

The Bank of N.T. Butterfield & Son Limited  
Investor Presentation  
May 2018



# Forward-Looking Statements and Non-GAAP Financial Measures

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## **Forward-Looking Statements:**

Certain of the statements made in this presentation are “forward-looking statements” within the meaning and protections of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements with respect to our current beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause our actual results, performance, capital, ownership or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Our performance may vary due to a variety of factors, including worldwide economic conditions, success in business retention and obtaining new business and other factors. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as “may,” “will,” “anticipate,” “assume,” “should,” “indicate,” “would,” “believe,” “contemplate,” “expect,” “estimate,” “continue,” “plan,” “point to,” “project,” “could,” “intend,” “target” and other similar words and expressions of the future.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our Securities and Exchange Commission (“SEC”) reports and filings. Such reports are available upon request from the Bank, or from the SEC, including through the SEC’s Internet website at <http://www.sec.gov>. We have no obligation and do not undertake to update, revise or correct any of the forward-looking statements after the date hereof, or after the respective dates on which any such statements otherwise are made other than required by law.

## **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.



<b>1 Leading Bank in Attractive Markets</b>	<ul style="list-style-type: none"> <li>➤ Franchise retail banking presence in Bermuda and Cayman</li> <li>➤ Named Bermuda Bank of the Year for 5th consecutive year by The Banker</li> <li>➤ \$9.8bn deposit balance with 2018 Q1 average cost of 0.12%</li> </ul>
<b>2 Strong Capital Generation and Return</b>	<ul style="list-style-type: none"> <li>➤ Core ROATCE of 24.3%<sup>1</sup></li> <li>➤ Core ROATA of 1.7%<sup>1</sup></li> </ul>
<b>3 Efficient, Conservative Balance Sheet</b>	<ul style="list-style-type: none"> <li>➤ 40% Risk-Weighted Assets / Total Assets ratio</li> <li>➤ 41% Gross Customer Loans / Deposits</li> <li>➤ 59% Cash + Securities / Total Assets</li> <li>➤ NPAs / Assets of 0.50%</li> </ul>
<b>4 Visible Earnings</b>	<ul style="list-style-type: none"> <li>➤ Fee income ratio of 32.7%</li> <li>➤ Low-cost deposits</li> <li>➤ Floating-rate loans and securities portfolio positioned to benefit from rising rates</li> <li>➤ Accretive acquisitions announced</li> </ul>
<b>5 Experienced Team with Deep Market Knowledge</b>	<ul style="list-style-type: none"> <li>➤ Average of 27 years of relevant industry experience</li> <li>➤ Combined decades of familiarity in key specialized geographic markets</li> </ul>

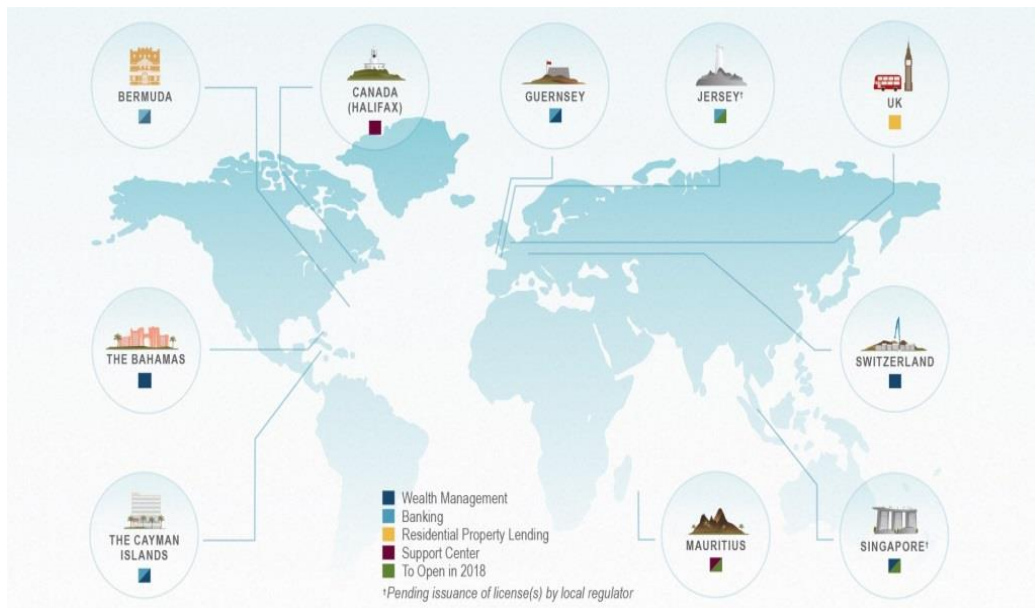
(1) See the Appendix for a reconciliation of the non-GAAP measures

Note: All information in US\$ as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

Source: S&P Global Market Intelligence and Company data



## Geographic Footprint Supports Expanding Trust Business<sup>1</sup>



## Awards



## Financial Snapshot

Key Balance Sheet Items	2018 Q1	2017Y
Total Assets	\$11.0 bn	\$10.8 bn
Cash & Cash Equivalents	1.8 bn	1.5 bn
Investments in Securities	4.5 bn	4.7 bn
Net Loans	4.0 bn	3.8 bn
Deposits	9.8 bn	9.5 bn

Key Operating Metrics	2018 Q1	2017Y
Net Income	\$44.2 mm	\$153.3 mm
Core ROATCE <sup>2</sup>	24.3%	22.4%
Core ROATA <sup>3</sup>	1.7%	1.5%
Cost of Deposits	0.12%	0.11%

(1) Locations based on where trusts are administered, rather than geography of client residence

(2) Core ROATCE is a non-GAAP measure calculated as core earnings to common shareholders / average tangible common equity. See the Appendix for a reconciliation of the non-GAAP measures

(3) Core ROATA is a non-GAAP measure calculated as core net income / average tangible assets. See the Appendix for a reconciliation of the non-GAAP measures

Note: All information in US\$ as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

Source: S&P Global Market Intelligence and Company data



# 1 Leading Bank in Attractive Markets

Who We Are and What We Do

Business Line	Banking		Wealth Management	
Core Geographies	Bermuda (54% of Group deposits <sup>1</sup> , 51% of Group loans <sup>2</sup> )	Cayman Islands (31% of Group deposits <sup>1</sup> , 25% of Group loans <sup>2</sup> )	Bermuda Guernsey / Jersey Singapore	Cayman Islands Switzerland Bahamas
Clients	<ul style="list-style-type: none"> <li>➤ Local residents</li> <li>➤ Captive insurers</li> <li>➤ Mid-market reinsurers</li> </ul>	<ul style="list-style-type: none"> <li>➤ Local residents</li> <li>➤ Captive insurers</li> <li>➤ Hedge funds</li> </ul>	<ul style="list-style-type: none"> <li>➤ Private trust clients</li> <li>➤ Ultra-high net worth, multi-generational families from Europe, Asia, Latin America, and Middle East</li> </ul>	
Focus Areas / Key Statistics	<ul style="list-style-type: none"> <li>➤ Global deposits fund local mortgages</li> <li>➤ \$9.8bn deposits, \$4.0bn net loans</li> <li>➤ 64% mortgages, 32% commercial loans<sup>3</sup></li> </ul>		<ul style="list-style-type: none"> <li>➤ Butterfield is Trustee: \$95.4bn AUA<sup>4</sup></li> <li>➤ The trusts and beneficiaries require private banking and asset management</li> <li>➤ Expansion in Asia</li> </ul>	
Industry Characteristics	Organic Growth Potential / Historically Attractive Returns / Limited Competition		Organic & Acquisition Growth Potential / Lower Capital Requirements	

(1) Includes private banking deposits. Based on customer deposits

(2) Based on gross loans. Based on country in which loan was originated

(3) Commercial loans include government loans

(4) AUA for trust only, does not include custody; US\$ as of 31-Dec-2017

Note: All information in US\$ as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

Source: Company data



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### Bermuda's Insurance & Reinsurance Market<sup>1</sup>

#2

**Global Reinsurance Market**

15 of the top 40 global reinsurers

#1

**Captive Insurance Domicile**

800 captive insurers

#1

**Insurance Linked Securities Domicile**

70% of issuance and outstanding securities

#1

**Fund Domicile**

34% of hedge funds and 85% of offshore funds

#2

**Captive Insurance Domicile**

360 captive insurers

**International Financial Center**

40 of the world's 50 largest banks

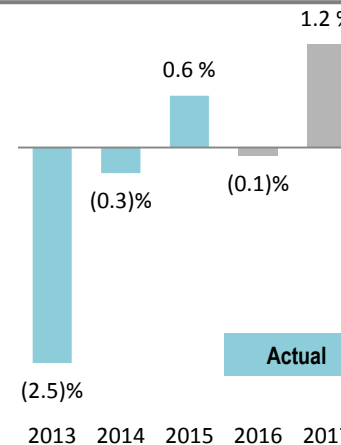
**Global capital: Foreign currency deposits (primarily USD) held by local banks exceed 3x GDP in Bermuda and Cayman Islands**

### Key Market Attributes

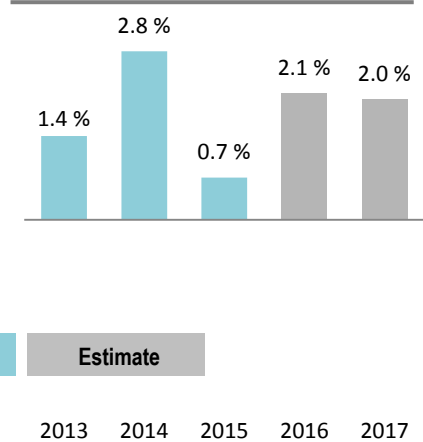
- British Overseas Territories, English Common Law, UK Privy Council final court of appeal
- Affluent resident population, no corporate or personal income tax
- FATCA / CRS tax transparency requires reporting on foreign nationals to 67 tax authorities, including US tax persons to the IRS
- The Bermuda Monetary Authority (BMA) and the Cayman Islands Monetary Authority (CIMA) are primary financial services regulators

