

**Butterfield Bermuda Fund
Limited**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2015

Butterfield Bermuda Fund Limited

To the Shareholders:

For the year ended June 30, 2015, the Fund's total return for the year was 1.32%, which included total dividends of \$0.52 per share. The Fund's blended benchmark returned -2.11% for the same period. The Fund paid out \$0.13 for each of the quarterly dividends through the year giving a dividend yield of 2.45% (based on June 30th, 2015 NAV). The Fund continues to maintain a dividend policy whereby the dividend yield of the Fund is representative of the dividend yield for the Fund's constituent companies.

Market Review

The domestic market, as represented by the BSE Index, returned -14.22% for the year, driven by the weak performance of Butterfield Bank stock following the announcement that CIBC had exited their 19% stake in the company. The Fund's 2015 fiscal year was highlighted by the continued restructuring of many local companies. The arrival of back-to-back hurricanes Fay & Gonzalo in the fall of 2014 saw the island sustain moderate damage to some infrastructure. Local insurers Argus and BF&M, fared relatively well financially, with both still posting encouraging earnings in Q1 of 2015. Keytech, however, continued to struggle with the stock falling 42% in the last year as they suspended their dividend and sold off their largest business unit. The Keytech Board also announced a few strategic acquisitions, which they maintain were prudent for the continued long term survival and ultimate success of the company. Ascendant Group stock fell 23% as they are still feeling the effects of a lower customer base as a result of fewer full-time residents. The introduction of a new CFO and their proposal to raise electricity rates by approximately 15% are some of the major changes the company made in an effort to increase their profitability.

The US-listed reinsurance market, as represented by the BSE Insurance Index, returned 6.25% for the year. M&A activity has dominated the headlines in this space with a number of the names held in the Fund securing and/or negotiating deals. The biggest deal was the ACE-Chubb merger, which brings together two of the largest companies in the market. The \$28.3 billion transaction creates a dominant global P&C underwriting firm in which management expects to realize over \$600 million in cost synergies by 2018. PartnerRe & Axis' planned amalgamation was cancelled as Italian-based Exor offered a superior cash deal to buy PartnerRe. The drawn out negotiation process regarding this deal created a very volatile stock, allowing the Fund to reduce a bit of exposure to PartnerRe at a slightly elevated price. Finally, Endurance acquired Montpellier Re to continue the consolidation trend, as reinsurance companies look to benefit from increased scale. Much of the industry sees these consolidations as vital if firms want to stay relevant in the face of contracting gross margins, continued price deceleration and a tough investment environment.

Michael Neff
President
Butterfield Bermuda Fund Limited
October 9, 2015



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Independent Auditors' Report

The Shareholders and Directors
Butterfield Bermuda Fund Limited

We have audited the accompanying financial statements of Butterfield Bermuda Fund Limited (the Fund), which comprise the statements of financial position as at June 30, 2015 and 2014 and July 1, 2013, the statements of portfolio investments as at June 30, 2015 and 2014, and the statements of comprehensive income, changes in net assets attributable to holders of common shares and cash flows for the years ended June 30, 2015 and 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Butterfield Bermuda Fund Limited as at June 30, 2015 and 2014 and July 1, 2013, and its financial performance and its cash flows for the years ended June 30, 2015 and 2014 in accordance with International Financial Reporting Standards.

Ernst & Young Ltd.

October 9, 2015

Butterfield Bermuda Fund Limited

DIRECTORS

Shane English
Michael Neff (President)
Michael Collins

INVESTMENT ADVISER

Butterfield Asset Management Limited
P.O. Box HM 195
Hamilton HM AX
Bermuda

CUSTODIAN

Butterfield Trust (Bermuda) Limited
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Bermuda

REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
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AUDITORS

Ernst & Young Ltd.
P.O. Box HM 463
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Butterfield Bermuda Fund Limited

STATEMENT OF FINANCIAL POSITION

As at June 30, 2015

(Expressed in Bermuda Dollars)

