



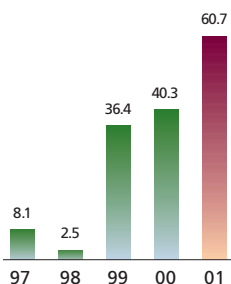
## Financial &amp; Statistical Summary

For the year ended 30 June 2001 (In \$ thousands except share data)	2001	2000
<b>For the Year</b>		
Net income from continuing operations	66,732	54,887
Loss from discontinued operations	(5,990)	(14,540)
Net income	60,742	40,347
Net income per share		
Including discontinued operations	\$ 3.45	\$ 2.22
Excluding discontinued operations	\$ 3.79	\$ 3.02
<b>At Year End</b>		
Total assets	5,197,804	4,794,012
Cash and deposits with banks	1,691,423	1,514,813
Investments	1,882,479	1,831,303
Loans	1,451,773	1,284,223
Deposits from customers	4,464,379	3,961,746
Deposits from banks	236,344	376,036
Subordinated debt capital	75,000	75,000
Shareholders' equity	286,525	250,197
Net book value per share	\$ 16.33	\$ 14.13
Market value per share	\$ 31.50	\$ 15.20
Number of shares (in thousands)*	17,571	17,705
Number of shareholders	3,619	3,602
Number of employees	1,162	1,113
<b>Financial Ratios</b>		
Return on assets (after discontinued operations)	1.23%	0.88%
Return on equity (after discontinued operations)	22.70%	16.40%
Total capital funds to total assets ratio	7.20%	6.96%
Risk weighted capital ratio	14.80%	13.20%

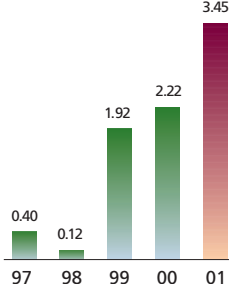
\* Excludes shares purchased by the Bank for the Stock Option Trust (See note 16 to the Consolidated Financial Statements.)

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

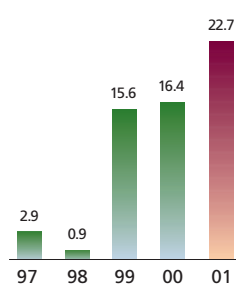
NET INCOME (\$m)



EARNINGS PER SHARE (\$)



RETURN ON EQUITY (%)



## Financial Year 2001 Performance

Net income for the year of \$60.7 million was a record for the Group and represents an increase of \$20.4 million, or 50.6%, over 2000.

Return on Equity was 22.7%, up from 16.4% in 2000.

Earnings Per Share was a record \$3.45, up \$1.23 or 55.4% on 2000.

Total income for the year from continuing operations was \$192.0 million, an increase of \$11.1 million, or 6.2%, over 2000. Net interest income increased by \$2.7 million, or 2.8%, to \$100.2 million and non-interest income increased by \$8.4 million, or 10.1%, to \$91.8 million.

Total expenses for the year were \$125.3 million, down \$0.7 million, or 0.6%, on the previous year. This principally reflects reduced personnel costs offset by consultancy costs relating to systems in Bermuda.

Non-accrual loans were reduced by \$9.3 million to \$9.5 million at 30 June 2001, and over the past three years these have been reduced by \$90.2 million.

The Group's efficiency ratio, before credit provisions, corporation tax in Guernsey and the United Kingdom and losses from discontinued operations, was 62.2%, compared to 67.1% last year.

Return on Assets before losses from discontinued operations improved to 1.4%, compared to 1.2% last year. After losses from discontinued operations ROA was 1.2%.

Total client assets under administration, including mutual funds, were \$39.2 billion, an increase of 14.9% over a year ago. Assets under investment management increased by 12.7% to \$5.7 billion at 30 June 2001; these figures include the Butterfield Funds, which grew by 26.7% to \$3.2 billion at year end.

As at 30 June 2001 the risk weighted Total Capital ratio was 14.8%, of which Tier 1 Capital was 11.0%.

The quarterly dividend was increased by 3 cents, to 26 cents per share in November 2000, and by a further 2 cents, to 28 cents, in February 2001. This was followed by a 2 cent increase, to 30 cents, in May 2001 and another increase of 2 cents to 32 cents per share in August 2001. The dividend for the full year was \$1.16 per share, an increase of 41 cents per share, or 54.7%, on the 75 cents per share paid the previous year.

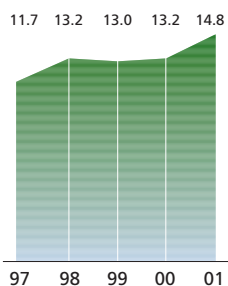
The Bank has engaged Standard & Poor's, the world renowned credit rating agency, to monitor and rate the Bank's own securities portfolios, which constitute some 90% of the Bank's total investments. All of these portfolios have received investment grade ratings, as highlighted in the table below.

## Investment Portfolios

Summary of Group's debt securities monitored and rated by Standard & Poor's as at 30 June 2001.

PORTFOLIO	LOCATION	CARRYING VALUE	% OF TOTAL INVESTMENTS RATED BY S&P	S&P CREDIT RATING	S&P VOLATILITY RATING
Fixed Income	Bermuda	\$232.3m	13.7	AAf	S1
Floating Rate Notes	Bermuda	\$989.9m	58.2	Af	S1
Floating Rate Notes	Cayman	\$232.4m	13.7	Af	S1
Floating Rate Notes	Guernsey	\$137.1m	8.1	Af	S1
Higher Yield	Bermuda	\$107.9m	6.3	BBB-f	S3

RISK WEIGHTED CAPITAL RATIO (%)



MARKET VALUE AND NET BOOK VALUE PER SHARE (\$)

