This is the fourth annual report of the Bank of Bermuda Foundation. We are pleased to share with the wider community our efforts and successes in promoting and supporting the well-being of our fellow citizens and community in Bermuda. Our mission to support local charitable organisations is a driving force year after year; 2005 and 2006 were no exceptions. During this period, the Bank of Bermuda Foundation contributed more than $7.3 million to promote education; preserve our cultural heritage; protect the environment; and support human services, youth development and sports organisations within our community. But we are not alone in our efforts. Bermuda is fortunate to have the spirit of philanthropy truly rooted amongst its residents and the corporate entities that contribute to our Island’s economic success. Bank of Bermuda Foundation’s dedication to the community is also unwavering.

Individuals and organisations who work hard to bring about productive change require our collective assistance and backing. I am pleased to report that in May 2005, the Foundation reached an important milestone in having donated over $25 million to Bermuda’s community for charitable initiatives and educational scholarships, since its inception in 1989.

During the past two years, the Bank of Bermuda Foundation has supported over 150 registered charities and schools, spanning a wide range of interest sectors and community-focused programmes. Highlights include our support for the construction of 100 homes for seniors in Rockaway, Southampton and our significant contribution to the Bermuda Institute of Ocean Sciences for the purchase of a new research vessel – The Bank of Bermuda Atlantic Explorer.

With a commitment to education, the Bank of Bermuda Foundation’s Scholarship Programme is one of the ways in which we are improving the opportunities available to the Island’s youth. The scholarships, which are awarded annually, reward community involvement and academic excellence in students aspiring to continue higher education. In 2006, the Foundation introduced the new Joseph C.H. Johnson Scholarship – an award of $25,000 a year for four years.

Through the Bank of Bermuda Foundation’s Staff Matching Donation Programme, some $87,000 was invested in local charities and schools in the past two years. While the Foundation’s Board and Executive Giving Programmes donated $200,000 during the same period.

I would take this opportunity to thank the Board of Directors and its Audit, Investment and Public Relations committees who continue to meet regularly and act as a source of advice for the Board. Additionally, I would like to thank the Foundation’s five standing sub-committees for their continued diligence and hard work as we continue to strive to make a positive contribution to the community. Details of the membership of these five sub-committees are to be found elsewhere in this annual report.

Anticipating the future needs of our Island is not always easy or self-evident. To this end, the Bank of Bermuda Foundation, in its effort to be progressive and forward thinking, recently established the Bank of Bermuda Foundation Endowment to facilitate its endowment programme. I am pleased to report that in November 2006, I appointed a new sub-committee, chaired by Paul Leseur, to examine possible ways the Foundation might recognise and help celebrate Bermuda’s 400th anniversary in 2009.

Laying the building blocks for a better tomorrow is a communal responsibility that the Bank of Bermuda Foundation takes seriously. The determination to improve our society is widespread, and the Foundation is proud to be at its forefront. We look forward to assisting more organisations and charities who are working to make positive change because ultimately, we value the opportunity to invest in Bermuda’s promising future.

27 September 2007
Joseph C.H. Johnson, J.P.
Chairman, Board of Directors
Bank of Bermuda Foundation
Board of Directors

Joseph C.H. Johnson, J.P., Chairman
David W. Hamshere, Deputy Chairman
David R.M. Lang, Secretary
E. Eugene Bean
Philip M. Butterfield
John D. Campbell, Q.C., J.P.
David R. Gutteridge
Paul A. Leseur, M.B.E.
Dennis G. Tucker, J.P.

