

Our Mission

In Bermuda and the Cayman Islands we aspire to be the pre-eminent financial institution, having a reputation for financial strength, integrity and professional competence, recognised as an outstanding corporate citizen and employer, delivering a full range of banking, trust and investment products.

In other jurisdictions we will provide a focused range of financial services to selected groups of customers. We shall pursue excellence and efficiency and act with courtesy, honesty, integrity and candour as we strive to exceed the expectations of our shareholders, customers, employees and the communities we serve.



2002 Performance

Net Income \$82.3 million

Up from \$60.7 million last year

Return On Equity 27.1%

Up from 22.7% last year

Earnings Per Share \$4.27

Up from \$3.14 last year

New Location Barbados

In October 2001 we established
Butterfield (Barbados) Limited

New Acquisition Guernsey

In July 2001 we purchased the Guernsey
operations of Canadian Imperial
Bank of Commerce

Recognition

Fund Performance Awards / Offshore Category
Standard & Poor's Micropal

Group of Butterfield Funds
Second Place for Five Year Performance

Butterfield Capital Appreciation Bond Fund
First Place for Five Year Performance
First Place for One Year Performance

Butterfield International Balanced Fund – USD
First Place for Five Year Performance

Bank of the Year in Bermuda for 2002
Presented by "The Banker" magazine and
the Financial Times Group

Business of the Year (Financial Services)
in the Cayman Islands
Presented by the Cayman Islands Chamber of Commerce



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 Bank of Butterfield

Annual Report 2002



Our Strategy

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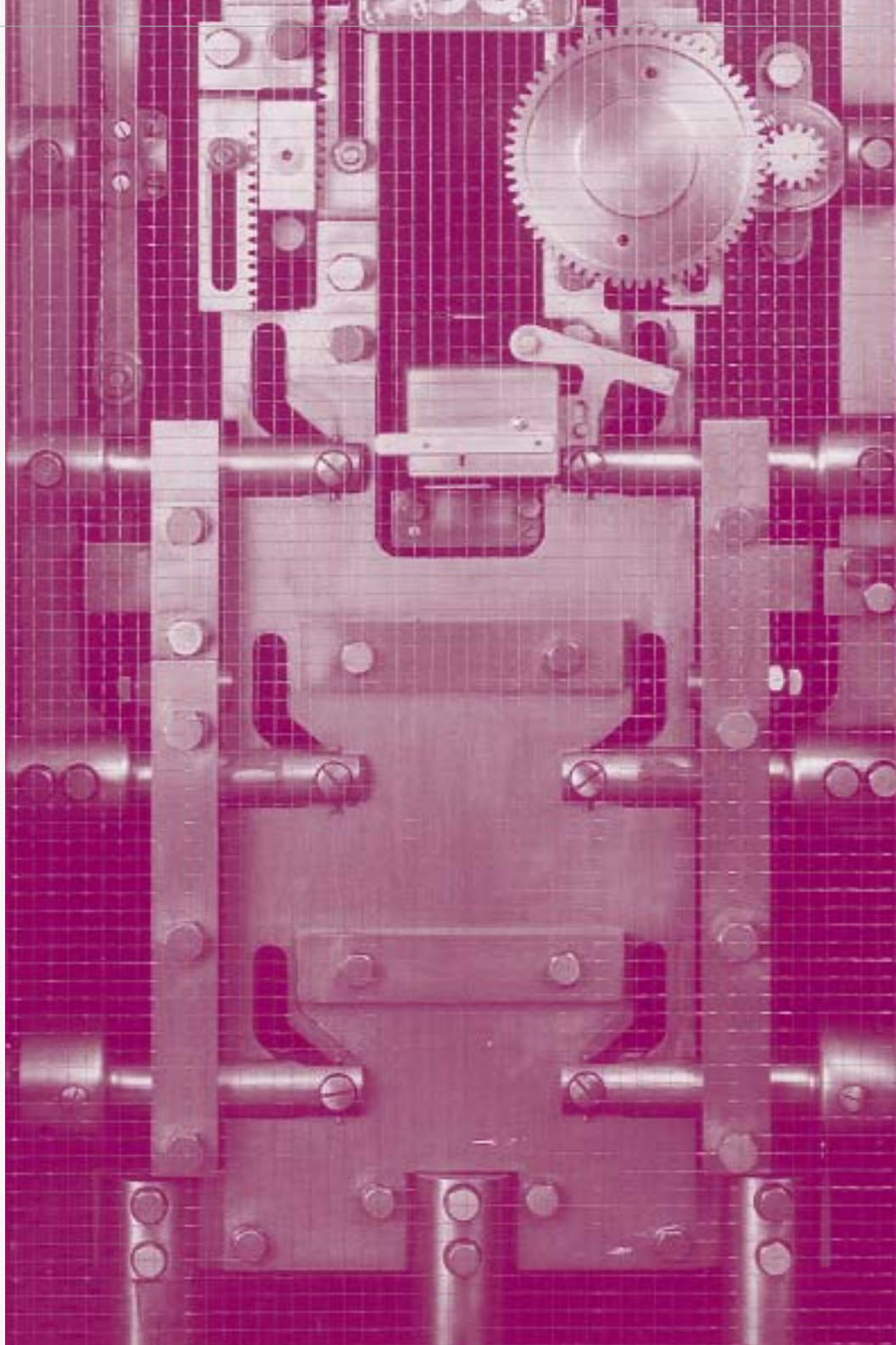
Our strategy is to build on our core activities and strengths, to take the things we do well to the next level.

For Bank of Butterfield Group, the two areas that hold the greatest opportunities for business expansion and financial success are community banking and specialised offshore financial services.

We have identified these as our core businesses, based on their continued profitability and potential for growth. Community Banking in Bermuda, where we are a leading domestic bank, is a key operation with historic importance and future potential. The same is true in the Cayman Islands, where Bank of Butterfield is a key participant in the local economy. Our other core business is Asset Management and Administration. Over the years, we have developed the expertise and finely honed processes to manage this complex international business. We provide the highest quality service at a competitive price, offering these specialist offshore banking services to selected groups of clients in Bermuda, Barbados, the Cayman Islands, Guernsey and the United Kingdom.

In these core businesses we are continuously seeking opportunities to increase profitability by widening our client base and deepening our relationships with existing clients, by offering the right products at fair prices with personal service. It is what has made us strong and what will keep us that way.

Pictured:
Detail of the vault door at Head Office





Financial & Statistical Summary

For the year ended 30 June (In \$ thousands except share data)

For the Year	2002	2001
Net income from continuing operations	81,416	66,732
Profit (loss) from discontinued operations	873	(5,990)
Net income	82,289	60,742
Net income per share		
Including discontinued operations	\$4.27	\$3.14
Excluding discontinued operations	\$4.23	\$3.45

At Year End

Total assets	5,738,044	5,197,804
Cash and deposits with banks	2,027,225	1,691,423
Investments	1,831,142	1,882,479
Loans	1,696,775	1,451,773
Deposits from customers	4,787,228	4,464,379
Subordinated debt capital	75,000	75,000
Shareholders' equity	335,167	286,525
Net book value per share	\$17.41	\$14.85
Market value per share	\$33.00	\$28.64
Number of shares (in thousands)*	19,247	17,571
Number of shareholders	3,364	3,619
Number of employees	1,229	1,162

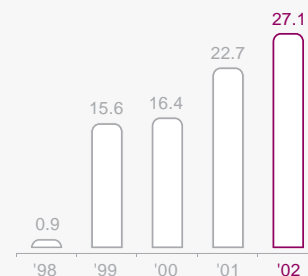
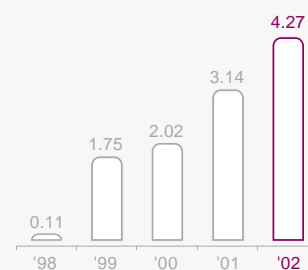
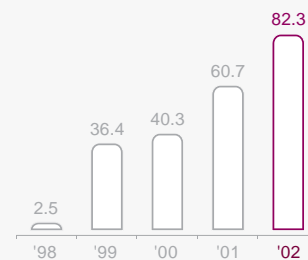
Financial Ratios

Return on assets (after discontinued operations)	1.5%	1.2%
Return on equity (after discontinued operations)	27.1%	22.7%
Total capital funds to total assets ratio	7.0%	7.2%
Risk weighted capital ratio	13.8%	14.8%

* Excludes shares purchased by the Bank for the Stock Option Trust. (See note 18 to the Consolidated Financial Statements.)

