

Butterfield Bermuda Fund Limited

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2009 AND 2008

Butterfield Bermuda Fund Limited

Bermuda Fund Limited - Annual Report 2009

During the past year, the net asset value per share, exclusive of dividends, decreased from \$27.43 to \$18.14. In addition, for the year ended June 30, 2009, the Fund paid total dividends of \$0.84 per share. The Fund's quarterly dividend rate remained stable throughout the year, with the dividend yield currently equalling 3.4%. We continue to maintain a dividend policy whereby the dividend yield for the Fund is representative of the dividend yield for the Fund's Composite Benchmark.

For the year, the Fund decreased -31.41%, compared to the Composite Benchmark return of -29.34%. At June 30, 2009 the Fund had a 39.9% allocation to insurance stocks, 47.9% to Bermuda domestic stocks and 12.2% in cash. This compares to the Composite Benchmark of 60% insurance, plus 40% domestic.

Market Review

The extended market turmoil and credit crisis has had a material impact on the local market as well as on the returns of the Butterfield Bermuda Fund Limited over the last twelve months. Global financial markets experienced a crisis of confidence and continued to deteriorate with demand for liquidity remaining at historical elevated levels despite unprecedented corporate bailouts in the US and the billions of dollars injected into the cash markets by central banks during the year putting pressure on the financial and insurance sectors. Bermuda's economy is heavily dependent upon the financial services industry, which subsequently created a challenging environment for investors.

A number of reinsurance companies held within the Fund reported losses attributed to declining insurance rates in a softening market, higher costs, and the dramatic fall in investment income. IPC Holdings Limited has been the subject of a takeover battle between Max Capital Limited and Validus Holdings Limited. Max Capital's offer was rejected by shareholders however a superior offer was presented by Flagstone Reinsurance Holdings Limited. After much consideration in trying to get the best value for the IPC shareholders Validus won and will acquire IPC in a cash and stock deal worth around \$1.7 billion. In July PartnerRe Limited agreed to buy ParisRe Holdings Limited for \$2 billion in a stock move to boost its balance sheet and improve diversification. Once this merger is complete PartnerRe will be the fourth largest reinsurer in the world. The takeover battle for IPC and acquisition by PartnerRe was not a surprise as there are a number of opportunities for M&A activity and we do not rule out further consolidation within the sector.

On the domestic front, local stocks were not immune to the headwinds facing their international counterparts. The BSX Insurance Index at one point declined -28% only then to rebound +16% over the last two weeks of Q1 2009. The BSX Index lost a third of its value in 2008, one of its worst years ever also declining -30% in Q1 with most of the losses attributed to the decrease in the most heavily traded stock, Butterfield Bank. Butterfield Bank touched new lows during the year as it sold off in sympathy with global banking names as fears about financial health of various institutions flared up. The economic slowdown and lack of confidence has kept trading activity in the local stock market at a minimum and volumes low which in turn has had an impact on stock prices.

Some companies issued statements confirming strong capital positions, financial strength and strong balance sheets. The significant news during the year was from Butterfield Bank after reporting 2008 net income of \$4.8 million the Bank was able to successfully boost its capital position by raising \$200 million of non-convertible preferred shares which will be guaranteed by the Bermuda Government. The Fund invested 2.2% in this preferred issue. During the year the Fund has completely liquidated its exposure to XL Capital, Max Capital and reduced exposure to Ace, PartnerRe and Everest Re while increasing the cash position.

Butterfield Bermuda Fund Limited

Outlook

Despite the economic climate over the last year, the insurers are seeking improving market conditions due to a successful renewal season, solid operations, and growth in catastrophe premiums. The reinsurance sector is fundamentally strong and is enjoying renewed pricing power and has a solid capital position that can be leveraged as market conditions start to improve. The ripple effects from the global credit crisis has weighted on confidence and created concerns over economic growth moving forward. Within the domestic market, trading volumes have increased, thus helping stock prices to increase and it is anticipated this trend will continue over the next year. Although a number of holdings have reported losses there has been a lot of volatility and a number of the Funds holdings have recovered as of late.