### Real GDP Growth

#### Bermuda



#### Cayman Islands

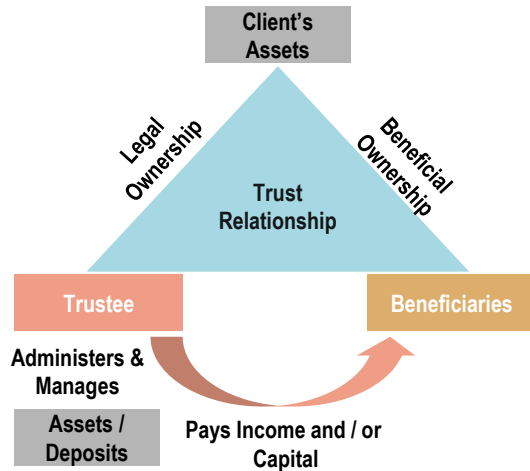


(1) Sovereign Ratings as of 1-Nov-2016

Source: SNL Financial, Association of Bermuda Insurers and Reinsurers, Bermuda Government, UN Department of Economic and Social Affairs Population Division, Butterfield Research, CIA World Fact Book, The Economist, Appleby, <http://www.cayman.finance/2016/03/the-cayman-islands-a-guide-for-hedge-fund-managers/>; Bermuda Risk Directory (<http://www.brd.bm/about-bermuda/>)



### Private Trust Overview



### Private Trust Economics

- Trustee fees
- FX fees
- Custody fees
- Asset management fees
- NII Deposits

### Butterfield Value Proposition

- Bank-owned trust company with over 70 years of experience
- Multi-jurisdictional offering in English Common Law domiciles
- Fiduciary expertise and service respected by key introducers
- Recognized as one of the leading trust companies in the world



### Private Trust Landscape

#### Very Large



#### Large

##### Private Client Trust focus



##### Diversified Fee Players



#### Boutique

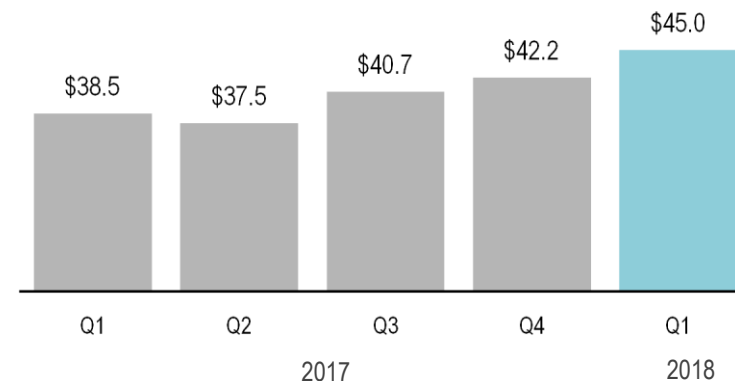


#### Franchise

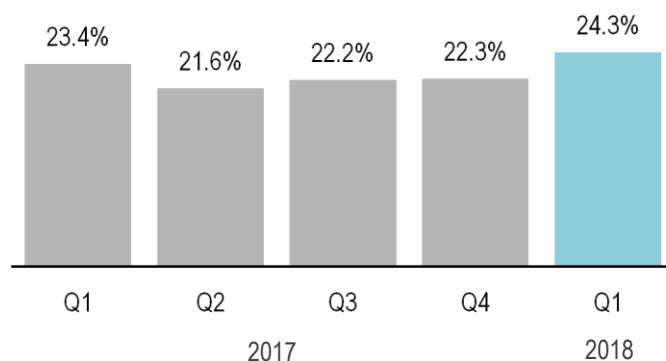


- Net income of \$44.2 million, or \$0.79 per share
- Core Net Income<sup>1</sup> of \$45.0 million, or \$0.81 per share
- Return on average common equity of 21.8%; core return on average tangible common equity<sup>1</sup> of 24.3%
- Net Interest Margin of 3.05%, cost of deposits of 0.12%
- Completed acquisition of Global Trust Solutions business from Deutsche Bank
- Announced acquisition of Deutsche Bank's banking and custody business in the Cayman Islands and Channel Islands
- Common share dividend of \$0.38 per share

### Core Net Income<sup>1</sup> (\$ Millions)



### Core Return on Average Tangible Common Equity<sup>1</sup>



(in millions of US\$)	Q1 2018	vs. Q4 2017		vs. Q1 2017	
		\$	%	\$	%
Net Interest Income	\$ 79.9	\$ 3.8		\$ 12.0	
Non-Interest Income	39.8	(2.6)		1.2	
Prov. for Credit Losses	1.9	(3.4)		1.6	
Non-Interest Expenses <sup>2</sup>	(77.8)	3.1		(6.6)	
Other Gains (Losses)	0.4	3.0		0.1	
Net Income	\$ 44.2	\$ 3.9	9.8%	\$ 8.3	23.3%
Non-Core Items <sup>1</sup>	0.8	(1.1)		(1.8)	
Core Net Income <sup>1</sup>	\$ 45.0	\$ 2.8	3.7%	\$ 6.5	14.5%

(1) See the Appendix for a reconciliation of the non-GAAP measure

(2) Includes income taxes

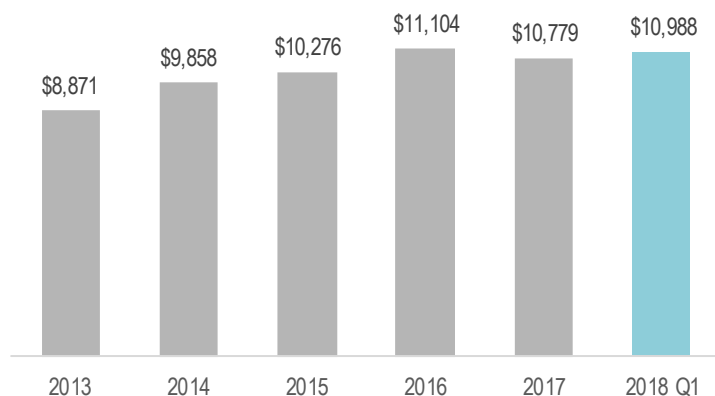
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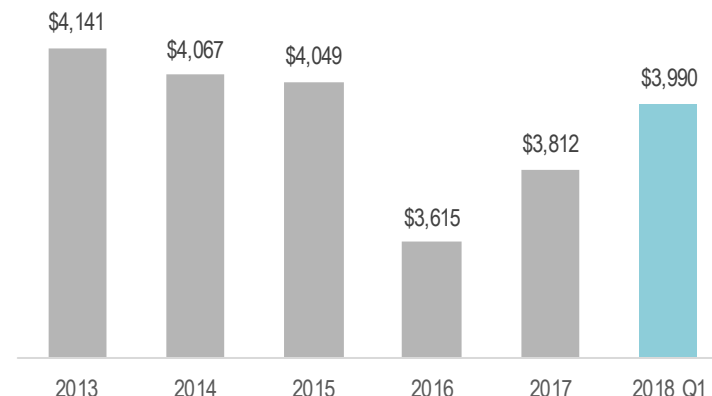


Historically growing, deposit-driven balance sheet, through organic and acquisition-based market share gains

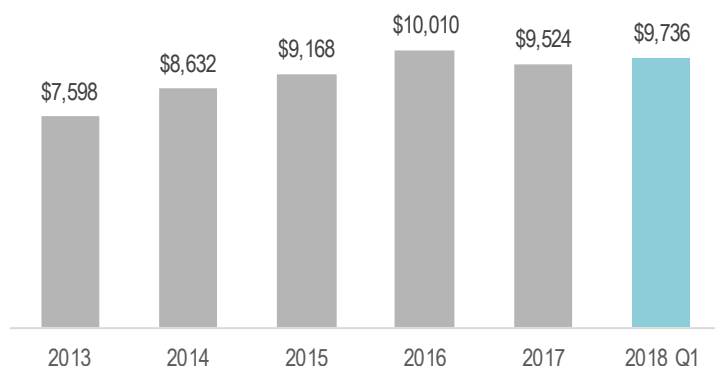
### Total Assets (\$ Millions)



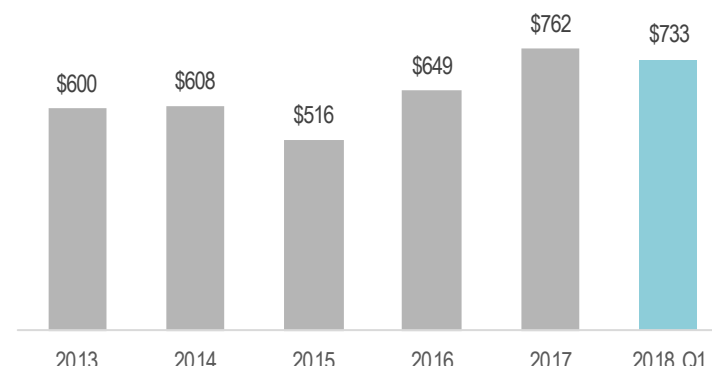
### Gross Loans (\$ Millions)



### Total Customer Deposits (\$ Millions)



### Tangible Common Equity (\$ Millions)



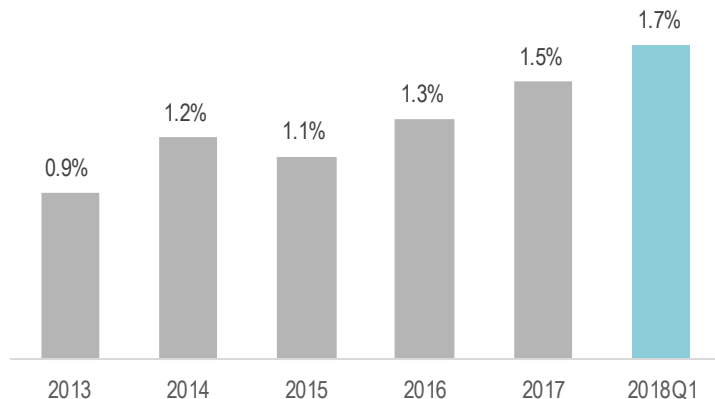
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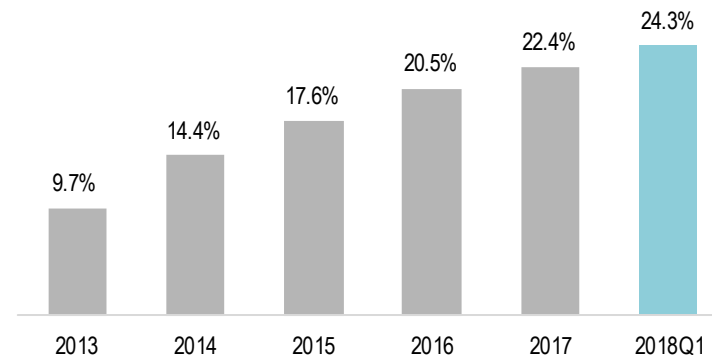
# 1 Leading Bank in Attractive Markets