Comparative share data has been restated to reflect the 1 for 10 Stock Dividend in August 2001.

All percentages here and in the report that follows are based on actual rather than rounded numbers.



Working with many generations of Bermudians





With a stable history that parallels Bermuda's development, Bank of Butterfield has evolved to become a vital community bank and a provider of specialised offshore financial services.

We trace our origins back to the Butterfield family, who farmed the island as early as the 1600s. In 1758, Nathaniel T. Butterfield founded a merchant-trading firm, which in 1858 became The Bank of N.T. Butterfield & Son, Bermuda's first bank.

Working with many generations of Bermudians, we have made a significant contribution to building a strong and successful economy on the island. Dating back to the late 1800s, we supported a budding tourism industry by lending to hotels, retailers and other parties building the island's infrastructure. In 1904, with the equivalent of about \$120,000 in assets, the Bank was incorporated by Act of Parliament. By 1923, we had 13 employees, and by 1946, we had 425 shareholders. By the 1950s, we were serving a growing international business community. Throughout the rest of the 20th century we continued to play an essential role in the island's economy, and undertook focused expansion in offshore markets.

Today we continue to provide community banking services in Bermuda and the Cayman Islands and have become a specialist offshore financial services group. We provide institutional and individual customers with a range of banking, credit, treasury, investment, trust, custody and corporate services.

Our headquarters remain in Bermuda's capital, Hamilton, and the island is home to our largest operation. We also have offices in Barbados, the Cayman Islands, Guernsey and the United Kingdom, as well as a strategic investment in Hong Kong. We have over \$5.7 billion in assets and administer over \$45 billion of client assets.

Our success is built on fundamental strengths: integrity, a stable customer base, strong capital and liquidity positions and solid core businesses. Essential to our accomplishment is a dedicated team of employees who work together to continue to build business, increase efficiency and improve service. In all, we had 1,229 employees at the close of financial year 2002, 749 in Bermuda and 480 overseas.

Our home country regulator is the Bermuda Monetary Authority, which operates in accordance with Basel principles and maintains close contacts with regulators in the other jurisdictions where we have offices. Bank of Butterfield common stock is listed on the Bermuda Stock Exchange and the Cayman Islands Stock Exchange. We have over 3,300 shareholders with 21 million shares outstanding.



Community Commitment

Contributing to causes that strengthen the community is one of Bank of Butterfield's key corporate values. We believe that our business is tightly linked to the economic and social conditions of the environments in which we operate, and it is our responsibility to help the communities that support us.

We ensure that our donations are used for causes that make a positive contribution to society and that our sponsorships support areas such as education, sports, healthcare and the arts. Our community events, which include the Grand Art Festival by the Sea and the Concerts in the Park series, now in its 10th year, have a well-earned reputation in Bermuda as enjoyable family outings. Our sponsorships range from youth sailing awards to a museum exhibit that celebrates Bermuda's cultural, political and family ties to the Caribbean.

Supporting the aspirations of young people is important to us. We fund scholarships so that promising students may pursue higher education. In Bermuda we hosted our second "Hot Jobs Forum" for college and university graduates to provide information about career choices.

We encourage our employees to become involved in fulfilling our community commitment. In Bermuda we introduced an employee-driven programme called BEST (Bank of Butterfield's Employee Shared Trust). Employees donate funds to BEST, and the Bank matches the total amount of employee contributions each year. In the first year of the programme, employees pledged more than \$40,000 in voluntary charitable donations, which will result in over \$80,000 being invested in community initiatives in Bermuda this year. Employees who donate to BEST determine the charitable activities and sectors of the community that will benefit.

Following the tragic events of 11 September 2001, we were inspired to help friends beyond our own borders. We joined forces with other organisations in Bermuda to establish the Bermuda American Relief Fund. Combined with our initial bequest of \$150,000, the fund raised more than \$475,000 to assist the spouses and children of the victims of the terrorist attacks.

In the Cayman Islands we continue our patronage of the arts in association with the Cayman National Cultural Foundation by sponsoring a children's art programme. The Cayman Maritime Heritage Foundation and the Cayman Islands Little League also benefit from Bank of Butterfield contributions. The 10th annual Bank of Butterfield/Hyatt Regency Irish Jog attracted over 850 participants and volunteers to raise funds in aid of a local After-School Centre. We also support Junior Achievement, with dedicated employees mentoring young entrepreneurs in our training facilities.

We commend our employees throughout the Bank who generously share their time, enthusiasm and expertise with organisations that make a difference in people's lives. Our communities are stronger as a result.

Supporting the
aspirations of
young people is
important to us





Chairman's Letter to the Shareholders

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On behalf of the Board of Directors I am pleased to report that, despite a challenging economic environment, the management and employees of Bank of Butterfield have delivered a fourth consecutive year of record profit for the 12 months ended 30 June 2002.

Since its establishment in the 1800s this Bank has prospered through many economic cycles, and I commend the current team for contributing to a tradition of success as our evolution continues.

I am pleased to report that the Bank's achievements during the past year have been acknowledged with the Bank of the Year in Bermuda Award presented by "The Banker" magazine and the Financial Times Group. This recognition serves to reinforce what our current annual report testifies – Bank of Butterfield's first class team has performed very well and is poised for more success in the future.

During the year under review Calum Johnston retired from his position as President & Chief Executive Officer after four years with the Bank. On behalf of the Board of Directors I would like to thank him for his substantial contributions to the success of the Bank and wish him well in his future endeavours. In January this year we welcomed Alan Thompson as President & Chief Executive Officer. With three decades of experience in international and domestic banking, Mr. Thompson has considerable expertise and an outstanding reputation. I am confident that he will be instrumental in our continued strength and profitability.

Also this year Michael Butt resigned from the Board of Directors, and I thank him for his valuable service and the sound advice he has rendered since his appointment to the Board in 1996. I extend a warm welcome to John Wright, our newest Board member, who is an accomplished banker with many years of international experience.

The scrutiny of corporate governance practices during the past year motivated us to examine our own Board and management structure and how we share information between management, directors, shareholders and the public. A risk review, conducted by an independent outside organisation, of our risk management and control systems confirmed that Bank of Butterfield applies the fundamentals of good risk management and internal control. We nevertheless saw room for improvement and decided to re-align some of the management committees to simplify our internal communications and strengthen further our control of risk management.

In April 2002 the Board of Directors made a decision to change the Bank's fiscal year end from 30 June to 31 December to enhance the ability of market analysts and investors to compare our results with those of other banks. The next reporting period will be the six months from 1 July to 31 December 2002 and then annually thereafter.

In closing, I would like to express sincere thanks and congratulations to the Board of Directors, management and employees for another year of significant accomplishment. I also thank my fellow shareholders and customers of Bank of Butterfield. Your loyal support is essential to our continued success.