	Notes	June 30, 2015 \$	June 30, 2014 \$ (Note 2)	July 1, 2013 \$ (Note 2)
ASSETS				
Cash and cash equivalents	2 h)	753,809	208,615	737,097
Financial assets at fair value through profit or loss (Cost; 2015-\$12,240,950; 2014-\$10,269,054)	3, 4	\$ 14,799,423	\$ 13,873,770	\$ 12,773,339
Due from broker		-	-	160,475
Dividends and interest receivable		38,190	22,540	7,930
Prepaid expenses		8,053	8,018	4,582
Total assets		15,599,475	14,112,943	13,683,423
LIABILITIES				
Dividends payable	6	99,045	74,969	77,123
Accrued expenses	7, 8	40,257	33,066	36,310
		139,302	108,035	113,433
Organisational shares	5	12,000	12,000	12,000
Total liabilities and equity (including net assets attributable to holders of common shares)		\$ 15,599,475	\$ 14,112,943	\$ 13,683,423
NET ASSETS ATTRIBUTABLE TO HOLDERS OF COMMON SHARES		15,448,173	13,992,908	13,557,990
Number of shares in issue - Class A	5	761,884	681,541	701,114
NET ASSET VALUE PER SHARE - CLASS A		\$ 20.28	\$ 20.53	\$ 19.34

Signed on behalf of the Board


DIRECTOR


DIRECTOR

The accompanying notes form an integral part of these financial statements.

Butterfield Bermuda Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS As at June 30, 2015 (Expressed in Bermuda Dollars)

	Number of Shares	2015		Number of Shares	2014	
		Fair Value	% of Portfolio		Fair Value	% of Portfolio
INVESTMENTS						
Common Stock and Preferred Shares						
ACE Limited	8,000	\$ 813,440	5.50%	16,000	\$ 1,659,200	11.96%
Allied World Assurance Company Limited	15,300	661,266	4.47%	15,300	581,706	4.20%
Arch Capital Group Ltd.	10,000	669,600	4.52%	11,350	651,944	4.70%
Argus Group Holdings Limited	477,193	1,813,333	12.25%	210,894	860,447	6.20%
Ascendant Group Limited	191,694	1,001,601	6.77%	67,326	446,371	3.22%
Aspen Insurance Holdings Limited	14,340	686,886	4.64%	16,340	742,163	5.35%
Assured Guaranty Ltd.	20,000	479,800	3.24%	32,000	784,000	5.65%
Axis Capital Holdings Limited	10,000	533,700	3.61%	11,620	514,534	3.71%
Bank of N.T. Butterfield & Son Limited	1,099,298	1,802,848	12.18%	925,896	1,842,533	13.28%
Bank of N.T. Butterfield & Son Limited Contingent Value Preference Shares	-	-	-	38,460	76,535	0.55%
Bermuda Aviation Services Ltd.	110,556	337,749	2.28%	110,556	346,040	2.49%
Bermuda Press (Holdings) Ltd.	5,431	39,375	0.27%	5,431	53,631	0.39%
BF&M Limited	117,964	2,016,005	13.62%	60,532	1,041,147	7.50%
Endurance Specialty Holdings Ltd.	8,650	568,305	3.84%	8,650	446,254	3.22%
Everest Re Group Ltd.	2,260	411,343	2.78%	4,260	683,687	4.93%
KeyTech Limited	152,192	438,313	2.96%	134,502	638,885	4.60%
Montpelier Re Holdings Ltd.	13,000	513,500	3.47%	16,800	536,760	3.87%
PartnerRe Ltd.	4,000	514,000	3.47%	6,140	670,549	4.83%
RenaissanceRe Holdings Ltd.	6,000	609,060	4.12%	7,642	817,694	5.89%
Validus Holdings Limited	12,179	535,754	3.62%	12,179	465,725	3.36%
West Hamilton Holdings Limited	1,900	11,305	0.08%	1,900	13,965	0.10%
XL Group PLC	9,200	342,240	2.31%	-	-	-
TOTAL INVESTMENTS, AT FAIR VALUE						
(Cost: 2015 - \$12,240,950; 2014 - \$10,269,054)		\$ 14,799,423	100.00%		\$ 13,873,770	100.00%

The accompanying notes form an integral part of these financial statements.