Strong Profitability

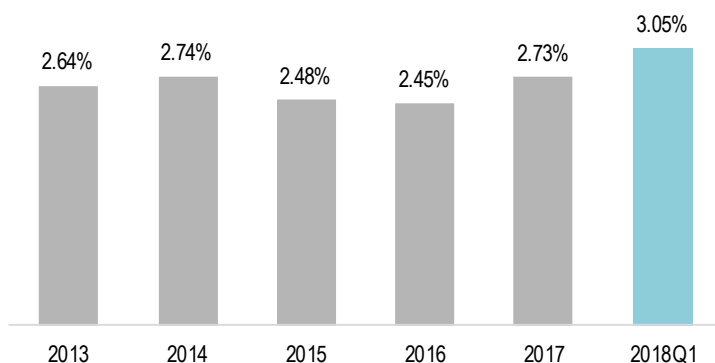
**Core ROATA<sup>1</sup> (%)**



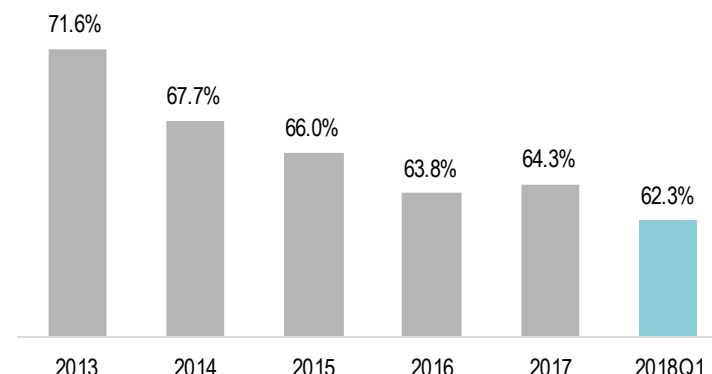
**Core ROATCE<sup>2</sup> (%)**



**Net Interest Margin (%)**



**Core Efficiency Ratio<sup>3</sup> (%)**



- (1) Core ROATA is a non-GAAP measure calculated as core net income / average tangible assets. See the Appendix for a reconciliation of the non-GAAP measures
- (2) Core ROATCE is a non-GAAP measure calculated as core net income attributable to common shareholders / average tangible common equity. See the Appendix for a reconciliation of the non-GAAP measures
- (3) Core efficiency ratio is a non-GAAP measure calculated as core non-interest expenses / (non-interest income + net interest income before provision for credit losses). See the Appendix for a reconciliation of the non-GAAP measures

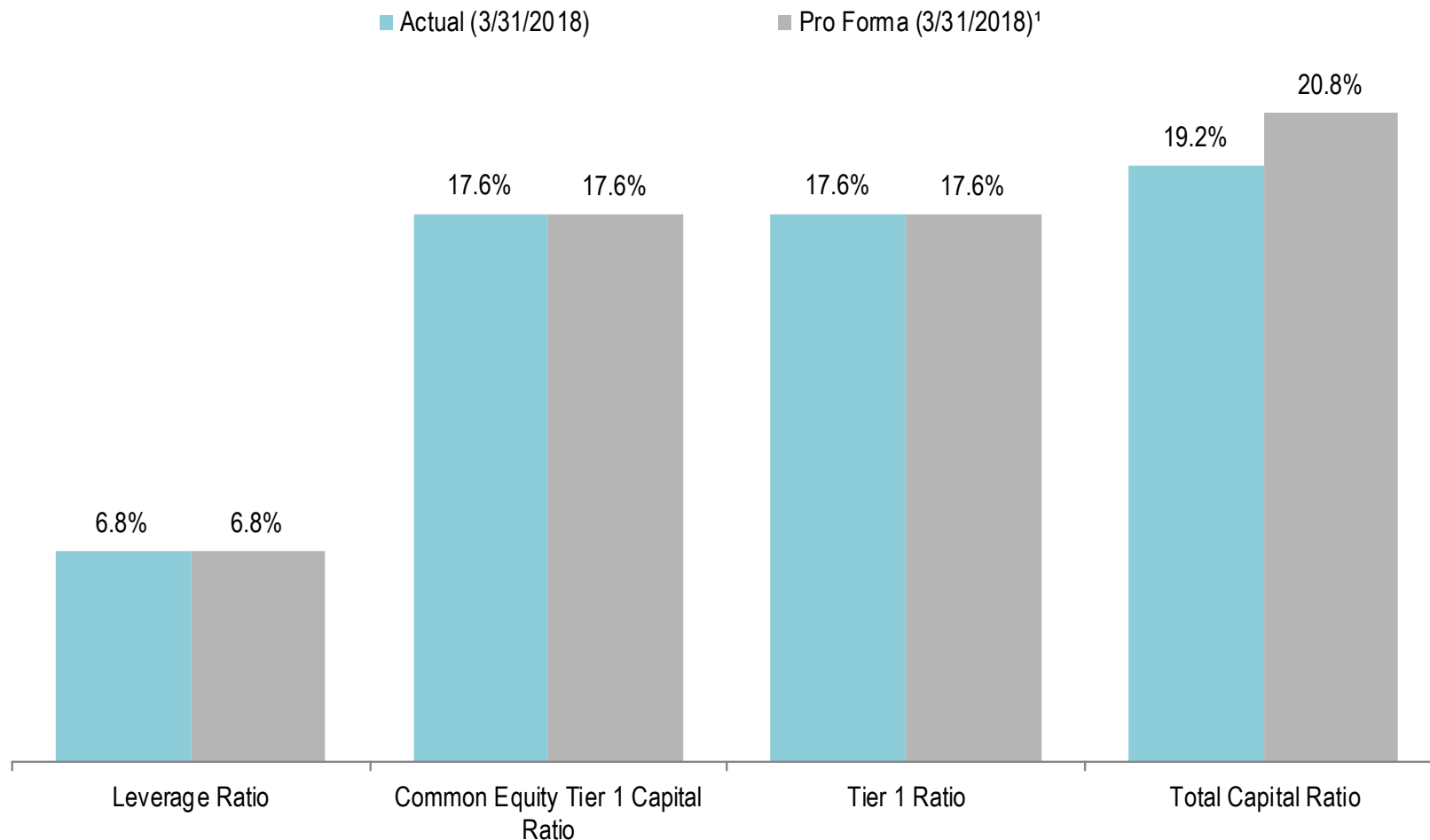
Note: All information in US\$ as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

Source: Company data



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### Profitability of business continues to strengthen capital ratios



(1) Pro forma for \$75 million subordinated debt raise, assuming a 0.75% underwriting fee and 20% risk weighting on proceeds; Assumes payoff of \$47 million of maturing subordinated debt

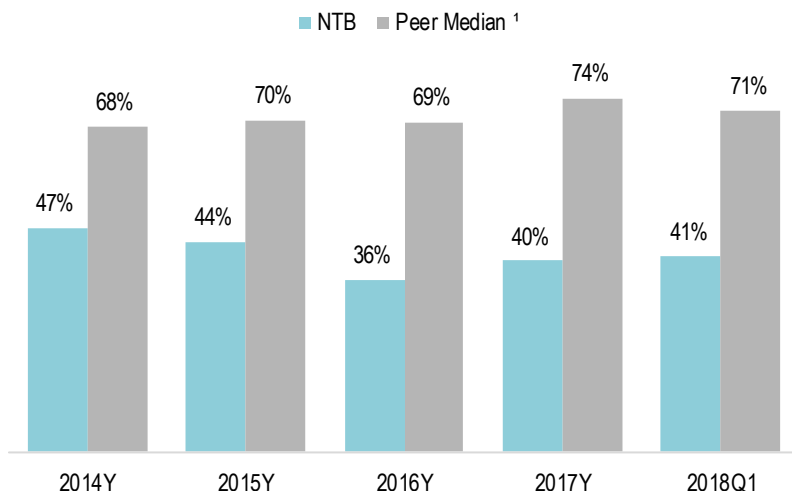
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Source: Company data

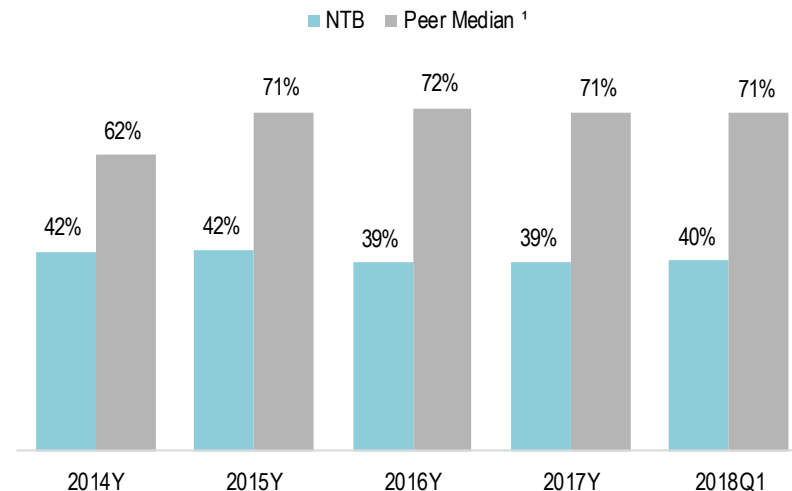


- Historically highly liquid, conservative and stable balance sheet composition
- Lower balance sheet leverage as compared to peers with significantly lower Risk-Weighted Asset density

### Gross Loans / Deposits



### Risk-Weighted Assets / Total Assets



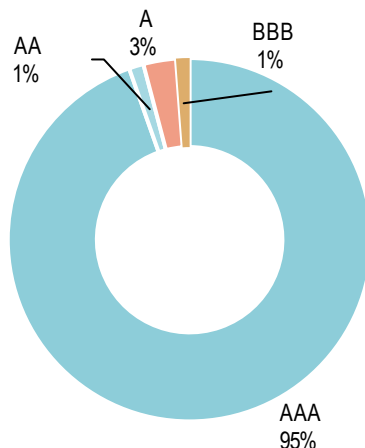
(1) Peer Group includes: FRC, SIVB, EWBC, CFR, ASB, WTFC, CBSH, IBKC, UMBF, FHB, BOH, TRMK, IBOC, CBU, BPFH, FFIN, WABC