James A.C. King, MD, FRCS(C), FACS, JP
Chairman of the Board



President & Chief Executive Officer's Report

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As we report on a year that was both challenging and profitable for Bank of Butterfield, we maintain an optimistic outlook for future success balanced by a realistic perspective on the global economic environment.

Overall the Bank performed well, delivering another year of record profit and a 27.1% return on equity.

This is our first annual report since 11 September 2001. Those tragic events caused a negative impact on tourism and the stock markets, but increased capital flowing into Bermuda's insurance industry. While our community banking activities performed well, with increases in both loans and deposits, we were not immune to the effects of the world in which we operate. Our net income growth slowed along with the economy during the last two quarters of the year. The increase in our non-performing loans was also consistent with the economic situation, although they remain at acceptable levels, representing 1.4% of total loans.

We accomplished a great deal during the year. Our investment teams in Bermuda, the Cayman Islands and Guernsey again received recognition from Standard & Poor's for the performance of Butterfield Funds. In addition to several first place awards for individual funds, the overall

family of Butterfield Funds received a second place award for five-year performance. This is particularly gratifying as it reflects the long term results of our investment strategy across all categories.

On the international front, we established Butterfield (Barbados) Limited to promote the investment management services of the Group in a promising market, focusing on international banking and insurance sectors, international businesses and trusts. Also, part of our profit this year came from the sale of a controlling interest in our Hong Kong subsidiaries, a transaction in keeping with our strategy to focus on core businesses and strengths.

Without a doubt, convenient, multi-channel access is essential for bank customers in the information age. We continued to enhance the functions of our Internet Banking products to meet customer needs in both Bermuda and the Cayman Islands. In Bermuda we added telephone banking to provide an additional channel for our customers to manage their money.

We also identified key demographic sectors of the market and developed specialised packages to meet their needs. For example, a new financial management seminar and product package called "Hook Up with BNTB" helps young people get started on the road to financial responsibility.

Improving customer service remains a key objective as we aim to not only achieve customer satisfaction but to exceed expectations whenever possible. Since joining the Bank I have been

consistently impressed by the calibre of people who work throughout the Group, and I believe that our expertise and teamwork will see us continue to improve service, enhance efficiencies, win business and meet challenges head on.

Corporate citizenship is a shared value at Bank of Butterfield. This year we extended the reach of our charitable dollars in Bermuda with BEST, Bank of Butterfield Employees Shared Trust. BEST is a partnership that combines employee donations with matching Bank funds and makes charitable investments as directed by those who contribute.

Moving forward, I believe that the worldwide focus on corporate ethics and regulatory compliance will continue. This underlines the need to continue to be vigilant in our own practices and to support and encourage high regulatory standards in the jurisdictions in which we operate. Communicating this compliance clearly with our stakeholders is also essential, as was emphasised by the tone of recent media reports regarding US companies locating offshore.

I would like to thank our employees in all locations for their teamwork and commitment, our Board of Directors for their expertise and advice, and our customers and shareholders for their loyalty and trust. You have all been instrumental in our success, and I am confident that together we will achieve even more in the future.

Alan R. Thompson

President & Chief Executive Officer





Management's Analysis of Financial Condition and Review of Operations

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The Bank of N. T. Butterfield & Son Limited reported record Group earnings of \$82.3 million for the year ended 30 June 2002. This represents an increase of 35.5% over the \$60.7 million (after losses from discontinued operations) achieved in fiscal 2001 and was our fourth consecutive year of record earnings.

Of the \$21.5 million increase, \$17.0 million arose from the gain on disposal of an 80% controlling interest in our Hong Kong subsidiaries during June 2002 to Dexia Banque Internationale à Luxembourg (Dexia BIL). Excluding this disposal, therefore, underlying net income was up \$4.5 million, or 7.5%, which is extremely pleasing given the underlying economic environment during the year under review.

The global uncertainty and stock market downturn after 11 September 2001, and recent corporate accounting events in the US and Europe, affected businesses worldwide. In particular, financial services companies were impacted by substantial interest rate cuts made by the United States Federal Reserve Board and the Bank of England, which brought short-term US and UK interest rates to their lowest levels in 40 years.

These cuts resulted in a decrease in net interest income across the Bank's businesses. However, in the circumstances, a reduction of only 3.0% in net interest income after provisions for credit losses was not unsatisfactory.

Despite the economic background, we achieved financial success in many of the activities of our core businesses. We experienced an increase of \$2.4 million, or 9.1%, in the profitability of our Community Banking business in Bermuda reflecting increased loan growth and fee income. In Cayman, the impact of US interest rate cuts on interest margins was more severe and was a major factor in the decrease in its net income by 20.5%, or \$4.6 million, to \$17.9 million. Our Guernsey operations continue to produce substantial business growth with significant fee income resulting from the acquisition of the Canadian Imperial Bank of Commerce's (CIBC) businesses. As a result net income was up a pleasing \$0.6 million or 14.7%. The United Kingdom operation provides a valuable presence in a strategically important market, and we expect its contribution to grow steadily in the future.

The solid performance reflects our strategy of concentrating on core businesses and existing strengths. We continue to apply our expertise and knowledge to businesses and markets which offer the greatest opportunity. At the same time, we maintain a focus on efficiency in our operations. The result is that we move from strength to strength as we actively and selectively market our services. The diversity of

business streams and geographical areas also contributed to our strong performance.

Our asset quality remains strong. While non-performing loans have increased from \$9.5 million a year ago to \$24.8 million, they still only represent 1.4% of total loans. The reason for the increase is related to the Bermuda and Cayman tourism market, and three hotel loans in particular. Given our conservative lending criteria and strength of security taken, we anticipate substantial recovery of both principal and interest on these loans, which collectively total \$13.0 million. As at June 2002 the general provision for loan losses of \$20.6 million was equivalent to 1.2% of total loans. In addition, there are specific provisions of \$3.9 million held for possible shortfalls in the security held for non-performing loans. In total, therefore, loan provisions were \$24.5 million, or 1.4% of the loan portfolio.

Approximately one third of our assets are held in investments, predominantly high quality investment grade securities, the purpose of which is to enhance both the Bank's liquidity position and the yield over that available in the inter-bank deposit market. The Bank has engaged Standard & Poor's, the world renowned credit rating agency, to monitor and rate the Bank's own securities portfolios, which constitute some 91.5% of total investments. All of these portfolios have received investment grade ratings. (See table on page 42.)



Management's Analysis of Financial Condition and Review of Operations

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Performance Indicators

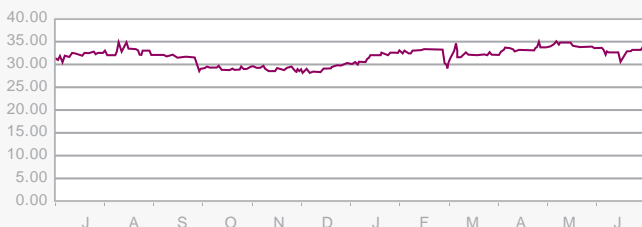
Certain key measures indicate the Bank's overall strength and performance. Our return on equity (ROE) for the year was 27.1%, up from 22.7% in 2001. Earnings per share (EPS) was \$4.27, up 36.0% compared to \$3.14 last year when restated for the 1 for 10 stock dividend in August last year. Return on assets (ROA) improved from 1.2% in 2001 to 1.5% in 2002. The Bank's net book value per share increased by 17.2% to \$17.41.

The loan portfolio growth reflects our ability to meet new demand for lending products, particularly in Community Banking in Bermuda, where we produced loan growth of 18.5%, and in the Cayman Islands, where growth was 12.7%.

