

FINANCIAL REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2024

THE BANK OF N.T. BUTTERFIELD & SON LIMITED



INDEX TO FINANCIAL STATEMENTS

Unaudited Consolidated Financial Statements	Page
Consolidated Balance Sheets (unaudited) as of March 31, 2024 and December 31, 2023	2
Consolidated Statements of Operations (unaudited) for the Three Months Ended March 31, 2024 and 2023	3
Consolidated Statements of Comprehensive Income (unaudited) for the Three Months Ended March 31, 2024 and 2023	4
Consolidated Statements of Changes in Shareholders' Equity (unaudited) for the Three Months Ended March 31, 2024 and 2023	5
Consolidated Statements of Cash Flows (unaudited) for the Three Months Ended March 31, 2024 and 2023	6
Notes to the Consolidated Financial Statements (unaudited)	7

The Bank of N.T. Butterfield & Son Limited
Consolidated Balance Sheets (unaudited)
(In thousands of US dollars, except share and per share data)

	As at	
	March 31, 2024	December 31, 2023
Assets		
Cash and demand deposits with banks - Non-interest bearing	90,231	91,826
Demand deposits with banks - Interest bearing	151,609	151,104
Cash equivalents - Interest bearing	1,504,381	1,403,718
Cash and cash equivalents	1,746,221	1,646,648
Securities purchased under agreements to resell	134,928	187,274
Short-term investments	1,344,747	1,038,037
Investment in securities		
Available-for-sale at fair value (amortized cost: \$1,944,820 (2023: \$1,995,050))	1,766,631	1,831,129
Held-to-maturity (fair value: \$2,848,545 (2023: \$2,976,709))	3,401,472	3,461,097
Total investment in securities	5,168,103	5,292,226
Loans		
Loans	4,668,892	4,771,608
Allowance for credit losses	(24,780)	(25,759)
Loans, net of allowance for credit losses	4,644,112	4,745,849
Premises, equipment and computer software, net	150,285	154,362
Goodwill	23,827	24,107
Other intangible assets, net	72,477	74,800
Equity method investments	6,434	7,063
Other real estate owned, net	525	450
Accrued interest and other assets	236,413	203,204
Total assets	13,528,072	13,374,020
Liabilities		
Deposits		
Non-interest bearing	2,560,430	2,656,659
Interest bearing	9,570,421	9,330,049
Total deposits	12,130,851	11,986,708
Employee benefit plans	88,937	88,694
Accrued interest and other liabilities	214,623	196,531
Total other liabilities	303,560	285,225
Long-term debt	98,549	98,490
Total liabilities	12,532,960	12,370,423
Commitments, contingencies and guarantees (Note 10)		
Shareholders' equity		
Common share capital (BMD 0.01 par; authorized voting ordinary shares 2,000,000,000 and non-voting ordinary shares 6,000,000,000) issued and outstanding: 46,840,139 (2023: 47,529,045)	468	475
Additional paid-in capital	969,670	988,904
Retained earnings	364,921	342,520
Less: treasury common shares, at cost: 619,212 (2023: 619,212)	(18,660)	(18,104)
Accumulated other comprehensive income (loss)	(321,287)	(310,198)
Total shareholders' equity	995,112	1,003,597
Total liabilities and shareholders' equity	13,528,072	13,374,020

The accompanying notes are an integral part of these consolidated financial statements.

The Bank of N.T. Butterfield & Son Limited
Consolidated Statements of Operations (unaudited)
(In thousands of US dollars, except per share data)

	Three months ended	
	March 31, 2024	March 31, 2023
Non-interest income		
Asset management	8,842	7,938
Banking	14,259	13,600
Foreign exchange revenue	13,192	10,712
Trust	15,044	12,838
Custody and other administration services	3,314	3,336
Other non-interest income	442	1,761
Total non-interest income	55,093	50,185
Interest income		
Interest and fees on loans	76,986	77,488
<i>Investments (none of the investment securities are intrinsically tax-exempt)</i>		
Available-for-sale	9,573	8,908
Held-to-maturity	19,325	20,921
Cash and cash equivalents, securities purchased under agreements to resell and short-term investments	36,828	27,138
Total interest income	142,712	134,455
Interest expense		
Deposits	54,209	34,696
Long-term debt	1,371	2,400
Securities sold under agreement to repurchase	54	4
Total interest expense	55,634	37,100
Net interest income before provision for credit losses	87,078	97,355
Provision for credit (losses) recoveries	409	(671)
Net interest income after provision for credit losses	87,487	96,684
Net gains (losses) on equity securities	—	50
Net realized gains (losses) on available-for-sale investments	—	(8)
Net gains (losses) on other real estate owned	(12)	59
Net other gains (losses)	249	9
Total other gains (losses)	237	110
Total net revenue	142,817	146,979
Non-interest expense		
Salaries and other employee benefits	42,773	42,331
Technology and communications	16,127	13,929
Professional and outside services	5,513	5,033
Property	8,723	7,436
Indirect taxes	6,304	5,747
Non-service employee benefits expense	982	1,398
Marketing	1,302	1,503
Amortization of intangible assets	1,931	1,418
Other expenses	4,877	5,311
Total non-interest expense	88,532	84,106
Net income before income taxes	54,285	62,873
Income tax benefit (expense)	(854)	(669)
Net income	53,431	62,204
Earnings per common share		
Basic earnings per share	1.15	1.25
Diluted earnings per share	1.13	1.24

The accompanying notes are an integral part of these consolidated financial statements.

The Bank of N.T. Butterfield & Son Limited
 Consolidated Statements of Comprehensive Income (unaudited)
 (In thousands of US dollars)

Three months ended
March 31, 2024 March 31, 2023

Net income	53,431	62,204
Other comprehensive income (loss), net of taxes		
Unrealized net gains (losses) on translation of net investment in foreign operations	(63)	(44)
Net changes on investments transferred to held-to-maturity	2,001	2,027
Unrealized net gains (losses) on available-for-sale investments	(14,277)	29,816
Employee benefit plans adjustments	1,250	318
Other comprehensive income (loss), net of taxes	(11,089)	32,117
Total comprehensive income (loss)	42,342	94,321

The accompanying notes are an integral part of these consolidated financial statements.

The Bank of N.T. Butterfield & Son Limited
Consolidated Statements of Changes in Shareholders' Equity (unaudited)

	March 31, 2024		March 31, 2023	
	Number of shares	In thousands of US dollars	Number of shares	In thousands of US dollars
Common share capital issued and outstanding				
Balance at beginning of period	47,529,045	475	50,277,466	503
Retirement of shares	(1,155,790)	(11)	(144,929)	(2)
Issuance of common shares	466,884	4	315,460	3
Balance at end of period	46,840,139	468	50,447,997	504
Additional paid-in capital				
Balance at beginning of period		988,904		1,032,632
Share-based compensation		4,796		4,493
Share-based settlements		22		—
Retirement of shares		(24,048)		(2,051)
Issuance of common shares, net of underwriting discounts and commissions		(4)		—
Balance at end of period		969,670		1,035,074
Retained earnings				
Balance at beginning of period		342,520		229,732
Net Income for the period		53,431		62,204
Common share cash dividends declared and paid, \$0.44 per share (2023: \$0.44 per share)		(20,506)		(21,975)
Retirement of shares		(10,524)		(2,792)
Balance at end of period		364,921		267,169
Treasury common shares				
Balance at beginning of period	619,212	(18,104)	619,212	(20,600)
Purchase of treasury common shares	1,155,790	(35,139)	144,929	(4,756)
Retirement of shares	(1,155,790)	34,583	(144,929)	4,845
Balance at end of period	619,212	(18,660)	619,212	(20,511)
Accumulated other comprehensive income (loss)				
Balance at beginning of period		(310,198)		(377,452)
Other comprehensive income (loss), net of taxes		(11,089)		32,117
Balance at end of period		(321,287)		(345,335)
Total shareholders' equity		995,112		936,901

The accompanying notes are an integral part of these consolidated financial statements.

The Bank of N.T. Butterfield & Son Limited
Consolidated Statements of Cash Flows (unaudited)
(In thousands of US dollars)

Three months ended

March 31, 2024 March 31, 2023

	March 31, 2024	March 31, 2023
Cash flows from operating activities		
Net income	53,431	62,204
Adjustments to reconcile net income to operating cash flows		
Depreciation and amortization	(5,878)	8,279
Provision for credit losses (recoveries)	(409)	671
Share-based payments and settlements	4,818	4,496
Net change in equity securities at fair value	—	(50)
Net realized (gains) losses on available-for-sale investments	—	8
Net (gains) losses on other real estate owned	12	(59)
(Increase) decrease in carrying value of equity method investments	584	(398)
Dividends received from equity method investments	45	45
Net other non-cash movements	—	1,089
Changes in operating assets and liabilities		
(Increase) decrease in accrued interest receivable and other assets	(20,106)	5,974
Increase (decrease) in employee benefit plans, accrued interest payable and other liabilities	(4,234)	(5,100)
Cash provided by (used in) operating activities	28,263	77,159
Cash flows from investing activities		
(Increase) decrease in securities purchased under agreements to resell	52,346	(111,459)
Short-term investments other than restricted cash: proceeds from maturities and sales	636,158	434,281
Short-term investments other than restricted cash: purchases	(917,859)	(617,650)
Available-for-sale investments: proceeds from sale	—	2,993
Available-for-sale investments: proceeds from maturities and pay downs	184,993	27,086
Available-for-sale investments: purchases	(151,505)	—
Held-to-maturity investments: proceeds from maturities and pay downs	59,142	61,228
Net (increase) decrease in loans	84,593	118,460
Additions to premises, equipment and computer software	(1,620)	(7,077)
Purchase of intangible assets	(477)	—
Cash provided by (used in) investing activities	(54,229)	(92,138)
Cash flows from financing activities		
Net increase (decrease) in deposits	187,822	(713,634)
Common shares repurchased	(35,139)	(4,756)
Cash dividends paid on common shares	(20,506)	(21,975)
Cash provided by (used in) financing activities	132,177	(740,365)
Net effect of exchange rates on cash, cash equivalents and restricted cash	(4,228)	5,813
Net increase (decrease) in cash, cash equivalents and restricted cash	101,983	(749,531)
Cash, cash equivalents and restricted cash: beginning of period	1,672,260	2,116,546
Cash, cash equivalents and restricted cash: end of period	1,774,243	1,367,015
Components of cash, cash equivalents and restricted cash at end of period		
Cash and cash equivalents	1,746,221	1,344,800
Restricted cash included in short-term investments on the consolidated balance sheets	28,022	22,215
Total cash, cash equivalents and restricted cash at end of period	1,774,243	1,367,015
Supplemental disclosure of non-cash items		
Transfer to (out of) other real estate owned	87	—

The accompanying notes are an integral part of these consolidated financial statements.