Butterfield Bermuda Fund Limited

STATEMENT OF COMPREHENSIVE INCOME For the year ended June 30, 2015 (Expressed in Bermuda Dollars)

	Notes	2015 \$	2014 \$ (Note 2)
INCOME			
Net realised gain/(loss) on financial assets at fair value through profit or loss		\$ 879,696	\$ (405,175)
Net change in unrealised (loss)/gain on financial assets at fair value through profit or loss		(1,046,246)	1,448,938
Dividends		360,810	420,452
Deposit interest		324	1,483
Other income		2,240	-
Total income		196,824	1,465,698
EXPENSES			
Management fee	7 a)	100,172	110,078
Administration fee	8	27,804	29,992
Audit fee		16,000	15,988
Custodian fee	7 b)	13,314	15,062
Investment service fee	7 d)	4,320	4,500
Government fee		6,489	3,486
Miscellaneous		14,059	20,569
Total expenses		182,158	199,675
NET INCOME		\$ 14,666	\$ 1,266,023
Less: Withholding tax on dividends		294	-
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO HOLDERS OF COMMON SHARES		\$ 14,372	\$ 1,226,023

The accompanying notes form an integral part of these financial statements.

Butterfield Bermuda Fund Limited

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF COMMON SHARES For the year ended June 30, 2015 (Expressed in Bermuda Dollars)

	Notes	2015 \$	2014 \$ (Note 2)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO HOLDERS OF COMMON SHARES		14,372	1,266,023
DISTRIBUTIONS TO INVESTORS			
Dividends paid and payable	6	(339,767)	(331,015)
CAPITAL STOCK TRANSACTIONS			
Issue of redeemable shares		4,706,279	4,542,096
Redemption of redeemable shares		(2,925,619)	(5,042,186)
Net capital stock transactions		1,780,660	(500,090)
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF COMMON SHARES		1,455,265	434,918
NET ASSETS ATTRIBUTABLE TO HOLDERS OF COMMON SHARES - BEGINNING OF THE YEAR		13,992,908	13,557,990
NET ASSETS ATTRIBUTABLE TO HOLDERS OF COMMON SHARES - END OF THE YEAR		15,448,173	13,992,908

The accompanying notes form an integral part of these financial statements.

Butterfield Bermuda Fund Limited

STATEMENT OF CASH FLOWS For the year ended June 30, 2015 (Expressed in Bermuda Dollars)

	2015 \$ (Note 2)	2014 \$ (Note 2)
Cash flows from operating activities		
Net increase in net assets resulting from operations attributable to holders of common shares	14,372	1,266,023
<i>Adjustments for:</i>		
Purchase of financial assets	(529,228)	(3,952,448)
Net proceeds from sale of financial assets	3,426,180	4,056,256
Net realised (gain)/loss on financial assets	(879,696)	405,175
Net change in unrealised loss/(gain) on financial assets	1,046,246	(1,448,938)
Changes in:		
Dividends and interest receivable	(15,650)	(14,610)
Prepaid expenses	(35)	(3,437)
Accrued expenses	7,191	(3,244)
Net cash provided by operating activities	3,069,380	304,777
Cash flows from financing activities		
Proceeds from issuance of shares	528,882	4,365,348
Payments from redemption of shares	(2,925,619)	(5,042,186)
Dividends paid	(127,449)	(156,421)
Net cash used in financing activities	(2,524,186)	(833,259)
Net increase/(decrease) in cash and cash equivalents	545,194	(528,482)
Cash and cash equivalents – beginning of year	208,615	737,097
Cash and cash equivalents – end of year	753,809	208,615
Supplemental cash flow information:		
Interest received	324	1,483
Dividends received, net of withholding taxes	345,160	405,842
Supplemental non-cash information:		
Shares – Class A issued through dividend reinvestment	188,242	176,748
Subscription in-kind – receipt of securities from an investor in exchange for Class A common shares in the Fund (Note 5)	3,989,155	-

The accompanying notes form an integral part of these financial statements.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2015

(Expressed in Bermuda Dollars)

1. CORPORATE INFORMATION

Butterfield Bermuda Fund Limited (the "Fund") is an open-ended investment company which was incorporated under the laws of Bermuda on February 22, 1994.