Sub-Committee Members

Arts, Culture, Heritage and Environment
Paul A. Leseur, M.B.E. Chairman
Susan Amos
Alan E. Burland
C. Joy Burland
Clement Talbot
Ruth Thomas
Col. Sumner ‘Chip’ Waters

Education
Dennis G. Tucker, J.P. Chairman
Riquette Bonne Smith
Renee Bullock-Cann
Nea L. Dixon
Margaret P. Hallett
Craig D. Tucker

Human Services (including Housing)
Philip M. Butterfield, Chairman
Burton Butterfield, M.D.
Mary Jane Gutteridge
David W. Hamshere
Julie Harrington
Gordon R. Johnson, M.S.W.
Lauretta Stoneham

Over $25,000
- Age Concern Bermuda
- Bermuda Audubon Society
- Bermuda Council for Drug-free Sport
- Bermuda Cricket Board
- Bermuda End-to-End
- Bermuda Festival
- Bermuda High School
- Bermuda History Book
- Bermuda Hockey Federation
- Bermuda Hospitals Charitable Trust
- Bermuda Housing Trust
- Bermuda Institute
- Bermuda Institute of Ocean Sciences
- Bermuda Island Games Association
- Bermuda Junior Golf Association
- Bermuda Lawn Tennis Association
- Bermuda Maritime Museum
- Bermuda National Gallery
- Bermuda National Trust
- Bermuda Regiment Charitable Trust
- Bermuda Sloop Foundation
- Bermuda Technology Education Collaborative
- Bermuda Triathlon Association
- Bermuda Zoological Society
- Centre on Philanthropy
- CTY Bermuda
- Duke of Edinburgh Award Programme
- Fair Havens Christian Care Association
- Get Fit Foundation (GEFF)
- Kaleidoscope Arts Foundation
- Masterworks Foundation
- Mount Saint Agnes Academy
- National Dance Foundation of Bermuda
- Old State House Preservation Society
- Open Airways
- P.A.L.S.
- Physical Abuse Centre
- PRIDE Bermuda
- Raleigh International Trust Bermuda
- Saltus Grammar School
- Salvation Army
- Sandys Secondary School Foundation
- Somersfield Academy
- St. George’s Foundation
- The Cathedral of the Most Holy Trinity
- The Family Centre
- Warwick Academy
- Young Women With A Purpose
- YouthNet

Under $25,000
- Adlev Entertainment Awards
- Alzheimer’s Family Support Group (Bermuda)
- Amnesty International
- Association for the Mentally Handicapped of Bermuda
- Berkeley Institute
- Bermuda Bicycle Association
- Bermuda Civic Ballet
- Bermuda College
- Bermuda Diabetes Association
- Bermuda Football Association
- Bermuda Health Foundation
- Bermuda Hockey Federation
- Bermuda Hospitals Board
- Bermuda InLine Hockey Association
- Bermuda Karate Organisation
- Bermuda Netball Association
- Bermuda Optimist Dinghy Association
- Bermuda Philharmonic Society
- Bermuda Red Cross
- Bermuda Regiment Charitable Trust
- Bermuda Riding for the Disabled Ltd.
Youth Development and Sport
E. Eugene Bean, Chairman
Jeanne Atherden, C.A., J.P.
Martha D. Kirkland, M.S.W.
Clare A. Mello
Anthony B. Roberts
William H. Welton

Charitable Sub-Committee
Philip M. Butterfield
Judy Doidge
David R.M. Lang

Bermuda Rowing Association
Bermuda Rugby Football Union
Bermuda School of Music
Bermuda Scout Association
Bermuda Society of Arts
Bermuda Squash Racquets Association
Bermuda Stroke & Family Support Association
Bermuda TB Cancer & Health Association
Bermuda Underwater Exploration Institute
Bermuda Union of Teachers
Bermuda Visual Arts Education Initiative
Bermuda Youth and Sports Programme
Byte Class of Bermuda
Cancer Assistance Research Foundation
CedarBridge Academy
Chain Reaction
Charles Bascome Music Scholarship
Child’s Wish
Committee of 25 for Handicapped Children
Continental Society of Bermuda
Cornerstone Foundation
Crime Stoppers Bermuda

De Boys’ Day Out Club
Delta Sigma Theta Sorority, Inc. Bermuda Alumnae Chapter
Dolphin Swim Team
Ensemble Singers
Friends of Hope Academy
Friends of Hospice – Agape House
Friends of the Bermuda Library
Friends of the College Library
Gilbert & Sullivan Society of Bermuda
Gina Spence Productions in Christ
Global Young Leaders Conference
Hands of Love Ministry
Harbour Amateur Swimming Club
Harrington Sound Primary School
Kappa Alpha PSI – Bermuda Alumni
Kidfest
Kiwanis Club of St. Georges
Knowledge Quest
La Leche League of Bermuda
Learning Disabilities Association of Bermuda
Learning Express Academy