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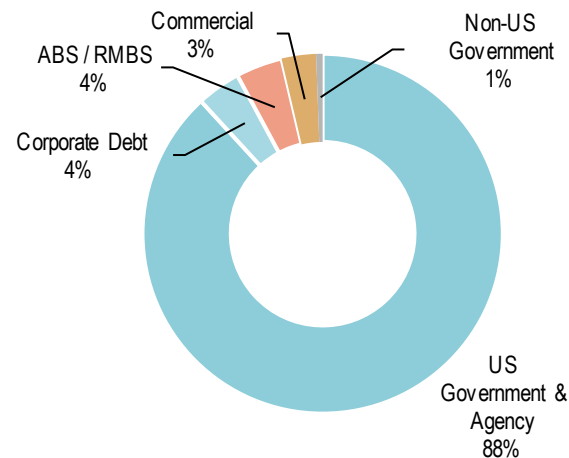
Source: S&P Global Market Intelligence



Investment Portfolio by Debt Rating



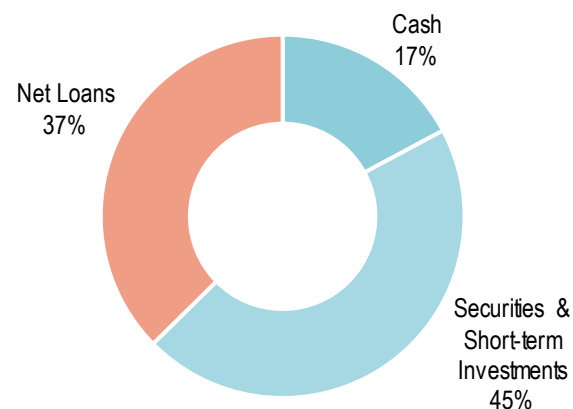
Investment Portfolio Composition



Securities Portfolio Duration

	Balance	Duration
AFS Securities	\$3.1bn	2.8 years
HTM Securities	\$1.5bn	6.1 years
<b>Total Securities Portfolio</b>	<b>\$4.6bn</b>	

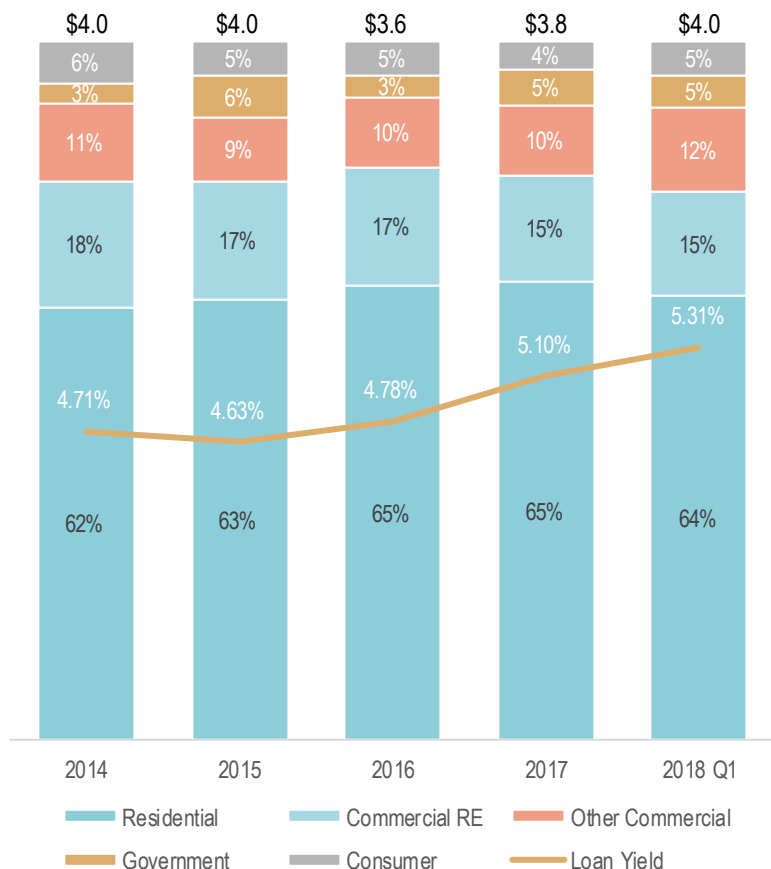
Composition of Interest Earning Assets



Note: All information in US\$ as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

Source: Company data



Loan Portfolio Stability<sup>1</sup>

## Residential Loan Market Characteristics

## Attractive Yields

- 2017 average yield of 5.19% on consumer loans, including residential mortgages

## Rate Upside

- 93% of loans are floating

## Historically Predictable Flows

- High refinancing fees strongly disincentivize refinancing activity

## Favorable Credit Risk Characteristics

- Manual review by experienced underwriters
- Historically conservative LTVs
- Full recourse in Bermuda and Cayman

## Cultural Benefit

- Real estate represents important source of savings for most families in Bermuda

## Commercial Loan Market

## Favorable Credit Risk Characteristics

- Personal recourse on non-RE lending
- Current loan origination standards below 65% LTV

## Historically Stable Loan Structures

- Long-term leases (>7 years WAL) mitigate risks of industry consolidation and turnover

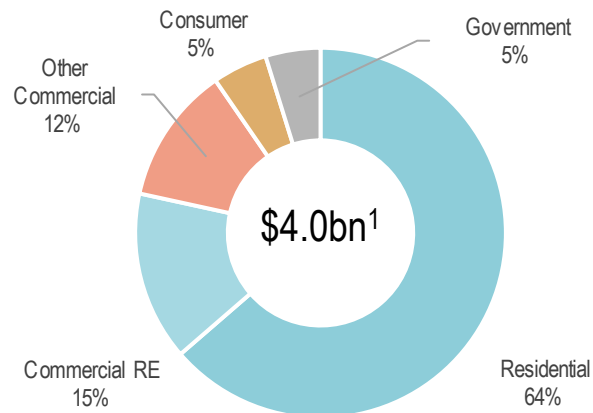
(1) Total based on net loans, breakout based on gross loans

Note: All information in US\$billions as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

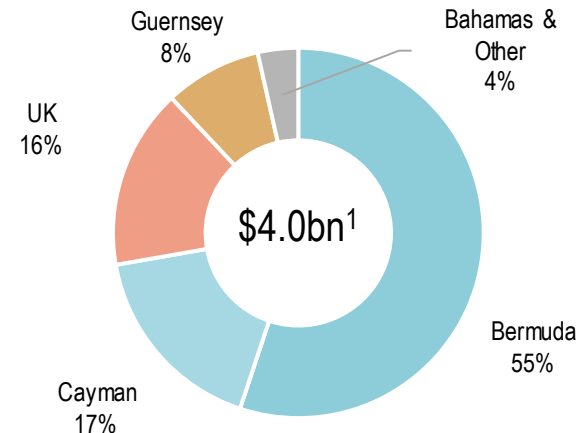
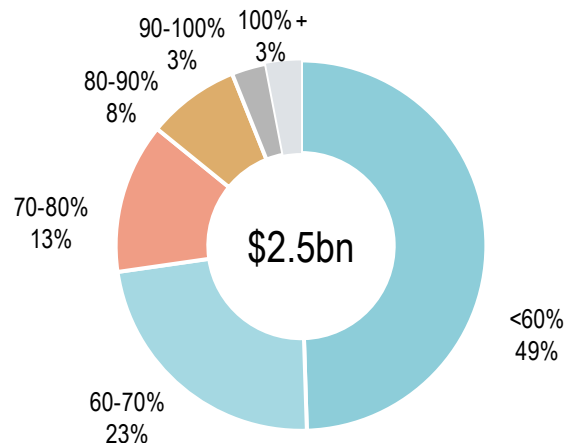
Source: S&P Global Market Intelligence and Company data



Loan Composition by Type



Loan Composition by Geography

Residential Loan Composition by LTV Band<sup>2</sup>

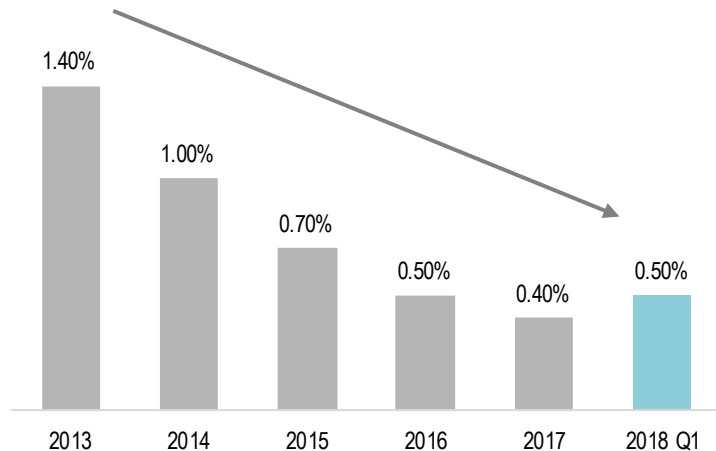
(1) Total based on net loans, breakout based on gross loans

(2) LTV data as of 31-Dec-2017

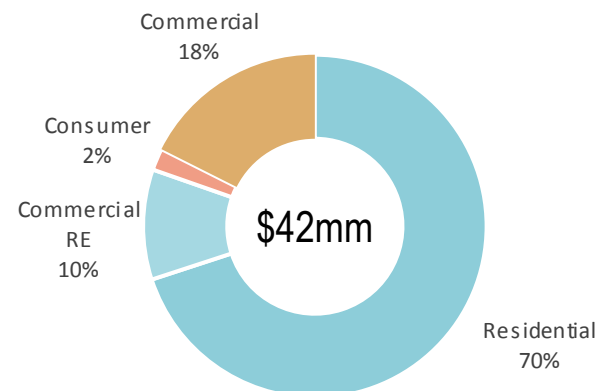
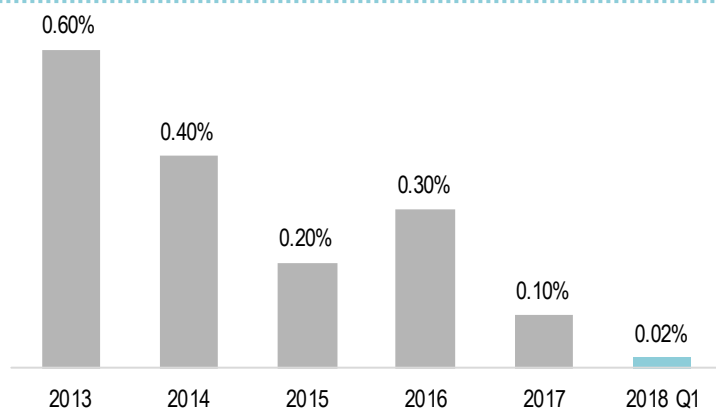
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Source: Company data