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited)
(In thousands of US dollars, unless otherwise stated)

Note 1: Nature of business

The Bank of N.T. Butterfield & Son Limited ("Butterfield", the "Bank" or the "Company") is incorporated under the laws of Bermuda and has a banking license under the Banks and Deposit Companies Act, 1999 ("the Act"). Butterfield is regulated by the Bermuda Monetary Authority ("BMA"), which operates in accordance with Basel principles.

Butterfield is a full service bank and wealth manager headquartered in Hamilton, Bermuda. The Bank operates its business through three geographic segments: Bermuda, Cayman, and the Channel Islands and the United Kingdom ("UK"), where its principal banking operations are located and where it offers specialized financial services. Butterfield offers banking services, comprised of retail and corporate banking, and wealth management, which consists of trust, private banking, and asset management. In the Bermuda, Cayman, and Channel Islands and the UK segments, Butterfield offers both banking and wealth management services. Butterfield also has operations in the jurisdictions of The Bahamas, Canada, Mauritius, Singapore and Switzerland, which are included in our Other segment.

The Bank's common shares trade on the New York Stock Exchange under the symbol "NTB" and on the Bermuda Stock Exchange ("BSX") under the symbol "NTB.BH".

Note 2: Significant accounting policies

The accompanying unaudited interim consolidated financial statements of the Bank have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and should be read in conjunction with the Bank's audited financial statements for the year ended December 31, 2023.

In the opinion of Management, these unaudited interim consolidated financial statements reflect all adjustments (consisting primarily of normal recurring accruals) considered necessary for a fair statement of the Bank's financial position and results of operations as at the end of and for the periods presented. The Bank's results for interim periods are not necessarily indicative of results for the full year.

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the unaudited consolidated financial statements and the reported amounts of revenues and expenses during the reporting period, and actual results could differ from those estimates. Management believes that the most critical accounting estimates upon which the financial condition depends, and which involve the most complex or subjective decisions or assessments, are as follows:

- Allowance for credit losses
- Fair value of financial instruments
- Impairment of goodwill
- Employee benefit plans
- Share-based compensation

New Accounting Pronouncements

There were no accounting developments issued during the three months ended March 31, 2024 or accounting standards pending adoption which impacted the Bank.

Note 3: Cash and cash equivalents

	March 31, 2024	December 31, 2023
Non-interest bearing		
Cash and demand deposits with banks	90,231	91,826
Interest bearing		
Demand deposits with banks	151,609	151,104
Cash equivalents	1,504,381	1,403,718
Sub-total - Interest bearing	1,655,990	1,554,822
Total cash and cash equivalents	1,746,221	1,646,648

Note 4: Short-term investments

	March 31, 2024	December 31, 2023
Unrestricted		
Maturing within three months	856,084	639,133
Maturing between three to six months	460,641	321,850
Maturing between six to twelve months	—	51,442
Total unrestricted short-term investments	1,316,725	1,012,425
Affected by drawing restrictions related to minimum reserve and derivative margin requirements		
Interest earning demand and term deposits	28,022	25,612
Total restricted short-term investments	28,022	25,612
Total short-term investments	1,344,747	1,038,037

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Note 5: Investment in securities

Amortized Cost, Carrying Amount and Fair Value

On the consolidated balance sheets, available-for-sale ("AFS") investments are carried at fair value and held-to-maturity ("HTM") investments are carried at amortized cost.

	March 31, 2024				December 31, 2023			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale								
US government and federal agencies	1,831,869	1,079	(174,191)	1,658,757	1,721,278	1,382	(158,875)	1,563,785
Non-US governments debt securities	94,410	—	(3,121)	91,289	254,532	—	(4,355)	250,177
Asset-backed securities - Student loans	40	—	—	40	40	—	—	40
Residential mortgage-backed securities	18,501	—	(1,956)	16,545	19,200	—	(2,073)	17,127
Total available-for-sale	1,944,820	1,079	(179,268)	1,766,631	1,995,050	1,382	(165,303)	1,831,129
Held-to-maturity¹								
US government and federal agencies	3,401,472	—	(552,927)	2,848,545	3,461,097	—	(484,388)	2,976,709
Total held-to-maturity	3,401,472	—	(552,927)	2,848,545	3,461,097	—	(484,388)	2,976,709

¹For the three months ended March 31, 2024 and March 31, 2023, impairments recognized in other comprehensive income for HTM investments were nil.

Investments with Unrealized Loss Positions

The Bank does not believe that the AFS debt securities that were in an unrealized loss position as of March 31, 2024, comprising 165 securities representing 94.2% of the AFS portfolios' carrying value (December 31, 2023: 163 and 96.2%), represent credit losses. Total gross unrealized AFS losses were 10.8% of the fair value of the affected securities (December 31, 2023: 9.4%).

The Bank's HTM debt securities are comprised of US government and federal agencies securities and have a zero credit loss assumption under the CECL model. HTM debt securities that were in an unrealized loss position as of March 31, 2024, were comprised of 219 securities representing 100% of the HTM portfolios' carrying value (December 31, 2023: 219 and 100%). Total gross unrealized HTM losses were 19.4% of the fair value of affected securities (December 31, 2023: 16.3%).

Management does not intend to sell and it is likely that management will not be required to sell the securities prior to the anticipated recovery of the cost of these securities. Unrealized losses were attributable primarily to changes in market interest rates, relative to when the investment securities were purchased, and not due to a decrease in the credit quality of the investment securities. The issuers continue to make timely principal and interest payments on the securities. The following describes the processes for identifying credit impairment in security types with the most significant unrealized losses as shown in the preceding tables.

Management believes that all the **US government and federal agencies securities** do not have any credit losses, given the explicit and implicit guarantees provided by the US federal government.

Management believes that all the **Non-US governments debt securities** do not have any credit losses, given the explicit guarantee provided by the issuing government.

Investments in **Asset-backed securities - Student loans** are composed primarily of securities collateralized by Federal Family Education Loan Program loans ("FFELP loans"). FFELP loans benefit from a US federal government guarantee of at least 97% of defaulted principal and accrued interest, with additional credit support provided in the form of over-collateralization, subordination and excess spread, which collectively total in excess of 100%. Accordingly, the vast majority of FFELP loan-backed securities are not exposed to traditional consumer credit risk.

Investments in **Residential mortgage-backed securities** relate to 13 securities (December 31, 2023: 13) which are rated AAA and possess similar significant credit enhancement as described above. No credit losses were recognized on these securities as the weighted average credit support and the weighted average loan-to-value ratios range from 15.6% - 49.5% and 45.0% - 53.8%, respectively. Current credit support is significantly greater than any delinquencies experienced on the underlying mortgages.

In the following tables, debt securities with unrealized losses that are not deemed to be credit impaired and for which an allowance for credit losses has not been recorded are categorized as being in a loss position for "less than 12 months" or "12 months or more" based on the point in time that the fair value most recently declined below the amortized cost basis.

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

	Less than 12 months		12 months or more		Total fair value	Total gross unrealized losses
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses		
March 31, 2024						
Available-for-sale securities with unrealized losses						
US government and federal agencies	122,311	(531)	1,434,017	(173,660)	1,556,328	(174,191)
Non-US governments debt securities	—	—	91,289	(3,121)	91,289	(3,121)
Asset-backed securities - Student loans	—	—	40	—	40	—
Residential mortgage-backed securities	—	—	16,545	(1,956)	16,545	(1,956)
Total available-for-sale securities with unrealized losses	122,311	(531)	1,541,891	(178,737)	1,664,202	(179,268)
Held-to-maturity securities with unrealized losses						
US government and federal agencies	—	—	2,848,545	(552,927)	2,848,545	(552,927)

	Less than 12 months		12 months or more		Total fair value	Total gross unrealized losses
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses		
December 31, 2023						
Available-for-sale securities with unrealized losses						
US government and federal agencies	7,855	(137)	1,486,104	(158,738)	1,493,959	(158,875)
Non-US governments debt securities	—	—	250,177	(4,355)	250,177	(4,355)
Asset-backed securities - Student loans	—	—	40	—	40	—
Residential mortgage-backed securities	—	—	17,127	(2,073)	17,127	(2,073)
Total available-for-sale securities with unrealized losses	7,855	(137)	1,753,448	(165,166)	1,761,303	(165,303)
Held-to-maturity securities with unrealized losses						
US government and federal agencies	—	—	2,976,709	(484,388)	2,976,709	(484,388)

Investment Maturities

The following table presents the remaining term to contractual maturity of the Bank's securities. The actual maturities may differ as certain securities offer prepayment options to the borrowers.

	Remaining term to maturity						Carrying amount
	Within 3 months	3 to 12 months	1 to 5 years	5 to 10 years	Over 10 years	No specific or single maturity	
March 31, 2024							
Available-for-sale							
US government and federal agencies	44,737	147,267	587,580	—	—	879,173	1,658,757
Non-US governments debt securities	—	91,289	—	—	—	—	91,289
Asset-backed securities - Student loans	—	—	—	—	—	40	40
Residential mortgage-backed securities	—	—	—	—	—	16,545	16,545
Total available-for-sale	44,737	238,556	587,580	—	—	895,758	1,766,631
Held-to-maturity							
US government and federal agencies	—	—	—	—	—	3,401,472	3,401,472

Pledged Investments

The Bank pledges certain US government and federal agencies investment securities to further secure the Bank's issued customer deposit products. The secured party does not have the right to sell or repledge the collateral.

	March 31, 2024		December 31, 2023	
	Amortized cost	Fair value	Amortized cost	Fair value
Pledged Investments				
Available-for-sale	26,330	24,310	27,459	25,785
Held-to-maturity	94,987	84,392	96,952	88,399

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Sale Proceeds and Realized Gains and Losses of AFS Securities

	Three months ended					
	March 31, 2024			March 31, 2023		
	Sale proceeds	Gross realized gains	Gross realized (losses)	Sale proceeds	Gross realized gains	Gross realized (losses)
Asset-backed securities - Student loans	—	—	—	2,993	—	(8)
Total	—	—	—	2,993	—	(8)

Taxability of Interest Income

None of the investments' interest income have received a specific preferential income tax treatment in any of the jurisdictions in which the Bank owns investments.

Note 6: Loans

The principal means of securing residential mortgages, personal, credit card and business loans are entitlements over assets and guarantees. Mortgage loans are generally repayable over periods of up to thirty years and personal and business loans are generally repayable over a period of five to ten years, depending on the purpose. Government loans are repayable over a variety of terms which are individually negotiated. Amounts owing on credit cards are revolving and typically a minimum amount is due within 30 days from billing. The credit card portfolio is managed as a single portfolio and includes consumer and business cards. The effective yield on total loans as at March 31, 2024 is 6.48% (December 31, 2023: 6.46%). The interest receivable on total loans as at March 31, 2024 is \$23.3 million (December 31, 2023: \$23.1 million). The interest receivable is included in Accrued interest and other assets on the consolidated balance sheets and is excluded from all loan amounts disclosed in this note.

