

CAPITAL & RISK MANAGEMENT
PILLAR 3 DISCLOSURES
FOR THE QUARTER ENDED SEPTEMBER 30, 2023
BUTTERFIELD BANK (CAYMAN) LIMITED



Pillar 3

Template OV1: Overview of RWA

	a	b	c
	RWA		Minimum capital requirements
	September 30, 2023	June 30, 2023	September 30, 2023
1 Credit risk (excluding counterparty credit risk) (CCR)	662,882,942	691,329,546	72,917,124
2 Securitization exposures	342,735,923	346,131,952	37,700,952
3 Counterparty credit risk	9,028	401,794	993
4 Of which: current exposure method	9,028	401,794	993
5 Of which: standardized method	-	-	-
6 Market risk	217,421	276,046	23,916
7 Of which: Equity Risk (ER)	-	-	-
8 Operational risk	277,872,241	277,872,241	30,565,947
9 Of which: Basic Indicator Approach	-	-	-
10 Of which: Standardised Approach	277,872,241	277,872,241	30,565,947
11 Of which: Alternative Standardised	-	-	-
12 Total (1+2+3+6+8)	1,283,717,555	1,316,011,580	141,208,931

Reductions in Credit Risk result primarily from residential mortgage prepayments.

Reductions in Securitisation exposures result from scheduled repayments on underlying mortgage backed securities received net of reinvestment.

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

		September 30, 2023	June 30, 2023
1	Total consolidated assets as per published financial statements	4,122,160,464	4,339,887,606
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	(38,990,211)	(40,488,002)
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	38,891	1,458,528
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)	51,027,435	58,284,705
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	2,160,697	2,081,507
12	Other adjustments	-	-
13	Leverage ratio exposure measure	4,136,397,276	4,361,224,344

Net customer deposit outflows were funded by net repayments and maturities of Investments and Cash and cash equivalents in the quarter.

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Template LR2: Leverage ratio common disclosure

		a	b
		September 30, 2023	June 30, 2023
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	4,122,154,217	4,339,337,163
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)	2,160,697	2,081,507
6	(Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments)	(38,990,211)	(40,488,002)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 6)	4,085,324,703	4,300,930,668
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	6,247	550,443
9	Add on amounts for potential future exposure associated with all derivatives transactions	38,891	1,458,528
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)	45,138	2,008,971
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	189,780,674	211,143,062
20	(Adjustments for conversion to credit equivalent amounts)	(138,732,763)	(152,847,994)
21	(Specific and general provisions associated with off balance sheet exposures deducted in determining Tier 1 capital)	(20,476)	(10,363)
22	Off-balance sheet items (sum of lines 19 and 21)	51,027,435	58,284,705
Capital and total exposures			
23	Tier 1 capital	348,360,698	341,285,485
24	Total exposures (sum of lines 7,13, 18 and 22)	4,136,397,276	4,361,224,344
Leverage ratio		8.42%	7.83%
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)		
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	5.42%	4.83%

The Leverage Ratio improved in the most recent quarter following a 2.1% increase in Tier 1 capital against a 5.2% decline in Total exposures.

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LIQ1: Liquidity Coverage Ratio (LCR)

		Quarter Ended September 30, 2023	
		a	b
		TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)
HIGH-QUALITY LIQUID ASSETS			
1	Total high-quality liquid assets (HQLA)		1,184,064,681
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers of which:	1,021,491,993	102,149,199
3	<i>Stable deposits</i>	-	-
4	<i>Less stable deposits</i>	1,021,491,993	102,149,199
5	Unsecured wholesale funding, of which:	2,743,301,380	1,179,173,722
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	870,064,666	217,516,166
7	<i>Non-operational deposits (all counterparties)</i>	1,873,236,714	961,657,555
8	<i>Unsecured debt</i>	-	-
9	Secured wholesale funding	-	-
10	Additional requirements, of which:	60,760,798	9,831,158
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>	60,760,798	9,831,158
14	<i>Other contractual funding obligations</i>	-	-
15	Other contingent funding obligations	123,617,211	5,221,716
16	TOTAL CASH OUTFLOWS	3,949,171,382	1,296,375,795
CASH INFLOWS			
17	<i>Secured lending (e.g. reverse repos)</i>	-	-
18	<i>Inflows from fully performing exposures</i>	458,495,239	403,127,221
19	<i>Other cash inflows</i>	19,355,765	-
20	TOTAL CASH INFLOWS	477,851,005	403,127,221
			TOTAL ADJUSTED VALUES
21	TOTAL HQLA		1,184,064,681
22	TOTAL NET CASH OUTFLOWS		893,248,574
23	LIQUIDITY COVERAGE RATIO (%)		133%

Columns a and b are calculated as simple average month end balances for July 2023, August 2023 and September 2023.

Average LCR % declined over the quarter ended June 30, 2023 (139%) on marginal decrease in HQLA following repayments in the Bank's investment portfolio and a marginal decline in Weighted Value Net Cash Outflows.