEMENT OF BERMUDA LIMITED
Telephone: (441) 292-3580 Fax: (441) 292-5898
Incorporated in Bermuda on December 21, 1992. Provides corporate and partnership management and corporate registrar and financial services.

BCB TRUST COMPANY LIMITED
Telephone: (441) 292-3580 Fax: (441) 292-6128
Incorporated in Bermuda on February 24, 1970. Provides trust and financial services to individuals and companies.

BERCOM NOMINEES LIMITED
Telephone: (441) 295-5678 Fax: (441) 295-8091
Incorporated in Bermuda on July 8, 1987 as a nominee company.

The registered address for above companies is:
Bermuda Commercial Bank Building
43 Victoria Street
Hamilton HM 12 Bermuda

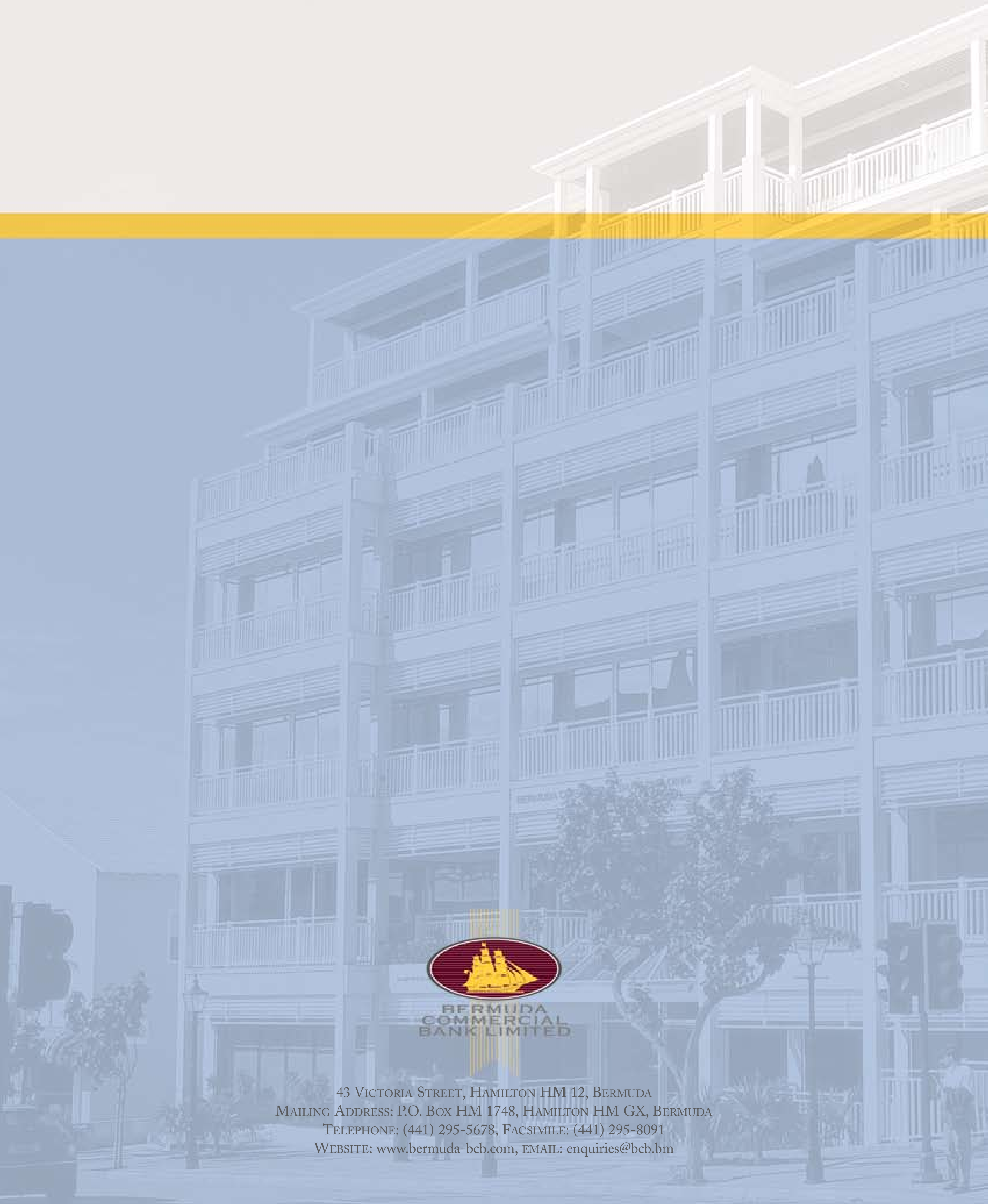
Bermuda is the principal country of operations for the above companies.

BCB (MAURITIUS) LIMITED
c/o B.C.M. (Secretaries) Ltd, Third Floor, TM Building, Pope Hennessy Street, Port Louis, Mauritius
Telephone: (230) 207-1000 Fax: (230) 212-8227
Incorporated in Mauritius on November 2, 1994. Provides custodial services for BCB in Mauritius.

[1] Denotes non-Bermudian directors.
[2] Denotes directors who have waived directors' fees for the year.
[3] FCIB is a material shareholder of the Bank and is wholly-owned by Mr. Deuss. The Bank's related party transactions with FCIB are discussed in Footnote #9 of the Consolidated Financial Statements.

As at September 30, 2005, the total interest of all Directors, Statutory Officers, and Executive Officers in common shares and warrants and options amounted to 2,240,062 (51.71%) and 2,639,170 (78.37%) respectively.

There are no service contracts with directors.



BERMUDA COMMERCIAL BANK LIMITED

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