Curtis Dickinson
President
Butterfield Bermuda Fund Limited

October 7, 2009

Butterfield Bermuda Fund Limited

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying statements of net assets of Butterfield Bermuda Fund Limited ("the Fund"), including the statements of portfolio investments, as at June 30, 2009 and 2008, and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada and Bermuda. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2009 and 2008, and the results of its operations and the changes in its net assets for the years then ended, in accordance with accounting principles generally accepted in Canada and Bermuda.

Deloitte + Touche

DELOITTE & TOUCHE
Chartered Accountants
Hamilton, Bermuda

October 7, 2009

Butterfield Bermuda Fund Limited

DIRECTORS

Sheila Brown
Curtis Dickinson
Robert J. Stewart (Resigned on November 21, 2008)
Dr. James A.C. King (Resigned on November 21, 2008)
Ian Coulman (Resigned on July 20, 2009)

INVESTMENT ADVISOR

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

CUSTODIAN

Butterfield Trust (Bermuda) Limited
P.O. Box HM 195
Hamilton HM AX
Bermuda

REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR

Butterfield Fulcrum Group (Bermuda) Limited
P.O. Box HM 195
Hamilton HM AX
Bermuda

AUDITORS

Deloitte & Touche
P.O. Box HM 1556
Hamilton HM FX
Bermuda

Butterfield Bermuda Fund Limited

STATEMENTS OF NET ASSETS As at June 30, 2009 and 2008 (Expressed in Bermuda Dollars)

| ASSETS | 2009 | 2008 |
|--|----------------------|----------------------|
| Investments, at current value (Cost 2009 - \$17,438,429; 2008 - \$23,257,406) | \$ 18,124,192 | \$ 31,586,278 |
| Cash and cash equivalents | 2,509,263 | 235,192 |
| Accrued dividends and interest receivable | 39,136 | 99,578 |
| Prepaid expenses | - | 1,650 |
| | 20,672,591 | 31,922,698 |
| LIABILITIES | | |
| Dividends payable | 196,914 | 272,541 |
| Accrued expenses | 70,032 | 88,437 |
| Redemption payable | 15 | - |
| Subscription received in advance | - | 34,507 |
| | 266,961 | 395,485 |
| | 20,405,630 | 31,527,213 |
| Organisational shares | 12,000 | 12,000 |
| FUND NET ASSETS | \$ 20,393,630 | \$ 31,515,213 |
| NET ASSETS AVAILABLE TO CLASS A SHAREHOLDERS | \$ 19,573,282 | \$ 31,048,259 |
| Number of common shares in issue Class A | 1,079,012 | 1,132,047 |
| NET ASSET VALUE PER COMMON SHARE CLASS A | \$ 18.14 | \$ 27.43 |
| NET ASSETS AVAILABLE TO CLASS B SHAREHOLDERS | \$ 820,348 | \$ 466,954 |
| Number of common shares in issue Class B | 1,517,279 | 529,158 |
| NET ASSET VALUE PER COMMON SHARE CLASS B | \$ 0.54 | \$ 0.88 |

Signed on Behalf of the Board



DIRECTOR



DIRECTOR

The accompanying notes are an integral part of these financial statements

Butterfield Bermuda Fund Limited

STATEMENTS OF PORTFOLIO INVESTMENTS

As at June 30, 2009 and 2008

(Expressed in Bermuda Dollars)

