

First Quarter 2018 Earnings Presentation
The Bank of N.T. Butterfield & Son Limited
April 24, 2018



Forward-Looking Statements

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.

First Quarter 2018 Earnings Presentation

Presenters

Michael Collins

Chairman and Chief Executive Officer

Michael Schrum

Chief Financial Officer

Dan Frumkin

Chief Operating Officer

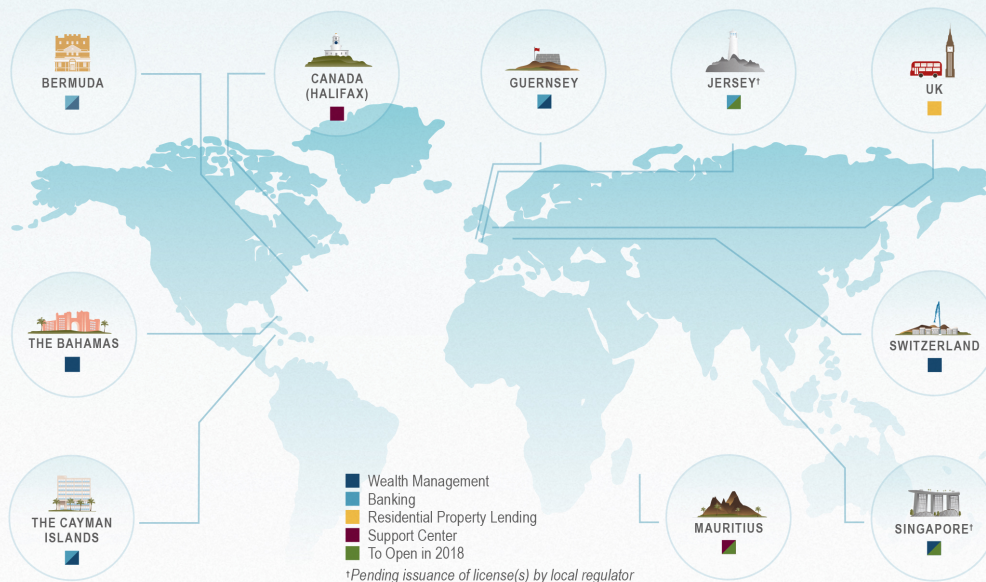
Agenda

- Overview
- Financials
- Summary
- Q&A

Butterfield Overview

- Leading Bank in Attractive Markets
- Strong Capital Generation and Return
- Efficient, Conservative Balance Sheet
- Visible Earnings

Ten International Locations



Awards



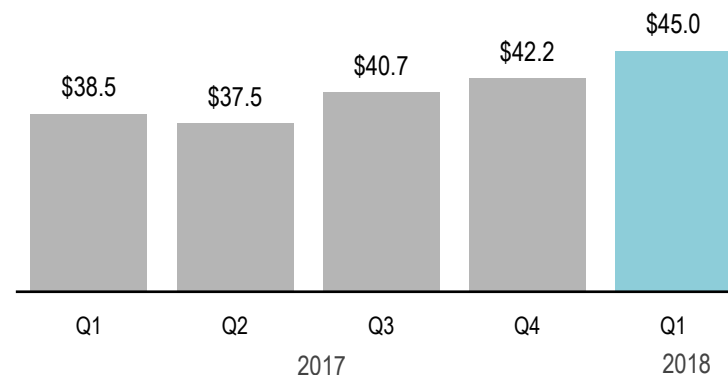
Butterfield



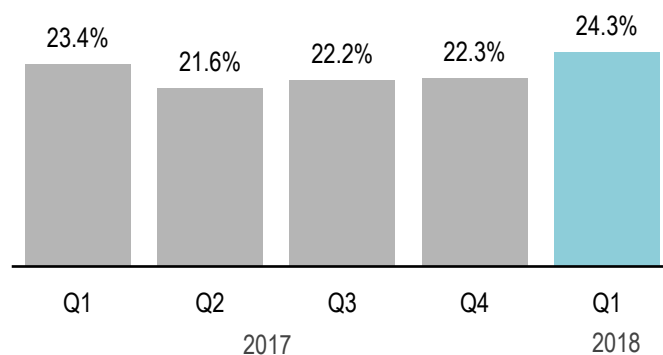
First Quarter 2018 Highlights

- Net income of \$44.2 million, or \$0.79 per share
- Core Net Income** of \$45.0 million, or \$0.81 per share
- Return on average common equity of 21.8%; core return on average tangible common equity** 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**



