

# PRESS RELEASE

For Immediate Release

## **Bermuda Commercial Bank Proposed Restructuring**

August 30<sup>th</sup> 2012 (Hamilton Bermuda) - Bermuda Commercial Bank Limited (“BCB” or “the Bank”) proposes to establish a new holding company, Bermuda National Limited (“BNL” or the “Group”).

The new company will be an exempted limited liability company incorporated under the laws of Bermuda. BNL will become an investment holding company for BCB, its subsidiaries and other strategic investments (the “BCB Group”). The shares of BNL (“BNL Shares”) will be listed on the Bermuda Stock Exchange (“BSX”).

BCB will maintain its existing Board of Directors and the BCB board will be distinct from, and function independently of the BNL Board. The day to day operations of BCB and its medium-term business strategy will remain unchanged. BCB will continue to be regulated by the Bermuda Monetary Authority.

The restructuring contemplates BCB delisting from the BSX, and the current BCB shareholders becoming shareholders of BNL in the same proportion to their current shareholding in BCB without any dilution of their respective percentage ownership.

Following the restructuring the rights, privileges and restrictions attaching to the BNL Shares will be substantially identical to those attaching to the common shares of BCB (“BCB Shares”). BCB will continue to provide banking, treasury, custodial, asset management, trust and corporate services in Bermuda for their world-wide clients. The restructuring will not, of itself, alter the underlying assets, business or financial position of BCB.

## **Reasons for the Restructuring**

BCB is both an operating and a holding company. As an operating company, it provides banking, treasury and custodial services in Bermuda. As a holding company, it has a number of subsidiaries which provide asset management, trust and corporate services. In addition, BCB holds a number of investments in other financial service companies which are of a strategic nature.

Since the change of majority ownership in BCB in April 2010, its operations and financial performance have grown significantly. The BCB Board does not consider the present corporate structure to be in the best long term interests of the BCB Shareholders and it believes that the operation of its banking, treasury, custodial, asset management, trust and corporate services in Bermuda should be separated from the investment holding company function.

BNL will operate purely as an unregulated investment holding company. It will not undertake any banking business nor will it undertake management activities in relation to any of BCB's regulated activities. It is envisaged that the BCB Shareholders will benefit from an enlarged holding company group which the Directors believe will ensure, over time, increased liquidity in share dealings and enhanced valuation multiples as the BCB Group grows.

BCB currently operates a transparent and liquid balance sheet. After the Merger is consummated and subject to certain regulatory approvals being obtained, BNL intends to acquire from BCB certain of BCB's investments in Westhouse Holdings plc, Private and Commercial Financial Group PLC and Die Schweizerische Nationalbank at cost (the “BNL Acquisition”). The BNL Acquisition will further enhance BCB's balance sheet by ensuring that certain investments are held at the holding company level rather than at the BCB level. In time, the Directors believe that BNL will be able to benefit from synergies across the BCB Group with fewer potential conflicts of interest among the BCB Group's subsidiaries. The BCB balance sheet will continue to be managed as it is today to ensure that it remains transparent and liquid. Importantly, depositors will be ring-fenced from any investments that are made at the BNL level.

The Directors believe that BNL will provide an enlarged platform for corporate acquisitions within the financial services sector. BCB's current regulatory capital restrictions place a limit on the number of acquisitions it can make without impacting its regulatory capital position. Whilst BCB is subject to regulatory capital requirements, BNL as an investment holding company is not subject to such constraints and the Directors believe it should therefore offer a greater opportunity to outside investors who may wish to invest in a diversified financial services company. The fallout from the 2008 financial crisis and the current uncertainty in Europe continue to provide a number of attractive opportunities within the financial services sector which BNL may be able to take advantage of in the future.

The Directors believe that having a number of financial service companies under one umbrella should also improve the overall operating efficiency of these organizations by facilitating the more effective utilization of core competencies in particular in the areas of compliance, risk management and IT across the BCB Group and provide a broader outlet and scope for key executive talent within the group.

The Directors believe that the implementation of BNL as the holding company of the BCB Group may increase the group's ability to access additional equity capital in the future.

It is not anticipated that the restructuring will have a material negative impact on future dividends that BCB Shareholders may receive as shareholders of BNL.

## **Implementation of the Restructuring**

### **Merger**

The restructuring will be effected by way of a Merger pursuant to Section 104H of the Companies Act 1981.

BCB will enter into a Merger Agreement (the "Merger Agreement") with BNL and a wholly owned subsidiary of BNL, BNL I Limited. Pursuant to the Merger Agreement, BNL I Limited will merge with and into BCB with BCB surviving as a direct wholly owned subsidiary of BNL.

At the Effective Time of the Merger, among other things, each BCB Share then issued and outstanding will be cancelled and automatically converted into the right to receive one BNL Share. The BNL Shares are expected to be listed on the BSX following the Merger.

The affirmative vote of the holders of 75 per cent of the issued and outstanding shares of BCB present in person or represented by proxy and entitled to vote at the special general meeting is required to approve the Merger ("Requisite BCB Shareholder Approval").

Michael Collier, the chairman of BCB commented, "This is a natural development for the bank and a credit positive event for all stakeholders. Depositors should be particularly pleased. The bank continues to improve its customer service levels and expand its product range to suit customer requirements. An important part of the product delivery is a commitment to a transparent, liquid and pristine balance sheet and a robust set of financial statements. The setting up of new holding company structure will facilitate & assist in the delivery of this commitment."

The chairman of the new holding company, Warren McLeland was equally positive. "The new holding company has many benefits for stakeholders and while the general economic climate is challenging there are many attractive opportunities that will be available to our Group and I am delighted to have this opportunity to be the Chairman of the new holding company".

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date	5:00 p.m. on 27 August 2012
Notice of Special General Meeting of BCB	31 August 2012
Latest time and date for lodgment of Proxy Form	5:00 p.m. on 14 September 2012
Special General Meeting	8:30 a.m. on 18 September 2012
Last day of dealings in, and for registrations of transfers of, BCB Shares	24 September 2012
Effective Time of Merger	12.01 a.m. on 1 October 2012
Cancellation of admission to trading on the Bermuda Stock Exchange (the "BSX") of BCB Shares	1 October 2012
Admission of, and commencement of dealings in, BNL Shares on the BSX	1 October 2012

-ENDS-

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**Bermuda Commercial Bank Limited** is one of Bermuda's four licensed banks, established in 1969 and regulated by the Bermuda Monetary Authority. It is Bermuda's only bank focused purely on corporate and private wealth clients, offering a range of bespoke financial solutions. BCB's website is [www.bcb.bm](http://www.bcb.bm) and its shares are publicly traded and listed on the Bermuda Stock Exchange [www.bsx.com](http://www.bsx.com) (Ticker: BCB.BH). BCB's share price is available on the BSX and on Bloomberg and is published daily in the Royal Gazette.

### Note to UK Investors

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*The risks of investing in BNL are substantially the same as those of investing in BCB, which will continue to be the principal asset of BNL. BNL will not be regulated directly by the banking division of the Bermuda Monetary Authority and will have a separate board of directors to BCB, who will themselves be subject to approval by the Bermuda Monetary Authority. The day to day operations of BCB will remain as they are today and BCB will continue to be regulated by the banking division of the Bermuda Monetary Authority.*

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