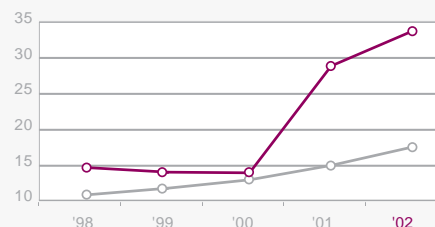
An important productivity indicator is the efficiency ratio – operating expenses (excluding corporation tax and amortisation of intangible assets) expressed as a percentage of operating income (excluding credit provisions). In 2002 Bank of Butterfield achieved an efficiency ratio of 61.9% compared to 61.8% a year ago. However, excluding income from the sale of Hong Kong, the efficiency ratio declined to 67.0%, reflecting a reduction in net interest income due to the sustained low interest rate environment. We continue to adopt a judicious approach to revenue growth and expense management to improve this ratio as a key financial objective.

We believe our careful attention to improving efficiency will reduce our cost of doing business going forward.

During the year 287,521 shares were repurchased and cancelled, at an average cost of \$31.75. The Board approved a 1 for 10 stock dividend effective 14 August 2001. In addition, the Board increased the quarterly dividend in the fourth quarter by 9.4% to \$0.35 per share. The total dividend for the year was \$1.28 per share when adjusted for the impact of the stock dividend issue, an increase of 21.9% over 2001. This represents a 30.0% payout on 2002 net income.



Market Price per Share 1 July 2001 to 30 June 2002 (\$) Not adjusted for 1 for 10 Stock Dividend



Market Value & Net Book Value per Share (\$) 1998-2001 Values Restated for Stock Dividend

○ Market Value
14.55 13.91 13.82 28.64 33.00

○ Book Value
10.76 11.69 12.85 14.85 17.41



Outlook

We are optimistic that our core markets will see improved economic conditions and that management will continue to find opportunities to maintain and grow the businesses.

In Bermuda and the Cayman Islands we are confident that the results of our ongoing business development, operational improvements and the enhancement of our products and services to meet customers' financial needs will be beneficial.

Our presence in Guernsey, significantly strengthened by the acquisition of the Guernsey operations of CIBC in July 2001, is positioned for continued

success. Bank of Butterfield (UK) Limited maintains a positive reputation in the United Kingdom and is important to our expansion aspirations.

We have retained a strategic interest in Hong Kong through a 20% equity interest in Dexia BIL's Trust and Corporate Services operations in that jurisdiction. This will enable the Bank to continue to participate in the highly competitive Hong Kong market through an alliance with a major global provider of administration services to the investment and pension fund industries. It will also provide continuity of service to our customers based in the region who use the services of our other offices, particularly Bermuda.

Pictured Left to Right:

Graham C. Brooks Executive Vice President, International & Trust
C. Wendell Emery Executive Vice President, Operations
Richard J. Ferrett Executive Vice President & Chief Financial Officer

Karla Lacey-Minors Senior Vice President, Human Resources & Corporate Communications
Michael A. McWatt Senior Vice President, Credit Risk Management

Janet M. Nearon Senior Vice President, Customer Relations
Peter J. M. Rodger Senior Vice President, Group Legal Adviser

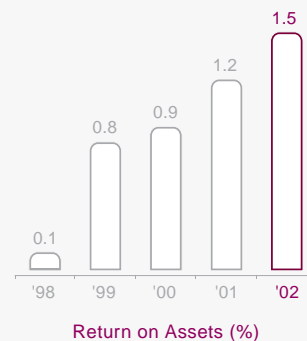
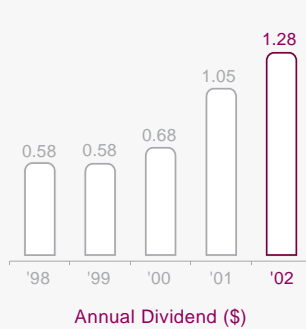
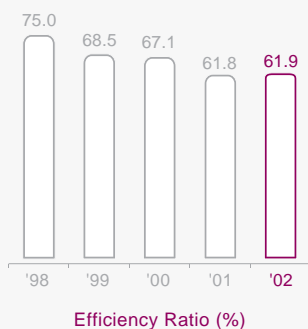
Ronald E. Simmons Senior Vice President & Chief Accountant

Fred H. Tesch Senior Vice President & Head of Group Internal Audit

Lloyd O. Wiggan Senior Vice President, Banking
Bob W. Wilson Senior Vice President, Credit

Sheila Brown Vice President, Head of Investment Services

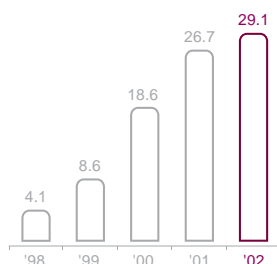
Andrew R. Collins Vice President & Managing Director, Butterfield Corporate Services Limited
Ian Coulman Vice President & Managing Director, Butterfield Asset Management Limited







Bermuda is home to the Bank's head office and our largest operation, which includes Community Banking and Asset Management and Administration. Located in the mid-Atlantic, due east of North Carolina, it is the United Kingdom's largest overseas territory with a population of some 62,000. The 21-square-mile archipelago has a long-established tourism industry. It is the base for a sophisticated international business community specialising in insurance and reinsurance. It is also an important domicile for mutual funds and offshore trusts, and is positioning itself as a preferred centre for global electronic commerce.



Community Banking, Bermuda Net Income (\$m)

Community Banking

Bank of Butterfield provides a full range of retail, corporate and treasury services in Bermuda. These activities are an essential part of the Group's business. Net income from our Community Banking activities increased by 9.1%, or \$2.4 million, to \$29.1 million in 2002. Our market share in both the local deposit and lending markets has risen, reflecting our commitment to this important market. We believe that Bank of Butterfield is the premier community bank on the island and take pride in winning the Bank of the Year in Bermuda Award for 2002 from "The Banker" magazine and the Financial Times Group.

We continue to provide innovative products and services across all our banking functions. This year we introduced Butterfield Direct Telephone banking to complement our other electronic banking services. This service allows customers to perform all transactions that can be performed at our ATMs, with the exception of deposits and withdrawals.

We are proud of our long history of developing and maintaining strong customer relationships built on trust and caring service. Meeting customers' banking needs effectively and efficiently is our top priority as we evolve and improve our products, services and procedures. Through personal contact, ATMs, Internet and telephone banking, we offer our customers multi-channel access, ensuring that the Bank is conveniently available to them at all times. We understand that behind each transaction is a customer whose time and money is valuable, regardless of the channel they use.

We are expanding our initiatives to reach targeted segments of the Bermuda community through lifestyle based banking packages that meet their specific needs. One such program involves an offering to college and university students who are 18 years or older. The "Hook Up with BNTB" package provides students with an introduction to forming their own banking relationship with a focus on managing credit responsibly. Our customer-centric approach enables us to anticipate and effectively meet customers' needs, resulting in a favourable response rate to these lifestyle banking packages.

To accommodate the expanding Butterfield Premium clientele, in May 2002 the offices were relocated to newly renovated facilities in our head office. This new area, exclusively for customers of the Premium Banking service, offers use of dedicated tellers and direct access to Personal Banking Representatives who act on their customers' financial requests and maintain an ongoing understanding of their banking needs.

To coincide with the introduction of Euro notes and coins, the Bank extended two new services, Euro cash sales and Euro traveller's cheques. The resulting demand has been significant and is expected to increase.

Our statement savings (Strata) product continues to drive the growth of Bermuda dollar customer deposits, with the portfolio growing by 50.2% over the last year. Strata accounts offer attractive interest rates and quarterly statements, and can be accessed via electronic and telephone banking, both locally and overseas.



E-Commerce & Electronic Banking

Technology is a key driver in the financial services industry. Throughout the year we continued to take advantage of new business opportunities presented by e-commerce and e-banking.