The Fund commenced operations on March 31, 1994. Butterfield Trust (Bermuda) Limited acts as custodian (the "Custodian"). Butterfield Asset Management Limited acts as investment adviser (the "Investment Adviser"). MUFG Fund Services (Bermuda) Limited acts as registrar and transfer agent and as accountants/administrator (the "Registrar and Transfer Agent" or "Administrator") for the Fund. The Custodian and Investment Adviser are wholly owned subsidiaries of The Bank of N.T. Butterfield & Son Limited (the "Bank").

The registered address of the Fund is c/o MUFG Fund Services (Bermuda) Limited, The Belvedere Building 69 Pitts Bay Road, Pembroke HM 08, Bermuda.

The Investment Adviser, Custodian and Bank each maintains separate business units, roles and responsibilities to ensure segregation between different functions.

The investment objective of the Fund is to provide long term capital growth and current income by investing in a diversified portfolio of Bermuda assets.

2. BASIS OF PREPARATION

First time adoption of International Financial Reporting Standards ("IFRS")

These financial statements, for the year ended June 30, 2015, are the first the Fund has prepared in accordance with IFRS. For years up to and including the year ended June 30, 2014, the Fund prepared its financial statements in accordance with accounting principles generally accepted in Canada and Bermuda ("GAAP"). Accordingly, the Fund has prepared financial statements which comply with IFRS applicable for the year ended June 30, 2015, together with the comparative year data as at and for the year ended June 30, 2014, as described in the summary of significant accounting policies. In preparing these financial statements, the Fund's opening statement of financial position was prepared as at July 1, 2013, the Fund's date of transition to IFRS. As there was no change in the recognition and measurement on IFRS adoption, the notes to the financial statements are not presented as at July 1, 2013.

In accordance with the requirements of IFRS 1, "First-time adoption of International Financial Reporting Standards", the Board of Directors have considered how the transition from GAAP to IFRS has affected the Fund's reported financial position, financial performance and cash flows. There has been no impact on the valuation or classification of these amounts as a result of the transition to IFRS. Further, there have been no changes to its statement of comprehensive income under IFRS. The Fund was not required to present a statement of cash flows under GAAP, but is required to present a statement of cash flows under IFRS.

Accounting convention

The financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a historical-cost basis, except for financial assets held at fair value through profit or loss.

The financial statements are presented in Bermuda dollars, which is the functional currency of the Fund, and all values are rounded to the nearest dollar, except when otherwise stated.

The Fund presents its statement of financial position in order of liquidity.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended June 30, 2015
(Expressed in Bermuda Dollars)

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies

a) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the Fund's management to make judgements, estimates and assumptions that affect the amounts reported and disclosures made in the financial statements, and accompanying notes. Management believes that the estimates and assumptions utilised in preparing the Fund's financial statements are reasonable and prudent. Actual results could differ from these estimates.

b) Financial instruments

i. Classification

The Fund classifies its financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

Financial assets and liabilities at fair value through profit or loss

The category of financial assets and liabilities at fair value through profit or loss is sub-divided into:

Financial assets and liabilities held for trading: financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes index funds, exchange traded funds and equities. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Financial instruments designated at fair value through profit or loss upon initial recognition: these include equity securities and debt instruments not held for trading. The Fund did not hold any financial instruments designated at fair value through profit or loss upon initial recognition as at June 30, 2015 and 2014.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market.

Other financial liabilities

This category includes all financial liabilities, other than those classified as held for trading. The Fund includes in this category amounts for other short-term payables.

ii. Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended June 30, 2015 (Expressed in Bermuda Dollars)

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

b) Financial instruments (continued)

iii. Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Receivables and other financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Fund recognises the difference in the statement of comprehensive income, unless specified otherwise.

iv. Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest and dividend earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense.

Receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

v. Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either: the Fund has transferred substantially all the risks and rewards of the asset, or the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended June 30, 2015 (Expressed in Bermuda Dollars)

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

c) Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs.

It is the policy of the Fund to value any asset quoted, listed, traded or dealt with on an exchange or market by reference to the last traded price on or prior to the relevant Valuation Day on the major exchange or market in which the assets are dealt, to the extent that such valuation is based on a price within the bid-ask spread that is most representative of fair value on valuation date. In circumstances where the last traded price is not within the bid-ask spread, the Directors will determine the point within the bid-ask spread that is most representative of fair value.

The Directors at their absolute discretion may permit some other method of valuation to that described above if they consider such valuation better reflects the fair value of any investment.

d) Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor/counterparty or a group of debtors/counterparties is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate.

e) Functional and presentation currency

The Fund's functional currency is the Bermuda Dollar, which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in Bermuda Dollars. Therefore, the Bermuda Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the Bermuda Dollar.

f) Offsetting and financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Management has determined that, as at June 30, 2015 and 2014, there were no assets and liabilities offset in the statement of financial position, nor were there any assets or liabilities available for offset. The Fund does not have a legally enforceable right to offset, nor does it have master netting agreements or similar arrangements that would allow for related amounts to be set off.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended June 30, 2015 (Expressed in Bermuda Dollars)

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

g) Foreign currency translations

Assets and liabilities that are denominated in foreign currencies are translated into Bermuda dollars at rates of exchange on the period end date. Transactions during the period are translated at the rate in effect at the date of the transaction. Foreign currency translation gains and losses are included in the statement of operations.

The Fund does not isolate that portion of gains and losses on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included in the net realised and change in unrealised gain/(loss) on investments in the statement of comprehensive income.

h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

i) Due from and due to broker

Amounts due from and to brokers represents cash held with brokers and receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date, respectively. These amounts are recognised at fair value.

j) Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

k) Dividend income and expense

Dividend income is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Fund's right to receive the payment is established.

Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

l) Realised and change in unrealised gains and losses

Realised and change in unrealised gains/(losses) on financial assets at fair value through profit or loss are recognised in the statement of comprehensive income. The cost of investments sold is accounted for using the average cost basis.

m) Expenses

All expenses (including management fees) are recognised in the statement of comprehensive income on an accrual basis.

n) Going concern

The Fund's management has assessed the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended June 30, 2015 (Expressed in Bermuda Dollars)

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

o) Share capital

The Fund's Organisational Shares are classified as equity in accordance with the Fund's articles of association. These shares do not participate in the profits of the Fund.

p) Redeemable participating shares

Redeemable participating shares (i.e., Class A and Class B shares) are redeemable at the shareholder's option and are classified as financial liabilities. The redeemable participating shares can be put back to the Fund on any dealing day (normally the next business day following the Valuation Day, which is on Wednesday in each week) at a value equal to a proportionate share of the Fund's net asset value ("NAV"). The Fund's net asset value per share is calculated by dividing the net assets attributable to holders of common shares with the total number of outstanding common shares.

q) Investment entity

IFRS 10 defines an investment entity and requires a reporting entity that meets the definition of an investment entity not to consolidate but instead to measure its investments at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments

Management has determined that the Fund meets the definition of an investment entity and recognizes all investments at fair value through profit and loss.

r) Impact of accounting pronouncements issued but not yet effective

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Fund is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended June 30, 2015 (Expressed in Bermuda Dollars)

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

r) Impact of accounting pronouncements issued but not yet effective (continued)

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Fund is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

3. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management approach includes formal guidelines to govern the extent of exposure to various types of risk. The Investment Adviser also has various internal controls to oversee the Fund's investment activities, including monitoring compliance with the investment objective and strategies, internal guidelines and securities regulations.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Financial instruments that potentially expose the Fund to credit risk consist primarily of cash and cash equivalents and balances held at brokers.

