



# **Third Quarter 2023**

# **The Bank of N.T. Butterfield & Son**

# **Limited**

Earnings Presentation  
October 25, 2023

## **Forward-Looking Statements:**

Certain of the statements made in this release are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions estimates, intentions, and future performance, including, without limitation, our intention to make share repurchases and our dividend payout target, 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 Butterfield 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 (including economic growth and general business conditions) and fluctuations of interest rates, inflation, a decline in Bermuda's sovereign credit rating, the successful completion and integration of acquisitions (including our progress on subsequent closings of the acquisition of trust assets from Credit Suisse) or the realization of the anticipated benefits of such acquisitions in the expected time-frames or at all, success in business retention (including the retention of relationships associated with our Credit Suisse acquisition) and obtaining new business, the impact of the COVID-19 pandemic, the success of our updated systems and platforms and other factors. Forward-looking statements can be identified by words such as "anticipate," "assume," "believe," "estimate," "expect," "indicate," "intend," "may," "plan," "point to," "predict," "project," "seek," "target," "potential," "will," "would," "could," "should," "continue," "contemplate" and other similar expressions, although not all forward-looking statements contain these identifying words. All statements other than statements of historical fact are statements that could be forward-looking statements.

All forward-looking statements in this disclosure 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, including under the caption "Risk Factors" in our most recent Form 20-F. Such reports are available upon request from Butterfield, or from the SEC, including through the SEC's website at <https://www.sec.gov>. Any forward-looking statements made by Butterfield are current views as at the date they are made. Except as otherwise required by law, Butterfield assumes no obligation and does not undertake to review, update, revise or correct any of the forward-looking statements included in this disclosure, whether as a result of new information, future events or other developments. You are cautioned not to place undue reliance on the forward-looking statements made by Butterfield in this disclosure. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, and should only be viewed as historical data.

## **About Non-GAAP Financial Measures:**

This presentation contains non-GAAP financial measures including "core" net income and other financial measures presented on a "core" basis. We believe such measures provide useful information to investors that is supplementary to our financial condition, results of operations and cash flows computed in accordance with GAAP; however, our non-GAAP financial measures have a number of limitations. As such, investors should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies use. Reconciliations of these non-GAAP measures to corresponding GAAP financial measures are provided in the Appendix of this presentation.

# Agenda and Overview



## Presenters

### Michael Collins

Chairman and Chief Executive Officer

### Craig Bridgewater

Group Chief Financial Officer

### Michael Schrum

President and Group Chief Risk Officer

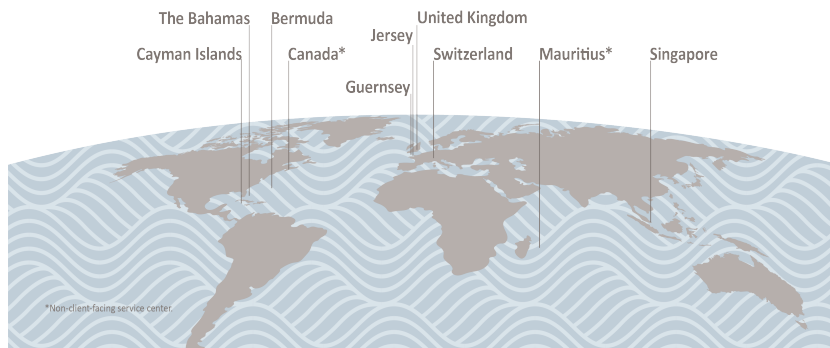
## Agenda

- Overview
- Third Quarter 2023 Financials
- Q&A

## Butterfield Overview

- Leading Bank in Attractive Markets
- Strong Capital Generation and Return
- Resilient, Capital Efficient, Diversified Fee Revenue Model
- Efficient, Conservative Balance Sheet
- Experienced Leadership Team

## Ten International Locations



- Leading market positions in Bermuda & Cayman
- Expanding loan and mortgage offerings in The Channel Islands
- Well-secured lending in all markets
- Award winning banking and wealth management offerings

## ESG Membership

### WE SUPPORT



## Awards



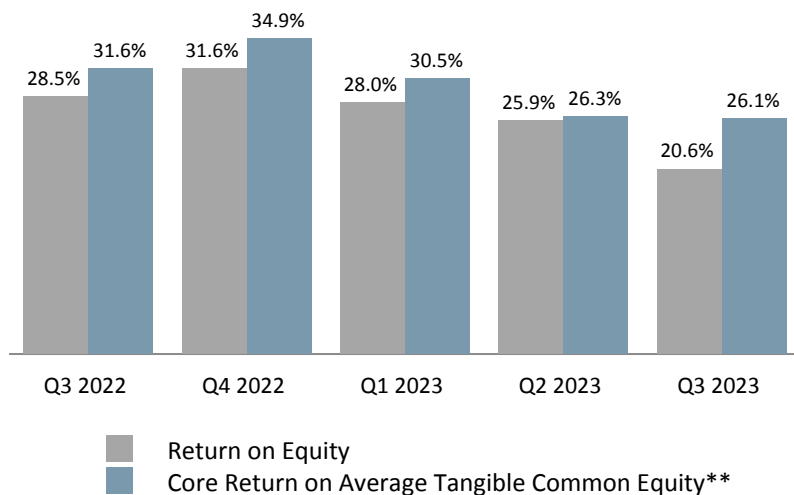
# Third Quarter 2023 Highlights



- Net income of \$48.7 million, or \$0.99 per share
- Core net income\*\* of \$57.0 million, or \$1.16 per share
- Return on average common equity of 20.6%; core return on average tangible common equity\*\* of 26.1%
- Net Interest Margin of 2.76%, cost of deposits of 1.52%
- Cash dividend rate of \$0.44 per common share during the quarter
- Additional closings of the acquisition of trust assets from Credit Suisse
- Repurchases of 1.075 million shares at an average price of \$29.20 per share

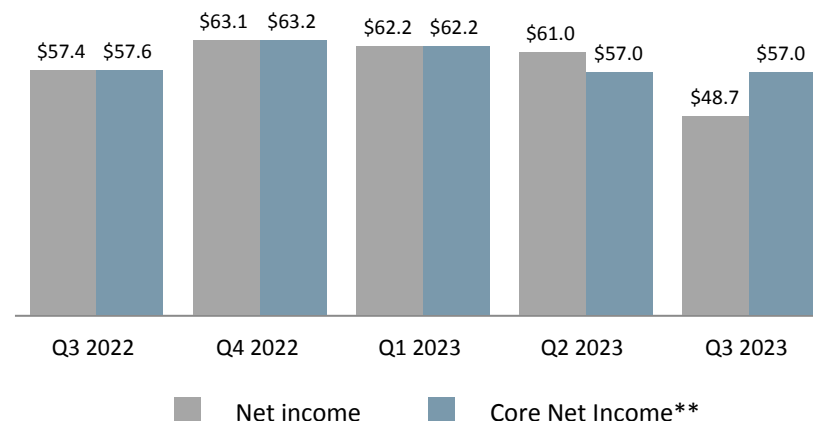
(In US\$ millions)	vs. Q2 2023				vs. Q3 2022	
	Q3 2023	\$	%		\$	%
Net Interest Income	\$ 90.2	\$ (2.3)			\$ (1.0)	
Non-Interest Income	52.0	1.8			2.1	
Provision for Credit Losses	(0.5)	1.0			0.3	
Non-Interest Expenses*	(92.9)	(8.8)			(10.0)	
Other Gains (Losses)	—	(4.0)			(0.1)	
Net Income	\$ 48.7	\$ (12.3)	(20.1)%		\$ (8.7)	(15.1)%
Non-Core Items**	8.2	(12.2)			8.1	
Core Net Income**	\$ 57.0	\$ —	(0.1)%		\$ (0.6)	(1.1)%

Return on Equity



Net Income

(In US\$ millions)



\* Includes income taxes

4 \*\* See the Appendix for a reconciliation of the non-GAAP measure

A large, stylized blue letter 'E' that serves as a background logo. It has a thick, rounded design with a horizontal bar in the middle.