A significant innovation introduced last year, Butterfield Direct Internet Banking, continues to provide customers with the power, control and convenience of managing their money and performing transactions 24 hours a day, 365 days a year, using the Internet. More than 5,000 customers are now using Butterfield Direct, with an average of 42,000 user log-ins per month.

One of our top priorities is to ensure that Butterfield Direct Internet Banking continuously evolves to meet customers' needs and demands. We have expanded the functionality of the service to include future dated and recurring transactions so that customers can plan their payments in advance.

Electronic bill payments are a popular feature for customers, whether they pay online, via the ATM network or by telephone. During the past year we expanded the list of companies that customers can pay electronically. Credit and debit cards continue to be a key element in our electronic banking strategy, and focus is maintained on enhancing convenience, accessibility and security for card users.

Bank of Butterfield's web site, www.bankofbutterfield.com, won the prestigious Minister's Choice Award at Bermuda's first "Web S Awards" from Bermuda's Minister of Telecommunications & E-Commerce at a ceremony held in January 2002. The site scored top marks in every category, including functionality, ease of use, aesthetic appeal and e-commerce readiness.

Lending

From a lending standpoint we experienced a very successful year, with strong performance in the corporate and business loan portfolios, coupled with steady growth in our mortgage business.

This year we achieved net loan growth of 18.5%, or \$207 million, bringing the total Bermuda loan portfolio to \$1.3 billion. Prospects for the coming year look positive, although we continue to maintain a close watch on loan quality, and our conservative lending criteria has helped to maintain the underlying quality of our portfolio.

Residential mortgages saw growth of 8.2%, to \$529.4 million, due to our quality product, strong customer service, competitive rates and improved relationships with local

realtors. Consumer loans performed satisfactorily during the year under review, with an increase of 7.9%, or \$9.1 million, to \$124.4 million, excluding lending to employees. We were able to obtain an increased share of the automobile dealer business and continue to improve our customer service.

Our Letter of Credit products continue to attract attention, notably from the insurance industry in Bermuda. During the past financial year, these have generated solid fee income for the Bank, and have been promoted in tandem with our Treasury and Investment Management capabilities.

Treasury

The primary role of our Treasury is to manage the Bank's cash flows, maintain liquidity requirements and monitor and control the Bank's interest rate and foreign exchange risk. In addition to this role as the Bank's banker, Treasury offers a range of foreign exchange and money market products and services, including international money transfers and cash management, to the Bank's customers. In order to effectively provide these services, Treasury is an active participant in the international inter-bank financial markets.

During 2002, the Treasury dealing room operation was streamlined by reducing staffing levels, eliminating inefficient procedures and controlling expenses. This resulted in greater efficiency and significant cost savings. As a result operating expenses reduced by \$0.6 million or 9.0%.

The Treasury Training Programme, which seeks to attract Bermudian university graduates to careers in this field, continued the success of the previous year and will be expanded in fiscal year 2003.

The introduction of Butterfield Direct has enabled the Bank's customers to use the Internet to execute online foreign exchange transactions for amounts up to \$100,000 or the currency equivalent. This feature has proven to be very popular and improved our ability to manage significantly more transactions while simplifying the process for customers. Our foreign exchange earnings rose 9.3%, reflecting increased customer volumes.

This year we implemented a new payment system, PAYplus RTGS, which moved the Bank from manual processing to full automation. This has significantly improved our efficiency in the straight-through processing of wire transfers.



Asset Management and Administration

Three subsidiary companies comprise our Asset Management and Administration business in Bermuda: Butterfield Asset Management Limited, Butterfield Corporate Services Limited and Butterfield Trust (Bermuda) Limited. International in scope, these businesses serve institutional and individual clients, including high net worth individuals and their families.

These areas receive support from the recently restructured Investment Services Group. All agency and back-office operations have been consolidated within the Investment Services unit of Butterfield Trust. This consolidation has resulted in improved efficiencies and a reduction in the number of people employed in this area. In addition, Investment Services provides orientation training for all new employees in any unit of the Asset Management and Administration area.

Butterfield Asset Management Limited

Butterfield Asset Management Limited (BAM), our investment management subsidiary, provides discretionary portfolio management for institutional and private clients and manages the award-winning family of Butterfield Funds, as well as the Bank's own investment portfolios.

For the fifth consecutive year Butterfield Funds received prestigious performance awards in the offshore fund categories from Standard & Poor's Micropal (S&P). The Bank won two first place awards for the Butterfield Capital Appreciation Bond Fund in the five-year and one-year categories and a first place award for the Butterfield International Balanced Fund in the five-year category. In addition, the entire family of Butterfield Funds won second place in the world for their five-year performance.

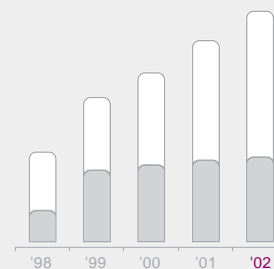
We were particularly pleased with this year's awards as they demonstrate that our investment strategy has consistently outperformed over the long term across all sectors. This accomplishment is the result of the team effort of our Bermuda, Cayman and Guernsey investment managers

Our net income of \$6.3 million was an increase of 8.4% over 2001. Assets under management grew 14.5% during the year to \$5.9 billion. Butterfield Funds overall increased 22.5% over last year to \$3.7 billion. The most significant increases were achieved by the AAf Standard & Poor's rated Liquid Reserve Fund, which grew by 79% to \$376 million, the AA-f Standard & Poor's rated US Dollar Bond Fund, which increased by 64% to \$56 million, and the AAAM Standard & Poor's rated Money Market Fund, which increased by 20% to \$3.3 billion.

Butterfield Select Fund also experienced strong growth, albeit from a lower base. Our business with private clients experienced significant growth of 21.4%.

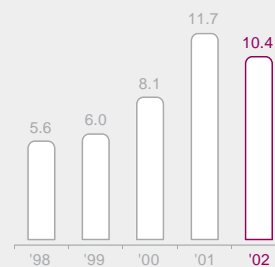
Through the evolution of Butterfield Direct Internet Banking, we were able to provide significant added value to our investment clients this year. We now offer online access to investment accounts, including all Butterfield Funds. Accessing investment accounts over the Internet is a very convenient way for our clients to manage their money.

The opening of the Barbados office provided entry to a promising new market for the services of Butterfield Asset Management. This new office was established to promote our investment management services to a specialised market similar to that found in Bermuda, the Cayman Islands and Guernsey, specifically the international banking and insurance sectors as well as international businesses and trusts.



Assets Under Management by Butterfield Asset Management (\$m)

Butterfield Funds	1,492	1,862	2,369	3,061	3,749
Discretionary	821	1,844	1,963	2,091	2,151
Total	2,313	3,706	4,332	5,152	5,900



Asset Management & Administration, Bermuda Net Income (\$m)



Bermuda

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Butterfield Corporate Services Limited

Butterfield Corporate Services Limited (BCSL) markets third party fund and pension fund administration services under the banner of Butterfield Fund Services. BCSL provides a full range of accounting, corporate and shareholder services to offshore hedge funds and mutual funds. Our clients include a number of the world's leading investment management groups with mainly institutional investors. BCSL also administers the Butterfield group of mutual funds for Butterfield Asset Management and provides accounting services in respect of the Bank's own investment portfolios in Bermuda, Guernsey and the UK.

During the year the introduction of the USA PATRIOT Act and ensuing guidance and directives affected parties to our funds. BCSL's own anti-money laundering procedures already in operation are believed by management to be as stringent as any of the proposals being made in reference to this Act.

