

13 March 2008

**THE BANK OF BERMUDA LIMITED
FULL YEAR 2007 CONSOLIDATED RESULTS - HIGHLIGHTS**

- Operating profit of US\$313 million for the year ended 31 December 2007 – up 15 per cent compared with the prior year.
- Net profit of US\$287 million for the 12 months ended 31 December 2007 – up 1 per cent compared with the prior year.
- Net operating income of US\$639 million for the 12 months ended 31 December 2007 – up 8 per cent compared with 2006.
- Residential mortgages increased by \$200 million or 20 per cent compared to prior year.
- Total assets of US\$10,694 million at 31 December 2007 – up US\$396 million or 4 per cent compared with 31 December 2006.
- Investment funds under management of US\$24.1 billion at 31 December 2007 – up US\$12.5 billion or more than double the amount compared with 31 December 2006.
- Full-time employees increased to 1,701 at 31 December 2007 compared to 1,668 at 31 December 2006.

Philip Butterfield, Chief Executive Officer of The Bank of Bermuda Limited, said: “I am pleased that we have continued to maintain our double-digit profit growth from banking operations after integrating a number of our subsidiaries with other HSBC entities globally over the past years and despite this being a year of challenging economic conditions.

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“Principal business lines continued to perform well during 2007. Net profit of US\$287 million included US\$243 million from Bermuda-based operations (banking businesses contributed US\$189 million and our insurance business contributed US\$54 million) and US\$44 million from overseas operations, primarily Group Private Banking trust business. After excluding one-off gains from the 2006 sale of businesses to HSBC Group affiliated companies, net profit for our core banking operation in Bermuda rose by 22 per cent compared with a year earlier.

“Net operating income of US\$639 million included US\$432 million from Bermuda banking businesses and US\$72 million from our Bermuda based insurance business. Overseas operations contributed US\$135 million.

“The bank maintains a strong balance sheet with predominantly high-quality, liquid investment assets and a significant, well-secured mortgage portfolio. The bank continues to be Bermuda’s highest rated banking and financial services company and has maintained the ‘AA-/Stable’ rating from Standard & Poor’s during 2007. Likewise, in November, Standard & Poor’s issued a favourable financial strength rating ‘AA-/Stable’ for HSBC Insurance (Bermuda) Ltd., a subsidiary of Bank of Bermuda. We were also delighted to be recognised by The Banker magazine as Bermuda’s top bank when we were awarded the ‘Bank of the Year’ for 2007, based on our financial performance, strategic initiatives, innovation in technology, marketing advantage and community investment.

“I would like to take this opportunity to thank our customers, for their continued loyalty and support and our staff, for their commitment and contribution to the bank’s continued success.”

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Media enquiries to Kim Wheddon on 299-5613 or at kim.l.wheddon@bob.hsbc.com

Notes to editors:

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1: Founded in 1889, Bank of Bermuda is the leading provider of fund administration, trust, custody, asset management and banking services in Bermuda. Since 2004 it has been a wholly owned indirect subsidiary of HSBC Holdings plc. Further information on Bank of Bermuda can be found at www.bankofbermuda.com

2: HSBC Holdings plc serves over 128 million customers worldwide through around 10,000 offices in 83 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of some US\$2,354 billion at 31 December 2007, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

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