Loans' Credit Quality

The four credit quality classifications set out in the following tables are defined below and describe the credit quality of the Bank's lending portfolio. These classifications each encompass a range of more granular internal credit rating grades. Loans' internal credit ratings are assigned by the Bank's customer relationship managers as well as members of the Bank's jurisdictional and Group Credit Committees. The borrowers' financial condition is documented at loan origination and maintained periodically thereafter at a frequency which can be up to monthly for certain loans. The loans' performing status, as well as current economic trends, are continuously monitored. The Bank's jurisdictional and Group Credit Committees meet on a monthly basis. The Bank also has a Group Provisions and Impairments Committee which is responsible for approving significant provisions and other impairment charges.

A **pass** loan shall mean a loan that is expected to be repaid as agreed. A loan is classified as pass where the Bank is not expected to face repayment difficulties because the present and projected cash flows are sufficient to repay the debt and the repayment schedule as established by the agreement is being followed. Loans in this category are reviewed by the Bank's management on at least an annual basis.

A **special mention** loan shall mean a loan under close monitoring by the Bank's management on at least a quarterly basis. Loans in this category are currently still performing, but are potentially weak and present an undue credit risk exposure, but not to the point of justifying a classification of substandard.

A **substandard** loan shall mean a loan whose evident unreliability makes repayment doubtful and there is a threat of loss to the Bank unless the unreliability is averted. Loans in this category are under close monitoring by the Bank's management on at least a quarterly basis.

A **non-accrual** loan shall mean either management is of the opinion full payment of principal or interest is in doubt or that the principal or interest is 90 days past due unless it is a residential mortgage loan which is well secured and collection efforts are reasonably expected to result in amounts due. Loans in this category are under close monitoring by the Bank's management on at least a quarterly basis.

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

The amortized cost of loans by credit quality classification and allowance for expected credit losses by class of loans is as follows:

March 31, 2024	Pass	Special mention	Substandard	Non-accrual	Total amortized cost	Allowance for expected credit losses	Total net loans
Commercial loans							
Government	269,482	—	—	—	269,482	(800)	268,682
Commercial and industrial	267,727	553	835	18,369	287,484	(10,569)	276,915
Commercial overdrafts	122,456	1,472	255	112	124,295	(131)	124,164
Total commercial loans	659,665	2,025	1,090	18,481	681,261	(11,500)	669,761
Commercial real estate loans							
Commercial mortgage	573,033	1,584	2,485	3,034	580,136	(1,356)	578,780
Construction	10,700	—	—	—	10,700	—	10,700
Total commercial real estate loans	583,733	1,584	2,485	3,034	590,836	(1,356)	589,480
Consumer loans							
Automobile financing	18,168	—	—	159	18,327	(53)	18,274
Credit card	85,663	—	317	—	85,980	(1,718)	84,262
Overdrafts	40,374	—	—	42	40,416	(477)	39,939
Other consumer ¹	40,711	—	1,666	751	43,128	(837)	42,291
Total consumer loans	184,916	—	1,983	952	187,851	(3,085)	184,766
Residential mortgage loans	2,991,028	20,414	160,903	36,599	3,208,944	(8,839)	3,200,105
Total	4,419,342	24,023	166,461	59,066	4,668,892	(24,780)	4,644,112

¹ Other consumer loans' amortized cost includes \$9 million of cash and portfolio secured lending and \$27 million of lending secured by buildings in construction or other collateral.

December 31, 2023	Pass	Special mention	Substandard	Non-accrual	Total amortized cost	Allowance for expected credit losses	Total net loans
Commercial loans							
Government	274,854	—	—	—	274,854	(848)	274,006
Commercial and industrial	258,325	626	853	18,392	278,196	(10,133)	268,063
Commercial overdrafts	116,859	1,689	159	87	118,794	(267)	118,527
Total commercial loans	650,038	2,315	1,012	18,479	671,844	(11,248)	660,596
Commercial real estate loans							
Commercial mortgage	590,276	1,484	1,842	3,133	596,735	(1,441)	595,294
Construction	10,981	—	—	—	10,981	—	10,981
Total commercial real estate loans	601,257	1,484	1,842	3,133	607,716	(1,441)	606,275
Consumer loans							
Automobile financing	18,823	—	—	139	18,962	(59)	18,903
Credit card	85,242	—	392	—	85,634	(1,744)	83,890
Overdrafts	42,673	—	—	42	42,715	(379)	42,336
Other consumer ¹	41,901	—	1,682	839	44,422	(914)	43,508
Total consumer loans	188,639	—	2,074	1,020	191,733	(3,096)	188,637
Residential mortgage loans	3,105,085	16,084	140,761	38,385	3,300,315	(9,974)	3,290,341
Total	4,545,019	19,883	145,689	61,017	4,771,608	(25,759)	4,745,849

¹ Other consumer loans' amortized cost includes \$8 million of cash and portfolio secured lending and \$27 million of lending secured by buildings in construction or other collateral.

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Based on the most recent analysis performed, the amortized cost of loans by year of origination and credit quality classification is as follows:

March 31, 2024	Pass	Special mention	Substandard	Non-accrual	Total amortized cost
Loans by origination year					
2024	99,730	—	—	—	99,730
2023	418,099	—	—	—	418,099
2022	823,557	134	—	984	824,675
2021	499,405	134	—	—	499,539
2020	344,714	441	29,879	22	375,056
Prior	1,980,054	21,639	136,010	57,906	2,195,609
Overdrafts and credit cards	253,783	1,675	572	154	256,184
Total amortized cost	4,419,342	24,023	166,461	59,066	4,668,892

December 31, 2023	Pass	Special mention	Substandard	Non-accrual	Total amortized cost
Loans by origination year					
2023	446,889	—	—	—	446,889
2022	868,598	141	—	1,024	869,763
2021	522,169	146	—	—	522,315
2020	364,225	457	25,534	12	390,228
2019	526,356	339	272	8,979	535,946
Prior	1,559,264	17,110	119,332	50,872	1,746,578
Overdrafts and credit cards	257,518	1,690	551	130	259,889
Total amortized cost	4,545,019	19,883	145,689	61,017	4,771,608

Age Analysis of Past Due Loans (Including Non-Accrual Loans)

The following tables summarize the past due status of the loans. The aging of past due amounts are determined based on the contractual delinquency status of payments under the loan and this aging may be affected by the timing of the last business day at period end. Loans less than 30 days past due are included in current loans.

March 31, 2024	30 - 59 days	60 - 89 days	90 days or more	Total past due loans	Total current	Total amortized cost
Commercial loans						
Government	—	—	—	—	269,482	269,482
Commercial and industrial	—	—	18,369	18,369	269,115	287,484
Commercial overdrafts	—	—	112	112	124,183	124,295
Total commercial loans	—	—	18,481	18,481	662,780	681,261
Commercial real estate loans						
Commercial mortgage	351	472	3,034	3,857	576,279	580,136
Construction	—	—	—	—	10,700	10,700
Total commercial real estate loans	351	472	3,034	3,857	586,979	590,836
Consumer loans						
Automobile financing	23	1	125	149	18,178	18,327
Credit card	559	343	317	1,219	84,761	85,980
Overdrafts	—	—	42	42	40,374	40,416
Other consumer	296	68	2,241	2,605	40,523	43,128
Total consumer loans	878	412	2,725	4,015	183,836	187,851
Residential mortgage loans	20,219	16,941	128,446	165,606	3,043,338	3,208,944
Total amortized cost	21,448	17,825	152,686	191,959	4,476,933	4,668,892

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

December 31, 2023	30 - 59 days	60 - 89 days	90 days or more	Total past due loans	Total current	Total amortized cost
Commercial loans						
Government	—	—	—	—	274,854	274,854
Commercial and industrial	—	—	18,392	18,392	259,804	278,196
Commercial overdrafts	—	—	87	87	118,707	118,794
Total commercial loans	—	—	18,479	18,479	653,365	671,844
Commercial real estate loans						
Commercial mortgage	—	355	3,133	3,488	593,247	596,735
Construction	—	—	—	—	10,981	10,981
Total commercial real estate loans	—	355	3,133	3,488	604,228	607,716
Consumer loans						
Automobile financing	124	42	112	278	18,684	18,962
Credit card	902	255	392	1,549	84,085	85,634
Overdrafts	—	—	42	42	42,673	42,715
Other consumer	—	89	2,296	2,385	42,037	44,422
Total consumer loans	1,026	386	2,842	4,254	187,479	191,733
Residential mortgage loans	23,483	17,559	102,224	143,266	3,157,049	3,300,315
Total amortized cost	24,509	18,300	126,678	169,487	4,602,121	4,771,608

Changes in Allowances For Credit Losses

The decrease in the allowance for expected credit losses during the three months ended March 31, 2024 was primarily attributable to repayment of two residential mortgage properties following the sale of the underlying collateral and reduced delinquencies in Bermuda. As disclosed in Note 2 of the December 31, 2023 Audited Consolidated Financial Statements, the Bank continuously collects and maintains attributes related to financial instruments within the scope of CECL, including current conditions, and reasonable and supportable assumptions about future economic conditions.

	Three months ended March 31, 2024				
	Commercial	Commercial real estate	Consumer	Residential mortgage	Total
Balance at the beginning of period	11,248	1,441	3,096	9,974	25,759
Provision increase (decrease)	423	(85)	154	(917)	(425)
Recoveries of previous charge-offs	—	—	284	108	392
Charge-offs, by origination year					
2024	—	—	—	—	—
2023	—	—	(2)	—	(2)
2022	—	—	—	—	—
2021	—	—	—	—	—
2020	—	—	—	—	—
Prior	(170)	—	—	(323)	(493)
Overdrafts and credit cards	(1)	—	(446)	—	(447)
Other	—	—	(1)	(3)	(4)
Allowances for expected credit losses at end of period	11,500	1,356	3,085	8,839	24,780

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

	Three months ended March 31, 2023				
	Commercial	Commercial real estate	Consumer	Residential mortgage	Total
Balance at the beginning of period	12,143	884	2,696	9,238	24,961
Provision increase (decrease)	(243)	(41)	679	276	671
Recoveries of previous charge-offs	67	—	343	262	672
Charge-offs, by origination year					
2023	—	—	—	—	—
2022	—	—	—	—	—
2021	—	—	(16)	—	(16)
2020	—	—	—	—	—
2019	—	—	—	—	—
Prior	(66)	—	(121)	(474)	(661)
Overdrafts and credit cards	(3)	—	(281)	—	(284)
Other	1	(1)	6	15	21
Allowances for expected credit losses at end of period	11,899	842	3,306	9,317	25,364

Collateral-dependent loans

Management identified that the repayment of certain commercial and consumer mortgage loans is expected to be provided substantially through the operation or the sale of the collateral pledged to the Bank ("collateral-dependent loans"). The Bank believes that for the vast majority of loans identified as collateral-dependent, the sale of the collateral will be sufficient to fully reimburse the loan's carrying amount.

Non-Performing Loans

During the three months ended March 31, 2024, no interest was recognized on non-accrual loans. Non-performing loans at March 31, 2024 include PCD loans, which have all been on non-accrual status since their acquisition. No credit deteriorated loans were purchased during the period.