# Financials

# Income Statement

## Net Interest Income



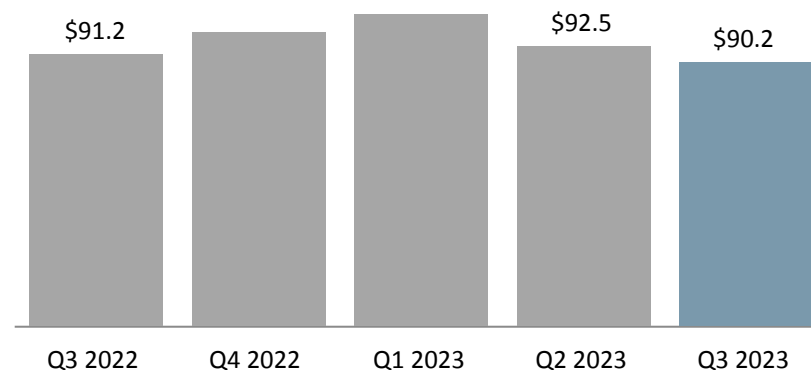
### Net Interest Margin & Yields

(In US\$ millions)

	Q3 2023		vs. Q2 2023	
	Avg. Balance	Yield	Avg. Balance	Yield
Cash, S/T Inv. & Repos	\$ 2,559.2	4.47 %	\$ 71.0	0.41 %
Investments	5,494.9	2.06 %	(119.8)	(0.01)%
Loans (net)	4,897.5	6.51 %	(86.6)	0.09 %
Interest Earning Assets	12,951.6	4.22 %	(135.4)	0.12 %
Interest Bearing Liabilities	9,438.8	(2.00)%	(17.0)	(0.24)%
<b>Net Interest Margin</b>		<b>2.76 %</b>		<b>(0.07)%</b>

### Net Interest Income before Provision for Credit Losses -Trend

(In US\$ millions)



- Net interest income (“NII”) decreased by \$2.3 million versus the prior quarter primarily due to increased interest-bearing deposit costs across all jurisdictions, partially offset by increased loan and treasury yields and lower subordinated debt interest payments following the redemption of the Bank’s \$75 million 2018 series subordinated debt in the prior quarter
- Net interest margin (“NIM”) decreased by 7 basis points to 2.76% as of a result of higher deposit costs, which were partially offset by increased loan and treasury yields
- Average interest earning assets fell by \$135.4 million due to depositor withdrawals. The change in investments was due to paydowns and maturities, the proceeds of which were invested in treasury assets. The decrease in loans was the result of net paydowns during the quarter

# Income Statement

## Non-Interest Income

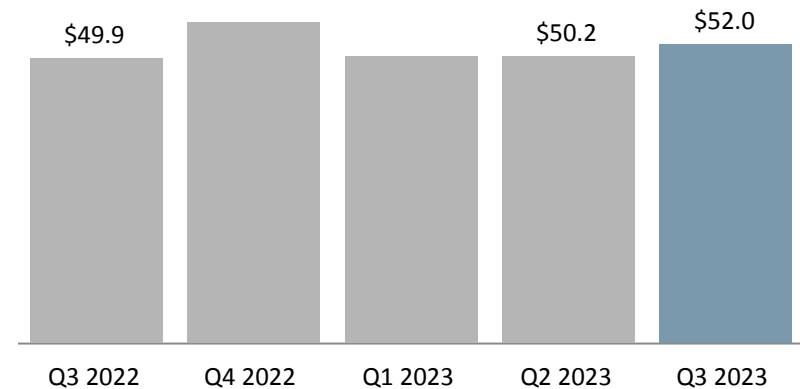


(In US\$ millions)

	Q3 2023	vs. Q2 2023
Asset management	\$ 8.0	\$ (0.2)
Banking	14.1	1.5
Foreign exchange revenue	11.4	0.1
Trust	14.7	0.4
Custody and other	3.3	—
Other	0.6	0.1
<b>Total Non-Interest Income</b>	<b>\$ 52.0</b>	<b>\$ 1.8</b>

### Non-Interest Income Trend

(In US\$ millions)



- Total non-interest income was \$1.8 million higher versus the prior quarter, primarily due to higher banking income and trust fees
- Banking income benefited from increased card volumes in Bermuda and Cayman, as well as loan pre-payment fees
- Trust fees increased in the quarter as a result of new clients onboarded following the previously announced acquisition of Credit Suisse trust assets, organic growth and an increase in activity-based fees
- The fee income ratio was 36.7% in the third quarter of 2023 which compares favorably to the peer average\* and the 35.5% in the prior quarter

\* Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks. Q2 2023 comparative data is used as Q3 2023 peer information was not widely available at time of publication.

# Income Statement

## Non-Interest Expenses



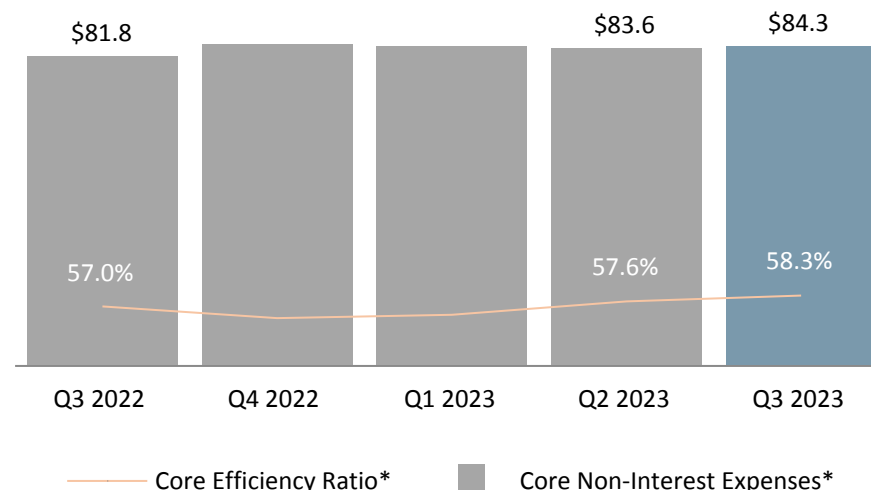
### Core Non-Interest Expenses\*

(In US\$ millions)

	Q3 2023		vs. Q2 2023	
			\$	%
Salaries & Benefits**	\$	43.4	\$ 0.8	1.9 %
Technology & Comm.		16.0	1.1	7.1 %
Professional & O/S Services		4.3	(0.5)	(9.9)%
Property		7.7	0.2	3.2 %
Indirect Taxes		5.1	(0.2)	(2.9)%
Marketing		1.5	(0.1)	(8.6)%
Intangible Amortization		1.4	—	0.1 %
Other		4.8	(0.6)	(10.8)%
<b>Expenses*</b>	<b>\$</b>	<b>84.3</b>	<b>\$ 0.8</b>	<b>0.9 %</b>
Non-Core Expenses*		8.2	8.2	100.0 %
<b>Non-Interest Expenses</b>	<b>\$</b>	<b>92.5</b>	<b>\$ 9.0</b>	<b>10.8 %</b>

### Core Non-Interest Expense\* Trend

(In US\$ millions)



- Core non-interest expenses\* were higher than the prior quarter primarily due to higher staff-related expenses, as well as higher technology and communications costs related to the Bank's upgraded IT infrastructure and core banking system in Bermuda
- Core efficiency ratio\* of 58.3% is higher than the prior quarter due to lower net revenues and increased expenses. Butterfield continues to target a through-cycle core efficiency ratio of 60%

\* See the Appendix for a reconciliation of the non-GAAP measure

\*\* Includes Non-Service Employee Benefits Expense

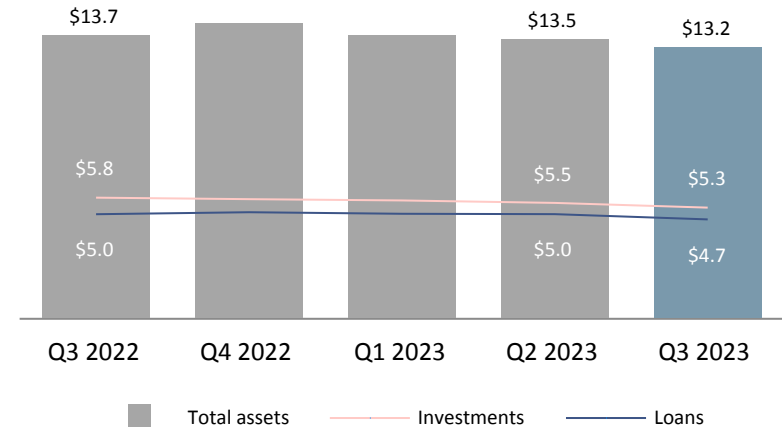


# Balance Sheet

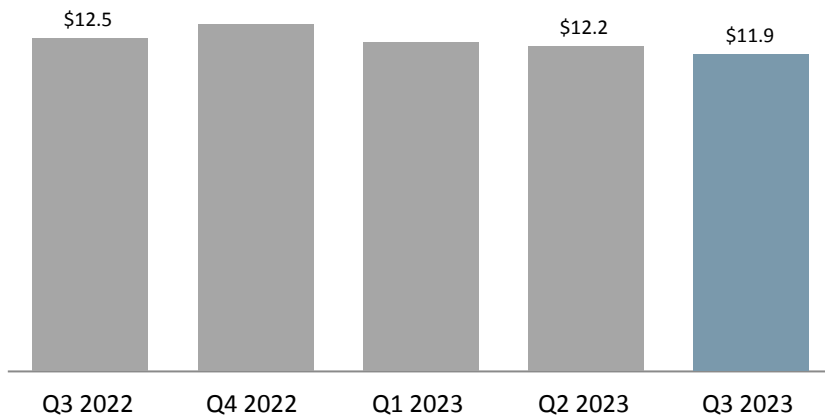


(In US\$ millions)	Q3 2023	Q4 2022	vs Q4 2022
			%
Cash and cash equivalents	\$ 1,750	\$ 2,101	(17)%
Reverse Repos & S/T Investments	893	944	(5)%
Investments	5,319	5,727	(7)%
Loans (net)	4,750	5,096	(7)%
Other Assets	468	437	7 %
<b>Total Assets</b>	<b>\$ 13,180</b>	<b>\$ 14,306</b>	<b>(8)%</b>
Int. Bearing Deposits	\$ 9,292	\$ 9,951	(7)%
Non-Int. Bearing Deposits	2,569	3,040	(16)%
Other Liabilities	396	450	(12)%
Shareholders' Equity	923	865	7 %
<b>Total Liab. &amp; Equity</b>	<b>\$ 13,180</b>	<b>\$ 14,306</b>	<b>(8)%</b>

