

Financial Highlights

(In \$ thousands except per share data - unaudited except where stated)

	As at				
	30 June 2007	31 December 2006*	30 June 2006		
Consolidated Balance Sheet					
Cash and deposits with banks	2,648,267	3,151,191	3,094,065		
Investments	4,963,523	3,786,793	3,334,742		
Loans	3,928,338	3,760,745	3,357,535		
Total assets	12,003,071	11,132,802	10,183,963		
Total deposits	10,902,631	10,042,832	9,159,862		
Subordinated capital	280,301	280,168	276,921		
Shareholders' equity	571,934	549,553	555,367		
* Audited					
	For the three month period ended			For the six month period ended	
	30 June 2007	31 March 2007	30 June 2006	30 June 2007	30 June 2006
Consolidated Statement of Income					
Total non-interest income	53,534	50,551	49,320	104,085	96,450
Net interest income after provision for credit losses	61,649	59,258	53,573	120,907	102,475
Other gains and losses	866	1,036	1,758	1,902	2,782
Total revenue	116,049	110,845	104,651	226,894	201,707
Total non-interest expense	78,521	73,570	69,765	152,091	133,255
Income taxes	(1,619)	(1,591)	(1,029)	(3,210)	(1,504)
Net income	35,909	35,684	33,857	71,593	66,948
Shareholder data					
Return on shareholders' equity (%)	25.1	25.8	25.1	25.5	25.7
Earnings per share (\$)					
Basic	1.27	1.26	1.19	2.53	2.37
Diluted	1.24	1.22	1.16	2.46	2.31
Number of common shares outstanding, in 000's	29,819	29,887	27,078	29,819	27,078
Dividend declared (cents)	48	48	44	96	88

Per Share Data

With the exception of dividends, per share data has been restated to reflect the 1 for 10 stock dividend in August 2006.

Directors' and Executive Officers' Share Interests

Pursuant to Regulation 6.9(2)(x)(a) and (b) of Section IIA of the Bermuda Stock Exchange Listing Regulations, the total interests of all directors and executive officers of the Bank in the shares of the Bank as at 30 June 2007 were 489,297 shares.

Further Financial Information

The Group's results are stated in accordance with US GAAP. Further financial information may be found on our web site at: www.butterfieldbank.com.



Butterfield Bank



Butterfield Bank

The Bank of N.T. Butterfield & Son Limited
65 Front Street
Hamilton HM 12
Bermuda
Tel: (441) 295 1111
Fax: (441) 292 4365
www.butterfieldbank.com

Investor Contact:

Richard J. Ferrett
Chief Financial Officer
Tel: (441) 299 1643
Email: richardferrett@bntb.bm

Media Contact:

Mark Johnson
Tel: (441) 299 1624
Email: markjohnson@bntb.bm

2007 | Q2

QUARTERLY REPORT

REPORT TO SHAREHOLDERS & FINANCIAL RESULTS

SIX MONTHS ENDED 30 JUNE 2007

Q2 2007 Report to Shareholders

Dear Shareholder,

We are pleased to report that the second quarter of 2007 was one of solid performance across Butterfield Bank Group. Net income for the three months ended 30 June 2007 was a record \$35.9 million, up 6.1% over the same period last year. Diluted earnings per share were \$1.24, an increase of 8 cents, year on year.

During the quarter, we continued to focus our efforts on growing our core businesses – Community Banking, Wealth Management and Fund Services. Since our last Report to Shareholders, we enhanced our community banking offer in Bermuda with the introduction of the Young Savers account and the MasterCard® Black credit card. We launched new Macro Exchange Traded Fund portfolios in Cayman, and realigned our Wealth Management businesses at the executive level to help ensure that we continue to be well positioned to meet the increasingly complex Private Banking, Trust and Asset Management needs of our clients.

Acknowledging our success, *Euro money* magazine recently awarded Butterfield Bank “Best Bank In Bermuda” for the second straight year. *The Banker* also awarded the Bank “Deal of the Year 2007” for Bermuda during the quarter, in recognition of our role as sole underwriter and issue sponsor of a rights offering of 2.5 million common shares of Bermuda Aviation Services.

Quarterly Dividend and Stock Split

Based on the Group’s solid results, your Board has approved a quarterly dividend of 48 cents per share, payable on 17 August to shareholders of record on 1 August. In addition, the Board announced a stock split whereby all shareholders of record at the close of business on Friday 17 August 2007 will receive two additional shares for each share held on that date. These shares will be distributed on Friday 31 August 2007 and commenced trading on a split adjusted basis on Wednesday 15 August 2007.

Quarterly Group Highlights

- **Return on equity** for the quarter was 25.1%, in line with the Group’s target to achieve a return exceeding 20%.
- **Non-interest income**, at \$53.5 million, was a record and is up 8.5% or \$4.2 million year on year. This reflects strong growth in revenues from investment and pension fund administration, up 8.2%, customer-driven foreign exchange, up 14.4%, and trust and custody, up 15.0%.
- **Net interest income** of \$61.8 million, before credit-related provisions, was also a record and is up by \$7.6 million, or 14.1%, year on year, reflecting balance sheet growth across all the Group’s operations.
- **Non-interest expenses** grew by \$8.8 million, or 12.6%, to \$78.5 million, primarily as a result of an increase in personnel-related expenses of \$5.4 million, reflecting the increase in Group headcount to 1,800 from 1,666 a year ago. The Group’s efficiency ratio for the quarter was 66.1%.
- **Total assets** rose to \$12.0 billion from \$10.2 billion a year ago. The increase reflects solid growth in customer deposits, which have increased year on year by \$1.7 billion, or 19.8%, to \$10.6 billion.
- The **loan portfolio** increased year on year by 17.0%, or \$571 million, to \$3.9 billion, reflecting increased loan demand, particularly in our Bermuda, Guernsey and U.K. businesses, and represents 32.7% of total assets, compared to 32.9% a year ago.
- **Assets under administration** across the Group increased year on year by \$28.6 billion, or 26.3%, to \$137 billion, reflecting growth in administration services to mutual funds and hedge funds.
- **Assets under management** stood at \$11.7 billion at 30 June 2007, with significant growth seen in clients’ assets invested in Butterfield Funds, up year on year by 16.2% to \$6.6 billion.
- **Shareholders’ equity** increased year on year by 3.0% to \$571.9 million. The loan to the Stock Option Trust at 30 June 2007 was \$58.1 million, up from \$21.0 million a year ago. The Group has financed the purchase for the Stock Option Trust of 4.2% of the total shares in issue to satisfy its obligations under the Executive Officers’ and Employee Stock Option Plans. During the quarter, the Bank’s Stock Option Trust purchased 54,647 shares at a cost of \$3.3 million, compared to the purchase of 2,543 shares at a cost of \$0.1 million for the like quarter a year ago. Under the Bank’s Share Buy-Back Plan, 68,683 shares were purchased and cancelled at a cost of \$4.1 million and 470,000 shares were purchased to

be held as treasury stock at a cost of \$28.2 million. No purchases by the Buy-Back Plan were made in the corresponding quarter in 2006.

- The **increase in shareholder value** for the quarter, defined as the increase in share price plus reinvestment of dividends in the Bank’s shares, was 2.5%.

For full financial results and a detailed review of the Group’s performance, please visit our website, www.butterfieldbank.com.



Brian Duperreault
Chairman



Alan Thompson
President & Chief Executive Officer