Matilda Smith Williams Seniors Residence
Meals on Wheels
Mid-Island Striders Track Club
Multiple Sclerosis Society of Bermuda
Neverland Foundation
Outward Bound For the Youth of Bermuda
P.A.L.S.
Parishes Achieving Change Together (PACT)
Pembroke Rotary Club
Prison Fellowship of Bermuda
Project 100
Purvis Primary School
Rebecca Middleton Foundation
Ross Blackie Talbot Memorial Charity Golf Tournament
Seniors Learning Centre
Southampton Glebe Primary School P.T.A.
SPCA
St. David’s Island Historical Society
St. John Ambulance Brigade
St. Mark’s Church
St. Peter’s Church
Sunshine League
Tae Durham Charitable Association

The American Society of Bermuda
The Association of Canadians in Bermuda
The Bermuda Football Foundation
The Bermuda Society for the Blind
The Bermuda War Veterans Association
The ISIS Foundation
The Lady Cubitt Compassionate Association
The Menuhin Foundation
The Reading Clinic
The Sequoia Learning Foundation
Trey D. Swan Memorial Scholarship Fund
Victor Scott Primary School
West End Athletic Club
Whitney Institute Middle School
Windreach Bermuda Trust
Women’s Resource Centre
Young Life Bermuda
Young Men’s Social Club
Youth Athletic Organisation
Youth Entrepreneurship Initiative of Bermuda
SIR JOHN W. COX UNIVERSITY SCHOLARSHIP FOR POSTGRADUATE STUDIES
This scholarship is awarded annually to a Bermudian pursuing postgraduate education overseas and is valued at BD$25,000 per annum for up to four years.
2005 Winner: Tara Kessaram, Medicine at University College London
2006 Winner: Katherine Davis, Doctor of Education at Harvard University

SIR HENRY TUCKER UNIVERSITY SCHOLARSHIP
This scholarship is awarded to a student pursuing undergraduate studies overseas and is valued at BD$25,000 per annum for up to four years.
2005 Winner: David Amaro, Finance, Dalhousie University
2006 Winner: Laura Andrews, History, University of Cambridge

SIR HENRY TUCKER EDUCATION GRANTS
The Sir Henry Tucker Education Grants are awarded to the three runners-up to the Sir Henry Tucker Scholarship and are awarded annually in the amount of BD$6,000 per annum for up to three years.
2005 Winners: Susanna Merlo, Economics, University of Toronto
Peter Rihiliuoma, Business, University of Pennsylvania
Kelly-Ann Robinson, Business Management, Brock University
2006 Winners: Jonathan McBeath, Business, University of Pennsylvania
Claire Kelly, Elementary Education, University of Notre Dame
Clementine Stubbs, Medicine, University of Edinburgh

INFORMATION TECHNOLOGY SCHOLARSHIPS
These scholarships provide financial support of BD$6,000 per annum for up to four years for students proceeding with undergraduate information technology related studies either at Bermuda College or abroad.

The Committee can award up to four scholarships per annum.
2005 Winners: Melvin Dickinson, Jr., Computer Information Systems, Oakwood College
Derrick Hendrickson, Information Technology, Oakwood College
2006 Winners: Morgan Lightbourne, Computer Science, Acadia University
Kyle James, Computer Science, University of Waterloo
Hasan Brown, Software Engineering, McMaster University
Dennis Symonds, Computer Science, University of North Carolina

PRESIDENT’S AWARDS FOR SCHOLASTIC ACHIEVEMENT
These awards are granted annually and provide support to a student for the first year of undergraduate studies. The Premier award is valued at $10,000 and up to five runner-up awards are valued at $5,000 each.
2005 Winners: Dominique Anderson, Dance & Public Relations, Dean College
Jiney Caines, Biology, McGill University
Sharmaine Landy, Business Management, Oakwood College
Taqwa Talbot, Biology & Chemistry, Brock University
Renée Taylor, Human Services, Syracuse University
2006 Winners: Ciara Talbot, Psychobiology, La Sierra University
Louise Grenfell, Geography, Queen’s University