Total Assets  
(In US\$ billions)



Total Deposits  
(In US\$ billions)



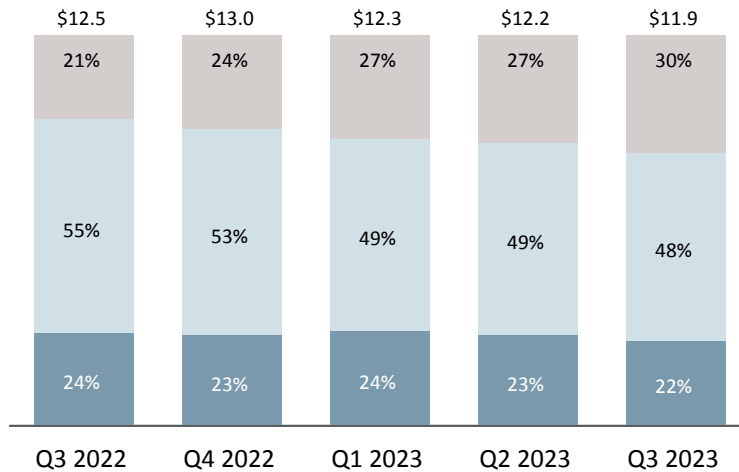
- Changes in deposit volumes represent normal commercial movements
- Period end deposit balances decreased by \$0.3 billion to \$11.9 billion compared to Q2 2023 due to client deposit activation
- Average deposits decreased over the third quarter of 2023 by \$0.1 billion from \$12.2 billion to \$12.1 billion at quarter end
- Butterfield's balance sheet remains low in risk density (risk weighted assets/total assets) at 34.3%

# Deposit Composition by Segment

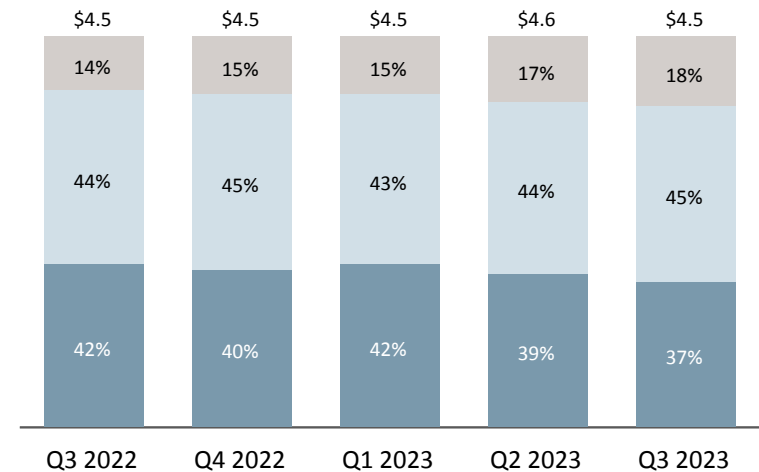


■ Non-interest bearing demand deposits ■ Interest bearing demand deposits ■ Term deposits

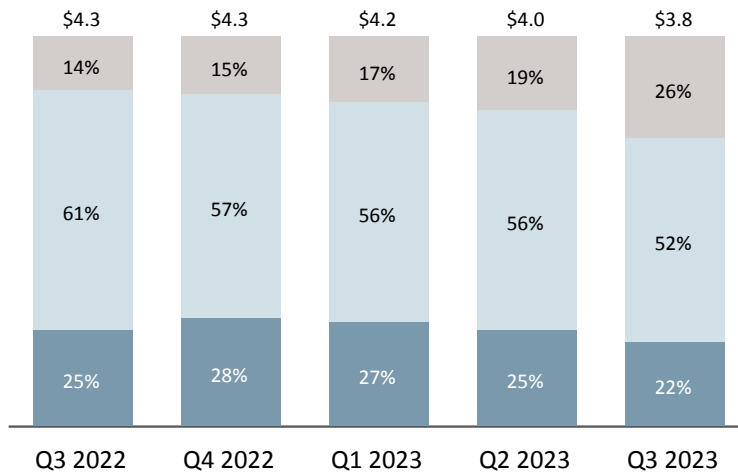
Group (US\$ Billions)



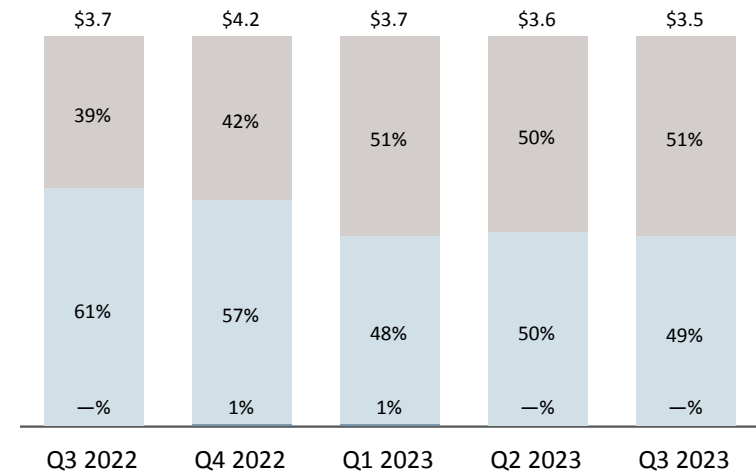
Bermuda (US\$ Billions)



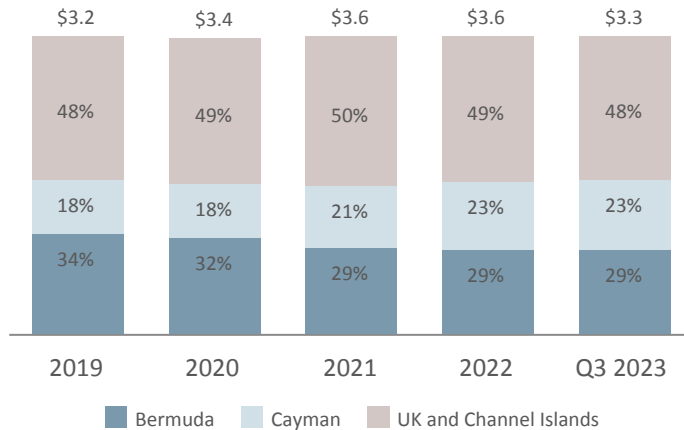
Cayman (US\$ Billions)



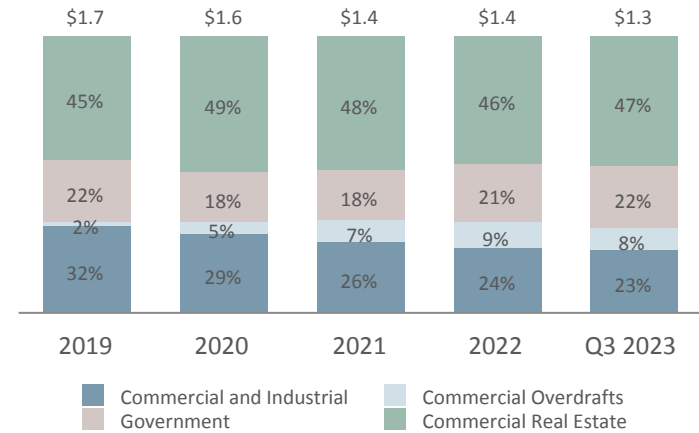
Channel Islands (US\$ Billions)