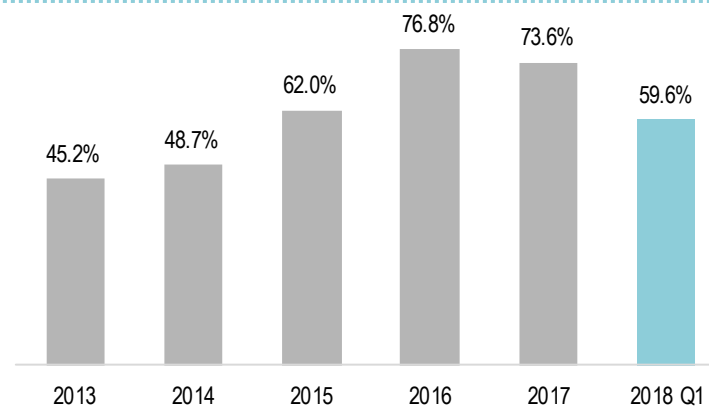


NPAs<sup>1</sup> / Total Assets

## Non Accrual Loans by Type

Net Charge-Off Ratio<sup>2</sup>

## Reserves / Nonperforming Loans



- (1) Nonperforming assets defined as gross non-accrual loans - specific allowance for credit losses on non-accrual loans + accruing loans past due 90 days + other real estate owned
- (2) The Net Charge-Off ratio is calculated as net charge-off expense / average total loans. Average total loans is calculated as the average of the month-end asset balances during the relevant period

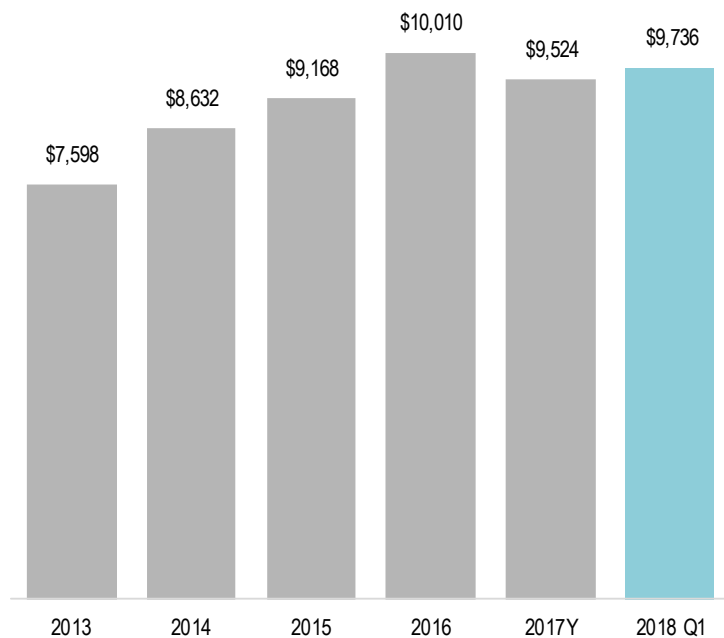
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Source: S&P Global Market Intelligence

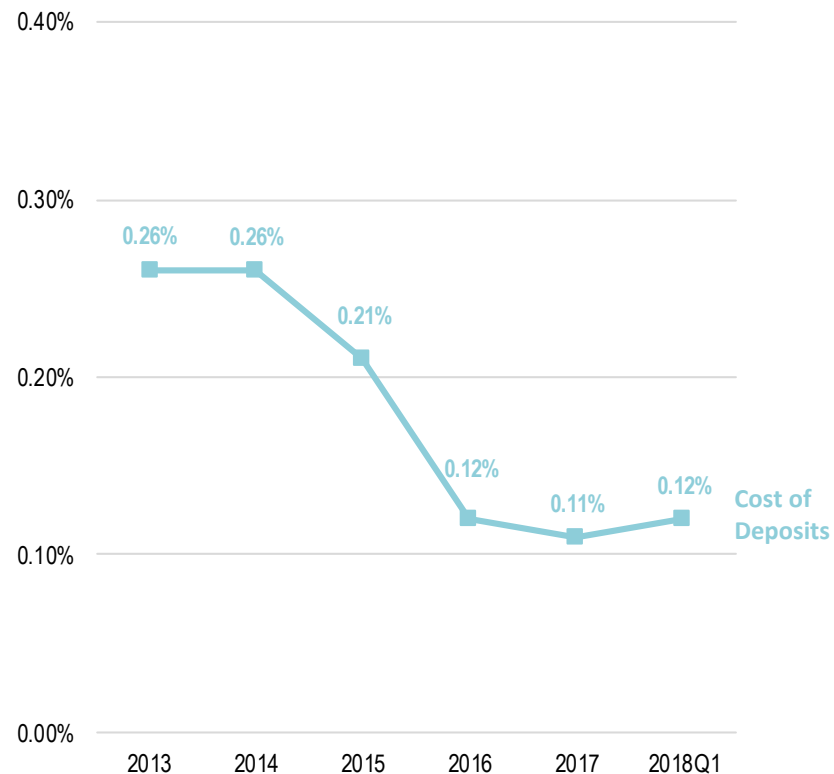




## Historically Growing Customer Deposit Base



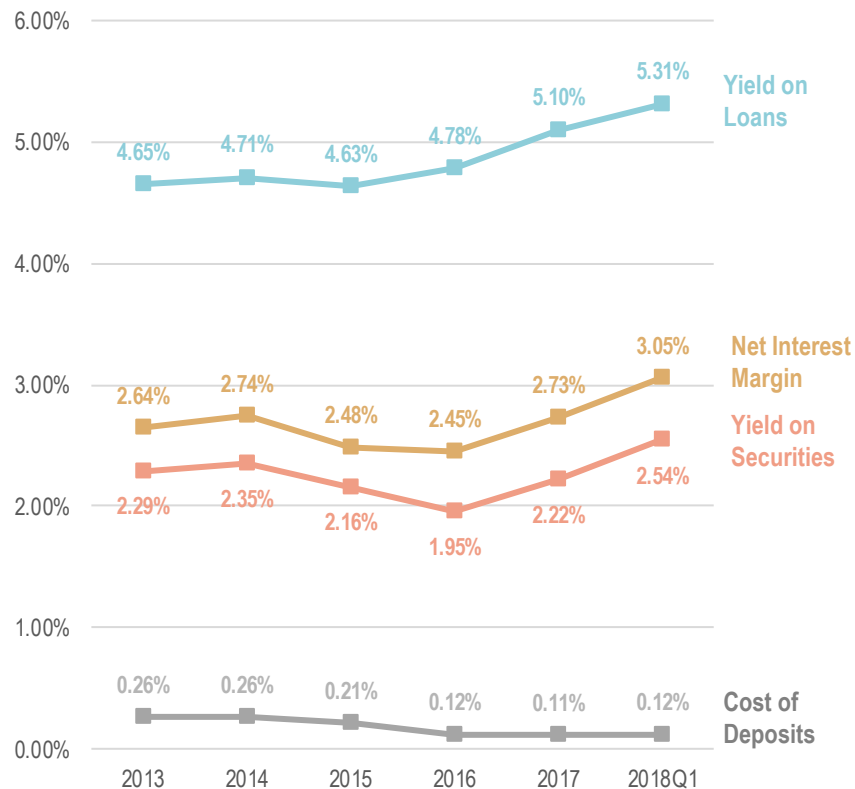
## Historically Low Cost of Deposits



Note: All information in US\$ as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$  
 Source: S&P Global Market Intelligence

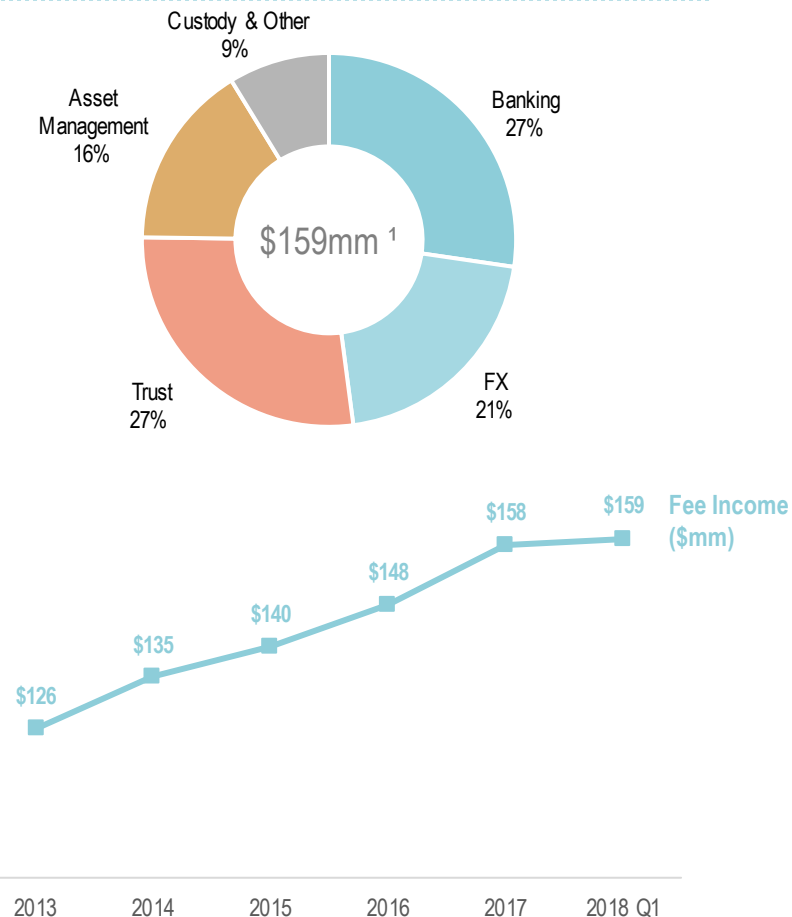


## Earning Assets &amp; Net Interest Margin



## Visible Fee and Balance Sheet Revenue

## Visible &amp; Diversified Sources of Fee Income



High yielding interest earning assets, with upward trending yields, paired with low costing interest bearing liabilities

(1) 2018 Q1 fee income annualized

Note: All information in US\$ as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$



## 2016 to 2017 Highlights

- NIM increased by 28 basis points to 273 basis points compared to 245 basis points in 2016, and the cost of funding declined by 1 basis point to 11 basis points. The primary driver of the increase in NIM was an increase in investment portfolio yields by 27 basis points to 222 basis points due to an average increase in the long-term yield of US Treasury debt over the year, which was reflected in our portfolio due to the high proportion of our portfolio in adjustable-rate securities. This was augmented by an increase in the yield on our loans due to base rate increases in certain jurisdictions.