Benjamin Hollis, Science in Biochemistry, McGill University
Joshua Correia, Biochemistry, York University
Jenny Palmer, Educational Psychology, Acadia University
Alaina Nelson, Archaeology, University of Birmingham

JOSEPH C. H. JOHNSON SCHOLARSHIP
The Foundations newest Scholarship the Joseph C. H. Johnson Scholarship is awarded annually to a student who is in his/her last year of secondary schooling and who has been nominated by their Principal.
The value of the Scholarship is $25,000 per annum for up to four years. Those students nominated but not selected for the Scholarship receive a Nominee award in the amount of $1,500.
2006 Winner: Suzanne Kipps, Actuarial Science, Georgia State University

Nominee Awards: Sharnell Paynter, Graphic Design, University of Hartford
Mystere Gibbons, Science, Atlantic Union College
Benjamin Hollis, Science & Biochemistry, McGill University
Chakeya Ottley, Associate of Arts & Science, Bermuda College
Louise Grenfell, Geography & Education, Queen’s University
Jonathan McBeath, Business, University of Pennsylvannia

Bank of Bermuda Foundation
AUDITORS’ REPORT ON SUMMARISED FINANCIAL STATEMENTS

AUDITORS’ REPORT TO THE MEMBER

BANK OF BERMUDA FOUNDATION

The accompanying summarised consolidated statement of financial position and summarised consolidated statements of operations and changes in net assets by fund are derived from the complete consolidated financial statements of Bank of Bermuda Foundation as at December 31, 2006 and for the year then ended on which we expressed an opinion without reservation in our report dated March 31, 2007. The fair summarisation of the complete consolidated financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarised consolidated financial statements.

In our opinion, the accompanying financial statements fairly summarise, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarised consolidated financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the entity’s financial position, results of operations and changes in net assets, reference should be made to the related complete financial statements.

September 17, 2007

Chartered Accountants
## SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**DECEMBER 31, 2006** (expressed in Bermuda dollars)

### Assets

<table>
<thead>
<tr>
<th>Component</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$6,698,276</td>
<td>$26,126,695</td>
</tr>
<tr>
<td>Dividends receivable</td>
<td>361,243</td>
<td>149,685</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>100,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Investments</td>
<td>164,251,085</td>
<td>121,341,095</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$171,410,604</td>
<td>$147,667,475</td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th>Component</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>173,366</td>
<td>404,649</td>
</tr>
</tbody>
</table>

### Net Assets

<table>
<thead>
<tr>
<th>Component</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted net assets - educational purposes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted net assets allocated to specific causes</td>
<td>1,417,538</td>
<td>637,550</td>
</tr>
<tr>
<td>Restricted net assets unallocated</td>
<td>4,862,139</td>
<td>5,056,906</td>
</tr>
<tr>
<td><strong>Total Restricted Net Assets</strong></td>
<td>6,279,677</td>
<td>5,694,456</td>
</tr>
<tr>
<td>Restricted net assets - endowment purposes</td>
<td>–</td>
<td>1,001,458</td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internally restricted net assets</td>
<td>16,313,250</td>
<td>16,787,062</td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td>148,644,311</td>
<td>123,779,850</td>
</tr>
<tr>
<td><strong>Total Unrestricted Net Assets</strong></td>
<td>164,957,561</td>
<td>140,566,912</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>$171,410,604</td>
<td>$146,666,017</td>
</tr>
</tbody>
</table>

On behalf of the Bank of Bermuda Foundation.