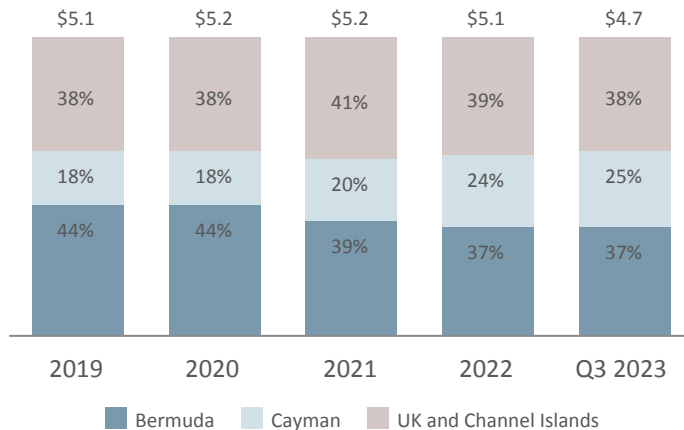
## Residential Mortgage Loans (US\$ Billions)



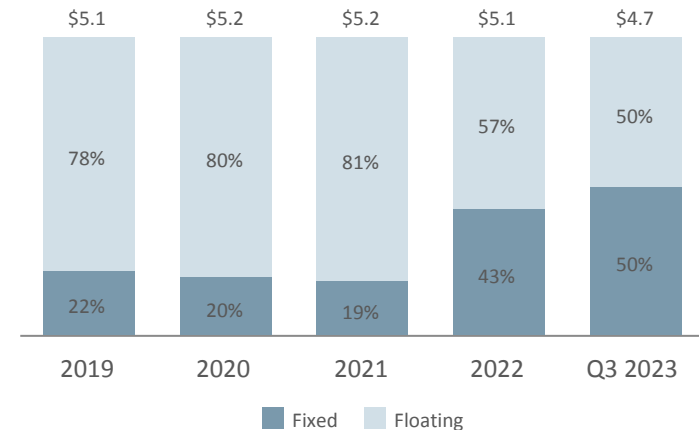
## Commercial Loans (US\$ Billions)



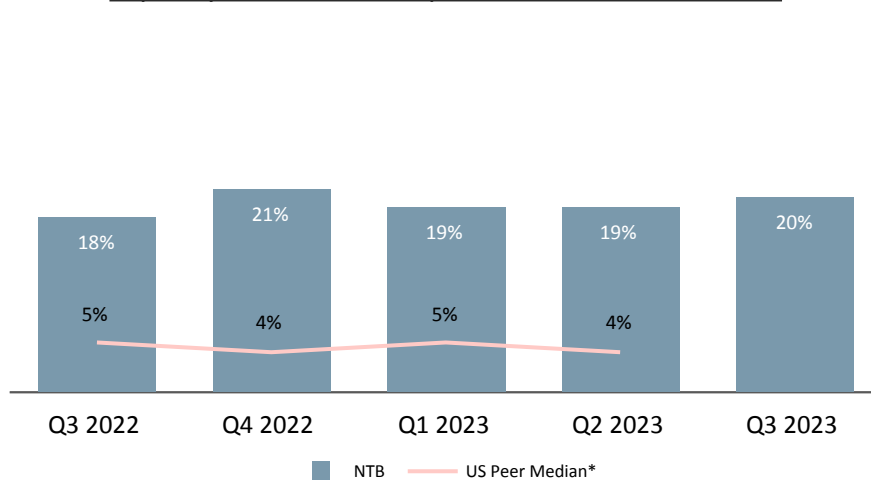
## Loan Portfolio Composition by Originating Segment (US\$ Billions)



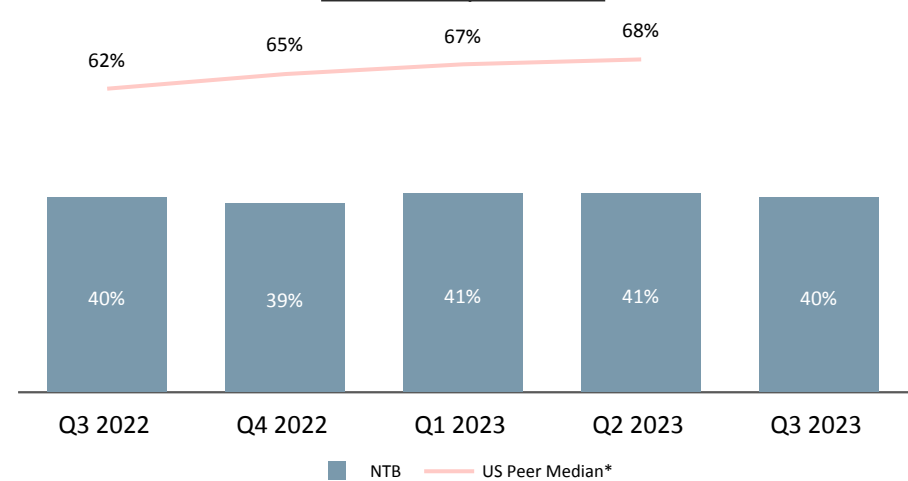
## Fixed vs. Floating Rate Loans (US\$ Billions)



## Liquidity: Cash & Cash Equivalents\*\* to Total Assets



## Loan-to-Deposit Ratio



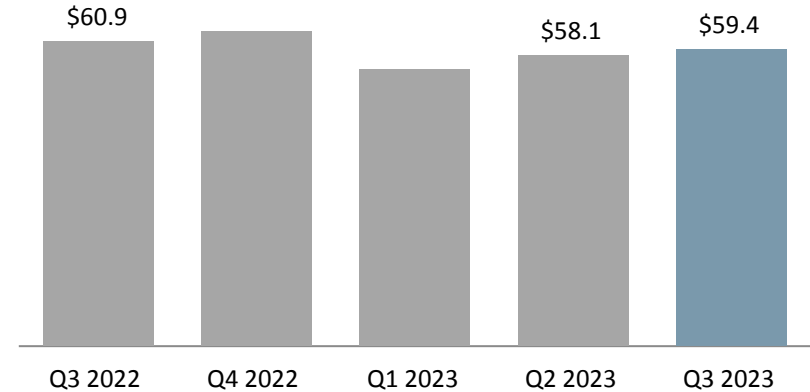
- Butterfield takes a conservative approach to managing the liquidity and funding risk profile of its balance sheet. This involves the retention of a significant liquidity holding of cash or cash equivalent balances, comprised of interbank deposits and short-dated sovereign Canadian, UK and US Treasury Bills as well as maintaining significant liquidity facilities with correspondent banks
- Butterfield also maintains capital, liquidity and funding buffers conservatively in excess of regulatory requirements

\* Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks. Q3 2023 peer information was not widely available at time of publication and therefore not included.

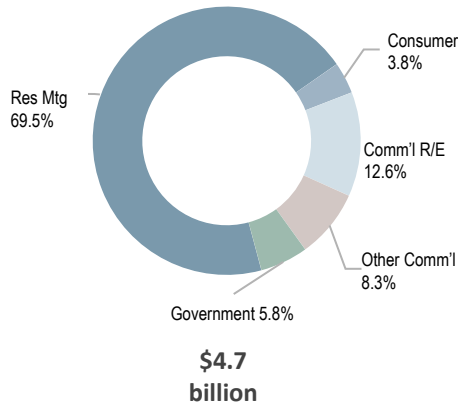
\*\* Includes securities purchased under agreements to resell and short-term investments.

## Non-Accrual Loans

(In US\$ millions)