## Net Interest Margin

(in \$ millions)	2017			2016		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
<b>Assets</b>						
Cash and cash equivalents and short-term investments	2,372.7	17.2	0.72%	2,655.3	9.8	0.37%
Investments	4,573.9	101.4	2.22%	3,940.6	77.2	1.95%
Loans	3,665.8	187.0	5.10%	3,921.1	188.0	4.78%
<b>Interest-earning assets</b>	<b>10,612.4</b>	<b>305.6</b>	<b>2.88%</b>	<b>10,517.0</b>	<b>274.9</b>	<b>2.61%</b>
Other assets	346.0	-	-	343.4	-	-
<b>Total assets</b>	<b>10,958.4</b>	<b>305.6</b>	<b>2.79%</b>	<b>10,860.4</b>	<b>274.9</b>	<b>2.52%</b>
<b>Liabilities</b>						
Deposits	7,445.0	(10.9)	(0.15%)	7,733.7	(11.8)	(0.15%)
Securities sold under agreement to repurchase	-	-	-	16.0	(0.1)	(0.73%)
Subordinated capital	117.0	(5.0)	(4.24%)	117.0	(4.5)	(3.84%)
<b>Interest-bearing liabilities</b>	<b>7,562.0</b>	<b>(15.9)</b>	<b>(0.21%)</b>	<b>7,866.8</b>	<b>(16.4)</b>	<b>(0.21%)</b>
Non-interest-bearing current accounts	2,393.1	-	-	2,042.6	-	-
Other liabilities	254.4	-	-	123.7	-	-
<b>Total liabilities</b>	<b>10,209.6</b>	<b>(15.9)</b>	<b>(0.16%)</b>	<b>10,033.0</b>	<b>(16.4)</b>	<b>(0.16%)</b>
Shareholders' equity	748.9	-	-	827.4	-	-
<b>Total liabilities and shareholders' equity</b>	<b>10,958.4</b>	<b>-</b>	<b>-</b>	<b>10,860.4</b>	<b>-</b>	<b>-</b>
Non-interest-bearing funds net of non-interest-earning assets (free balance)	3,050.3			2,650.3		
<b>Net interest margin</b>		<b>289.7</b>	<b>2.73%</b>		<b>258.5</b>	<b>2.45%</b>

Source: Company data



(\$ in thousands)	For the Year Ended,			For the
	2015Y	2016Y	2017Y	Quarter Ended
	Earnings to Fixed Charges			2018Q1
Total Deposit Interest	\$18,446	\$11,831	\$10,931	\$2,942
Other Borrowed Interest	\$4,869	\$4,618	\$4,954	\$1,354
Total Interest Expense	\$23,315	\$16,449	\$15,885	\$4,296
Total Fixed Charges (including deposit expense)	\$23,315	\$16,449	\$15,885	\$4,296
Total Fixed Charges (excluding deposit expense)	\$4,869	\$4,618	\$4,954	\$1,354
Pre-Tax Income	\$79,015	\$116,669	\$154,339	\$44,549
Earnings to Fixed Charges Ratio (including deposit expense)	4.39x	8.09x	10.72x	11.37x
Earnings to Fixed Charges Ratio (excluding deposit expense)	17.23x	26.27x	32.15x	33.90x
New Holding Company Subordinated Debt - Expense (4.750%) <sup>1</sup>				\$891
Repayment of 2003 Debt Issuance - Expense Savings (4.320%) <sup>2</sup>				\$508
Pro Forma Earnings to Fixed Charges Ratio (including deposit expense)				10.44x
Pro Forma Earnings to Fixed Charges Ratio (excluding deposit expense)				26.43x




(1) Assumes a \$75 million subordinated debt raise and a 4.750% coupon rate

(2) 3 Month LIBOR as of 15-May-2018 for the floating rate of 2.000% + 3 Month LIBOR on the \$47 million of subordinated debt which will mature on May 27, 2018

Note: All information in US\$ as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

Source: S&P Global Market Intelligence



		Age	Experience	Background
	Michael Collins <i>Chairman &amp; Chief Executive Officer</i>	55	30+	<ul style="list-style-type: none"> <li>➤ Joined Butterfield in 2009</li> <li>➤ Formerly COO at HSBC Bermuda</li> </ul>
	Michael Schrum <i>Chief Financial Officer</i>	49	20+	<ul style="list-style-type: none"> <li>➤ Joined Butterfield in 2015</li> <li>➤ Formerly CFO at HSBC Bermuda</li> </ul>
	Daniel Frumkin <i>Chief Operating Officer</i>	53	30+	<ul style="list-style-type: none"> <li>➤ Joined Butterfield in 2010</li> <li>➤ Formerly CRO of Retail Banking at RBS</li> </ul>

	Title	Age	Experience	Year Joined
Shaun Morris	<i>General Counsel &amp; Group Chief Legal Officer</i>	58	30	2012
Elizabeth Bauman	<i>Group Head of Human Resources</i>	57	25	2015
Sian Dalrymple	<i>Group Head of Compliance</i>	54	25	2017
Andrew Burns	<i>Group Head of Internal Audit</i>	39	17	2007

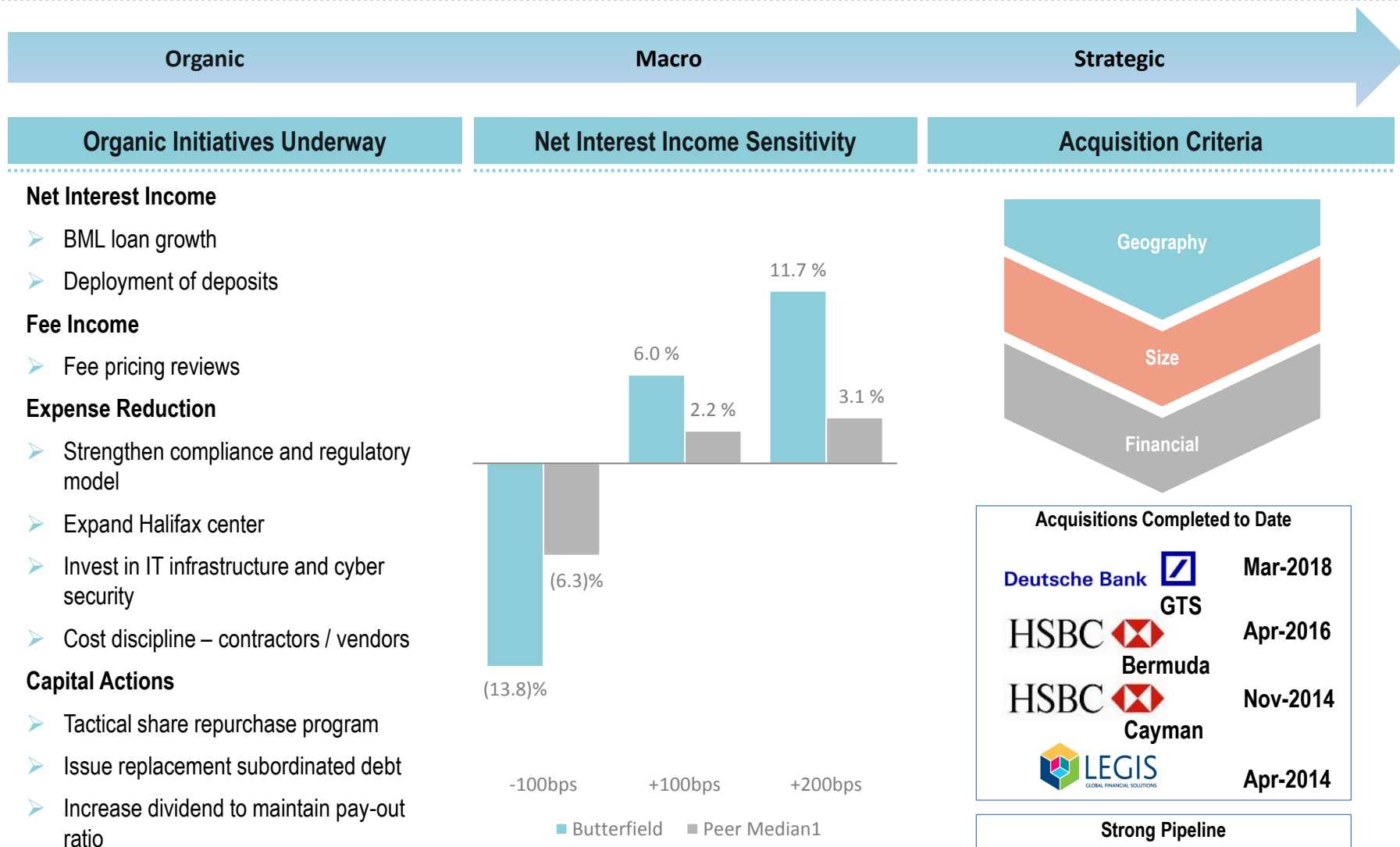
Source: Company data



Butterfield

# Company Overview

## Potential Growth Opportunities



(1) Peer Group includes: FRC, SIVB, EWBC, CFR, ASB, WTFC, CBSH, IBKC, UMBF, FHB, BOH, TRMK, IBOC, CBU, BPFH, FFIN, WABC  
Source: S&P Global Market Intelligence