Total income for BCSL declined 6.7% in the year, from \$7.5 million to \$7.0 million, as a direct result of internal restructuring which transferred some fund and corporate custody business, together with the associated income and expense, to our Trust operations. When excluding the impact of this restructuring, underlying net income increased by \$1.8 million, or 24.0%.

Customers of BCSL continued to provide substantial business to other areas of the Group, such as Butterfield Asset Management, Treasury and Credit.

Butterfield Trust (Bermuda) Limited

Butterfield Trust (Bermuda) Limited provides trust, estate, pension administration and company management services to local and international clients.

Our Trust and Global Custody operations in Bermuda achieved net income of \$3.6 million, down \$1.2 million, or 25.0%, on last year, reflecting the impact of declining interest rates and lower equity values across major markets on fee income.

We continue to attract high quality personal and corporate trusts, although the level of new business gained was lower than in recent years. We have been particularly successful at growing the services we provide to insurance companies based in Bermuda and providing trustee services to multi-national companies establishing pension and other employee benefit trusts for their international work force. The importance we place on our relationships with the settlors and beneficiaries of the trusts we administer is rewarded through our high level of business retention.

Our appointment as a Qualified Intermediary for US withholding taxes has been a key contributor to the development of our Investment Services and the provision of custody services to overseas investors.

In continuing to enhance our services, we successfully linked our investment system to Butterfield Direct Internet Banking to enable clients to have convenient online access to valuations and daily transaction reports.

Caroline J. Prow Vice President,
Butterfield (Barbados) Limited



Barbados

P.23

In October 2001 the Bank opened Butterfield (Barbados) Limited, the exclusive Barbados representative office for the investment management services of the Group. Barbados is a promising market for us because, like Bermuda, the Cayman Islands and Guernsey, it is a significant domicile for captive insurance companies, as well as international businesses and trusts. We provide the experience and expertise to meet the investment needs of these types of clients through our Group offices.



Cayman Islands

The Cayman Islands is one of the most successful international financial centres in the world with over thirty years of sustained growth. The financial industry comprises banking, trust, captive insurance and mutual fund administration which have all contributed to this success. A United Kingdom overseas territory with a population of about 40,000, the Cayman Islands is a popular tourist destination with in excess of one million visitors annually.

In the last two years the Cayman Islands has introduced stringent legislation, regulations and guidelines to combat money laundering and to ensure that Cayman becomes a model for all international financial centres in the world. This, when allied to the enhanced supervision of the financial industry, ensures that Cayman continues to attract quality institutional and private client business.

The Cayman Islands Monetary Authority issued guidelines on anti-money laundering regulations in 2001 requiring retrospective due diligence on all the Bank's clients by 31 December 2002. Consequently, Cayman will be one of the first jurisdictions in the world where institutions maintain all customer files to the latest due diligence standards.

Bank of Butterfield International (Cayman) Ltd. is a leading financial institution in the Cayman Islands in both the domestic market and the international market. We offer a comprehensive range of community and commercial banking services to private and corporate customers and provide portfolio management, stock brokerage, trust and company administration and mutual and pension fund administration services. In 2002 we were selected Business of the Year (Financial Services) by the Cayman Islands Chamber of Commerce.

The Bank performed well despite historically low US interest rates and a slow tourist season following the tragic events of last September in the US. We achieved net income of \$17.9 million, which was down \$4.6 million, or 20.5%, from the previous year resulting from a steep decline in net interest income after provision for credit losses of \$5.5 million or 22.5%.

The strength of our performance was in non-interest revenues, which increased year over year by 18.2% to \$21.2 million while expenses increased 12.1% year over year, primarily reflecting our investment in personnel and technology over the past two years.

The balance sheet remained strong throughout the year with total assets, at \$1.2 billion, above \$1 billion for the second year in a row. Strong loan and investment portfolio growth should improve net interest margins going forward. Return on equity was a solid 16.8%.

Community Banking

With five locations, seven ATMs including a drive-through, a web site, online banking and debit and credit cards allied to a comprehensive range of credit facilities, we are a leader in Community Banking operations in the Cayman Islands.

Community Banking activities represent a core activity for Bank of Butterfield in the Cayman Islands. Our personal and corporate banking business is aided by our strong reputation for good customer service and innovative delivery channels.

Corporate Banking experienced good growth, particularly from the captive insurance industry. The Butterfield Online banking service is being used extensively by our corporate banking customers, which augurs well for continued growth.

Two and five year fixed rate deposits were introduced this year, providing higher interest rates for clients seeking to save funds over a longer duration. We also introduced fixed rate loans, offering opportunities for borrowers to lock in interest rates for periods of three and five years.

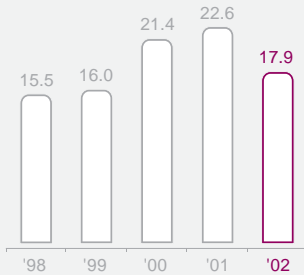
A photograph of a man with glasses laughing heartily, with a woman's hand resting on his forehead. The image is overlaid with a semi-transparent purple filter.

Community Banking activities represent a core activity for Bank of Butterfield in the Cayman Islands

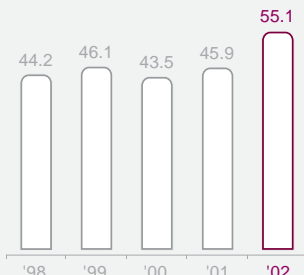


Pictured at Left, Left to Right:

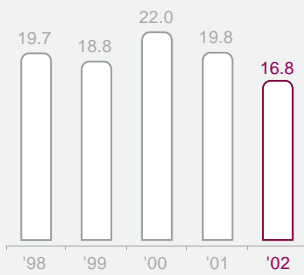
Conor J. O'Dea, Managing Director
Sheree L. Ebanks, Director & Head of Asset Management
Barry J. Yetton, Director & Head of Banking



Cayman Net Income (\$m)



Cayman Efficiency Ratio (%)



Cayman Return on Equity (%)

E-Commerce & Electronic Banking

This year we continued to use technology to enhance our services to customers, improve efficiency and take advantage of new business opportunities.

Over 3,560 customers have registered for Butterfield Online Internet Banking since its product launch in May 2001. One quarter of the Bank's customers are now using Butterfield Online with an average of 12,000 user log-ins per month. One of our top priorities is to ensure the service evolves to meet customers' needs and demands. In addition to transferring funds between accounts, checking account balances or printing statements, customers can make utility bill and credit card payments online. They can also order drafts and chequebooks, request wire transfers and issue instructions on fixed deposits.

More than 25% of the Bank's transactions processed are now automated, and considerable resources are being directed to increasing this figure in the coming year.

The Butterfield Debit Card was introduced last year as an effective alternative to carrying cash and writing cheques. Some 3,000 Visa Debit Cards have been issued to clients since the card was introduced in July 2001. In addition to providing a convenient product for our customers, this has resulted in efficiency gains from automated processing of transactions. The card is accepted at local and international merchants that display the Visa logo. Transactions are completed in local currency with the funds deducted from the cardholder's primary account.

Our web site, www.bankofbutterfield.ky, was re-launched in May 2002 and provides information not only on the bank's services but also on investing, how to qualify for a personal loan or mortgage, world and financial news and even the local weather.

Lending

We experienced continued strong credit demand with 12.7% in net loan growth this year to \$214.1 million. We continue to be a leading player in the residential mortgage market while continuing to successfully grow our commercial loan portfolio. The loans to total asset ratio remains low, however, at 17.8% reflecting the highly liquid nature of our balance sheet.

Although general economic conditions have deteriorated in the past year, the overall quality of our loan portfolio remains good and adequately provisioned thanks to our sound lending practices over the years.