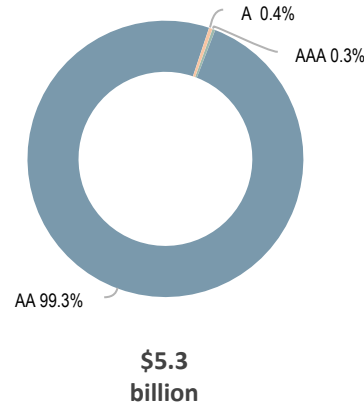


## Loan Distribution

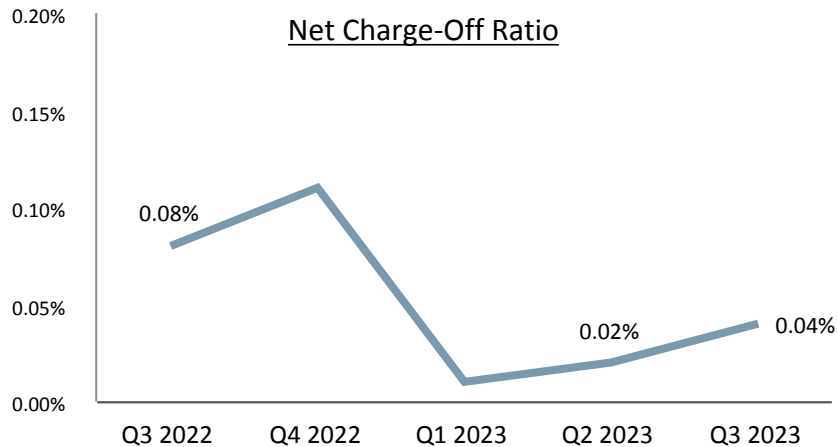


## Investment Portfolio

### Rating Distribution



## Net Charge-Off Ratio

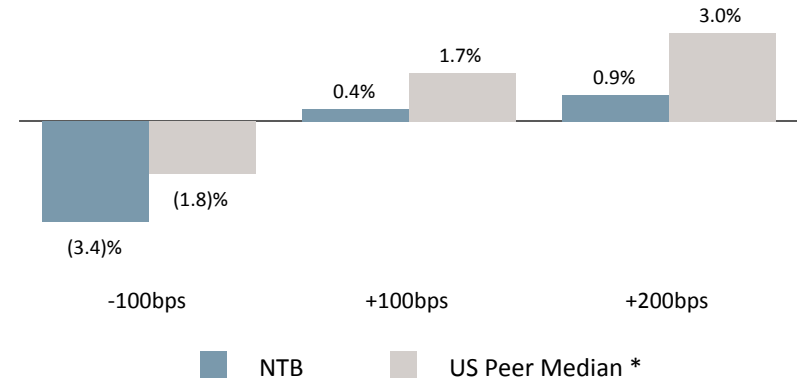


- Investment portfolio continues to be of very high credit quality with 99% comprised of AA rated securities, primarily US Government guaranteed mortgage backed securities and treasuries
- Non-accrual loans remained at 1.2% of gross loans, consistent with the prior quarter
- Allowance for credit losses at \$26.0 million representing an ACL/Total loans of 0.5%
- The net charge-off ratio continues to be low at 0.04% of total gross loans

## Average Balance - Balance Sheet

	Average Balances (US\$Mil)		Duration	vs. Q2 2023	Weighted Average Life
	Q3 2023	vs. Q2 2023			
Cash & Reverse Repos & S/T Invest.	\$ 2,559.2	\$ 71.0	0.3	0.1	N/A
AFS	1,926.0	(44.7)	3.5	0.2	4.4
HTM**	3,568.9	(75.1)	6.7	0.2	9.2
<b>Total</b>	<b>\$ 8,054.1</b>	<b>\$ (48.8)</b>			

## Interest Rate Sensitivity



- Total investment portfolio duration was at 5.5 years compared to the prior quarter of 5.3 years
- Interest rate sensitivity decreased in the quarter due to a lower volume of call deposits (incl. non-interest bearing) and migrations to more sensitive fixed-term deposits
- Unrealized losses on securities increased by \$30.7 million during the quarter. As of September 30, 2023, the Bank had \$238.0 million in net unrealized losses in the AFS portfolio, compared with net unrealized losses of \$207.3 million as at the end of the second quarter of 2023

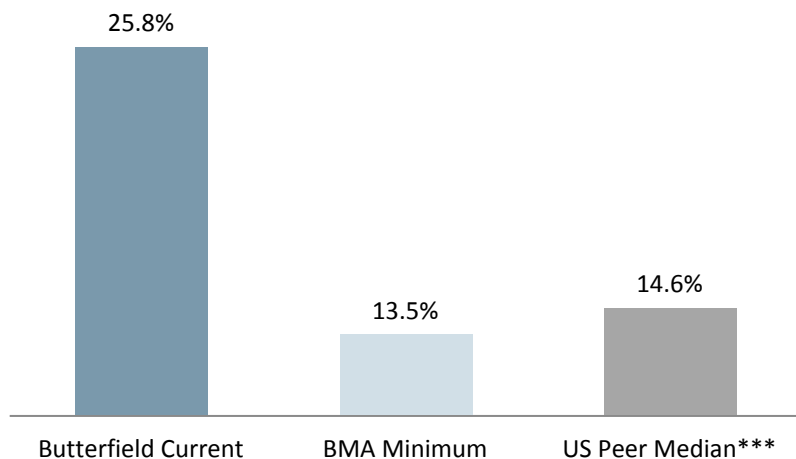
\* Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks. Q2 2023 comparative data is used as Q3 2023 peer information was not widely available at time of publication.

\*\* The HTM portfolio is comprised of securities with negative convexity which typically exhibit lower prepayment speeds when assuming higher future rates.

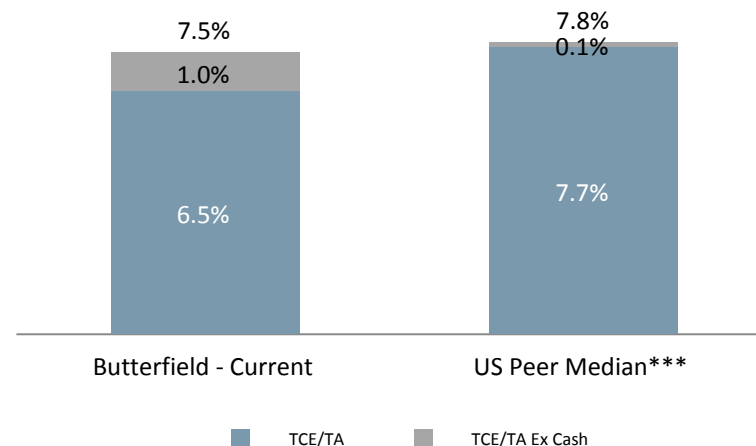
# Capital Requirements and Dividend Return



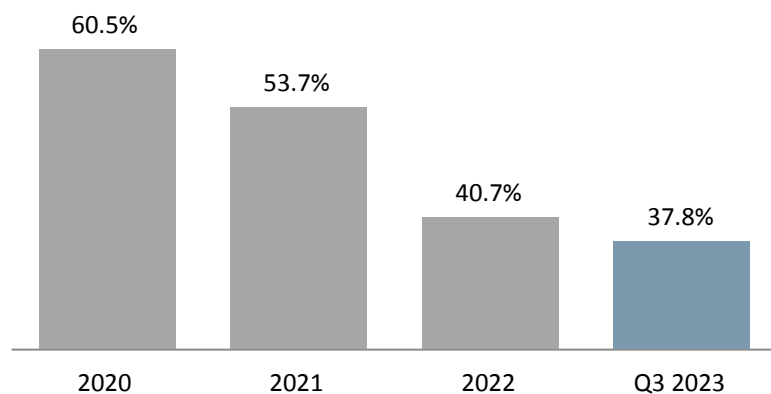
## Regulatory Capital (Basel III) - Total Capital Ratio\*



## Leverage Capital



## Dividend Payout Ratio\*\*



- Regulatory capital levels remain conservatively above minimum requirements
- Quarterly dividend rate continues at \$0.44 per common share
- TCE/TA ratio of 6.5% has remained consistent with last quarter
- TCE/TA ex-cash and ex-OCI are 7.5% and 9.4%, respectively

\* In accordance with regulatory capital guidance, the Bank has elected to make use of transitional arrangements which allow the deferral of the January 1, 2020 CECL impact of \$7.8 million on its regulatory capital over a period of 5 years.

\*\* 2023 is based on year-to-date dividend and earnings per share

\*\*\* Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks. Q2 2023 comparative data is used as Q3 2023 peer information was not widely available at time of publication.

A large, stylized blue letter 'E' graphic that serves as a background element on the right side of the page. It has a modern, rounded design with a thick stroke.