**1 Leading Bank in Attractive Markets**

**2 Strong Capital Generation and Return**

**3 Efficient, Conservative Balance Sheet**

**4 Visible Earnings**

**5 Experienced Team with Deep Market Knowledge**

**Thank You – Q&A**

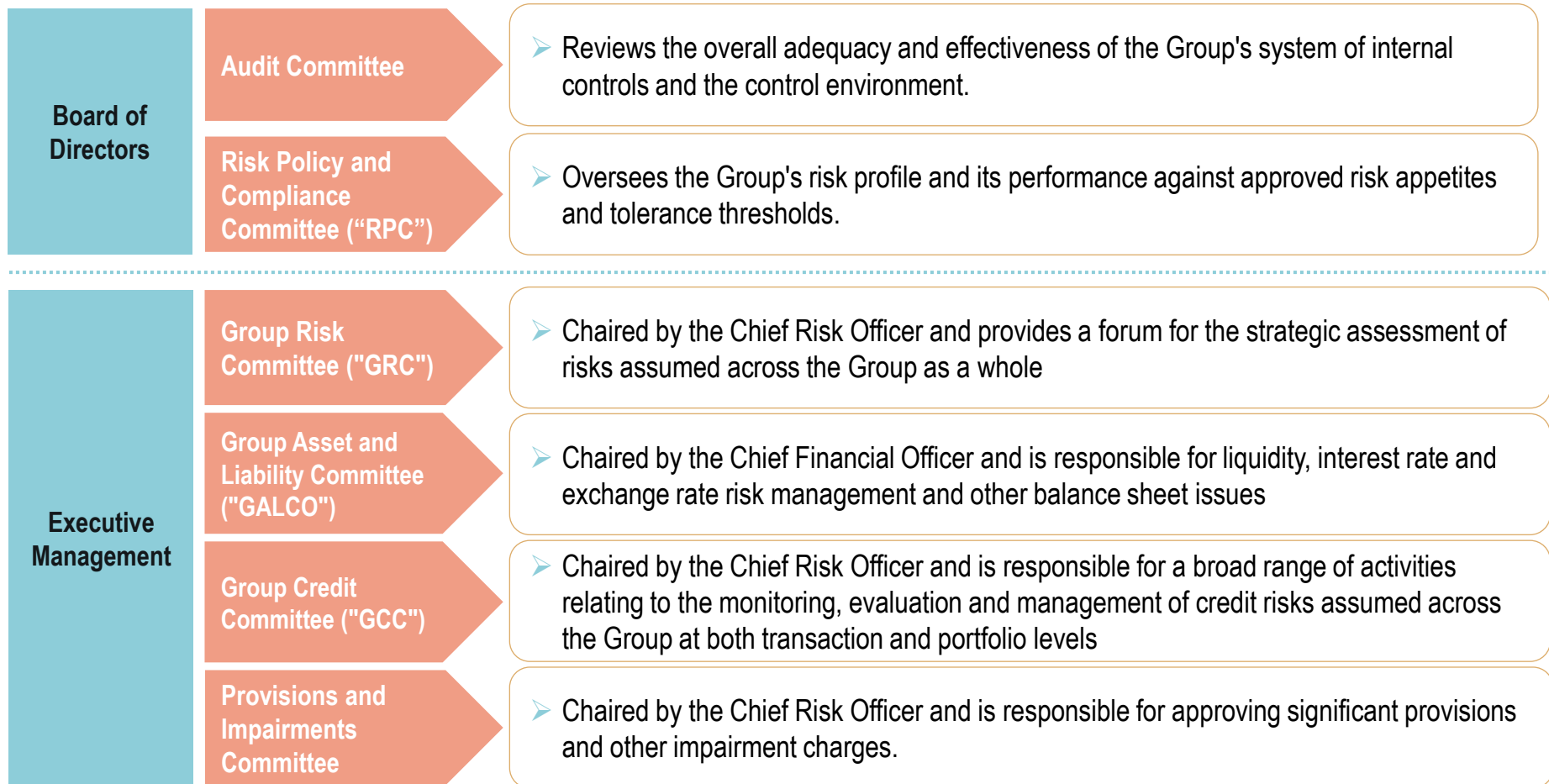


# Appendix





### Organizational structure supports comprehensive management of Financial services risks



Source: Company data



# Appendix

## Non-GAAP Reconciliation (\$ Millions)

(in millions of US Dollars, unless otherwise indicated)

		2018		2017		
		Q1	Q4	Q3	Q2	Q1
<b>Net income</b>	A	\$ 44.2	\$ 40.3	\$ 41.1	\$ 36.1	\$ 35.9
Dividends and guarantee fee of preference shares		—	—	—	—	—
Premium paid on repurchase of preference shares	B	—	—	—	—	—
<b>Net income to common shareholders</b>	C	44.2	40.3	41.1	36.1	35.9
<b>Non-core (gains), losses and expenses</b>						
<b>Non-core (gains) losses</b>						
Gain on disposal of a pass-through note investment (formerly a SIV)		(0.9)	—	(2.5)	—	(0.1)
Impairment of and gain on disposal of fixed assets (including software)		—	—	—	—	—
Change in unrealized (gains) losses on certain investments		—	—	—	—	—
Adjustment to holdback payable for a previous business acquisition		—	—	0.1	—	0.1
<b>Total non-core (gains) losses</b>	D	\$ (0.9)	\$ —	\$ (2.4)	\$ —	\$ —
<b>Non-core expenses</b>						
Early retirement program, redundancies and other non-core compensation costs		—	—	0.1	0.1	—
Tax compliance review costs		0.1	0.6	0.4	0.7	0.2
Provision in connection with ongoing tax compliance review		—	—	—	—	—
Business acquisition costs		1.6	1.0	1.1	—	—
Restructuring charges and related professional service fees		—	0.3	0.4	0.6	0.4
Investigation of an international stock exchange listing costs		—	—	—	—	—
Cost of 2010 legacy option plan vesting and related payroll taxes		—	—	—	—	—
Secondary offering costs		—	—	—	—	2.0
<b>Total non-core expenses</b>	E	\$ 1.7	\$ 1.9	\$ 2.0	\$ 1.4	\$ 2.6
<b>Total non-core (gains), losses and expenses</b>	F=D+E	0.8	1.9	(0.4)	1.4	2.6
<b>Core net income</b>	G=A+F	\$ 45.0	\$ 42.2	\$ 40.7	\$ 37.5	\$ 38.5
Core net income attributable to common shareholders	H=C-B+F	45.0	42.2	40.7	37.5	38.5
Average shareholders' equity		820.7	809.6	788.9	759.2	729.3
Less: average preference shareholders' equity		—	—	—	—	—
Average common equity	I	820.7	809.6	788.9	759.2	729.3
Less: average goodwill and intangible assets		(68.4)	(60.9)	(61.3)	(61.6)	(61.7)
Average tangible common equity	J	752.3	748.7	727.6	697.6	667.6
<b>Return on equity</b>	C/I	21.8%	19.7%	20.7%	19.0%	19.9%
<b>Core return on average tangible common equity</b>	H/J	24.3%	22.3%	22.2%	21.6%	23.4%
<b>Core earnings per common share fully diluted</b>						
Adjusted weighted average number of diluted common shares (in thousands)	K	55.8	55.6	55.5	55.6	55.2
<b>Earnings per common share fully diluted</b>	C/K	0.79	0.72	0.74	0.65	0.65
<b>Non-core items per share</b>	(F-B)/K	0.02	0.04	(0.01)	0.02	0.05
<b>Core earnings per common share fully diluted</b>		0.81	0.76	0.73	0.67	0.70

Note: All information in US\$millions and as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

Source: Company data



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# Appendix

## Non-GAAP Reconciliation (\$ Millions) (cont'd)

(in millions of US Dollars, unless otherwise indicated)

(in millions of US Dollars, unless otherwise indicated)		2018		2017		
		Q1	Q4	Q3	Q2	Q1
<b>Core return on average tangible assets</b>						
Total average assets	L	\$ 10,970.9	\$ 10,851.0	\$ 10,744.8	\$ 10,981.8	\$ 10,982.6
Less: average goodwill and intangible assets		(68.4)	(60.9)	(61.3)	(61.6)	(61.7)
Average tangible assets	M	\$ 10,902.5	\$ 10,790.1	\$ 10,683.5	\$ 10,920.2	\$ 10,920.8
<b>Return on average assets</b>	A/L	1.6%	1.5%	1.5%	1.3%	1.3%
<b>Core return on average tangible assets</b>	G/M	1.7%	1.6%	1.5%	1.4%	1.5%
<b>Tangible equity to tangible assets</b>						
Shareholders' equity		\$ 824.2	\$ 822.9	\$ 802.4	\$ 769.9	\$ 741.0
Less: goodwill and intangible assets		(90.9)	(60.6)	(61.4)	(61.5)	(61.4)
Tangible total equity	N	733.4	762.3	741.0	708.4	679.6
Less: preference shareholders' equity		—	—	—	—	—
Tangible common equity	O	733.4	762.3	741.0	708.4	679.6
Total assets		10,988.2	10,779.2	10,578.4	10,678.7	10,943.6
Less: goodwill and intangible assets		(90.9)	(60.6)	(61.4)	(61.5)	(61.4)
Tangible assets	P	\$ 10,897.4	\$ 10,718.6	\$ 10,517.0	\$ 10,617.2	\$ 10,882.2
<b>Tangible common equity to tangible assets</b>	O/P	6.7%	7.1%	7.0%	6.7%	6.2%
<b>Tangible total equity to tangible assets</b>	N/P	6.7%	7.1%	7.0%	6.7%	6.2%
<b>Efficiency ratio</b>						
Non-interest expenses		\$ 77.4	\$ 80.4	\$ 73.6	\$ 75.3	\$ 71.0
Less: Amortization of intangibles		(1.1)	(1.1)	(1.0)	(1.1)	(1.0)
Non-interest expenses before amortization of intangibles	Q	76.3	79.3	72.6	74.2	70.0
Non-interest income		39.8	42.4	38.2	38.7	38.5
Net interest income before provision for credit losses		79.9	76.1	74.3	71.5	67.9
Net revenue before provision for credit losses and other gains/losses	R	\$ 119.7	\$ 118.4	\$ 112.5	\$ 110.2	\$ 106.4
<b>Efficiency ratio</b>	Q/R	63.8%	67.0%	64.5%	67.4%	65.7%
<b>Core efficiency ratio</b>						
Non-interest expenses		\$ 77.4	\$ 80.4	\$ 73.6	\$ 75.3	\$ 71.0
Less: non-core expenses	(E)	(1.7)	(1.9)	(2.0)	(1.4)	(2.6)
Less: amortization of intangibles		(1.1)	(1.1)	(1.0)	(1.1)	(1.0)
Core non-interest expenses before amortization of intangibles	S	74.6	77.4	70.6	72.8	67.4
Net revenue before provision for credit losses and other gains/losses	T	119.7	118.4	112.5	110.2	106.4
<b>Core efficiency ratio</b>	S/T	62.3%	65.4%	62.8%	66.1%	63.2%