Letters of Credit were in strong demand in Cayman's captive insurance industry, and volume growth saw revenues rise 31.4% in the year.

Treasury

In addition to the primary functions of managing cash flows, liquidity and interest rate and foreign exchange risk, Treasury offers a range of foreign exchange and money market products and services to customers.

Treasury also provides support to the front office, managing all international wire payments and receipts.



Asset Management and Administration

Meeting clients' needs by providing suitable vehicles for asset management is a strategic focus for Bank of Butterfield in the Cayman Islands. Our products and services, outlined below, include brokerage, safe custody, portfolio management, the award-winning array of Butterfield Funds, trust and corporate services and third party mutual fund and pension administration. During the year under review, revenue growth of 19.4% to \$12.1 million was achieved across our asset management and administration services.

We are currently focusing on developing and expanding our offshore asset management business, and have strengthened our team to accomplish this.

Investment Services

Our Investment Services department provides discretionary portfolio management for institutional and private clients, stock brokerage and safe custody services.

We obtained Qualified Intermediary Status for US withholding taxes, which allows us to develop further our global custody business for overseas customers.

Our Investment Services team in the Cayman Islands contributed to Butterfield Funds winning Standard & Poor's Micropal (S&P) offshore fund awards this year. Butterfield International Balanced Fund, managed by this team, won first place in the five-year performance category.

Trust & Corporate Services

For private clients we offer wealth management through the establishment and administration of trusts and companies and estate administration.

The Bank has a good reputation in the Cayman Islands' private client market and has been the beneficiary of the financial industry's consolidation this year. We anticipate continuing business growth in the coming year.

Services to corporate and institutional clients include company formation and administration, managed bank and trust company services and administration of employee-benefit plans. The managed bank business was the primary growth engine during the year under review. Our ongoing relationship with highly reputable financial institutions is a result of our commitment to outstanding client service.

Trust and Corporate Services experienced growth in revenues of 20.7% to \$3.9 million, while assets under administration totalled \$4.1 billion at the year-end.

Third Party Fund & Pension Fund Administration

We provide full administration services, under the banner of Butterfield Fund Services, to offshore hedge funds, mutual funds and pension funds. We achieved revenue growth of 38.1% to \$3.9 million this year with funds under administration rising to \$6.2 billion. In addition to providing these services to third parties, we act as administrator, registrar and transfer agent to the Butterfield International Balanced Fund and the Butterfield Global Blue Chip Fund.

Our relationships with professional intermediaries at the local and international level continue to develop and will drive new business growth in the coming year.





Pictured Left to Right:

Robert S. Moore Managing Director
John B. S. Robinson Deputy Managing Director
Patrick A. S. Firth Managing Director, Butterfield Fund Managers (Guernsey) Limited
Andrew W. Gardner Managing Director, Butterfield Trust (Guernsey) Limited



Guernsey

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Guernsey is a long-established and highly competitive financial centre, with particular expertise in the areas of banking, investment management, trustee services, captive insurance and mutual fund administration.

A British Crown dependency with a population of almost 60,000, it is self governing and is responsible for its own internal affairs. It is not a member of the European Union but benefits from the free movement of goods, persons and capital between the EU and the Channel Islands.

Guernsey is a high quality, well-regulated jurisdiction. In 2001, it became one of the first jurisdictions in the world to introduce a comprehensive system for the regulation and supervision of providers of trust and corporate services. As a result, Butterfield Trust (Guernsey) Limited has been licensed under The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailliwick of Guernsey) Law, 2000.

Guernsey also has in place an effective framework of legislation in respect of information exchange in line with the

OECD's policies on criminal tax matters and, having achieved agreement with the OECD, has not been included on their recent list of uncooperative jurisdictions.

Bank of Butterfield's presence in Guernsey dates back almost 30 years, and our businesses provide a broad range of services to private clients and financial institutions. These include investment management and custody, banking and treasury, trust and third party fund administration services.

In July 2001 we acquired for cash the Guernsey operations of CIBC, a significant acquisition which continues our strategy of building on core activities and strengths. These operations had assets of \$414.8 million and liabilities of \$400.1 million at the time of acquisition. Legal amalgamation took effect in December 2001 and most of the work to achieve full business integration has been completed. During the year, an agreement was signed to lease prestigious new premises from 2004, which will enable our operations to be brought together in one building.

As a result of the acquisition, we have considerably strengthened our market position in all business lines. Total revenues for the year were \$25.2 million, 84.0% up from \$13.7 million the previous year. Within this figure, non-interest income more than doubled, rising from \$7.8 million to \$18.1 million, reflecting the acquisition and organic growth. Total client assets under management and administration increased significantly

from \$4.2 billion to \$10.2 billion. During the year, substantial investment was made in information technology systems and there is now a modern, efficient, investment banking and fiduciary systems platform providing a strong basis for future development. The costs of integration, together with the investment in systems, resulted in a deterioration of our efficiency ratio, from 63.9% to 75.2%. As productivity gains are captured, and with the one-off costs of achieving integration having now been met, we expect this ratio to improve significantly over the next year.

Net income after taxation and amortisation of intangible assets increased by 14.7% to \$4.4 million. Pre-tax return on equity was 10.9%. We expect this to improve with enhanced productivity and continuing growth of non-balance sheet based fee income. Fee income rose to 71.8% of total revenues in 2002 from 57.1% the previous year. At the same time, our balance sheet remained strong, with a risk asset ratio of 17.8% for our combined Guernsey operations and a loans to assets ratio of 11.4%.

Building long-term, mutually beneficial relationships with clients, based on high quality service, remains at the heart of our business strategy. Our mission is to maintain this focus in a business which has grown substantially through acquisition and organic growth.

Proactive service-based relationships are central to our private client business development. The strategy for growth in institutional administration is to capitalise on our leading position in administered banking and breadth of experience in fund administration to capture new business, while at the same time maintaining the highest levels of service to existing clients.

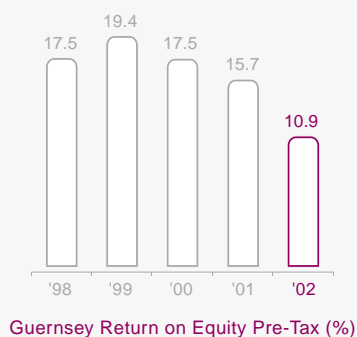
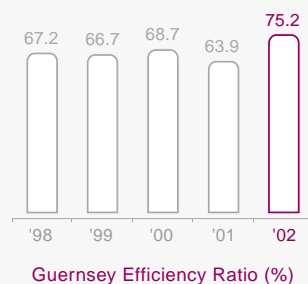
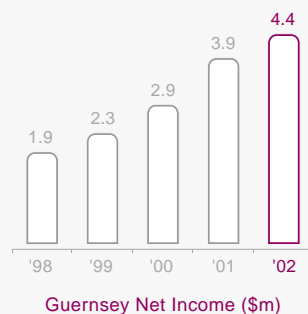
Also core to our strategy is to protect our reputation by applying the highest standards of regulatory compliance and employment of best practice throughout our business.

Banking

We provide a comprehensive banking service to high net worth individuals and institutions. Customer deposit balances grew to \$857.9 million, an increase of 46.9% on the previous year.

Credit

The demand for credit has been relatively low during the past year, and scheduled repayments of loans have resulted in net growth in our loan portfolio from \$91.1 million to \$108.8 million. The loan portfolio includes exposure to property, both residential and commercial, in the UK and in Guernsey, as well as cash-backed and securities-backed facilities. Despite difficult economic conditions, the quality of the portfolio has been maintained.