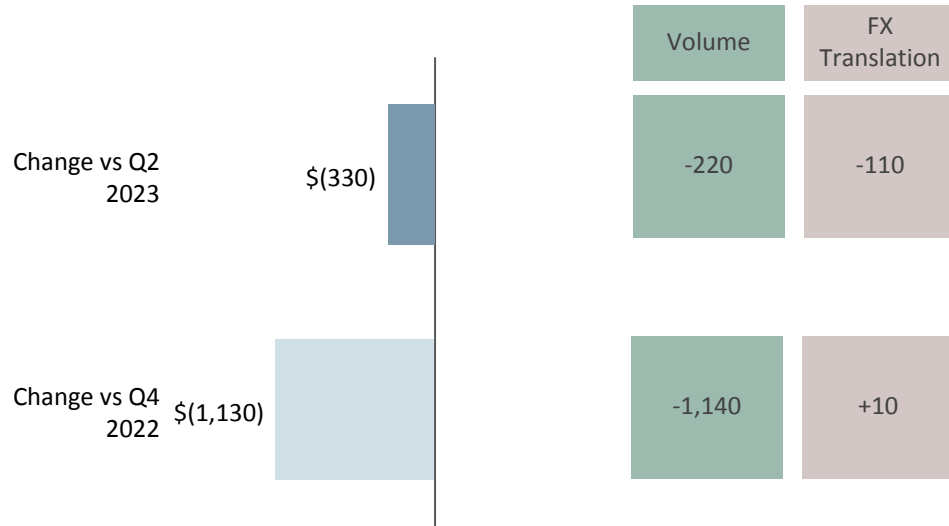
# Appendix



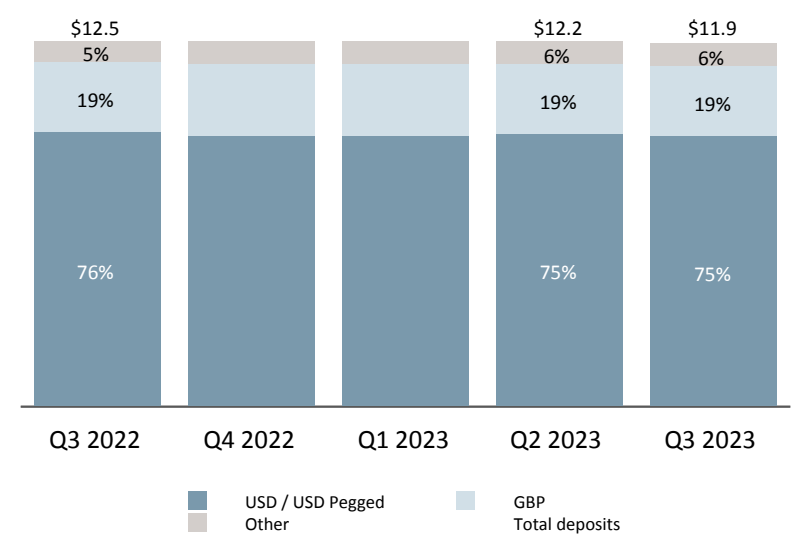
# Balance Sheet Movements



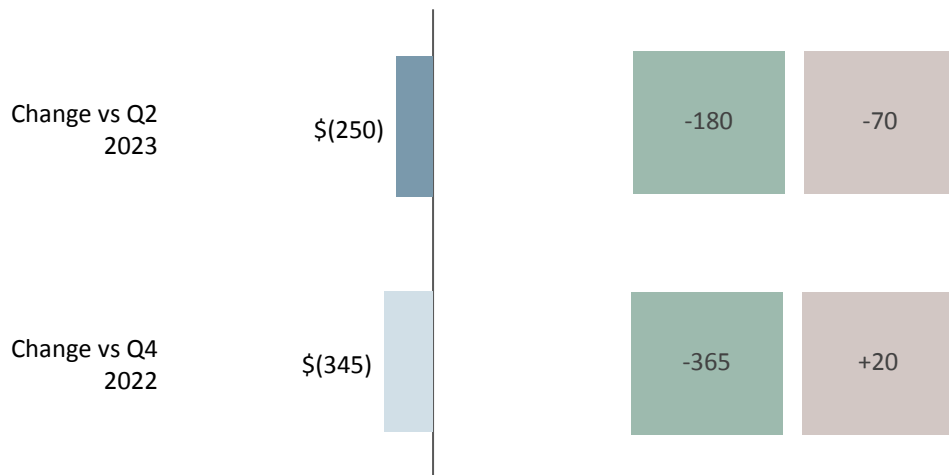
Deposit Movements (US\$ millions)



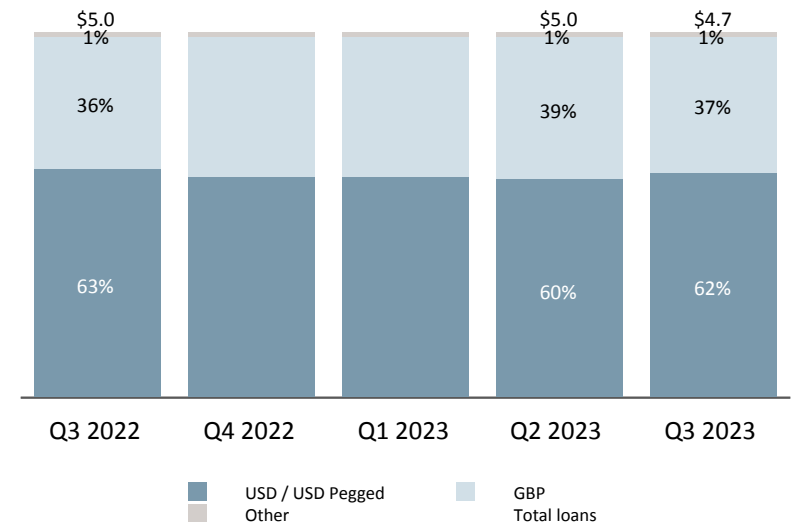
Deposit Composition by Currency (US\$ billions)



Loan Movements (US\$ millions)



Loan Composition by Currency (US\$ billions)



# Balance Sheet Trends



(in millions of US Dollars, unless otherwise indicated)

	2023			2022				2021	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Assets</b>									
Cash and cash equivalents	\$ 1,750	\$ 1,795	\$ 1,345	\$ 2,101	\$ 1,485	\$ 1,340	\$ 2,103	\$ 2,180	\$ 2,310
Reverse Repos & S/T Investments	893	729	1,263	944	995	1,516	1,601	1,295	1,446
Investments	5,319	5,546	5,665	5,727	5,805	5,970	6,111	6,237	5,984
Loans, Net	4,750	5,003	5,022	5,096	4,992	5,139	5,068	5,241	5,204
Other Assets	468	435	438	437	422	386	383	382	389
<b>Total Assets</b>	<b>\$ 13,180</b>	<b>\$ 13,510</b>	<b>\$ 13,733</b>	<b>\$ 14,306</b>	<b>\$ 13,699</b>	<b>\$ 14,350</b>	<b>\$ 15,266</b>	<b>\$ 15,335</b>	<b>\$ 15,332</b>
<b>Liabilities and Equity</b>									
Total Deposits	\$ 11,861	\$ 12,192	\$ 12,348	\$ 12,991	\$ 12,461	\$ 13,075	\$ 13,933	\$ 13,870	\$ 13,861
Long-Term Debt	98	98	172	172	172	172	172	172	172
Other Liabilities	297	269	275	278	311	300	319	316	325
<b>Total Liabilities</b>	<b>\$ 12,257</b>	<b>\$ 12,559</b>	<b>\$ 12,796</b>	<b>\$ 13,441</b>	<b>\$ 12,944</b>	<b>\$ 13,547</b>	<b>\$ 14,424</b>	<b>\$ 14,358</b>	<b>\$ 14,358</b>
Common Equity	\$ 923	\$ 950	\$ 937	\$ 865	\$ 755	\$ 802	\$ 842	\$ 977	\$ 974
<b>Total Equity</b>	<b>\$ 923</b>	<b>\$ 950</b>	<b>\$ 937</b>	<b>\$ 865</b>	<b>\$ 755</b>	<b>\$ 802</b>	<b>\$ 842</b>	<b>\$ 977</b>	<b>\$ 974</b>
<b>Total Liabilities and Equity</b>	<b>\$ 13,180</b>	<b>\$ 13,510</b>	<b>\$ 13,733</b>	<b>\$ 14,306</b>	<b>\$ 13,699</b>	<b>\$ 14,350</b>	<b>\$ 15,266</b>	<b>\$ 15,335</b>	<b>\$ 15,332</b>
<b>Key Metrics</b>									
CET 1 Ratio	23.4 %	22.7 %	22.2 %	20.3 %	18.9 %	17.7 %	17.3 %	17.6 %	16.9 %
Total Tier 1 Capital Ratio	23.4 %	22.7 %	22.2 %	20.3 %	18.9 %	17.7 %	17.3 %	17.6 %	16.9 %
Total Capital Ratio	25.8 %	25.1 %	26.2 %	24.1 %	22.7 %	21.4 %	20.9 %	21.2 %	20.4 %
Leverage ratio	7.8 %	7.6 %	7.2 %	6.7 %	6.4 %	5.8 %	5.5 %	5.6 %	5.5 %
Risk-Weighted Assets (in \$ millions)	4,522	4,628	4,604	4,843	4,780	4,854	5,043	5,101	5,185
Risk-Weighted Assets / total assets	34.3 %	34.3 %	33.5 %	33.9 %	34.9 %	33.8 %	33.0 %	33.3 %	33.8 %
Tangible common equity ratio	6.5 %	6.5 %	6.3 %	5.6 %	5.0 %	5.1 %	5.0 %	5.8 %	5.8 %
Book value per common share (in \$)	19.20	19.34	18.80	17.42	15.21	16.17	16.97	19.83	19.68
Tangible book value per share (in \$)	17.73	17.83	17.32	15.92	13.76	14.61	15.30	18.08	17.92
Non-accrual loans/gross loans	1.2 %	1.2 %	1.1 %	1.2 %	1.2 %	1.2 %	1.2 %	1.2 %	1.2 %
Non-performing assets/total assets	0.8 %	0.7 %	0.6 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %
Allowance for credit losses/total loans	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %

# Average Balance Sheet Trends



(in millions of US Dollars, unless otherwise indicated)

	Q3 2023			Q2 2023			Q3 2022		
	Average balance (\$)	Interest (\$)	Average rate (%)	Average balance (\$)	Interest (\$)	Average rate (%)	Average balance (\$)	Interest (\$)	Average rate (%)
<b>Assets</b>									
Cash and cash equivalents, reverse repurchase agreements and short-term investments	\$ 2,559.2	\$ 28.8	4.47 %	\$ 2,488.2	\$ 25.2	4.06 %	\$ 2,818.4	\$ 10.0	1.40 %
Investment in securities	5,494.9	28.5	2.06 %	5,614.7	28.9	2.07 %	6,007.3	29.4	1.94 %
AFS	1,926.0	8.8	1.81 %	1,970.7	8.8	1.78 %	2,140.1	8.5	1.58 %
HTM	3,568.9	19.7	2.19 %	3,644.0	20.2	2.22 %	3,867.3	20.9	2.14 %
Loans	4,897.5	80.4	6.51 %	4,984.1	79.8	6.42 %	5,123.1	65.3	5.05 %
Commercial	1,394.9	23.2	6.60 %	1,396.7	23.0	6.59 %	1,523.3	20.8	5.41 %
Consumer	3,502.6	57.2	6.47 %	3,587.4	56.8	6.35 %	3,599.8	44.5	4.90 %
Total interest earning assets	12,951.6	137.7	4.22 %	13,087.0	133.9	4.10 %	13,948.9	104.6	2.98 %
Other assets	416.7			402.0			369.1		
<b>Total assets</b>	<b>\$ 13,368.3</b>			<b>\$ 13,489.0</b>			<b>\$ 14,317.9</b>		
<b>Liabilities</b>									
Deposits - interest bearing	\$ 9,340.4	\$ (46.1)	(1.96)%	\$ 9,308.0	\$ (38.5)	(1.66)%	\$ 9,939.5	\$ (11.1)	(0.44)%
Securities sold under agreement to repurchase	—	—	— %	0.4	—	(5.45)%	—	—	— %
Long-term debt	98.4	(1.4)	(5.53)%	147.4	(2.9)	(8.02)%	172.1	(2.4)	(5.53)%
Interest bearing liabilities	9,438.8	(47.5)	(2.00)%	9,455.8	(41.4)	(1.76)%	10,111.7	(13.5)	(0.53)%
Non-interest bearing customer deposits	2,739.3			2,863.2			3,074.6		
Other liabilities	279.3			243.6			256.2		
<b>Total liabilities</b>	<b>\$ 12,457.4</b>			<b>\$ 12,562.6</b>			<b>\$ 13,442.4</b>		
Shareholders' equity	910.9			926.4			875.5		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 13,368.3</b>			<b>\$ 13,489.0</b>			<b>\$ 14,317.9</b>		
 Non-interest bearing funds net of non-interest earning assets (free balance)	 \$ 3,512.8			 \$ 3,631.2			 \$ 3,837.2		
<b>Net interest margin</b>		<b>\$ 90.2</b>	<b>2.76 %</b>		<b>\$ 92.5</b>	<b>2.83 %</b>		<b>\$ 91.2</b>	<b>2.59 %</b>

# Income Statement Trends



(in millions of US Dollars, unless otherwise indicated)

	2023			2022				2021	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net Interest Income	\$ 90.2	\$ 92.5	\$ 97.4	\$ 94.6	\$ 91.2	\$ 82.0	\$ 75.9	\$ 74.5	\$ 75.7
Non-Interest Income	52.0	50.2	50.2	54.9	49.9	51.8	49.9	52.7	49.0
Prov. for Credit (Losses) Recovery	(0.5)	(1.5)	(0.7)	(1.6)	(0.8)	(0.7)	0.7	0.6	—
Non-Interest Expenses*	92.9	84.1	84.8	85.4	82.9	84.0	82.9	84.6	85.2
Other Gains (Losses)	—	4.0	0.1	0.6	0.1	0.1	0.8	(1.6)	0.3
<b>Net Income</b>	<b>\$ 48.7</b>	<b>\$ 61.0</b>	<b>\$ 62.2</b>	<b>\$ 63.1</b>	<b>\$ 57.4</b>	<b>\$ 49.1</b>	<b>\$ 44.4</b>	<b>\$ 41.7</b>	<b>\$ 39.8</b>
Non-Core Items**	\$ 8.2	\$ (4.0)	\$ —	\$ 0.1	\$ 0.2	\$ 1.1	\$ 0.3	\$ 0.1	\$ 0.2
<b>Core Net Income**</b>	<b>\$ 57.0</b>	<b>\$ 57.0</b>	<b>\$ 62.2</b>	<b>\$ 63.2</b>	<b>\$ 57.6</b>	<b>\$ 50.2</b>	<b>\$ 44.7</b>	<b>\$ 41.7</b>	<b>\$ 40.0</b>

## Key Metrics

Loan Yield	6.51 %	6.42 %	6.23 %	5.79 %	5.05 %	4.48 %	4.26 %	4.18 %	4.22 %
Securities Yield	2.06	2.07	2.12	2.03	1.94	1.89	1.79	1.65	1.77
Cost of Deposits	1.52	1.27	1.10	0.78	0.34	0.16	0.12	0.12	0.11
Net Interest Margin	2.76	2.83	2.88	2.79	2.59	2.26	2.03	2.00	1.97
Core Efficiency Ratio**	58.3	57.6	56.0	55.6	57.0	60.2	63.7	64.7	66.3
Core ROATCE**	26.1	26.3	30.5	34.9	31.6	27.8	21.9	18.8	17.9
Fee Income Ratio	36.7	35.5	34.2	37.1	35.6	38.9	39.5	41.2	39.3
Fully Diluted Share Count (in millions of common shares)	49.1	49.9	50.1	50.0	49.8	49.8	49.8	49.8	49.9

\* Includes income taxes

\*\* See the reconciliation of non-GAAP measures on pages 23-24

# Non-Interest Income & Expense Trends



(in millions of US Dollars, unless otherwise indicated)

	2023			2022				2021	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Non-Interest Income</b>									
Asset Management	\$ 8.0	\$ 8.2	\$ 7.9	\$ 7.4	\$ 7.4	\$ 7.4	\$ 7.5	\$ 7.6	\$ 7.4
Banking	14.1	12.6	13.6	17.5	14.1	12.9	12.7	15.4	12.6
FX Revenue	11.4	11.3	10.7	11.5	11.8	12.0	12.4	10.9	10.8
Trust	14.7	14.3	12.8	13.7	12.6	13.3	12.7	14.2	12.9
Custody & Other Admin.	3.3	3.3	3.3	3.4	3.3	3.3	3.6	3.9	3.7
Other	0.6	0.5	1.8	1.4	0.7	2.8	1.0	0.8	1.5
<b>Total Non-Interest Income</b>	<b>\$ 52.0</b>	<b>\$ 50.2</b>	<b>\$ 50.2</b>	<b>\$ 54.9</b>	<b>\$ 49.9</b>	<b>\$ 51.8</b>	<b>\$ 49.9</b>	<b>\$ 52.7</b>	<b>\$ 49.0</b>
<b>Non-Interest Expense</b>									
Salaries & Benefits*	\$ 51.3	\$ 42.6	\$ 43.7	\$ 44.7	\$ 42.0	\$ 42.3	\$ 41.0	\$ 41.1	\$ 42.0
Technology & Comm.	16.0	14.9	13.9	14.3	14.3	14.0	14.1	15.7	16.3
Professional & O/S Services	4.3	4.8	5.0	4.3	4.8	5.4	5.1	5.6	5.7
Property	7.7	7.5	7.4	8.0	7.9	7.6	7.9	8.0	7.8
Indirect Taxes	5.4	5.3	5.7	5.4	5.2	5.5	5.9	5.5	5.4
Marketing	1.5	1.7	1.5	1.8	1.5	1.6	1.5	1.2	0.9
Intangible Amortization	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5
Other	4.8	5.4	5.3	4.7	4.9	5.2	5.0	5.2	4.8
<b>Total Non-Interest Expense</b>	<b>\$ 92.5</b>	<b>\$ 83.5</b>	<b>\$ 84.1</b>	<b>\$ 84.7</b>	<b>\$ 82.0</b>	<b>\$ 83.0</b>	<b>\$ 82.0</b>	<b>\$ 83.8</b>	<b>\$ 84.4</b>
Income Taxes	0.4	0.5	0.7	0.7	0.9	1.1	1.0	0.8	0.8
<b>Total Expense incld. Taxes</b>	<b>\$ 92.9</b>	<b>\$ 84.1</b>	<b>\$ 84.8</b>	<b>\$ 85.4</b>	<b>\$ 82.9</b>	<b>\$ 84.0</b>	<b>\$ 82.9</b>	<b>\$ 84.6</b>	<b>\$ 85.2</b>