	March 31, 2024				December 31, 2023			
	Non-accrual loans with an allowance	Non-accrual loans without an allowance	Past due 90 days or more and accruing	Total non-performing loans	Non-accrual loans with an allowance	Non-accrual loans without an allowance	Past due 90 days or more and accruing	Total non-performing loans
Commercial loans								
Commercial and industrial	18,067	302	—	18,369	18,086	306	—	18,392
Commercial overdrafts	—	112	—	112	—	88	—	88
Total commercial loans	18,067	414	—	18,481	18,086	394	—	18,480
Commercial real estate loans								
Commercial mortgage	1,867	1,167	—	3,034	1,958	1,175	—	3,133
Total commercial real estate loans	1,867	1,167	—	3,034	1,958	1,175	—	3,133
Consumer loans								
Automobile financing	127	32	—	159	124	15	—	139
Credit card	—	—	317	317	—	—	392	392
Overdrafts	—	42	—	42	—	42	—	42
Other consumer	501	250	1,666	2,417	512	327	1,682	2,521
Total consumer loans	628	324	1,983	2,935	636	384	2,074	3,094
Residential mortgage loans	19,023	17,576	96,908	133,507	20,059	18,326	70,325	108,710
Total non-performing loans	39,585	19,481	98,891	157,957	40,739	20,279	72,399	133,417

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Loan Modifications Made to Borrowers Experiencing Financial Difficulty

The following table summarizes the amortized cost basis of loan modifications made to borrowers experiencing financial difficulty during the three-months ended March 31, 2024.

March 31, 2024	Amortized cost basis			In % of the class of loans	Weighted average financial effects	
	Term extension and interest rate reduction	Term extension	Interest rate reduction		Months of term extension	Interest rate reduction
Commercial mortgage	—	—	654	0.1 %	—	3.0 %
Residential mortgage loans	1,257	—	1,174	0.1 %	31	3.0 %

December 31, 2023	Amortized cost basis			In % of the class of loans	Weighted average financial effects	
	Term extension and interest rate reduction	Term extension	Interest rate reduction		Months of term extension	Interest rate reduction
Commercial mortgage	472	—	—	0.1 %	22	1.8 %
Residential mortgage loans	2,938	3,499	7,428	0.4 %	35	3.3 %

Age analysis and subsequent default of modified loans.

As at March 31, 2024, all loans for which a concession was granted during the preceding 12 months are current, except for the following:

Commercial real estate loans:

- \$0.5 million (March 31, 2023: Nil) of commercial real estate loans for which a term extension and reduction in interest rate was granted are 60 to 89 days past due.

Residential mortgage loans:

- \$0.1 million (March 31, 2023: Nil) of residential mortgage loans for which a reduction in interest rate was granted are 30 to 59 days past due; and
- \$0.8 million (March 31, 2023: Nil) of residential mortgage loans for which a reduction in interest rate was granted had a payment default and are 90 days or more past due.

Note 7: Credit risk concentrations

Concentrations of credit risk in the lending and off-balance sheet credit-related arrangements portfolios arise when a number of customers are engaged in similar business activities, are in the same geographic region, or when they have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions. The Bank regularly monitors various segments of its credit risk portfolio to assess potential concentrations of risks and to obtain collateral when deemed necessary. In the Bank's commercial portfolio, risk concentrations are evaluated primarily by industry and by geographic region of loan origination. In the consumer portfolio, concentrations are evaluated primarily by products. Credit exposures include loans, guarantees and acceptances, letters of credit and commitments for undrawn lines of credit. Unconditionally cancellable credit cards and overdraft lines of credit are excluded from the tables below.

The following table summarizes the credit exposure of the Bank by geographic region. The exposure amounts disclosed below do not include accrued interest and are gross of allowances for credit losses and gross of collateral held.

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Geographic region	March 31, 2024				December 31, 2023			
	Cash and cash equivalents, resell agreements and short-term investments	Loans	Off-balance sheet	Total credit exposure	Cash and cash equivalents, resell agreements and short-term investments	Loans	Off-balance sheet	Total credit exposure
Belgium	9,607	—	—	9,607	2,815	—	—	2,815
Bermuda	42,826	1,746,007	184,115	1,972,948	39,843	1,772,429	189,190	2,001,462
Canada	1,201,094	—	—	1,201,094	1,198,290	—	—	1,198,290
Cayman Islands	43,984	1,159,687	225,701	1,429,372	46,870	1,171,213	197,333	1,415,416
Germany	2,999	—	—	2,999	1,637	—	—	1,637
Guernsey	1	598,616	194,406	793,023	1	630,157	180,179	810,337
Ireland	15,606	—	—	15,606	13,849	—	—	13,849
Japan	114,807	—	—	114,807	15,831	—	—	15,831
Jersey	—	180,020	15,349	195,369	—	181,647	17,514	199,161
Norway	210,029	—	—	210,029	94,698	—	—	94,698
Spain	53,936	—	—	53,936	—	—	—	—
Switzerland	2,756	—	—	2,756	1,952	—	—	1,952
The Bahamas	107	4,979	—	5,086	990	5,625	—	6,615
United Kingdom	829,830	979,583	121,184	1,930,597	558,724	1,010,537	162,002	1,731,263
United States	696,141	—	—	696,141	894,259	—	—	894,259
Other	2,173	—	—	2,173	2,200	—	—	2,200
Total gross exposure	3,225,896	4,668,892	740,755	8,635,543	2,871,959	4,771,608	746,218	8,389,785

Note 8: Deposits

By Maturity

March 31, 2024	Demand		Total demand deposits	Term				Total term deposits	Total deposits
	Non-interest bearing	Interest bearing		Within 3 months	3 to 6 months	6 to 12 months	After 12 months		
Demand or less than \$100k ¹	2,560,430	5,579,767	8,140,197	45,442	16,621	22,402	9,708	94,173	8,234,370
Term - \$100k or more	N/A	N/A	—	2,717,544	624,051	477,622	77,264	3,896,481	3,896,481
Total deposits	2,560,430	5,579,767	8,140,197	2,762,986	640,672	500,024	86,972	3,990,654	12,130,851

December 31, 2023	Demand		Total demand deposits	Term				Total term deposits	Total deposits
	Non-interest bearing	Interest bearing		Within 3 months	3 to 6 months	6 to 12 months	After 12 months		
Demand or less than \$100k ¹	2,656,659	5,602,255	8,258,914	42,571	15,177	18,877	10,360	86,985	8,345,899
Term - \$100k or more	N/A	N/A	—	2,633,800	474,034	459,325	73,650	3,640,809	3,640,809
Total deposits	2,656,659	5,602,255	8,258,914	2,676,371	489,211	478,202	84,010	3,727,794	11,986,708

¹The weighted-average interest rate on interest-bearing demand deposits as at March 31, 2024 is 0.81% (December 31, 2023: 0.81%).

By Type and Segment

	March 31, 2024			December 31, 2023		
	Payable on demand	Payable on a fixed date	Total	Payable on demand	Payable on a fixed date	Total
Bermuda	3,561,363	977,544	4,538,907	3,487,911	985,180	4,473,091
Cayman	2,893,027	1,036,694	3,929,721	2,971,581	1,033,515	4,005,096
Channel Islands and the UK	1,685,807	1,976,416	3,662,223	1,799,422	1,709,099	3,508,521
Total deposits	8,140,197	3,990,654	12,130,851	8,258,914	3,727,794	11,986,708

Note 9: Employee benefit plans

The Bank maintains trustee pension plans including non-contributory defined benefit plans and a number of defined contribution plans, and provides post-retirement medical benefits to its qualifying retirees. The defined benefit provisions under the pension plans are generally based upon years of service and average salary during the relevant years of employment. The defined benefit and post-retirement medical plans are not open to new participants and are non-contributory and the funding required is provided by the Bank, based upon the advice of independent actuaries. The defined benefit pension plans are in the Bermuda, Guernsey and UK jurisdictions, and the defined benefit post-retirement medical plan is in Bermuda. The Bank has a residual obligation on top of its defined contribution plan in Mauritius.

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

The Bank included an estimate of the 2024 Bank contribution and estimated benefit payments for the next ten years under the pension and post-retirement plans in its audited financial statements for the year-ended December 31, 2023. During the three months ended March 31, 2024, there have been no material revisions to these estimates.

Line item in the consolidated statements of operations	Three months ended	
	March 31, 2024	March 31, 2023
Defined benefit pension expense (income)		
Interest cost	1,279	1,332
Expected return on plan assets	(1,555)	(1,518)
Amortization of net actuarial (gains) losses	589	570
Amortization of prior service (credit) cost	20	19
Total defined benefit pension expense (income)	333	403
Post-retirement medical benefit expense (income)		
Service cost	14	19
Interest cost	1,096	1,197
Amortization of net actuarial (gains) losses	131	131
Amortization of prior service (credit) cost	(578)	(333)
Total post-retirement medical benefit expense (income)	663	1,014

The components of defined benefit pension expense (income) and post-retirement benefit expense (income) other than the service cost component are included in the line item non-service employee benefits expense in the consolidated statements of income.

Note 10: Credit related arrangements, repurchase agreements and commitments

Commitments

The Bank enters into contractual commitments to extend credit, normally with fixed expiration dates or termination clauses, at specified rates and for specific purposes. Substantially all of the Bank's commitments to extend credit are contingent upon customers maintaining specific credit standards at the time of loan funding. Management assesses the credit risk associated with certain commitments to extend credit in determining the level of the allowance for expected credit losses.

The Bank has a facility with one of its custodians, whereby the Bank may offer up to US\$200 million of standby letters of credit to its customers on a fully secured basis. Under the standard terms of the facility, the custodian has the right to set-off against securities held of 110% of the utilized facility. At March 31, 2024, \$121.9 million (December 31, 2023: \$120.0 million) of standby letters of credit were issued under this facility.

Outstanding unfunded commitments to extend credit	March 31, 2024	December 31, 2023
Commitments to extend credit	487,770	496,577
Documentary and commercial letters of credit	747	1,824
Total unfunded commitments to extend credit	488,517	498,401
Allowance for credit losses	(319)	(302)

Credit-Related Arrangements

Standby letters of credit and letters of guarantee are issued at the request of a Bank customer in order to secure the customer's payment or performance obligations to a third party. These guarantees represent an irrevocable obligation of the Bank to pay the third party beneficiary upon presentation of the guarantee and satisfaction of the documentary requirements stipulated therein, without investigation as to the validity of the beneficiary's claim against the customer. Generally, the term of the standby letters of credit does not exceed one year, while the term of the letters of guarantee does not exceed four years. The types and amounts of collateral security held by the Bank for these standby letters of credit and letters of guarantee are generally represented by deposits with the Bank or a charge over assets held in mutual funds.

The Bank considers the fees collected in connection with the issuance of standby letters of credit and letters of guarantee to be representative of the fair value of its obligation undertaken in issuing the guarantee. In accordance with applicable accounting standards related to guarantees, the Bank defers fees collected in connection with the issuance of standby letters of credit and letters of guarantee. The fees are then recognized in income proportionately over the life of the credit agreements. The following table presents the outstanding financial guarantees. Collateral is shown at estimated market value less selling cost. Where the collateral is cash, it is shown gross including accrued income.

