









Financial Highlights



Butterfield continues to pursue a strategy to promote long-term growth while maintaining a strong capital and liquidity profile. A central tenet of that strategy is to build upon our relationship-based business approach by delivering exceptional client services.

<div>NET INCOME*</div> <div>\$61.0M</div> <div> up \$11.9 million</div>	<div>NET INTEREST INCOME*</div> <div>\$92.5M</div> <div> up \$10.5 million</div>	<div>NON-INTEREST INCOME*</div> <div>\$50.2M</div> <div> down \$1.7 million</div>	<div>NON-INTEREST EXPENSES*</div> <div>\$83.5M</div> <div> up \$0.5 million</div>
<div>RETURN ON AVERAGE COMMON EQUITY</div> <div>25.9%</div> <div> Q2 2022 24.5%</div>	<div>CORE EFFICIENCY RATIO**</div> <div>57.6%</div> <div> Q2 2022 60.2%</div>	<div>RETURN ON AVERAGE ASSETS</div> <div>1.8%</div> <div> Q2 2022 1.3%</div>	<div>QUARTERLY DIVIDEND*</div> <div>\$0.44 <small>per common share</small></div> <div></div>

* IN US DOLLARS
(With comparisons to the quarter ended 30 June 2022)

**Please refer to the “Reconciliation of Non-GAAP Financial Measures” in our published second quarter 2023 results.



CAPITAL RATIOS

COMMON EQUITY TIER 1

22.7%

31 Dec 2022 20.3%

TOTAL CAPITAL RATIO

25.1%

31 Dec 2022 24.1%

RECENT DEVELOPMENTS

Butterfield reported solid results for the second quarter of 2023, with net income of \$61.0 million and core net income* of \$57.0 million. The Bank reported a return on average common equity of 25.9% and core return on average tangible common equity* of 26.3 percent for the second quarter of 2023 with earnings per share of \$1.22 and core earnings per share* of \$1.14.

The net interest margin was 2.83% for the second quarter, a decrease of 5 basis points, with the cost of deposits rising to 127 basis points from 110 basis points in the prior quarter. Deposit pricing increased across jurisdictions as fixed term deposits rolled into higher pricing due to rising market interest rates. Butterfield’s business in the Channel Islands, which has a higher proportion of corporate banking customers, continues to be the most competitive market segment.

The Bank’s TCE/TA ratio of 6.5% has improved to the conservative end of the targeted range of between 6% and 6.5%. As a result, Butterfield was able to continue to execute its balanced capital return strategy, accelerating the share buy-back program in the second quarter, having repurchased approximately 723,000 shares in the quarter and expect



Q2 2023 FINANCIAL HIGHLIGHTS

to continue to repurchase shares throughout 2023, subject to market conditions. The Board again declared a quarterly dividend of \$0.44 per common share to be paid on August 28, 2023 to shareholders of record on August 14, 2023.

During the quarter Moody’s assigned an A3 long-term deposit rating with a stable outlook to the Bank’s Cayman subsidiary in addition to reaffirming the Group rating, also at A3 (stable). This demonstrates the strength of the Bank’s Cayman business model and Butterfield’s ability to support the Cayman Islands market, which has benefited from steady economic growth, driven by resurgent tourism and a healthy financial services sector. In Bermuda, the Bank successfully implemented the upgrade of its core banking system and online platform and inaugurated a new flagship retail banking center in Hamilton.

As expected, the Bank completed the second closing of the planned acquisition of Credit Suisse trust assets. To date, 374 relationships representing \$21.1 billion of AUA have now transferred to Butterfield, significantly expanding the Bank’s footprint in Asia.

CREDIT RATINGS

<div>KBRA</div> <div>Short-Term K1 Long-Term Senior A+</div>	<div>Moody’s</div> <div>Short-Term P2 Long-Term Senior A3</div>	<div>S&P</div> <div>Short-Term A2 Long-Term Senior BBB+</div>
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Headquartered in Hamilton, Bermuda, Butterfield offers a range of community banking and bespoke financial services from eight leading international financial centres, supported by service centres in Canada and Mauritius. Butterfield serves international clients from Bermuda, the Cayman Islands, Guernsey and Jersey, where our principal banking operations are located, and The Bahamas, Switzerland, Singapore and the United Kingdom, where we offer specialised financial services. Banking services comprise deposit, cash management and lending solutions for individual, business and institutional clients. Wealth management services are composed of trust, private banking, asset management and custody. In Bermuda, the Cayman Islands, Guernsey and Jersey, we offer both banking and wealth management. In The Bahamas, Singapore and Switzerland, we offer select wealth management services. In the UK, we offer residential property lending.

Certain of the statements made in this document are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions estimates, intentions, and future performance, including, without limitation, our intention to make share repurchases and our dividend payout target, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance, capital, ownership or achievements of Butterfield to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements due to a variety of factors, including worldwide economic conditions (including economic growth and general business conditions) and fluctuations of interest rates, inflation, a decline in Bermuda’s sovereign credit rating, the successful completion and integration of acquisitions (including our progress on subsequent closings of the acquisition of trust assets from Credit Suisse) or the realization of the anticipated benefits of such acquisitions in the expected time-frames or at all, success in business retention (including the retention of relationships associated with our Credit Suisse acquisition) and obtaining new business, the impact of the COVID-19 pandemic, the success of our updated systems and platforms and other factors. Forward-looking statements can be identified by words such as “anticipate,” “assume,” “believe,” “estimate,” “expect,” “indicate,” “intend,” “may,” “plan,” “point to,” “predict,” “project,” “seek,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue,” “contemplate” and other similar expressions, although not all forward-looking statements contain these identifying words. All statements other than statements of historical fact are statements that could be forward-looking statements.

All forward-looking statements in this disclosure are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our SEC reports and filings, including under the caption “Risk Factors” in our most recent Form 20-F. Such reports are available upon request from Butterfield, or from the Securities and Exchange Commission (“SEC”), including through the SEC’s website at <https://www.sec.gov>. Any forward-looking statements made by Butterfield are current views as at the date they are made. Except as otherwise required by law, Butterfield assumes no obligation and does not undertake to review, update, revise or correct any of the forward-looking statements included in this disclosure, whether as a result of new information, future events or other developments. You are cautioned not to place undue reliance on the forward-looking statements made by Butterfield in this disclosure. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, and should only be viewed as historical data.