The value of such balances on the statement of financial position includes consideration of the creditworthiness of the issuer, and, accordingly represents the maximum credit risk exposure of the Fund.

Substantially all of the assets of the Fund are held by the Fund's Custodian and the Bank. The Fund monitors its risk by monitoring the credit quality of the Custodian and the Bank. As at June 30, 2015, the credit rating of the Custodian and the Bank, as provided by Standard and Poor's, were both BBB (2014 – BBB+).

Currency Risk

Currency risk is the risk that the value of an investment will fluctuate due to changes in foreign exchange rates. When the Fund enters into transactions which are denominated in currencies other than the Fund's reporting currency, the Investment Adviser attempts to mitigate the associated currency risk, which may include the use of forward currency contracts. As at June 30, 2015 and 2014, the Fund's exposure to currencies other than the Fund's reporting currency was limited to small balances of cash and cash equivalents denominated in foreign currencies which are not significant to the Fund as a whole.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Predominantly all of the Fund's investments are liquid securities which are actively traded on stock exchanges. As a result, the Fund is not subject to fair value interest rate risk due to possible fluctuations in the prevailing levels of market interest rates.

The Fund's exposure to interest rate risk is limited to its cash at the bank which represents 4.88% (2014 - 1.49%) of the Fund's net assets. The Fund also holds an interest bearing unsecured credit facility agreement with the Bank (as disclosed in Note 7 c)). As at June 30, 2015 and 2014, the credit facility remained unused.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended June 30, 2015 (Expressed in Bermuda Dollars)

3. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to liquidity risk by way of weekly cash redemptions of redeemable units. However, the Fund retains sufficient cash, cash equivalents and actively traded marketable securities to maintain adequate liquidity to address this risk. The Fund also has a credit facility in place to assist the Fund in meeting short term liquidity obligations.

Price/Market Risk

Price/market risk is the risk that the value of investments will fluctuate as a result of market conditions. All investments of the Fund are exposed to price/market risk. The Investment Adviser attempts to mitigate price/market risk by selecting appropriate portfolio investments based on the Fund's strategy. All of the Fund's investments at June 30, 2015 and 2014 were listed on stock exchanges.

All of the Fund's investments were exposed to changes in equity prices. As at June 30, 2015, if equity prices had been 5% higher or lower, adjusted for the correlation of the actual investment portfolio value held to equity price movements with all other variables held constant, the net assets of the Fund would have been \$739,971 (2014 - \$693,689) higher or lower. A sensitivity rate of 5% is used when reporting price/market risk internally to key management personnel and represents management's assessment of possible change in market prices.

4. FAIR VALUE OF FINANCIAL ASSETS

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are market observable for the asset or liability, either directly or indirectly; and,
- Level 3 - inputs for the asset or liability that are not based on observable market data, including the Fund's own assumptions in determining the fair value of investments.

June 30, 2015				
Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Common stock	\$ 14,799,423	\$ -	\$ -	\$ 14,799,423
Total Financial Assets	\$ 14,799,423	\$ -	\$ -	\$ 14,799,423
June 30, 2014				
Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Common stock	\$ 13,797,235	\$ -	\$ -	\$ 13,797,235
Preferred shares	-	76,535	-	76,535
Total Financial Assets	\$ 13,797,235	\$ 76,535	\$ -	\$ 13,873,770

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended June 30, 2015 (Expressed in Bermuda Dollars)

4. FAIR VALUE OF FINANCIAL ASSETS (Continued)

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of the securities no longer being traded in an active market. There were no transfers of financial assets and liabilities from Level 1 to Level 2 during the years ended June 30, 2015 and 2014. Financial assets and liabilities transferred from Level 2 to Level 1 are the result of the securities now being traded in an active market. There were no transfers of financial assets and liabilities from Level 2 to Level 1 during the years ended June 30, 2015 and 2014. The Fund did not hold any level 3 investments at the beginning, during, or at the end of the years ended June 30, 2015 and 2014.