| Investment | Nominal | 2009 | | Nominal | 2008 | |
|---|---------|----------------------|----------------|---------|----------------------|----------------|
| | | Current Value | % of Portfolio | | Current Value | % of Portfolio |
| ACE Limited | 35,970 | \$ 1,590,953 | 8.78% | 47,970 | \$ 2,642,667 | 8.37% |
| Argus Insurance | 172,793 | 1,356,424 | 7.48% | 172,793 | 2,591,893 | 8.21% |
| Axis Capital Holdings | 12,820 | 335,628 | 1.85% | 12,820 | 382,164 | 1.21% |
| B F & M Limited | 25,573 | 386,789 | 2.13% | 25,573 | 514,652 | 1.63% |
| Bank of N.T. Butterfield & Son Limited | 663,353 | 3,515,769 | 19.41% | 653,910 | 9,677,878 | 30.62% |
| Bank of N.T. Butterfield 8% Non - Cumulative Preference Shares | 500 | 600,000 | 3.31% | - | - | - |
| Bermuda Aviation Services Limited | 223,056 | 1,115,280 | 6.15% | 223,056 | 1,321,607 | 4.18% |
| Bermuda Commercial Bank Limited | 2 | 15 | 0.00% | 2 | 20 | 0.00% |
| Bermuda Container Line Limited | 2,100 | 25,725 | 0.14% | 1,900 | 24,938 | 0.08% |
| BELCO Holdings Limited | 164,826 | 2,633,095 | 14.53% | 164,826 | 3,461,346 | 10.96% |
| Bermuda Press (Holdings) Limited | 5,431 | 63,678 | 0.35% | 5,431 | 80,922 | 0.26% |
| Everest Group Limited | 15,660 | 1,120,786 | 6.18% | 30,660 | 2,443,909 | 7.74% |
| Flagstone Reinsurance Holdings Limited | 31,080 | 320,124 | 1.77% | 31,080 | 366,433 | 1.16% |
| IPC Holdings Limited | 59,350 | 1,622,629 | 8.95% | 59,350 | 1,575,743 | 4.99% |
| Keytech Limited | 13,094 | 110,317 | 0.61% | 11,904 | 166,656 | 0.53% |
| Max Re Limited | - | - | - | 61,700 | 1,316,061 | 4.17% |
| PartnerRe Holdings Limited | 30,940 | 2,009,553 | 11.09% | 40,940 | 2,830,182 | 8.96% |
| RenaissanceRe Holdings Limited | 12,642 | 588,359 | 3.25% | 12,642 | 564,718 | 1.79% |
| RenaissanceRe Holdings Limited Cl.C | 35,339 | 632,568 | 3.49% | 35,339 | 609,951 | 1.93% |
| West Hamilton Limited | 10,000 | 96,500 | 0.53% | 10,000 | 132,000 | 0.42% |
| XL Capital Limited | - | - | - | 42,925 | 882,538 | 2.79% |
| TOTAL INVESTMENTS AT CURRENT VALUE | | | | | | |
| (Cost 2009 - \$17,438,429; 2008 - \$23,257,406) | | \$ 18,124,192 | 100.00% | | \$ 31,586,278 | 100.00% |

The accompanying notes are an integral part of these financial statements

Butterfield Bermuda Fund Limited

STATEMENTS OF OPERATIONS

For the years ended June 30, 2009 and 2008

(Expressed in Bermuda Dollars)

| INVESTMENT INCOME | 2009 | 2008 |
|---|-----------------------|-----------------------|
| Dividends | \$ 953,340 | \$ 1,114,123 |
| Deposit interest | 7,105 | 25,815 |
| | 960,445 | 1,139,938 |
| EXPENSES | | |
| Management fee | 181,147 | 271,101 |
| Registrar & transfer agent fee | 85,813 | 87,703 |
| Accounting fee | 50,173 | 50,554 |
| Miscellaneous | 30,233 | 21,101 |
| Custodian fee | 25,044 | 38,318 |
| Audit fee | 20,500 | 17,574 |
| Secretarial fee | 10,194 | 14,531 |
| Government fee | 4,839 | 11,415 |
| | 407,943 | 512,297 |
| NET INVESTMENT INCOME | 552,502 | 627,641 |
| NET REALISED AND UNREALISED (LOSS) GAIN ON INVESTMENTS | | |
| Net realised (loss) gain on investments | (2,748,561) | 410,888 |
| Net change in unrealised loss on investments | (7,643,109) | (7,829,667) |
| NET LOSS ON INVESTMENTS | (10,391,670) | (7,418,779) |
| NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS | \$ (9,839,168) | \$ (6,791,138) |