Treasury

Our Treasury operations manage cash flows, liquidity, interest rate risk and foreign exchange risk. Approximately 15% of our balance sheet assets are invested in short term paper of a minimum rating of A. Our US dollar floating rate note portfolio is rated by Standard & Poor's at AAF – credit and S1 – volatility and our UK Sterling floating rate note portfolio is rated A+f and S1. Our Treasury operations are profitable and income from foreign exchange in particular doubled to \$2.6 million.

Asset Management and Administration

Asset management and administration services include the provision of discretionary investment portfolio management, investment administration and custody services to institutional and individual investors. They also include the provision of custodian and trustee services to collective investment schemes.

Assets under investment management increased to \$432 million. In addition to managing our clients' portfolios, the Guernsey investment team also made an important contribution to the management of the award winning Butterfield Funds.

Income from custody and custodian trustee services for collective investment funds grew almost threefold to \$1.9 million based on a growth in assets under administration of 155% to \$561 million.



Guernsey

P.30

Trust & Corporate Services

Our fiduciary services are provided through Butterfield Trust (Guernsey) Limited, which specialises in private client trusteeship and company administration services to both individuals and institutions. This business line has grown significantly through the acquisition and assets under administration grew to \$2.0 billion, while revenues grew from \$1.6 million to \$3.9 million.

Administered Bank Services

Our core business includes the provision of financial administration services to other financial institutions and encompass the provision of administratively based outsourcing solutions to banks, fund managers and trust companies wishing to conduct financial activities in or from Guernsey.

We are now leaders in Guernsey in the provision of administered bank services to branches and subsidiaries of highly reputable financial institutions. We anticipate continued growth in this business line arising from our leadership position.

Third Party Fund Administration

This is provided through Butterfield Fund Managers (Guernsey) Limited (BFM), which focuses on the provision of specialist third party fund administration services. BFM experienced substantial growth with assets under administration increasing from \$2.6 billion to \$3.4 billion and revenues increasing from \$2.3 million to \$3.6 million.



Hong Kong

During the year under review the Hong Kong operations produced net income of \$1.4 million, up 41.6%, or \$0.4 million, on the previous year. This was primarily due to increased fee income generation, up \$0.6 million, or 10.4%.

In June 2002 we sold an 80% controlling interest in our Hong Kong subsidiaries to Dexia BIL. A profit of \$17.0 million was made on this disposal, and is shown in the Consolidated Statement of Income as 'Gain on sale of subsidiaries'. The sale is consistent with our overall strategy to focus on core strengths while enhancing shareholder value.

In addition to acquiring a majority interest in our Trust and Corporate Services operations, Dexia BIL will take over the business of the restricted licence branch once they have regulatory approval. As at 30 June 2002, the Branch had assets of \$148.8 million, primarily consisting of deposits with banks of \$135.6 million. Loans were modest at \$0.5 million.

This transaction will enable us to continue to participate in the highly competitive Hong Kong market through an alliance with a major global provider of administration and custody services to the investment and pension fund industries. We will continue to provide services to our Hong Kong based customers who maintain accounts in Bermuda, the Cayman Islands, Guernsey and the United Kingdom.



United Kingdom

P.31

The United Kingdom is one of the most dynamic and competitive banking centres in the world. Bank of Butterfield re-entered this market in 2001, and our presence in London complements our other businesses and enables us to offer UK banking facilities to our international client base.



Pictured Left to Right :

Alan S. Gray Managing Director

Richard Doughty Director & Head of Banking

Our core activities in the UK are multicurrency deposits, foreign exchange, secured credit facilities and custody of investment portfolios. The Bank's stable and growing customer base consists of corporate, institutional and private clients.

Over the past year we successfully integrated this business into Bank of Butterfield, with good co-operation and increasing business referrals from Bermuda, the Cayman Islands and Guernsey. We have upheld our reputation for quality service and experienced excellent client retention during the transition period following the acquisition.

During the year under review we maintained a strong and highly liquid balance sheet and our favourable Fitch ratings were reaffirmed. Total assets were steady throughout the year and averaged \$332.7 million. We are pleased with the reception given to the Bank in the London Money Market and expect to see balance sheet growth in the coming year.

Net income for the year was \$0.2 million, down from \$0.4 million achieved during the five months in fiscal 2001 in which we were a member of the Butterfield Group. Profitability has been adversely affected by the low level of global interest rates, which impacts on earnings from shareholder's funds. There was also a lower volume of customer foreign exchange activity compared to the previous year. In addition, the change of ownership has added to our stand-alone administrative costs with the integration into the Butterfield Group and as we invest for profitable growth and development.

The introduction of a new UK regulatory regime in December 2001 increased our compliance obligations. We anticipate that this will continue to add to costs as we ensure that we continue to observe fully our regulatory requirements and best practice.

Banking

We have developed a proactive marketing strategy, which includes the launch of our web site at www.bankofbutterfield.co.uk, and the design of customer presentations and information packs. Additionally, the Bank has introduced targeted mailing and visiting programmes and conducted limited product specific advertising. We continued to develop our range of services with the introduction of chequebooks. These initiatives have developed new relationships resulting in the opening of additional corporate, private client and custody accounts.

Lending

We provide secured credit facilities in sterling and other currencies for a variety of purposes. One of our specialties is the provision of mortgage loans for UK residential property purchases by expatriates and foreign nationals whether resident in the UK or not. These loans are available for owner occupied or investment property.

Treasury

Our treasury dealers provide a comprehensive service to corporate and private clients utilising our deposit and foreign exchange facilities. We continue to accept funds from a wide range of public and private sector entities that are located both in the UK and overseas.

Private Client Services

We provide a range of banking and other services to high net worth families and individuals who require detailed attention to their financial affairs. We have targeted this area for growth and have consequently added experienced people to our team.

A photograph of a woman with short dark hair and glasses, wearing a white lab coat, smiling warmly. The image is overlaid with a semi-transparent pink filter. The text 'Banking is above all a people business' is written in white, sans-serif font across the left side of the image.

Banking is
above all
a people
business



A Capable and Motivated Team

P.33

Banking is, above all, a people business. Without our motivated, customer-focused team of employees, we would never be able to achieve any degree of success.

At Bank of Butterfield, we employ a diverse group of men and women who are dedicated to accomplishing our shared goals of outstanding customer service and efficient, effective performance.

We not only recruit carefully, but we also encourage employees to further develop their abilities once they are hired. We extend their technical and business skills, their customer service focus and their management and leadership competence through internal and external training and development, on-the-job coaching and cross-functional postings. Our employees make a significant effort to gain knowledge and achieve qualifications that will benefit the Bank and further their own careers. They know there is an interesting and rewarding career path for those willing to make the commitment and work hard.

We are pleased to support the many employees currently undertaking study that will lead to professional qualifications in banking, treasury, trust, accounting, information systems and other fields, in addition to those who already hold such qualifications.

In Bermuda our Management, Retail Fast Track and Treasury Training Programmes prepare young employees for rewarding careers in the Bank's various business areas. Trainees receive hands on experience and are mentored by senior employees.

In the Cayman Islands, the introduction of scholarships for employees will provide opportunities for them to continue their education and advance their careers while gaining work experience.

In Guernsey, following last year's application to join the Investors in People (IIP) programme, we received our Certificate of Commitment from IIP and continue to work towards accreditation. The IIP is an internationally recognised standard for organisations committed to achieving business goals through the development of their employees.

During the year we introduced the Employee Communication Council (ECC) to encourage employee involvement in a variety of Bank communication initiatives. With the participation of employees throughout the Group, the ECC facilitated discussion and followed through on recommendations to enhance internal communications and foster a customer-focused, co-operative employee culture.

Our investments in employee development and communication are intended to benefit our team through increased job satisfaction, our customers through improved service, and our shareholder value through long term improvements in results.