

# Financial Highlights, by BUTTERFIELD.

Second Quarter 2020



Headquartered in Hamilton, Bermuda, Butterfield offers a range of community banking and bespoke financial services from eight leading international financial centres, supported by service centres in Canada and Mauritius. Butterfield serves international clients from Bermuda, the Cayman Islands, Guernsey and Jersey, where our principal banking operations are located, and The Bahamas, Switzerland, Singapore and the United Kingdom, where we offer specialised financial services. Banking services comprise deposit, cash management and lending solutions for individual, business and institutional clients. Wealth management services are composed of trust, private banking, asset management and custody. In Bermuda, the Cayman Islands, Guernsey and Jersey, we offer both banking and wealth management. In The Bahamas, Singapore and Switzerland, we offer select wealth management services. In the UK, we offer residential property lending. Butterfield is publicly traded on the New York Stock Exchange (symbol: NTB) and the Bermuda Stock Exchange (symbol: NTB.BH).

## Our Strategy

Butterfield is pursuing a strategy to promote long-term growth while maintaining strong capital and liquidity. A central tenet of that strategy is to build upon our relationship-based business approach by delivering exceptional client services.

## Financial Highlights of Results

(With comparisons to the quarter-ended 30 June 2019)

**Net income of \$34.3 million,  
down \$4.3 million**

**Total net revenue of \$117.1 million,  
down \$13.4 million**

**Non-interest income of \$41.7 million,  
down \$2.5 million**

**Net interest income of \$79.1 million,  
down \$6.1 million**

## Recent Developments

The Bank recorded solid earnings this quarter, as it continued to meet the challenges presented by the COVID-19 pandemic. During the temporary government-mandated closures in its home markets, the Bank was able to provide essential banking services to its customers both in person and electronically. Butterfield was able to help support local economies and offer relief to borrowers in Bermuda and Cayman through loan payment deferrals and other community-based support programmes. The Bank continues to be in regular communication with customers and is closely monitoring its loan book for signs of credit deterioration, as it has seen a slight increase in non-performing loans this quarter. The Bank's latest credit performance estimate is reflected in the second quarter reserve build, bringing its total credit reserves to 79 basis points of total loans. The Bank remains well positioned for continued profitability and growth with a strong balance sheet and capital ratios.

The Board declared a common dividend for the quarter ended 30 June 2020 of \$0.44 per common share to be paid on 19 August 2020 to shareholders of record on 5 August 2020. During this quarter, the Bank repurchased 1.2 million common shares under the Bank's current 3.5 million common share repurchase plan authorisation.

During the quarter, the Bank issued \$100 million of 5.25% 10-year, fixed to floating rate subordinated debt. The proceeds of the issuance will be used primarily to replace existing debt.

| Key Financial Ratios   | Q2 2020 | Q2 2019 |
|--|---------|---------|
| • Return on average common equity                            | 14.0%   | 17.1%   |
| • Core return on average tangible common equity <sup>1</sup> | 15.5%   | 24.6%   |
| • Return on average assets                                   | 1.0%    | 1.4%    |
| • Core efficiency ratio <sup>1</sup>                         | 66.7%   | 60.3%   |

<sup>1</sup>Please refer to the "Reconciliation of Non-GAAP Financial Measures" in our published Second Quarter 2020 Results.

| Capital Ratios (as at) | 30 Jun 2020 | 31 Dec 2019 |
|------------------------|-------------|-------------|
| • Common Equity Tier 1 | 17.0%       | 17.3%       |
| • Total capital ratio  | 21.2%       | 19.4%       |

## Credit Ratings

**KBRA**  
Short-Term K1  
Long-Term Senior A+

**MOODY'S**  
Short-Term P2  
Long-Term Senior A3

**S&P**  
Short-Term A2  
Long-Term Senior BBB+

Certain of the statements made in this document are "forward-looking statements" within the meaning and protections of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance, capital, ownership or achievements of the Bank to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements due to a variety of factors, including worldwide economic conditions, success in business retention and obtaining new business and other factors. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "will," "anticipate," "assume," "should," "indicate," "would," "believe," "contemplate," "expect," "estimate," "continue," "plan," "point to," "project," "could," "intend," "target" and other similar words and expressions of the future. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our Securities and Exchange Commission ("SEC") reports and filings. Such reports are available upon request from the Bank, or from the SEC, including through the SEC's Internet website at <http://www.sec.gov>. We have no obligation and do not undertake to update, revise or correct any of the forward-looking statements after the date hereof, or after the respective dates on which any such statements otherwise are made. Butterfield is publicly traded on the New York Stock Exchange. Butterfield's share price on the New York Stock Exchange is available on *Bloomberg Financial Markets* (symbol: NTB). Butterfield is also publicly traded in Bermuda, and its shares are listed on the Bermuda Stock Exchange. Butterfield's share price in Bermuda is published daily in *The Royal Gazette* ([www.royalgazette.com](http://www.royalgazette.com)) and is also available on *Bloomberg Financial Markets* (symbol: NTB.BH) and the Bermuda Stock Exchange website ([www.bsx.com](http://www.bsx.com)). Further details on the Butterfield Group can be obtained from our website at: [www.butterfieldgroup.com](http://www.butterfieldgroup.com). The Bank of N.T. Butterfield & Son Limited is licenced to conduct banking business by the Bermuda Monetary Authority 165 Front Street, Hamilton, Bermuda.