The accompanying notes are an integral part of these financial statements

Butterfield Bermuda Fund Limited

STATEMENTS OF CHANGES IN NET ASSETS For the years ended June 30, 2009 and 2008 (Expressed in Bermuda Dollars)

| | 2009 | 2008 |
|---|-----------------------|-----------------------|
| NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS | \$ (9,839,168) | \$ (6,791,138) |
| DISTRIBUTIONS TO INVESTORS | | |
| Dividends paid and payable | (937,272) | (1,053,023) |
| CAPITAL STOCK TRANSACTIONS | | |
| Proceeds on the issue of shares | 2,707,180 | 8,084,594 |
| Payment on the redemption of shares | (3,052,323) | (4,666,939) |
| Net capital stock transactions | (345,143) | 3,417,655 |
| NET DECREASE IN NET ASSETS FOR THE YEAR | (11,121,583) | (4,426,506) |
| NET ASSETS - BEGINNING OF YEAR | 31,515,213 | 35,941,719 |
| NET ASSETS - END OF YEAR | \$ 20,393,630 | \$ 31,515,213 |

The accompanying notes are an integral part of these financial statements

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008 (Expressed in Bermuda Dollars)

1. ABOUT THE FUND

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. Butterfield Asset Management Limited acts as Investment Advisor. Butterfield Fulcrum Group (Bermuda) Limited acts as Registrar and Transfer Agent and as Accountants for the Fund. Butterfield Trust (Bermuda) Limited and Butterfield Asset Management Limited are wholly owned subsidiaries of The Bank of N.T. Butterfield & Son Limited (the "Bank"), and the Bank also holds a significant interest in Butterfield Fulcrum Group (Bermuda) Limited.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and Bermuda. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund.

a) Valuation of Investments

Portfolio securities listed on an exchange are valued at the latest sale price reported by the principal securities exchange on which the issue is traded or, lacking any sales, at the closing bid prices. Over the counter securities are valued on the basis of the mean between the current bid and ask prices on that date. The net change during the year between these amounts and cost is shown as unrealized gain (loss) on investments.

The requirements of the CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement ("CICA 3855"), became effective for fiscal years beginning on or after October 1, 2006. CICA 3855 prescribes specific guidance for establishing fair values under GAAP, including the use of bid prices for long positions and ask prices for short positions for investments quoted in active markets. Where active markets do not exist, fair values are established using a fair valuation technique. Prior to the adoption of CICA 3855, fair values were based on last traded or closing prices or based on management's best estimate where market quotations were not reliable or available.

CICA 3855 also requires that transaction costs (such as brokerage commissions) incurred on portfolio transactions be recognized immediately in net income and presented as a separate expense item in the financial statements. Prior to the adoption of CICA 3855, transaction costs were included in the average cost of investments or as a reduction in the proceeds on the disposition of investments. Transaction costs were recognized immediately in net assets and results of operations, but were not presented as a separate line item.

Had the Fund used the bid prices for long positions, as prescribed by CICA 3855, the current value of investments and fund net assets would have decreased by \$299,249 (2008: \$140,505) and the net asset value per common share would have decreased by \$0.2660, for Class A, and \$0.0081, for Class B (2008: Class A - \$0.1229; Class B - \$0.0027).

b) Investment Transactions and Income Recognition

Investment transactions are accounted for on the trade date. Gains or losses arising from the sale of investments are determined using the average cost basis. Income from investments is recorded on the accrual basis. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date.

c) Cash and Cash Equivalents

Cash equivalents are comprised primarily of shares in the Butterfield Money Market Fund Limited, an affiliated money market fund, denominated in US\$ shares. Shares may be redeemed on 24 hours notice. The value of the holding at 30 June 2009 was \$2,509,263 (2008 - \$127,132).

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008 (Expressed in Bermuda Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Financial Assets and Liabilities

In addition to the estimated fair values of investments as disclosed in the statements of portfolio investments, the estimated fair value of the Fund's other financial instruments, including cash and cash equivalents, accrued dividends/interest receivable, dividends payable and accrued expenses approximate their carrying value.

e) Adoption of New Accounting Standards

CICA Handbook Institute of Chartered Accountants ("CICA") issued CICA Handbook Section 1535, Capital Disclosure, effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The main objective of this new standard is to disclose information about a legal entity's capital and how it is managed. The adoption of this standard did not have an impact on the Fund's results.