\*Includes non-service employee benefits

# Core Non-Interest Expense\* Trends



(in millions of US Dollars, unless otherwise indicated)

	2023			2022				2021	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Salaries & Benefits**	\$ 43.4	\$ 42.6	\$ 43.7	\$ 44.7	\$ 42.0	\$ 41.2	\$ 41.0	\$ 41.1	\$ 42.0
Technology & Comm.	16.0	14.9	13.9	14.3	14.3	14.0	14.1	15.7	16.3
Professional & O/S Services	7.7	4.7	5.0	4.2	4.7	5.4	4.9	5.5	5.6
Property	4.3	7.5	7.4	8.0	7.9	7.6	7.9	8.0	7.8
Indirect Taxes	5.1	5.3	5.7	5.4	5.2	5.5	5.9	5.5	5.4
Marketing	1.4	1.7	1.5	1.8	1.5	1.6	1.5	1.2	0.9
Intangible Amortization	1.5	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5
Other	4.8	5.4	5.3	4.7	4.9	5.2	4.8	5.2	4.7
<b>Total Core Non-Interest Expense*</b>	<b>\$ 84.3</b>	<b>\$ 83.6</b>	<b>\$ 84.1</b>	<b>\$ 84.5</b>	<b>\$ 81.8</b>	<b>\$ 81.9</b>	<b>\$ 81.6</b>	<b>\$ 83.7</b>	<b>\$ 84.2</b>
Income Taxes	0.4	0.5	0.7	0.7	0.9	1.1	1.0	0.8	0.8
<b>Total Core Expense incl. Taxes*</b>	<b>\$ 84.7</b>	<b>\$ 84.1</b>	<b>\$ 84.8</b>	<b>\$ 85.3</b>	<b>\$ 82.8</b>	<b>\$ 83.0</b>	<b>\$ 82.6</b>	<b>\$ 84.5</b>	<b>\$ 84.9</b>

\* See the reconciliation of non-GAAP measures on pages 23-24

\*\* Includes non-service employee benefits

# Non-GAAP Reconciliation



(in millions of US Dollars, unless otherwise indicated)

		2023			2022	
		Q3	Q2	Q1	Q4	Q3
<b>Net income</b>	A	\$ 48.7	\$ 61.0	\$ 62.2	\$ 63.1	\$ 57.4
<b>Non-core (gains), losses and expenses</b>						
<b>Non-core (gains) losses</b>						
Liquidation settlement from an investment previously written-off		—	(4.0)	—	—	—
<b>Total non-core (gains) losses</b>	B	\$ —	\$ (4.0)	\$ —	\$ —	\$ —
<b>Non-core expenses</b>						
Early retirement program, voluntary separation, redundancies and other non-core compensation costs		8.2	—	—	—	—
Tax compliance review costs		—	—	—	0.1	0.2
<b>Total non-core expenses</b>	C	\$ 8.2	\$ —	\$ —	\$ 0.1	\$ 0.2
<b>Total non-core (gains), losses and expenses</b>	D=B+C	8.2	(4.0)	—	0.1	0.2
<b>Core net income to common shareholders</b>	E=A+D	\$ 57.0	\$ 57.0	\$ 62.2	\$ 63.2	\$ 57.6
Average shareholders' equity		940.2	943.3	902.5	791.2	799.0
Average common equity	F	940.2	943.3	902.5	791.2	799.0
Less: average goodwill and intangible assets		(72.9)	(74.0)	(74.2)	(73.4)	(75.1)
Average tangible common equity	G	867.2	869.3	828.3	717.8	723.9
<b>Return on equity</b>	A/F	20.6 %	25.9 %	28.0 %	31.6 %	28.5 %
<b>Core return on average tangible common equity</b>	E/G	26.1 %	26.3 %	30.5 %	34.9 %	31.6 %
<b>Core earnings per common share fully diluted</b>						
Adjusted weighted average number of diluted common shares (in thousands)	H	49.1	49.9	50.1	50.0	49.8
Earnings per common share fully diluted	A/H	0.99	1.22	1.24	1.26	1.15
Non-core items per share	D/H	0.17	(0.08)	—	0.01	0.01
<b>Core earnings per common share fully diluted</b>	E/H	1.16	1.14	1.24	1.27	1.16
<b>Core return on average tangible assets</b>						
Total average assets	I	\$ 13,349.0	\$ 13,660.8	\$ 14,115.6	\$ 13,863.7	\$ 14,160.1
Less: average goodwill and intangible assets		(72.9)	(74.0)	(74.2)	(73.4)	(75.1)
Average tangible assets	J	\$ 13,276.0	\$ 13,586.8	\$ 14,041.4	\$ 13,790.3	\$ 14,085.0
<b>Return on average assets</b>	A/I	1.4 %	1.8 %	1.8 %	1.8 %	1.6 %
<b>Core return on average tangible assets</b>	E/J	1.7 %	1.7 %	1.8 %	1.8 %	1.6 %

# Non-GAAP Reconciliation

(continued)



(in millions of US Dollars, unless otherwise indicated)

		2023			2022	
		Q3	Q2	Q1	Q4	Q3
<b>Tangible equity to tangible assets</b>						
Shareholders' equity	K	\$ 922.9	\$ 950.3	\$ 936.9	\$ 864.8	\$ 754.9
Less: goodwill and intangible assets		(70.6)	(74.0)	(74.1)	(74.4)	(71.9)
Tangible common equity	L	852.3	876.3	862.8	790.4	683.0
Total assets	M	13,179.5	13,509.5	13,732.7	14,306.1	13,699.3
Less: goodwill and intangible assets		(70.6)	(74.0)	(74.1)	(74.4)	(71.9)
Tangible assets	N	\$ 13,108.9	\$ 13,435.5	\$ 13,658.6	\$ 14,231.7	\$ 13,627.5
<b>Tangible common equity to tangible assets</b>	L/N	<b>6.5 %</b>	<b>6.5 %</b>	<b>6.3 %</b>	<b>5.6 %</b>	<b>5.0 %</b>
<b>Tangible book value per share</b>						
Basic participating shares outstanding (in millions)	O	48.1	49.1	49.8	49.7	49.6
<b>Tangible book value per common share</b>	L/O	<b>17.73</b>	<b>17.83</b>	<b>17.32</b>	<b>15.92</b>	<b>13.76</b>
<b>Efficiency ratio</b>						
Non-interest expenses		\$ 92.5	\$ 83.5	\$ 84.1	\$ 84.7	\$ 82.0
Less: Amortization of intangibles		(1.4)	(1.4)	(1.4)	(1.4)	(1.4)
Non-interest expenses before amortization of intangibles	P	91.1	82.1	82.7	83.3	80.6
Non-interest income		52.0	50.2	50.2	54.9	49.9
Net interest income before provision for credit losses		90.2	92.5	97.4	94.6	91.2
Net revenue before provision for credit losses and other gains/losses	Q	\$ 142.2	\$ 142.6	\$ 147.5	\$ 149.5	\$ 141.1
<b>Efficiency ratio</b>	P/Q	<b>64.1 %</b>	<b>57.6 %</b>	<b>56.0 %</b>	<b>55.7 %</b>	<b>57.1 %</b>
<b>Core efficiency ratio</b>						
Non-interest expenses		\$ 92.5	\$ 83.5	\$ 84.1	\$ 84.7	\$ 82.0
Less: non-core expenses	(C)	(8.2)	—	—	(0.1)	(0.2)
Less: amortization of intangibles		(1.4)	(1.4)	(1.4)	(1.4)	(1.4)
Core non-interest expenses before amortization of intangibles	R	82.9	82.1	82.7	83.1	80.4
Net revenue before provision for credit losses and other gains/losses	Q	142.2	142.6	147.5	149.5	141.1
<b>Core efficiency ratio</b>	R/Q	<b>58.3 %</b>	<b>57.6 %</b>	<b>56.0 %</b>	<b>55.6 %</b>	<b>57.0 %</b>





Our peer group includes the following banks, noted by their ticker symbols:

- First Hawaiian, Inc. (FHB)
- Bank of Hawaii Corporation (BOH)
- East West Bancorp, Inc. (EWBC)
- Cullen/Frost Bankers, Inc. (CFR)
- Associated Banc-Corp (ASB)
- Wintrust Financial Corporation (WTFC)
- Commerce Bancshares, Inc. (CBSH)
- Trustmark Corporation (TRMK)
- International Bancshares Corporation (IBOC)
- Community Bank System, Inc. (CBU)
- First Financial Bankshares, Inc. (FFIN)
- Westamerica Bancorporation (WABC)
- UMB Financial Corporation (UMBF)