Outstanding financial guarantees	March 31, 2024			December 31, 2023		
	Gross	Collateral	Net	Gross	Collateral	Net
Standby letters of credit	248,637	241,487	7,150	244,288	237,139	7,149
Letters of guarantee	3,601	3,565	36	3,529	3,493	36
Total	252,238	245,052	7,186	247,817	240,632	7,185

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Repurchase agreements

The Bank utilizes repurchase agreements and resell agreements (reverse repurchase agreements) to manage liquidity. The risks of these transactions include changes in the fair value of the securities posted or received as collateral and other credit related events. The Bank manages these risks by ensuring that the collateral involved is appropriate and by monitoring the value of the securities posted or received as collateral on a daily basis.

As at March 31, 2024, the Bank had 9 open positions (December 31, 2023: 5) in resell agreements with a remaining maturity of less than 30 days involving pools of mortgages issued by US federal agencies. The amortized cost of these resell agreements is \$134.9 million (December 31, 2023: \$187.3 million) and is included in securities purchased under agreements to resell on the consolidated balance sheets. As at March 31, 2024, there were no positions (December 31, 2023: no positions) which were offset on the consolidated balance sheets to arrive at the carrying value, and there was no collateral amount which was available to offset against the future settlement amount.

Legal Proceedings

There are actions and legal proceedings pending against the Bank and its subsidiaries which arose in the normal course of its business. Management, after reviewing all actions and proceedings pending against or involving the Bank and its subsidiaries, considers that the resolution of these matters would in the aggregate not be material to the consolidated financial position of the Bank, except as noted in the following paragraph.

As publicly announced, in November 2013, the US Attorney's Office for the Southern District of New York applied for and secured the issuance of so-called John Doe Summonses to six US financial institutions with which the Bank had correspondent bank relationships in connection with a US cross border tax investigation. On August 3, 2021, the Bank announced it had reached a resolution with the United States Department of Justice concerning this inquiry. The resolution is in the form of a non-prosecution agreement with a three-year term. The Bank paid \$5.6 million in respect of Forfeiture and Tax Restitution Amounts which is consistent with that previously provisioned for.

Note 11: Leases

The Bank enters into operating lease agreements either as the lessee or the lessor, mostly for office and parking spaces as well as for small office equipment. The terms of the existing leases, including renewal options that are reasonably certain to be exercised, extend up to the year 2038. Certain lease payments will be adjusted during the related lease's term based on movements in the relevant consumer price index.

	Three months ended	
	March 31, 2024	March 31, 2023
Lease costs		
Operating lease costs	1,388	1,879
Short-term lease costs	818	582
Sublease income	(289)	(372)
Total net lease cost	1,917	2,089
Operating lease income	110	266
Other information for the period		
Operating cash flows from operating leases	1,923	1,930
Other information at end of period	March 31, 2024	December 31, 2023
Operating leases right-of-use assets (included in other assets on the balance sheets)	33,617	33,445
Operating lease liabilities (included in other liabilities on the balance sheets)	33,141	33,014
Weighted average remaining lease term for operating leases (in years)	9.17	9.52
Weighted average discount rate for operating leases	5.60 %	5.60 %

The following table summarizes the maturity analysis of the Bank's commitments for long-term leases as at December 31, 2023:

Year ending December 31	Operating Leases
2024	7,162
2025	4,961
2026	4,128
2027	3,719
2028	3,725
2029 & thereafter	18,382
Total commitments	42,077
Less: effect of discounting cash flows to their present value	(9,063)
Operating lease liabilities	33,014

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Note 12: Segmented information

The Bank is managed by the Chairman & Chief Executive Officer ("CEO") on a geographic basis. The Bank presents four reportable segments, three geographical and one other: Bermuda, Cayman, Channel Islands and the UK, and Other. The Other segment is composed of several non-reportable operating segments that have been aggregated in accordance with GAAP. Each reportable segment has a managing director who reports to the Chairman & CEO. The Chairman & CEO and the segment managing director have final authority over resource allocation decisions and performance assessment.

The geographic segments reflect this management structure and the manner in which financial information is currently evaluated by the Chairman & CEO. Segment results are determined based on the Bank's management reporting system, which assigns balance sheet and statement of operations items to each of the geographic segments. The process is designed around the Bank's organizational and management structure and, accordingly, the results derived are not necessarily comparable with similar information published by other financial institutions. A description of each reportable segment and table of financial results is presented below.

Accounting policies of the reportable segments are the same as those described in Note 2 of the Bank's audited financial statements for the year ended December 31, 2023. Transactions between segments are accounted for on an accrual basis and are all eliminated upon consolidation. The Bank generally does not allocate assets, revenues and expenses among its business segments, with the exception of certain corporate overhead expenses and loan participation revenue and expenses. Loan participation revenue and expenses are allocated pro-rata based upon the percentage of the total loan funded by each jurisdiction participating in the loan.

The **Bermuda** segment provides a comprehensive range of retail, commercial and private banking services. Retail services are offered to individuals and small to medium-sized businesses through three branch locations and through internet banking, mobile banking, automated teller machines ("ATMs") and debit cards. Retail services include deposit services, consumer and mortgage lending, credit cards and personal insurance products. Commercial banking includes commercial lending and mortgages, cash management, payroll services, remote banking and letters of credit. Treasury services include money market and foreign exchange activities. Bermuda's wealth management offering consists of Butterfield Asset Management Limited, which provides investment management, advisory and brokerage services and Butterfield Trust (Bermuda) Limited, which provides trust, estate, company management and custody services. Bermuda is also the location of the Bank's head offices and accordingly, retains the unallocated corporate overhead expenses.

The **Cayman** segment provides a comprehensive range of retail, commercial and private banking services. Retail services are offered to individuals and small to medium-sized businesses through three branch locations and through internet banking, mobile banking, ATMs and debit cards. Retail services include deposit services, consumer and mortgage lending, credit cards and property/auto insurance. Commercial banking includes commercial lending and mortgages, cash management, payroll services, remote banking and letters of credit. Treasury services include money market and foreign exchange activities. Cayman's wealth management offering comprises investment management, advisory and brokerage services and Butterfield Trust (Cayman) Limited, which provides trust, estate and company management.

The **Channel Islands and the UK** segment includes the jurisdictions of Guernsey and Jersey (Channel Islands), and the UK. In the Channel Islands, a broad range of services are provided to private clients and financial intermediaries including mortgage lending, private banking and treasury services, internet banking, wealth management and fiduciary services. The jurisdiction also offers mortgage lending to the retail market. The UK jurisdiction provides mortgage services for high-value residential properties.

The **Other** segment includes the jurisdictions of The Bahamas, Canada, Mauritius, Singapore and Switzerland. These operating segments individually and collectively do not meet the quantitative threshold for segmented reporting and are therefore aggregated as non-reportable operating segments.

Total Assets by Segment	March 31, 2024	December 31, 2023
Bermuda	5,247,377	5,181,431
Cayman	4,296,118	4,341,739
Channel Islands and the UK	4,332,874	4,204,561
Other	68,167	63,470
Total assets before inter-segment eliminations	13,944,536	13,791,201
Less: inter-segment eliminations	(416,464)	(417,181)
Total	13,528,072	13,374,020

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Three months ended March 31, 2024	Net interest income		Provision for credit (losses) recoveries	Non-interest income	Net revenue before gains and losses	Gains and losses	Total net revenue	Total expenses	Net income
	Customer	Inter- segment							
Bermuda	41,404	457	482	21,516	63,859	22	63,881	48,755	15,126
Cayman	29,915	1,557	(57)	17,311	48,726	—	48,726	16,437	32,289
Channel Islands and the UK	15,696	(2,014)	(16)	11,320	24,986	215	25,201	19,947	5,254
Other	63	—	—	10,279	10,342	—	10,342	9,580	762
Total before eliminations	87,078	—	409	60,426	147,913	237	148,150	94,719	53,431
Inter-segment eliminations	—	—	—	(5,333)	(5,333)	—	(5,333)	(5,333)	—
Total	87,078	—	409	55,093	142,580	237	142,817	89,386	53,431

Three months ended March 31, 2023	Net interest income		Provision for credit (losses) recoveries	Non-interest income	Net revenue before gains and losses	Gains and losses	Total net revenue	Total expenses	Net income
	Customer	Inter- segment							
Bermuda	47,869	(1,221)	(625)	21,847	67,870	112	67,982	47,733	20,249
Cayman	34,601	1,409	34	16,850	52,894	(3)	52,891	15,349	37,542
Channel Islands and the UK	14,875	(188)	(80)	8,518	23,125	—	23,125	19,112	4,013
Other	10	—	—	7,634	7,644	1	7,645	7,245	400
Total before eliminations	97,355	—	(671)	54,849	151,533	110	151,643	89,439	62,204
Inter-segment eliminations	—	—	—	(4,664)	(4,664)	—	(4,664)	(4,664)	—
Total	97,355	—	(671)	50,185	146,869	110	146,979	84,775	62,204

Note 13: Derivative instruments and risk management

The Bank uses derivatives for risk management purposes and to meet the needs of its customers. The Bank's derivative contracts principally involve over-the-counter ("OTC") transactions that are negotiated privately between the Bank and the counterparty to the contract and include interest rate contracts and foreign exchange contracts.

The Bank may pursue opportunities to reduce its exposure to credit losses on derivatives by entering into International Swaps and Derivatives Association master agreements ("ISDAs"). Depending on the nature of the derivative transaction, bilateral collateral arrangements may be used as well. When the Bank is engaged in more than one outstanding derivative transaction with the same counterparty, and also has a legally enforceable master netting agreement with that counterparty, the net marked-to-market exposure represents the netting of the positive and negative exposures with that counterparty. When there is a net negative exposure, the Bank regards its credit exposure to the counterparty as being zero. The net marked-to-market position with a particular counterparty represents a reasonable measure of credit risk when there is a legally enforceable master netting agreement between the Bank and that counterparty.

Certain of these agreements contain credit risk-related contingent features in which the counterparty has the option to accelerate cash settlement of the Bank's net derivative liabilities with the counterparty in the event the Bank's credit rating falls below specified levels or the liabilities reach certain levels.

All derivative financial instruments, whether designated as hedges or not, are recorded on the consolidated balance sheets at fair value within other assets or other liabilities. These amounts include the effect of netting. The accounting for changes in the fair value of a derivative in the consolidated statements of operations depends on whether the contract has been designated as a hedge and qualifies for hedge accounting.

Notional Amounts

The notional amounts are not recorded as assets or liabilities on the consolidated balance sheets as they represent the face amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged. Notional amounts represent the volume of outstanding transactions and do not represent the potential gain or loss associated with market risk or credit risk of such instruments. Credit risk is limited to the positive fair value of the derivative instrument, which is significantly less than the notional amount.