---

To obtain a complete version of the Bank of Bermuda Foundation’s financial statements contact David Lang, telephone 299 5485, email david.c.m.lang@bob.hsbc.com
### SUMMARISED CONSOLIDATED STATEMENT OF OPERATIONS

**YEAR ENDED DECEMBER 31, 2006** [expressed in Bermuda dollars]

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>$ 2,359,651</td>
<td>$ 2,071,502</td>
</tr>
<tr>
<td>Interest income</td>
<td>898,545</td>
<td>828,480</td>
</tr>
<tr>
<td>Gain on sale of investments</td>
<td>2,706,902</td>
<td>505,544</td>
</tr>
<tr>
<td>Donation received</td>
<td>217,730</td>
<td>201,000</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>63,642</td>
<td>129,905</td>
</tr>
<tr>
<td>Foreign exchange gain (loss)</td>
<td>37,492</td>
<td>(38,919)</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$ 6,283,962</td>
<td>$ 3,697,512</td>
</tr>
<tr>
<td><strong>Donations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth development, sports and miscellaneous</td>
<td>837,371</td>
<td>756,400</td>
</tr>
<tr>
<td>Education</td>
<td>744,791</td>
<td>733,388</td>
</tr>
<tr>
<td>Arts, culture, heritage and environment</td>
<td>2,256,936</td>
<td>964,229</td>
</tr>
<tr>
<td>General charitable</td>
<td>529,019</td>
<td>471,493</td>
</tr>
<tr>
<td>Scholarships</td>
<td>364,000</td>
<td>366,000</td>
</tr>
<tr>
<td>Human services</td>
<td>625,669</td>
<td>512,173</td>
</tr>
<tr>
<td><strong>Total Donations</strong></td>
<td>5,357,786</td>
<td>3,803,683</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment management fees</td>
<td>280,000</td>
<td>239,017</td>
</tr>
<tr>
<td>Administration charge</td>
<td>225,000</td>
<td>225,000</td>
</tr>
<tr>
<td>Member funding expenses</td>
<td>135,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Professional fees</td>
<td>97,721</td>
<td>62,029</td>
</tr>
<tr>
<td>Director and committee member fees</td>
<td>74,000</td>
<td>68,000</td>
</tr>
<tr>
<td>Custody fees</td>
<td>50,000</td>
<td>62,500</td>
</tr>
<tr>
<td>Printing and advertising</td>
<td>46,883</td>
<td>22,359</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>28,020</td>
<td>31,987</td>
</tr>
<tr>
<td>Computer software and training</td>
<td>4,934</td>
<td>4,700</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>6,299,344</td>
<td>4,594,275</td>
</tr>
<tr>
<td><strong>Deficit of donations and expenses over revenue for the year</strong></td>
<td>$(15,382)</td>
<td>$(896,763)</td>
</tr>
</tbody>
</table>
### SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS BY FUND

**DECEMBER 31, 2006** (expressed in Bermuda dollars)

<table>
<thead>
<tr>
<th>Description</th>
<th>Restricted Net Assets - Endowment Purposes</th>
<th>Restricted Net Assets - Educational Purposes</th>
<th>Unrestricted Net Assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets at December 31, 2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$ 5,977,114</td>
<td>$ 139,114,741</td>
<td>$145,091,855</td>
</tr>
<tr>
<td>Correction of errors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets at December 31, 2004 as restated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>–</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to endowment fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005 net income (loss)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,458</td>
<td>(950,608)</td>
<td>52,387</td>
<td>(896,763)</td>
</tr>
<tr>
<td>Net assets at December 31, 2005 as restated</td>
<td>1,001,458</td>
<td>5,694,456</td>
<td>140,566,912</td>
<td>147,262,826</td>
</tr>
<tr>
<td>Unrealised gains on available for sale securities at January 1, 2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>–</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains realised on available for sale securities sold in 2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>(424,358)</td>
<td>(1,759,411)</td>
<td>(2,183,769)</td>
</tr>
<tr>
<td>Unrealised gains on available for sale securities sold in 2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>–</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006 net (loss) income</td>
<td>(1,001,458)</td>
<td>(357,172)</td>
<td>1,343,248</td>
<td>(15,382)</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$</td>
<td>$ 6,279,677</td>
<td>$164,957,561</td>
<td>$171,237,238</td>
</tr>
</tbody>
</table>