5. SHARES ISSUED AND OUTSTANDING

The authorised capital stock of the Fund is \$25,012,000 (2014: \$25,012,000) divided into:

12,500,000 Class A participating, non-voting common shares of a par value of \$1.00 each share
12,500,000 Class B participating, non-voting common shares of a par value of \$1.00 each share
12,000 organisational non-participating, voting shares of a par value of \$1.00 each share

Details of number of shares issued and outstanding as of June 30, 2015 and 2014 are as follows:

Participating Shares	2015		2014	
	Class A	Class B	Class A	Class B
Balance - beginning of year	681,541	-	701,114	-
Issue of common shares	222,481	-	231,627	-
Redemption of common shares	(142,138)	-	(251,200)	-
Balance - end of year	761,884	-	681,541	-
Organisational Shares	12,000	-	12,000	-

Class A and B shares are allotted to subscribers at a value determined by reference to the weekly valuation of the net assets of the Fund. Class A and B shares may be redeemed weekly for an amount equal to the net asset value per share as at the close of business on the Valuation Day, following receipt of the properly completed request for redemption, subject to the power of the directors to deduct there from an amount sufficient in their opinion to meet sale and fiscal charges incurred in realising assets to provide funds to meet the request.

The Class A and Class B shares have different minimums set for investors to subscribe to them, and there are differences in the management fees payable to the Investment Adviser in respect of such shares (see Note 8 a).

The organisational shares are owned by the Investment Adviser and its nominees. Under the Bye-Laws, the organisational shares have only nominal rights if and so long as there are any other shares of the Fund in issue.

During the year, the Fund received securities having a fair value of \$3,989,155 in exchange for Class A common shares in the Fund.

Capital Management

As a result of the ability to issue, repurchase and resell shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Fund's Prospectus.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended June 30, 2015 (Expressed in Bermuda Dollars)

6. DIVIDENDS

Dividends declared by the Fund on Class A shares were as follows:

	Declaration Date	2015	Declaration Date	2014
\$0.13 per share (2014 - \$0.11 per share)	Sept 30, 2014	\$ 88,409	Sept 30, 2013	\$ 98,988
\$0.13 per share (2014 - \$0.11 per share)	Dec 31, 2014	76,185	Dec 31, 2013	82,718
\$0.13 per share (2014 - \$0.11 per share)	March 31, 2015	76,128	March 31, 2014	74,340
\$0.13 per share (2014 - \$0.11 per share)	June 30, 2015	99,045	June 30, 2014	74,969
		\$ 339,767		\$ 331,015

7. RELATED PARTY TRANSACTIONS

a) Management Fee

The Investment Adviser is related to the Fund through common directorship.

Under the terms of the management agreement, the Investment Adviser is entitled to receive a monthly fee calculated at the rate of no more than 1% per annum of the average valuation of the net assets of the Fund carried out on the Valuation Days during each month. Presently, the monthly fee is calculated at the rate of 0.75% per annum for both the Class A and Class B shares. There are currently no outstanding shares for Class B. The fee of the Investment Adviser is reduced to take account of the management fee already levied on assets held in shares of other funds managed by the Investment Adviser. Management fee for the year was \$100,172 (2014 - \$110,078) with \$10,964 (2014 - \$9,564) being payable and included in accrued expenses at year end.

b) Custodian Fee

In accordance with the custodian agreement, the Custodian receives a fee based upon the nature and extent of the services provided. Relevant out-of-pocket expenses may also be charged to the Fund by the Custodian. The custodian fee for the year was \$13,314 (2014 - \$15,062) with \$3,728 (2014 - \$2,362) being payable and included in accrued expenses at year end.

c) Credit Facility

On July 15, 2013, the Fund renewed the unsecured credit facility agreement with the Bank in the amount of \$1,300,000. The agreement bears an interest rate of 1% per annum above the higher of the LIBOR or the funding costs incurred by the Bank in making the revolving credit facility available on any date of drawdown with accrued interest payable monthly in arrears.