Fair Value

Derivative instruments, in the absence of any compensating up-front cash payments, generally have no market value at inception. They obtain value, positive or negative, as relevant interest rates, exchange rates, equity or commodity prices or indices change. The potential for derivatives to increase or decrease in value as a result of the foregoing factors is generally referred to as market risk. Market risk is managed within clearly defined parameters as prescribed by senior management of the Bank. The fair value is defined as the profit or loss associated with replacing the derivative contracts at prevailing market prices.

Risk Management Derivatives

The Bank enters into interest derivative contracts as part of its overall interest rate risk management strategy to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. The Bank's goal is to manage interest rate sensitivity by modifying the repricing or maturity characteristics of certain consolidated balance sheet assets and liabilities so that movements in interest rates do not adversely affect the net interest margin. Derivative instruments that are used as part of the Bank's risk management strategy include interest rate swap contracts that have indices related to the pricing of specific consolidated balance sheet assets and liabilities. Interest rate swaps generally involve the exchange of fixed and variable-rate interest payments between two parties, based on a common notional principal amount and maturity date. The Bank uses foreign currency derivative instruments to hedge its exposure to foreign currency risk. Certain hedging relationships are formally designated and qualify for hedge accounting as fair value or net investment hedges. Risk management derivatives comprise fair value hedges, net investment hedges and derivatives not formally designated as hedges as described below.

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Fair value hedges include designated currency swaps that are used to minimize the Bank's exposure to variability in the fair value of AFS investments due to movements in foreign exchange rates. The effective portion of changes in the fair value of the hedged items attributable to foreign exchange rates is recognized in current year earnings consistent with the related change in fair value of the hedging instrument. For fair value hedges, hedging effectiveness of the hedged item and the hedging instrument are assessed and managed at inception and on an ongoing basis using a partial-term method.

Net investment hedges include designated currency swaps and qualifying non-derivative instruments and are used to minimize the Bank's exposure to variability in the foreign currency translation of net investments in foreign operations. The effective portion of changes in the fair value of the hedging instrument is recognized in accumulated other comprehensive income (loss) ("AOCIL") consistent with the related translation gains and losses of the hedged net investment. For net investment hedges, all critical terms of the hedged item and the hedging instrument are matched at inception and on an ongoing basis to minimize the risk of hedge ineffectiveness.

For derivatives designated as net investment hedges, the Bank follows the method based on changes in spot exchange rates. Accordingly:

- The change in the fair value of the derivative instrument that is reported in AOCIL (i.e., the effective portion) is determined by the changes in spot exchange rates.
- The change in the fair value of the derivative instrument attributable to changes in the difference between the forward rate and spot rate are excluded from the measure of the hedge ineffectiveness and that difference is reported directly in the consolidated statements of operations under foreign exchange revenue.

Amounts recorded in AOCIL are reclassified to earnings only upon the sale or substantial liquidation of an investment in a foreign subsidiary.

For foreign-currency-denominated debt instruments that are designated as hedges of net investments in foreign operations, the translation gain or loss that is recorded in AOCIL is based on the spot exchange rate between the reporting currency of the Bank and the functional currency of the respective subsidiary. See Note 20: Accumulated other comprehensive income (loss) for details on the amount recognized into AOCIL during the current period from translation gain or loss.

Derivatives not formally designated as hedges are entered into to manage the foreign exchange risk of the Bank's exposure. Changes in the fair value of derivative instruments not formally designated as hedges are recognized in foreign exchange revenue.

Client service derivatives

The Bank enters into foreign exchange contracts primarily to meet the foreign exchange needs of its customers. Foreign exchange contracts are agreements to exchange specific amounts of currencies at a future date at a specified rate of exchange. Changes in the fair value of client services derivative instruments are recognized in foreign exchange revenue.

The following table shows the aggregate notional amounts of derivative contracts outstanding listed by type and respective gross positive or negative fair values and classified by those used for risk management (sub-classified as hedging and those that do not qualify for hedge accounting), client services and credit derivatives. Fair value of derivatives is recorded in the consolidated balance sheets in other assets and other liabilities. Gross positive fair values are recorded in other assets and gross negative fair values are recorded in other liabilities, subject to netting when master netting agreements are in place.

March 31, 2024	Derivative instrument	Number of contracts	Notional amounts	Gross positive fair value	Gross negative fair value	Net fair value
Risk management derivatives						
	Net investment hedges	6	129,622	1,138	—	1,138
	Fair value hedges	3	149,576	—	(585)	(585)
	Derivatives not formally designated as hedging instruments	78	1,794,353	5,239	(5,983)	(744)
	Subtotal risk management derivatives		2,073,551	6,377	(6,568)	(191)
	Client services derivatives	178	290,018	861	(674)	187
	Total derivative instruments		2,363,569	7,238	(7,242)	(4)
<hr/>						
December 31, 2023	Derivative instrument	Number of contracts	Notional amounts	Gross positive fair value	Gross negative fair value	Net fair value
Risk management derivatives						
	Net investment hedges	5	97,194	18	(267)	(249)
	Fair value hedges	3	150,826	5,361	—	5,361
	Derivatives not formally designated as hedging instruments	57	1,368,006	5,350	(22,206)	(16,856)
	Subtotal risk management derivatives		1,616,026	10,729	(22,473)	(11,744)
	Client services derivatives	99	220,292	1,761	(1,646)	115
	Total derivative instruments		1,836,318	12,490	(24,119)	(11,629)

In addition to the above, as at March 31, 2024 foreign denominated deposits of £219.3 million (December 31, 2023: £240.3 million) and CHF 0.4 million (December 31, 2023: CHF 0.4 million) were designated as a hedge of foreign exchange risk associated with the net investment in foreign operations.

We manage derivative exposure by monitoring the credit risk associated with each counterparty using counterparty specific credit risk limits, using master netting arrangements where appropriate and obtaining collateral. The Bank elected to offset in the consolidated balance sheets certain gross derivative assets and liabilities subject to netting agreements.

The Bank also elected not to offset certain derivative assets or liabilities and all collateral received or paid that the Bank or the counterparties could legally offset in the event of default. In the tables below, these positions are deducted from the net fair value presented in the consolidated balance sheets in order to present the net exposures. The collateral values presented in the following table are limited to the related net derivative asset or liability balance and, accordingly, do not include excess collateral received or paid.

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

March 31, 2024	Gross fair value recognized	Less: offset applied under master netting agreements	Net fair value presented in the consolidated balance sheets	Less: positions not offset in the consolidated balance sheets		Net exposures
				Gross fair value of derivatives	Cash collateral received / paid	
Derivative assets						
Spot and forward foreign exchange and currency swaps	7,238	(4,894)	2,344	—	(68)	2,276
Derivative liabilities						
Spot and forward foreign exchange and currency swaps	7,242	(4,894)	2,348	—	(856)	1,492
Net negative fair value			(4)			

December 31, 2023	Gross fair value recognized	Less: offset applied under master netting agreements	Net fair value presented in the consolidated balance sheets	Less: positions not offset in the consolidated balance sheets		Net exposures
				Gross fair value of derivatives	Cash collateral received / paid	
Derivative assets						
Spot and forward foreign exchange and currency swaps	12,490	(10,148)	2,342	—	(368)	1,974
Derivative liabilities						
Spot and forward foreign exchange and currency swaps	24,119	(10,148)	13,971	—	(8,401)	5,570
Net negative fair value			(11,629)			

The following tables show the location and amount of gains (losses) recorded in either the consolidated statements of operations or consolidated statements of comprehensive income on derivative instruments outstanding.

Derivative instrument	Consolidated statements of operations line item	Three months ended	
		March 31, 2024	March 31, 2023
		Spot and forward foreign exchange	Foreign exchange revenue
Currency swaps, not designated as hedge	Foreign exchange revenue	16,113	(2,343)
Currency swaps - fair value hedges	Foreign exchange revenue	(5,946)	1,794
Total net gains (losses) recognized in net income		10,238	(423)

Derivative instrument	Consolidated statements of comprehensive income line item	Three months ended	
		March 31, 2024	March 31, 2023
		Currency swaps - net investment hedge	Unrealized net gains (losses) on translation of net investment in foreign operations
Total net gains (losses) recognized in comprehensive income		1,387	(385)

Note 14: Fair value measurements

The following table presents the financial assets and liabilities that are measured at fair value on a recurring basis. Management classifies these items based on the type of inputs used in their respective fair value determination as described in Note 2 of the Bank's audited financial statements for the year ended December 31, 2023.

Management reviews the price of each security monthly, comparing market values to expectations and to the prior month's price. Management's expectations are based upon knowledge of prevailing market conditions and developments relating to specific issuers and/or asset classes held in the investment portfolio. Where there are unusual or significant price movements, or where a certain asset class has performed out-of-line with expectations, the matter is reviewed by management.

Financial instruments in Level 1 include US and UK Government Treasury notes.

Financial instruments in Level 2 include government debt securities, mortgage-backed securities and other asset-backed securities, forward foreign exchange contracts and mutual funds not actively traded.

There were no transfers between Level 1 and Level 2 or Level 2 and Level 3 during the three months ended March 31, 2024 and the year ended December 31, 2023.

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

	March 31, 2024			December 31, 2023		
	Fair value		Total carrying amount / fair value	Fair value		Total carrying amount / fair value
	Level 1	Level 2		Level 1	Level 2	
Items that are recognized at fair value on a recurring basis:						
Available-for-sale investments						
US government and federal agencies	779,584	879,173	1,658,757	715,965	847,820	1,563,785
Non-US governments debt securities	91,289	—	91,289	250,177	—	250,177
Asset-backed securities - Student loans	—	40	40	—	40	40
Residential mortgage-backed securities	—	16,545	16,545	—	17,127	17,127
Total available-for-sale	870,873	895,758	1,766,631	966,142	864,987	1,831,129
Other assets - Derivatives	—	2,344	2,344	—	2,342	2,342
Financial liabilities						
Other liabilities - Derivatives	—	2,348	2,348	—	13,971	13,971

Items Other Than Those Recognized at Fair Value on a Recurring Basis:

	Level	March 31, 2024			December 31, 2023		
		Carrying amount	Fair value	Appreciation / (depreciation)	Carrying amount	Fair value	Appreciation / (depreciation)
Financial assets							
Cash and cash equivalents	Level 1	1,746,221	1,746,221	—	1,646,648	1,646,648	—
Securities purchased under agreements to resell	Level 2	134,928	134,928	—	187,274	187,274	—
Short-term investments	Level 1	1,344,747	1,344,747	—	1,038,037	1,038,037	—
Investments held-to-maturity	Level 2	3,401,472	2,848,545	(552,927)	3,461,097	2,976,709	(484,388)
Loans, net of allowance for credit losses	Level 2	4,644,112	4,565,977	(78,135)	4,745,849	4,700,532	(45,317)
Other real estate owned ¹	Level 2	525	525	—	450	450	—
Financial liabilities							
Term deposits	Level 2	3,990,654	3,996,805	(6,151)	3,727,794	3,732,610	(4,816)
Long-term debt	Level 2	98,549	96,295	2,254	98,490	96,145	2,345

¹The current carrying value of OREO is adjusted to fair value only when there is devaluation below carrying value.