The CICA issued CICA Handbook Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation effective for financial statements relating to fiscal years beginning on or after October 1, 2007. These standards provide comprehensive disclosure and presentation requirements for financial instruments and have been adopted by the fund for the current fiscal year.

3. RISK MANAGEMENT

The Funds' overall risk management approach includes formal guidelines to govern the extent of exposure to various types of risk. The Investment Advisor also has various internal controls to oversee the Funds' 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. The value of such securities on the Statement of Portfolio Investments includes consideration of the creditworthiness of the issuer, and, accordingly represents the maximum credit risk exposure of the Fund.

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 Funds' reporting currency the Investment Advisor attempts to mitigate the associated currency risk in accordance with the above mentioned guidelines which may include the use of forward currency contracts.

Interest Rate Risk

Prices of fixed income securities generally increase when interest rates decline, and decrease when interest rates rise. This risk is known as interest rate risk.

Liquidity Risk

The Fund is exposed to liquidity risk by way of cash redemptions of redeemable units. The Fund retains sufficient cash and cash equivalents and has a credit facility available to maintain adequate liquidity to address this risk.

Other price/market risk

Other price/market risk is the risk that the value of investments will fluctuate as a result of market conditions. The Investment Advisor attempts to mitigate price/market risk by selecting appropriate portfolio investments based on the Fund's strategy.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008 (Expressed in Bermuda Dollars)

4. SHARES ISSUED AND OUTSTANDING

The authorised capital stock is as follows:

12,500,000 Class A common shares of a par value of \$1.00 each

12,500,000 Class B common shares of a par value of \$1.00 each

12,000 organisational shares of a par value of \$1.00 each

Details of shares issued and outstanding during the year are as follows:

| Common Shares | 2009 | | 2008 | |
|-----------------------------|-----------|-----------|-----------|---------|
| | CLASS A | CLASS B | CLASS A | CLASS B |
| Balance - beginning of year | 1,132,047 | 529,158 | 1,048,538 | - |
| Issue of common shares | 88,921 | 988,150 | 230,360 | 529,173 |
| Redemption of common shares | (141,956) | (29) | (146,851) | (15) |
| Balance - end of year | 1,079,012 | 1,517,279 | 1,132,047 | 529,158 |
| Organisational shares | 12,000 | - | 12,000 | - |

Common shares are allotted to subscribers at a value determined by reference to the weekly valuation of the net assets of the Fund. Common shares may be redeemed 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 therefrom an amount sufficient in their opinion to meet sale and fiscal charges incurred in realising assets to provide funds to meet the request. The organisational shares are owned by the Investment Advisor.

5. DIVIDENDS

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

| | 2009 | 2008 | Payment Date |
|--|------------|--------------|-----------------|
| \$0.23 per share (2008 \$0.23 per share) | \$ 258,390 | \$ 251,593 | October 2, 2008 |
| \$0.23 per share (2008 \$0.23 per share) | 257,525 | 263,751 | January 5, 2009 |
| \$0.15 per share (2008 \$0.23 per share) | 163,938 | 265,138 | April 2, 2009 |
| \$0.16 per share (2008 \$0.23 per share) | 172,638 | 260,371 | July 3, 2009 |
| | \$ 852,491 | \$ 1,040,853 | |

Dividends declared by the Fund on Class B were as follows:

| | 2009 | 2008 | Payment Date |
|--|-----------|-----------|-----------------|
| \$0.023 per share (2008 \$0.023 per share) | \$ 17,874 | \$ 12,170 | October 2, 2008 |
| \$0.023 per share | 24,367 | - | January 5, 2009 |
| \$0.015 per share | 18,263 | - | April 2, 2009 |
| \$0.016 per share | 24,277 | - | July 3, 2009 |
| | \$ 84,781 | \$ 12,170 | |

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008 (Expressed in Bermuda Dollars)

