

CAPITAL & RISK MANAGEMENT
PILLAR 3 DISCLOSURE FOR THE QUARTER ENDED MARCH 31, 2023
BUTTERFIELD BANK (CAYMAN) LIMITED



Pillar 3

Template OV1: Overview of RWA

		a	b	c
		RWA		Minimum capital requirements
		March 31, 2023	December 31, 2022	March 31, 2023
1	Credit risk (excluding counterparty credit risk) (CCR)	719,735,943	718,064,330	79,170,954
2	Securitization exposures	353,472,095	358,673,941	38,881,930
3	Counterparty credit risk	264,614	210,334	29,108
4	Of which: current exposure method	264,614	210,334	29,108
5	Of which: standardized method	-	-	-
6	Market risk	343,416	242,587	37,776
7	Of which: Equity Risk (ER)	-	-	-
8	Operational risk	277,872,241	267,136,099	30,565,947
9	Of which: Basic Indicator Approach	-	-	-
10	Of which: Standardised Approach	277,872,241	267,136,099	30,565,947
11	Of which: Alternative Standardised	-	-	-
12	Total (1+2+3+6+8)	1,351,688,309	1,344,327,291	148,685,714

The increase in Operational Risk Weighted Assets (Item 10) measured by the Standardised Approach reflects improved non-interest income for the most recent three year average measurement period.

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Template LR1: Summary comparison of accounting assets vs leverage ratio exposure measure

		March 31 2023	December 31, 2022
1	Total consolidated assets as per published financial statements	4,545,112,967	4,566,143,619
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(39,868,292)	(39,468,582)
6	Adjustments for regular way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustments for eligible cash pooling transactions	-	-
8	Adjustments for derivative financial instruments	1,046,165	1,003,090
9	Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	-	-
10	Adjustment for off balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	74,911,562	82,831,032
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	2,329,355	2,332,516
12	Other adjustments	-	-
13	Leverage ratio exposure measure	4,583,531,758	4,612,841,674

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Template LR2: Leverage ratio common disclosure

		a	b
		March 31, 2023	December 31, 2022
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	4,544,836,063	4,566,095,038
2	Gross up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with <u>on balance sheet exposures</u> that are deducted from Basel III Tier 1 capital)	2,329,355	2,332,516
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	(39,868,292)	(39,468,582)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 6)	4,507,297,126	4,528,958,972
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	276,904	48,581
9	Add on amounts for potential future exposure associated with all derivatives transactions	1,046,165	1,003,090
10	(Exempted central counterparty (CCP) leg of client cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivative exposures (sum of lines 8 to 12)	1,323,069	1,051,670
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of lines 14 to 17)	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	247,310,762	266,210,954
20	(Adjustments for conversion to credit equivalent amounts)	(172,396,455)	(183,362,169)
21	(Specific and general provisions associated with off balance sheet exposures deducted in determining Tier 1 capital)	(2,745)	(17,753)
22	Off-balance sheet items (sum of lines 19 and 21)	74,911,562	82,831,032
Capital and total exposures			
23	Tier 1 capital	332,183,148	320,040,965
24	Total exposures (sum of lines 7,13, 18 and 22)	4,583,531,758	4,612,841,674
Leverage ratio			
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	7.25%	6.94%
25a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)		
26	National minimum leverage ratio requirement	3%	3%
27	Applicable leverage buffers	4.25%	3.94%

The Leverage Ratio improved in the most recent quarter following a 3.8% increase in Tier 1 capital against a 0.63% decline in Total exposures.

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LIQ1: Liquidity Coverage Ratio (LCR)

		Quarter Ended March 31, 2023	
		a	b
		TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		1,445,027,694
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers of which:	1,081,828,690	108,182,869
3	<i>Stable deposits</i>	-	-
4	<i>Less stable deposits</i>	1,081,828,690	108,182,869
5	Unsecured wholesale funding, of which:	3,247,722,146	1,399,499,707
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	994,970,107	248,742,527
7	<i>Non-operational deposits (all counterparties)</i>	2,252,752,039	1,150,757,181
8	<i>Unsecured debt</i>	-	-
9	Secured wholesale funding	-	-
10	Additional requirements, of which:	114,859,001	16,653,262
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	-	-
12	<i>Outflows related to loss of funding on debt products</i>	-	-
13	<i>Credit and liquidity facilities</i>	114,859,001	16,653,262
14	<i>Other contractual funding obligations</i>	-	-
15	Other contingent funding obligations	123,760,307	4,107,276
16	TOTAL CASH OUTFLOWS	4,568,170,143	1,528,443,114
CASH INFLOWS			
17	<i>Secured lending (e.g. reverse repos)</i>	-	-
18	<i>Inflows from fully performing exposures</i>	610,297,093	506,003,641
19	<i>Other cash inflows</i>	22,111,677	-
20	TOTAL CASH INFLOWS	632,408,770	506,003,641
			TOTAL ADJUSTED VALUES
21	TOTAL HQLA		1,445,027,694
22	TOTAL NET CASH OUTFLOWS		1,022,439,473
23	LIQUIDITY COVERAGE RATIO (%)		141%

Columns a and b are calculated as simple average month end balances for January 2023, February 2023 and March 2023.
Average LCR % improved over the quarter ended December 31, 2022 (134%) on marginal increase in HQLA and a marginal decline in Weighted Value Net Cash Outflows.