Note: All information in US\$millions as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

Source: Company data



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# Appendix

## Balance Sheet Trends (\$ Millions)

	2018	2017					2016				
	Q1	Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1	
<b>Assets</b>											
Cash & Equivalents	\$ 1,846	\$ 1,535	\$ 1,546	\$ 1,720	\$ 1,867	\$ 2,102	\$ 1,485	\$ 2,655	\$ 1,774		
Reverse Repos	198	179	210	184	63	149	186	—	—		
S/T Investments	100	250	208	294	542	520	995	436	425		
Investments	4,512	4,706	4,613	4,558	4,549	4,400	4,114	3,870	3,679		
Loans, Net	3,957	3,777	3,664	3,588	3,573	3,570	3,836	3,904	3,953		
Other Assets	376	332	338	335	350	363	363	422	355		
Total Assets	\$ 10,988	\$ 10,779	\$ 10,578	\$ 10,679	\$ 10,944	\$ 11,104	\$ 10,979	\$ 11,287	\$ 10,186		
<b>Liabilities and Equity</b>											
Total Deposits	\$ 9,754	\$ 9,536	\$ 9,407	\$ 9,479	\$ 9,849	\$ 10,034	\$ 9,667	\$ 10,091	\$ 8,939		
Long-Term Debt	117	117	117	117	117	117	117	117	117		
Other Liabilities	293	303	252	313	236	242	230	263	343		
Total Liabilities	\$ 10,164	\$ 9,956	\$ 9,776	\$ 9,909	\$ 10,203	\$ 10,393	\$ 10,014	\$ 10,471	\$ 9,399		
Common Equity	\$ 824	\$ 823	\$ 802	\$ 770	\$ 741	\$ 711	\$ 782	\$ 633	\$ 604		
Preferred Equity	—	—	—	—	—	—	183	183	183		
Total Equity	\$ 824	\$ 823	\$ 802	\$ 770	\$ 741	\$ 711	\$ 965	\$ 816	\$ 787		
Total Liabilities and Equity	\$ 10,988	\$ 10,779	\$ 10,578	\$ 10,679	\$ 10,944	\$ 11,104	\$ 10,979	\$ 11,287	\$ 10,186		
<b>Key Metrics</b>											
TCE / TA	6.7%	7.1%	7.0%	6.7%	6.2%	5.9%	6.6%	5.0%	5.5%		
CET 1 Ratio	17.6%	18.2%	17.8%	17.0%	15.8%	15.3%	16.1%	12.3%	12.4%		
Total Tier 1 Capital Ratio	17.6%	18.2%	17.8%	17.0%	15.8%	15.3%	20.5%	16.5%	16.4%		
Total Capital Ratio	19.2%	19.9%	19.9%	19.1%	17.9%	17.6%	22.9%	18.9%	18.7%		

Note: All information in US\$millions as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

Source: Company data



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# Appendix

## Income Statement Trends (\$ Millions)

	2018		2017					2016				
	Q1		Q4		Q3		Q2		Q1		Q4	
Net Interest Income	\$	79.9	\$	76.1	\$	74.3	\$	71.5	\$	67.9	\$	66.8
Non-Interest Income		39.8		42.4		38.2		38.7		38.5		38.8
Prov. for Credit Recovery (Losses)		1.9		5.4		0.7		(0.5)		0.3		0.9
Non-Interest Expenses		77.8		80.8		73.8		75.6		71.2		71.9
Other Gains (Losses)		0.4		(2.7)		1.8		2.0		0.2		0.8
Net Income	\$	44.2	\$	40.3	\$	41.1	\$	36.1	\$	35.9	\$	35.4
Non-Core Items <sup>1</sup>	\$	0.8	\$	1.9	\$	(0.4)	\$	1.4	\$	2.6	\$	1.7
Core Net Income	\$	45.0	\$	42.2	\$	40.7	\$	37.5	\$	38.5	\$	37.1

### Key Metrics

Loan Yield	5.31%	5.23%	5.16%	5.11%	4.90%	4.92%	4.75%	4.72%	4.74%
Securities Yield	2.54	2.27	2.22	2.20	2.17	1.98	1.91	1.87	2.07
Cost of deposits	0.12	0.12	0.10	0.11	0.11	0.10	0.11	0.12	0.15
Net Interest Margin	3.05	2.87	2.81	2.66	2.58	2.45	2.39	2.44	2.54
Core Efficiency Ratio <sup>1</sup>	62.3	65.4	62.8	66.1	63.2	65.6	65.3	61.8	62.5
Core ROATCE <sup>1</sup>	24.3	22.3	22.2	21.6	23.4	19.3	19.0	20.1	23.7
Fee Income Ratio	32.7	34.2	33.8	35.3	36.1	36.4	35.9	39.1	35.5
Fully Diluted Share Count (in millions of common shares)	55.8	55.6	55.5	55.6	55.2	54.7	49.0	47.3	47.4

(1) Includes non-service employee benefits

Note: All information in US\$millions and as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

Source: Company data



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# Appendix

## Non-Interest Income & Expense Trends

2018		2017					2016				
	Q1	Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1	
<b>Non-Interest Income</b>											
Trust	\$ 10.9	\$ 11.3	\$ 10.9	\$ 11.3	\$ 11.4	\$	11.5	\$ 11.6	\$ 10.8	\$ 10.1	\$
Asset Management	6.4	6.6	6.3	5.9	5.8		6.0	5.6	5.3	4.2	
Banking	10.9	12.0	10.8	10.9	10.0		11.0	9.7	10.0	8.7	
FX Revenue	8.2	8.8	7.6	7.5	8.3		7.4	6.5	8.4	8.3	
Custody & Other Admin.	2.2	2.2	2.0	1.9	2.0		2.0	2.3	2.3	2.2	
Other	1.2	1.4	0.5	1.1	0.9		0.9	0.6	1.0	1.0	
Total Non-Interest Income	\$ 39.8	\$ 42.4	\$ 38.2	\$ 38.7	\$ 38.5	\$	38.8	\$ 36.3	\$ 37.9	\$ 34.5	\$
<b>Non-Interest Expense</b>											
Salaries & Benefits <sup>1</sup>	\$ 37.0	\$ 42.4	\$ 37.4	\$ 37.4	\$ 36.0	\$	34.2	\$ 42.4	\$ 32.2	\$ 31.2	\$
Technology & Comm.	14.7	14.4	13.2	13.4	12.9		14.5	14.4	14.1	14.5	
Property	5.1	4.5	5.1	5.4	4.9		5.5	5.4	5.1	5.0	
Professional & O/S Services	9.7	8.0	6.9	6.1	6.2		5.4	4.1	5.4	4.1	
Indirect Taxes	4.9	4.7	4.6	4.5	4.2		4.7	4.2	2.8	4.6	
Intangible Amortization	1.1	1.1	1.0	1.1	1.0		1.0	1.2	1.3	1.1	
Marketing	0.9	1.5	0.9	2.4	1.0		1.7	0.9	1.0	0.9	
Restructuring	—	0.3	0.4	0.6	0.4		0.5	0.6	0.7	4.5	
Other	3.9	3.5	4.0	4.5	4.3		4.4	4.4	4.2	4.0	
Total Non-Interest Expense	\$ 77.4	\$ 80.4	\$ 73.6	\$ 75.3	\$ 71.0	\$	71.9	\$ 77.3	\$ 66.7	\$ 69.9	\$
Income Taxes	0.4	0.5	0.2	0.3	0.2		—	0.2	0.2	0.3	
Total Expense incl. Taxes	\$ 77.8	\$ 80.8	\$ 73.8	\$ 75.6	\$ 71.2	\$	71.9	\$ 77.5	\$ 67.0	\$ 70.2	\$

(1) Includes non-service employee benefits

Note: All information in US\$millions as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

Source: Company data



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# Appendix

## Core Non-Interest Expense Trends

2018		2017					2016			
	Q1	Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Salaries & Benefits <sup>1</sup>	\$ 37.0	\$ 42.2	\$ 37.2	\$ 37.1	\$ 35.9	\$	34.0	\$ 33.6	\$ 31.5	\$ 29.6
Technology & Comm.	14.6	14.3	13.1	13.3	12.8		14.4	14.2	13.8	13.9
Property	5.1	4.5	5.1	5.3	4.9		5.5	5.3	5.0	5.0
Professional & O/S Services	8.1	6.7	5.6	5.7	4.3		5.4	3.9	4.8	3.0
Indirect Taxes	4.9	4.7	4.6	4.5	4.3		3.9	3.9	2.8	4.6
Intangible Amortization	1.1	1.1	1.0	1.1	1.0		1.0	1.2	1.3	1.1
Marketing	0.9	1.5	0.9	2.4	1.0		1.7	0.9	1.0	0.9
Other	3.9	3.5	4.0	4.5	4.2		4.3	4.3	4.2	3.4
Total Core Non-Interest Expense	\$ 75.6	\$ 78.5	\$ 71.6	\$ 73.9	\$ 68.4	\$	70.2	\$ 67.3	\$ 64.4	\$ 61.5
Income Taxes	0.4	0.5	0.2	0.3	0.2		—	0.2	0.2	0.3
Total Core Expense incld. Taxes	\$ 76.0	\$ 78.9	\$ 71.8	\$ 74.2	\$ 68.6	\$	70.2	\$ 67.5	\$ 64.6	\$ 61.8

(1) Includes non-service employee benefits

Note: All information in US\$millions as of 31-Mar-2018 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

Source: Company data



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