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Note 15: Interest rate risk

The following tables set out the assets, liabilities and shareholders' equity on the date of the earlier of contractual maturity, expected maturity or repricing date. Use of these tables to derive information about the Bank's interest rate risk position is limited by the fact that customers may choose to terminate their financial instruments at a date earlier than the contractual maturity or repricing date. Examples of this include fixed-rate mortgages, which are shown at contractual maturity but which may be subject to early prepayment, and certain term deposits, which are shown at contractual maturity but which may be withdrawn before their contractual maturity subject to prepayment penalties. Investments are shown based on remaining contractual maturities. The remaining contractual principal maturities for mortgage-backed securities (primarily US government agencies) do not consider prepayments. Remaining expected maturities will differ from contractual maturities because borrowers may have the right to prepay obligations before the underlying mortgages mature.

March 31, 2024	Earlier of contractual maturity or repricing date							
(in \$ millions)	Within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	After 5 years	Non-interest bearing funds	Total	
Assets								
Cash and cash equivalents	1,656	—	—	—	—	90	1,746	
Securities purchased under agreement to resell	135	—	—	—	—	—	135	
Short-term investments	883	462	—	—	—	—	1,345	
Investments	48	152	100	739	4,129	—	5,168	
Loans	2,368	186	204	1,524	326	36	4,644	
Other assets	—	—	—	—	—	490	490	
Total assets	5,090	800	304	2,263	4,455	616	13,528	
Liabilities and shareholders' equity								
Shareholders' equity	—	—	—	—	—	995	995	
Demand deposits	5,580	—	—	—	—	2,560	8,140	
Term deposits	2,763	641	500	87	—	—	3,991	
Other liabilities	—	—	—	—	—	303	303	
Long-term debt	—	—	—	99	—	—	99	
Total liabilities and shareholders' equity	8,343	641	500	186	—	3,858	13,528	
Interest rate sensitivity gap	(3,253)	159	(196)	2,077	4,455	(3,242)	—	
Cumulative interest rate sensitivity gap	(3,253)	(3,094)	(3,290)	(1,213)	3,242	—	—	

December 31, 2023	Earlier of contractual maturity or repricing date							
(in \$ millions)	Within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	After 5 years	Non-interest bearing funds	Total	
Assets								
Cash and cash equivalents	1,555	—	—	—	—	92	1,647	
Securities purchased under agreement to resell	187	—	—	—	—	—	187	
Short-term investments	665	322	51	—	—	—	1,038	
Investments	174	52	156	765	4,145	—	5,292	
Loans	2,378	114	330	1,548	338	38	4,746	
Other assets	—	—	—	—	—	464	464	
Total assets	4,959	488	537	2,313	4,483	594	13,374	
Liabilities and shareholders' equity								
Shareholders' equity	—	—	—	—	—	1,004	1,004	
Demand deposits	5,602	—	—	—	—	2,657	8,259	
Term deposits	2,676	489	479	84	—	—	3,728	
Other liabilities	—	—	—	—	—	285	285	
Long-term debt	—	—	—	98	—	—	98	
Total liabilities and shareholders' equity	8,278	489	479	182	—	3,946	13,374	
Interest rate sensitivity gap	(3,319)	(1)	58	2,131	4,483	(3,352)	—	
Cumulative interest rate sensitivity gap	(3,319)	(3,320)	(3,262)	(1,131)	3,352	—	—	

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Note 16: Long-term debt

On May 24, 2018, the Bank issued US \$75 million of Subordinated Lower Tier II capital notes. The notes were issued at par and due on June 1, 2028. The issuance was by way of a registered offering with US institutional investors. The notes are listed on the BSX in the specialist debt securities category. The proceeds of the issue were used, among others, to repay the entire amount of the US \$47 million outstanding subordinated notes Series 2003-B. The notes issued pay a fixed coupon of 5.25% until June 1, 2023 when they become redeemable in whole at the option of the Bank. The notes were priced at a spread of 2.27% over the 10-year US Treasury yield. The Bank incurred \$1.8 million of costs directly related to the issuance of these capital notes. These costs have been capitalized directly against the carrying value of these notes on the balance sheet and were amortized over the life of the notes. These notes were redeemed at face value in June 2023 at which time, unamortized issuance costs were fully recognized in the Consolidated Statements of Operations as part of interest expense.

On June 11, 2020, the Bank issued US \$100 million of Subordinated Lower Tier II capital notes. The notes were issued at par and due on June 15, 2030. The issuance was by way of a registered offering with US institutional investors. The notes are listed on the BSX in the specialist debt securities category. The proceeds of the issue were used, among others, to repay the entire amount of the US \$45 million outstanding subordinated notes Series 2005-B which matured on July 2, 2020. The notes issued pay a fixed coupon of 5.25% until June 15, 2025 when they become redeemable in whole at the option of the Bank. The notes were priced at a spread of 4.43% over the 10-year US Treasury yield. The Bank incurred \$2.3 million of costs directly related to the issuance of these capital notes. These costs have been capitalized directly against the carrying value of these notes on the balance sheet, and will be amortized over the life of the notes.

No interest was capitalized during the three months ended March 31, 2024, and the year ended December 31, 2023.

The following table presents the contractual maturity and interest payments for long-term debt issued by the Bank as at March 31, 2024. The interest payments are calculated until contractual maturity using the Secured Overnight Financing Rate ("SOFR").

Long-term debt	Earliest date redeemable at the Bank's option	Contractual maturity date	Interest rate until date redeemable	Interest rate from earliest date redeemable to contractual maturity	Principal Outstanding	Interest payments until contractual maturity		
						Within 1 year	1 to 5 years	After 5 years
Bermuda								
2020 issuance	June 15, 2025	June 15, 2030	5.25 %	3 months US\$ SOFR + 5.060%	100,000	5,250	42,174	13,202
Unamortized debt issuance costs					(1,451)			
Long-term debt less unamortized debt issuance costs					98,549			

Note 17: Earnings per share

Earnings per share have been calculated using the weighted average number of common shares outstanding during the period after deduction of the shares held as treasury stock. The dilutive effect of share-based compensation plans was calculated using the treasury stock method, whereby the proceeds received from the exercise of share-based awards are assumed to be used to repurchase outstanding shares, using the average market price of the Bank's shares for the period. Numbers of shares are expressed in thousands.

During the three months ended March 31, 2024, the average number of outstanding awards of unvested common shares was 1.5 million (March 31, 2023: 1.3 million). Only awards for which the sum of 1) the expense that will be recognized in the future (i.e., the unrecognized expense) and 2) its exercise price, if any, was lower than the average market price of the Bank's common shares were considered dilutive and, therefore, included in the computation of diluted earnings per share. An award's unrecognized expense is also considered to be the proceeds the employees would need to pay to purchase accelerated vesting of the awards. For the purposes of calculating dilution, such proceeds are assumed to be used by the Bank to buy back common shares at the average market price. The weighted-average number of outstanding awards, net of the assumed weighted-average number of common shares bought back, is included in the number of diluted participating shares.

	Three months ended	
	March 31, 2024	March 31, 2023
Net income	53,431	62,204
Basic Earnings Per Share		
Weighted average number of common shares issued	47,152	50,390
Weighted average number of common shares held as treasury stock	(619)	(619)
Weighted average number of common shares (in thousands)	46,533	49,771
Basic Earnings Per Share	1.15	1.25
Diluted Earnings Per Share		
Weighted average number of common shares	46,533	49,771
Net dilution impact related to awards of unvested common shares	634	360
Weighted average number of diluted common shares (in thousands)	47,167	50,131
Diluted Earnings Per Share	1.13	1.24

Note 18: Share-based payments

The common shares transferred to employees under all share-based payments are either taken from the Bank's common treasury shares or from newly issued shares. All share-based payments are settled by the ultimate parent company which, pursuant to Bermuda law, is not taxed on income. There are no income tax benefits in relation to the issue of such shares as a form of compensation.

In May 2020, the Board of Directors approved the 2020 Omnibus Plan (the "2020 Plan") which replaces and previous plan. Under the 2020 Plan, 3.0 million shares are initially available for grant to employees in the form of stock options or unvested share awards. Both types of awards are detailed below.

Stock Option Awards

2020 Plans

Under the 2020 Plan, options are awarded to Bank employees and executive management, based on predetermined vesting conditions that entitle the holder to purchase one common share at a subscription price usually equal to the price of the most recently traded common share when granted and have a term of 10 years. The subscription price is reduced for all special dividends declared by the Bank. Stock option awards granted under the 2020 Plan vest based on two specific types of vesting conditions i.e., time and performance conditions, as detailed below:

Time vesting condition

50% of each option award was granted in the form of time vested options and vested 25% on each of the second, third, fourth and fifth anniversaries of the effective grant date.

In addition to the time vesting conditions noted above, the options will generally vest immediately:

- by reason of the employee's death or disability,
- upon termination, by the Bank, of the holder's employment, unless if in relation with the holder's misconduct, or
- in limited circumstances and specifically approved by the Board, as stipulated in the holder's employment contract.

In the event of the employee's resignation, any unvested portion of the awards shall generally be forfeited and any vested portion of the options shall generally remain exercisable during the 90-day period following the termination date or, if earlier, until the expiration date, and any vested portion of the options not exercised as of the expiration of such period shall be forfeited without any consideration therefore.

Performance vesting condition

50% of each option award was granted in the form of performance options and would vest (partially or fully) on a "valuation event" date (the date that any of the March 2, 2010 new investors transfers at least 5% of the total number of common shares or the date that there is a change in control and any of the new investors realize a predetermined multiple of invested capital ("MOIC")). On September 21, 2016, it was determined that a valuation event occurred during which a new investor realized a MOIC of more than 200% of the original invested capital of \$12.09 per share and accordingly, all outstanding unvested performance options vested.

There were no stock options outstanding as at March 31, 2024 and December 31, 2023.

Share-Based Incentive Programs

Recipients of unvested share awards are entitled to the related common shares at no cost, at the time the award vests. Recipients of unvested shares may be entitled to receive additional unvested shares having a value equal to the cash dividends that would have been paid had the unvested shares been issued and vested. Such additional unvested shares granted as dividend equivalents are subject to the same vesting schedule and conditions as the underlying unvested shares.

Unvested shares subject only to the time vesting condition generally vest upon retirement, death, disability or upon termination, by the Bank, of the holder's employment unless if in connection with the holder's misconduct. Unvested shares subject to both time vesting and performance vesting conditions remain outstanding and unvested upon retirement and will vest only if the performance conditions are met. Unvested shares can also vest in limited circumstances and if specifically approved by the Board, as stipulated in the holder's employment contract. In all other circumstances, unvested shares are generally forfeited when employment ends.

The grant date weighted average fair value of unvested share awards granted in the three months ended March 31, 2024 was \$30.08 per share (December 31, 2023: \$32.89 per share). The Bank expects to settle these awards by issuing new shares.