On July 4, 2014, the Fund renewed the unsecured credit facility agreement with the Bank in the amount of \$1,400,000. The agreement bears an interest rate of 1% per annum above the higher of the LIBOR or the funding costs incurred by the Bank in making the revolving credit facility available on any date of drawdown with accrued interest payable monthly in arrears.

On June 26, 2015, the Fund renewed the unsecured credit facility agreement with the Bank. The terms remain unchanged from the previous agreement, as outlined above, with the exception of the repayment terms. The renewed agreement states that the full amount of any amount advanced under the revolving facility, together with the accrued interest and other amounts payable by the Fund to the Bank, is payable on the earlier of seven days following the utilization date or the expiry date, unless extended at the Bank's sole discretion. If any payment falls due and payable on a day which is not a business day the payment shall be made on the next following business day. The renewed unsecured facility expires on June 30, 2016.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended June 30, 2015 (Expressed in Bermuda Dollars)

7. RELATED PARTY TRANSACTIONS (Continued)

d) Investment Service Fee

The investment services fee is paid to the Bank for additional registrar and transfer agent services provided to the Fund which had been previously provided by the administrator. The investment services fee is a set fee for the Butterfield group of funds, allocated to the individual funds based on their proportion of Net Asset Value. The fee for 2015 was \$4,320 (2014 - \$4,500), none of which remained payable at year end.

e) Others

The Bank owns 67,190 Class A shares (2014 – 120,618 Class A shares) of the Fund.

8. ADMINISTRATION FEE

In accordance with the administration agreement, the Administrator receives a fee based upon the nature and extent of the services provided. Administration fee for the year was \$27,804 (2014 - \$29,992) with \$6,346 (2014 - \$3,558) being payable and included in accrued expenses at year end.

9. TAXATION

Under current Bermuda law, the Fund is not obligated to pay taxes in Bermuda on either income or capital gains. The Fund has received an undertaking from the Minister of Finance in Bermuda, pursuant to the provisions of the exempted undertaking Tax Protection Act, 1966 which exempts the Fund from any such Bermuda taxes until March 28, 2016.

In March 2011, the Bermuda Government enacted the Exempted Undertakings Tax Protection Amendment Act 2011 allowing the Minister of Finance to grant assurance up to March 31, 2035.

10. COMMITMENTS AND CONTINGENCIES

Management has determined that the Fund had no commitments or contingencies as at June 30, 2015 (2014: none).

11. SUBSEQUENT EVENTS

The Fund has evaluated all the events or transactions that occurred after June 30, 2015 through October 9, 2015, the date the financial statements were available to be issued. During this period, the Fund did not have any material subsequent events.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended June 30, 2015
(Expressed in Bermuda Dollars)

12. FINANCIAL HIGHLIGHTS

2015	2015 CLASS A	2014 CLASS A
Per Share Information		
Net asset value - beginning of year	\$ 20.53	\$ 19.34
Income from investment operations		
Net investment income****	0.28	0.27
Net realised and change in unrealised gain on investments	(0.01)	1.36
Total from investment operations	0.27	1.63
Distributions to investors	(0.52)	(0.44)
Net asset value – end of year	\$ 20.28	\$ 20.53
	2015 CLASS A	2014 CLASS A
Ratios / Supplemental data		
Total net assets - end of year	\$ 15,448,173	\$ 13,992,908
Weighted average net assets*	13,644,031	14,923,841
Ratio of expenses to weighted average net assets annualised	1.35%	1.34%
Portfolio turnover rate**	26.02%	31.53%
Annual rate of return***	1.32%	8.43%

* Weighted average net assets are calculated using net assets on the last valuation date of each month.

** Portfolio turnover rate is calculated using the lesser of purchases or sales of investments for the year divided by the weighted average value of investments, calculated using the last valuation date of each month.

*** Annual rate of return for shareholders who reinvested dividends is calculated by comparing the end of year net asset value per share plus any dividend per share amounts to the beginning of year net asset value per share.

****Net investment income represents dividends, deposit interest and other income net of expenses.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on October 9, 2015.