6. NET REALISED (LOSS) GAIN ON INVESTMENTS

The net realised (loss) gain on sale of investments was as follows:

| | 2009 | 2008 |
|---|----------------|--------------|
| Proceeds on sale of investments | \$ 3,625,550 | \$ 1,393,352 |
| Less cost of investments sold: | | |
| Investments owned at beginning of year | 23,257,406 | 19,798,715 |
| Investments purchased during year | 555,134 | 4,441,155 |
| Investments owned at end of year | (17,438,429) | (23,257,406) |
| Investments sold during the year | 6,374,111 | 982,464 |
| Net realised (loss) gain on investments | \$ (2,748,561) | \$ 410,888 |

7. RELATED PARTY TRANSACTIONS

a) Management Fee

Under the terms of the Management Agreement, the Investment Advisor 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 the class A shares and 0.45% per annum for the class B shares. The fee of the Investment Advisor is reduced to take account of the management fee already levied on assets held in shares of other funds managed by the Investment Advisor.

b) Custodian Fee

Under the Custodian Agreement, the Custodian is entitled to receive a quarterly fee calculated at the rate of 0.1% per annum, such fees to be calculated on each valuation of the gross assets of the Fund carried out on the Valuation Days during each quarter. For purposes of the fee calculation, the valuation excludes accrued income and prepaid expenses. Relevant out-of-pocket expenses may also be charged to the Fund by the Custodian. The Custodian pays the Sub-Custodian out of its fees.

c) Accounting Fee and Registrar and Transfer Agent Fee

Accounting fees and Registrar and Transfer Agent fees were charged at a rate of 20 basis points per annum of the net asset value of the Fund accrued on a weekly basis.

d) Corporate Secretarial Fee

Corporate secretarial fees are charged on a time spent basis at their normal rates.

e) Credit Facility

On May 15, 2008, the Fund entered into a revolving standby credit facility with the Bank of \$2 million to a maximum of 10% of the Fund's net asset value which expired on April 30, 2009. The facility is intended to assist the Fund in meeting short term liquidity. The facility was renewed on June 17, 2009 and expires on March 31, 2010. The interest rate on the facility will be determined at the time the facility is utilized. No amounts were drawn on the facility at June 30, 2009. Amounts borrowed by the Fund are secured against the assets of the Fund.

Butterfield Bermuda Fund Limited

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008 (Expressed in Bermuda Dollars)

| 8. FINANCIAL HIGHLIGHTS Per Share Information | 2009 | | 2008 | |
|---|-----------------|----------------|-----------------|----------------|
| | CLASS A | CLASS B | CLASS A | CLASS B |
| Net asset value | | | | |
| - beginning of year | \$ 27.43 | \$ 0.88 | \$ 34.28 | \$ 1.00 |
| Income from investment operations | | | | |
| Net investment income | 0.49 | 0.00 | 0.53 | 0.01 |
| Net realised and unrealised loss on investments | (9.01) | (0.27) | (6.46) | (0.11) |
| Total from investment operations | (8.52) | (0.27) | (5.93) | (0.10) |
| Distributions to investors | (0.77) | (0.07) | (0.92) | (0.02) |
| Net asset value - end of year | \$ 18.14 | \$ 0.54 | \$ 27.43 | \$ 0.88 |
| Ratios / Supplemental Data | | | | |
| | CLASS A | CLASS B | CLASS A | CLASS B |
| Total net assets - end of year | \$ 19,573,282 | \$ 820,348 | \$ 31,048,259 | \$ 466,954 |
| Weighted average net assets* | \$ 24,126,949 | \$ 679,497 | \$ 35,851,003 | \$ 477,604 |
| Ratio of expenses to weighted average net assets annualized | 1.65% | 1.39% | 1.43% | 1.32% |
| Portfolio turnover rate** | 2.36% | 2.36% | 4.04% | 4.04% |
| Annual rate of return*** | (32.54%) | (31.16%) | (17.95%) | (11.80%) |

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

** Portfolio turnover rate is calculated for the total of Class A and B 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 multiplied by the beginning of the year number of shares plus any shares from dividend reinvestments to the beginning of year net asset value multiplied by the beginning of the year number of shares.