Employee Deferred Incentive Program ("EDIP")

Under the Bank's EDIP, shares are awarded to Bank employees and executive management based on the time vesting condition, which states that the shares will vest equally over a three-year period from the effective grant date.

Employee Long-Term Incentive Share Program ("ELTIP")

Under the Bank's ELTIP, performance shares as well as time-vesting shares were awarded to employees and executive management. The performance shares will generally vest upon the achievement of certain performance targets in the three-year period from the effective grant date. The time-vesting shares will generally vest over the three-year period from the effective grant date.

Employee Share Purchase Plan ("ESPP")

The Bank's ESPP was approved in July 2021 and registered in November 2021. The first offering period started in May 2022. Under the Bank's ESPP, eligible employees may elect to contribute up to 15% of their regular compensation toward the purchase of Bank's shares at a 10% discount from market price on the closing date of each offering period. The ESPP specifies two consecutive six month offering periods per year. In the case of termination of employment or voluntary partial or full withdrawal from the plan, the related current offering period ESPP contributions are refunded to the employee and thus cannot be used to purchase shares under the ESPP. During the three months ended March 31, 2024, no shares (December 31, 2023: 26,551 shares) were issued under the ESPP.

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Changes in Outstanding ELTIP and EDIP awards (in thousands of shares transferable upon vesting)

	Three months ended			
	March 31, 2024		March 31, 2023	
	EDIP	ELTIP	EDIP	ELTIP
Outstanding at beginning of period	665	915	621	705
Granted	80	521	167	347
Vested (fair value in 2024: \$14.1 million, 2023: \$10.6 million,)	(137)	(333)	(133)	(185)
Outstanding at end of period	608	1,103	655	867

Share-based Compensation Cost Recognized in Net Income

	Three months ended	
	March 31, 2024	March 31, 2023
	EDIP and ELTIP	EDIP and ELTIP
Cost recognized in net income	4,914	4,598

Unrecognized Share-based Compensation Cost

	March 31, 2024		December 31, 2023	
	Unrecognized cost	Weighted average years over which it is expected to be recognized	Unrecognized cost	Weighted average years over which it is expected to be recognized
	EDIP	12,643	2.52	11,774
ELTIP				
Time vesting shares	106	1.87	118	2.12
Performance vesting shares	24,150	2.34	12,416	1.76
Total unrecognized expense	36,899		24,308	

Note 19: Share repurchase programs

From time to time, the Bank may seek to repurchase and retire equity securities of the Bank, through cash purchase, privately negotiated transactions, or otherwise. Such transactions, if any, depend on prevailing market conditions, liquidity and capital requirements, contractual restrictions, and other factors.

Common Share Repurchase Program

On February 10, 2021, the Board approved a new common share repurchase program, authorizing the purchase of up to 2.0 million common shares through to February 28, 2022.

On February 14, 2022, the Board approved a new common share repurchase program, authorizing the purchase of up to 2.0 million common shares through to February 28, 2023.

On February 13, 2023, the Board approved a new common share repurchase program, authorizing the purchase of up to 3.0 million common shares through to February 29, 2024.

On December 5, 2023, the Board approved a new common share repurchase program, authorizing the purchase of up to 3.5 million common shares through to December 31, 2024.

In the three months ended March 31, 2024, the Bank repurchased and retired 1,155,790 shares.

	Three months ended	Year ended December 31	
	March 31, 2024	2023	2022
Common share repurchases			
Acquired number of shares (to the nearest 1)	1,155,790	3,133,717	102,000
Average cost per common share	30.40	28.27	38.21
Total cost (in US dollars)	35,138,906	88,590,240	3,897,268

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Note 20: Accumulated other comprehensive income (loss)

Three months ended March 31, 2024	Unrealized net gains (losses) on translation of net investment in foreign operations	Unrealized net gains (losses) on HTM investments	Unrealized net gains (losses) on AFS investments	Employee benefit plans adjustments			Total AOCIL
				Pension	Post-retirement healthcare	Subtotal - employee benefits plans	
Balance at beginning of period	(25,478)	(82,067)	(162,910)	(51,563)	11,820	(39,743)	(310,198)
Other comprehensive income (loss), net of taxes	(63)	2,001	(14,277)	1,697	(447)	1,250	(11,089)
Balance at end of period	(25,541)	(80,066)	(177,187)	(49,866)	11,373	(38,493)	(321,287)

Three months ended March 31, 2023	Unrealized net gains (losses) on translation of net investment in foreign operations	Unrealized net gains (losses) on HTM investments	Unrealized net gains (losses) on AFS investments	Employee benefit plans adjustments			Total AOCIL
				Pension	Post-retirement healthcare	Subtotal - employee benefits plans	
Balance at beginning of period	(25,700)	(91,212)	(220,345)	(47,905)	7,710	(40,195)	(377,452)
Other comprehensive income (loss), net of taxes	(44)	2,027	29,816	520	(202)	318	32,117
Balance at end of period	(25,744)	(89,185)	(190,529)	(47,385)	7,508	(39,877)	(345,335)

Net Change of AOCIL Components

Line item in the consolidated statements of operations, if any	Three months ended	
	March 31, 2024	March 31, 2023
Net unrealized gains (losses) on translation of net investment in foreign operations adjustments		
Foreign currency translation adjustments	N/A	(4,360)
Gains (losses) on net investment hedge	N/A	4,297
Net change		(63)
Held-to-maturity investment adjustments		
Amortization of net gains (losses) to net income	Interest income on investments	2,001
Net change		2,001
Available-for-sale investment adjustments		
Gross unrealized gains (losses)	N/A	(14,606)
Transfer of realized (gains) losses to net income	Net realized gains (losses) on AFS investments	—
Foreign currency translation adjustments of related balances	N/A	329
Net change		(14,277)
Employee benefit plans adjustments		
Defined benefit pension plan		
Net actuarial gain (loss)	N/A	1,029
Amortization of net actuarial (gains) losses	Non-service employee benefits expense	589
Amortization of prior service (credit) cost	Non-service employee benefits expense	20
Foreign currency translation adjustments of related balances	N/A	59
Net change		1,697
Post-retirement healthcare plan		
Amortization of net actuarial (gains) losses	Non-service employee benefits expense	131
Amortization of prior service (credit) cost	Non-service employee benefits expense	(578)
Net change		(447)
Other comprehensive income (loss), net of taxes		(11,089)

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Note 21: Capital structure

Authorized Capital

The par value of each issued common share and each authorized but unissued common share is BM\$0.01 and the authorized share capital of the Bank comprises 2,000,000,000 common shares of par value BM\$0.01 each, 6,000,000,000 non-voting ordinary shares of par value BM\$0.01 each, 110,200,001 preference shares of par value US\$0.01 each and 50,000,000 preference shares of par value £0.01 each.

Dividends Declared

During the three months ended March 31, 2024, the Bank declared and paid cash dividends of \$0.44 (March 31, 2023: \$0.44) for each common share as of the related record dates.

The Bank is required to comply with Section 54 of the Companies Act 1981 issued by the Government of Bermuda (the "Companies Act") each time a dividend is declared or paid by the Bank and also obtain a letter of no objection from the BMA pursuant to the Banks and Deposit Companies Act 1999 for any dividends declared. The Bank has complied with Section 54 and has obtained the BMA's letter of no objection for all dividends declared during the periods presented.

Regulatory Capital

The Bank's regulatory capital is determined in accordance with current Basel III guidelines as issued by the BMA. The Bank is fully compliant with all regulatory capital requirements to which it is subject, and it maintains capital ratios in excess of regulatory minimums as at March 31, 2024 and 2023. The following table sets forth the Bank's capital adequacy in accordance with the Basel III framework:

	March 31, 2024		December 31, 2023	
	Actual	Regulatory minimum	Actual	Regulatory minimum
Capital				
CET 1 capital	1,048,118	N/A	1,042,506	N/A
Tier 1 capital	1,048,118	N/A	1,042,506	N/A
Tier 2 capital	108,869	N/A	109,423	N/A
Total capital	1,156,987	N/A	1,151,929	N/A
Risk Weighted Assets	4,647,963	N/A	4,540,745	N/A
Leverage Ratio Exposure Measure	13,932,077	N/A	13,777,771	N/A
Capital Ratios (%)				
CET 1 capital	22.6 %	10.0 %	23.0 %	10.0 %
Tier 1 capital	22.6 %	11.5 %	23.0 %	11.5 %
Total capital	24.9 %	13.5 %	25.4 %	13.5 %
Leverage ratio	7.5 %	5.0 %	7.6 %	5.0 %

Note 22: Related party transactions

Financing Transactions

Certain directors and executives of the Bank, companies in which they are principal owners and/or members of the board, and trusts in which they are involved, have deposits with the Bank, have loans and/or are guarantors for loans with the Bank. Loans to directors were made in the ordinary course of business at normal credit terms, including interest rate and collateral requirements. Loans to executives may be eligible for preferential rates. All of these loans were considered performing loans as at March 31, 2024 and December 31, 2023. Loan balances with directors and executives of the Bank, companies in which they are principal owners and/or members of the board, and trusts in which they are involved were as follows:

Balance at December 31, 2022	20,393
Net loans issued (repaid) during the year	(658)
Balance at December 31, 2023	19,735
Net loans issued (repaid) during period	(295)
Effect of changes in the composition of related parties	983
Balance at March 31, 2024	20,423

Consolidated balance sheets	March 31, 2024	December 31, 2023
Deposits	89,058	100,364

The Bank of N.T. Butterfield & Son Limited
Notes to the Consolidated Financial Statements (unaudited) (continued)
(In thousands of US dollars, unless otherwise stated)

Consolidated statement of operations	Three months ended	
	March 31, 2024	March 31, 2023
Interest and fees on loans	326	270
Total non-interest expense	38	45
Other non-interest income	78	109

Certain affiliates of the Bank have loans and deposits with the Bank which were made and are maintained in the ordinary course of business on normal commercial terms. Balances with these parties were as follows:

Consolidated balance sheets	March 31, 2024	December 31, 2023
Loans	9,753	9,801
Deposits	427	288
Accrued interest and other liabilities	169	305

Consolidated statement of operations	Three months ended	
	March 31, 2024	March 31, 2023
Interest and fees on loans	202	198
Total non-interest expense	399	375
Other non-interest income	62	—

Investments

As at March 31, 2024, several Butterfield mutual funds which are managed by a wholly owned subsidiary of the Bank, had loan balances and deposit balances held with the Bank. The Bank also earned asset management revenue and custody and other administration services revenue from funds managed by a wholly-owned subsidiary of the Bank and from directors and executives, companies in which they are principal owners and/or members of the board and trusts in which they are involved, as well as other income from other related parties.

Consolidated balance sheets	March 31, 2024	December 31, 2023
Deposits	17,446	4,633

Consolidated statement of operations	Three months ended	
	March 31, 2024	March 31, 2023
Asset management	2,563	2,180
Custody and other administration services	321	264

Note 23: Subsequent events

On April 23, 2024, the Board of Directors declared an interim dividend of \$0.44 per common share to be paid on May 21, 2024 to shareholders of record on May 7, 2024.