Core Return on Average Tangible Common Equity**



| | 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* | (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** | 0.8 | (1.1) | | (1.8) | |
| Core Net Income** | \$ 45.0 | \$ 2.8 | 3.7 % | \$ 6.5 | 14.5 % |

* Includes income taxes

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

Financials



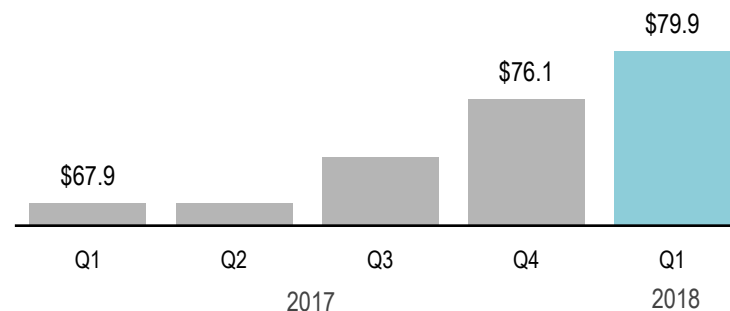
Income Statement

Net Interest Income

Net Interest Margin & Yields

| | Q1 2018 | | vs. Q4 2017 | |
|----------------------------|--------------|---------------|--------------|--------------|
| | Avg. Balance | Yield | Avg. Balance | Yield |
| Cash, S/T Inv. & Repos | \$ 2,173.8 | 0.94 % | \$ 38.0 | 0.08% |
| Investments | 4,574.6 | 2.54 % | (63.5) | 0.27% |
| Loans (net) | 3,861.2 | 5.31 % | 129.5 | 0.08% |
| Interest Earning Assets | 10,609.5 | 3.22 % | 104.0 | |
| Total Liabilities | 10,152.7 | (0.17)% | 112.6 | —% |
| Net Interest Margin | | 3.05 % | | 0.18% |

Net Interest Income before Provision for Credit Losses - Trend



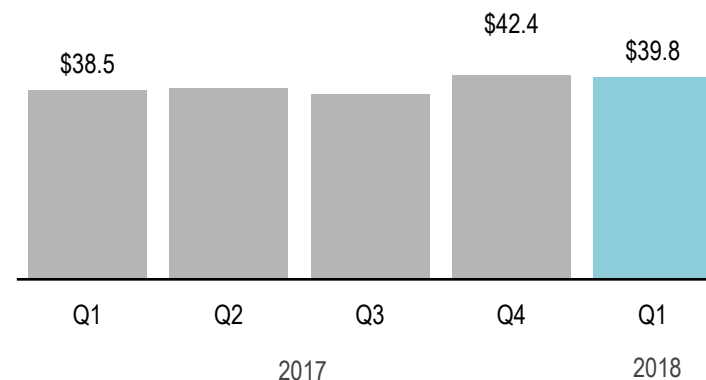
- Net interest income rose 5.0% in the first quarter of 2018 compared to the prior quarter
- Net interest margin increased 18 bps from the previous quarter and 47 bps from the first quarter of 2017
- Yields on investments improved to 2.54% from 2.27% in the previous quarter and 2.17% in the first quarter of 2017
- Loan yields grew by 8 bps compared to the prior quarter due to the December Fed rate increase and growth in loan volume

Income Statement

Non-Interest Income

| | Q1 2018 | vs. Q4 2017 | |
|----------------------------------|----------------|-----------------|---------------|
| | | \$ | % |
| Asset management | \$ 6.4 | \$ (0.2) | |
| Banking | 10.9 | (1.1) | |
| FX Revenue | 8.2 | (0.6) | |
| Trust | 10.9 | (0.5) | |
| Custody and Other | 2.2 | 0.1 | |
| Other | 1.2 | (0.2) | |
| Total Non-Interest Income | \$ 39.8 | \$ (2.6) | (6.1)% |

Non-Interest Income Trend



- Non-interest income was down compared to the prior quarter but up 3.2% compared to the first quarter of 2017
- Banking and FX Revenue growth were down relative to strong fees generated during holiday seasonal fourth quarter promotions
- Diversified fee generating businesses continued to perform well
- Fee income ratio of 32.7% remains favorable compared to peers* while moderating as interest income has grown

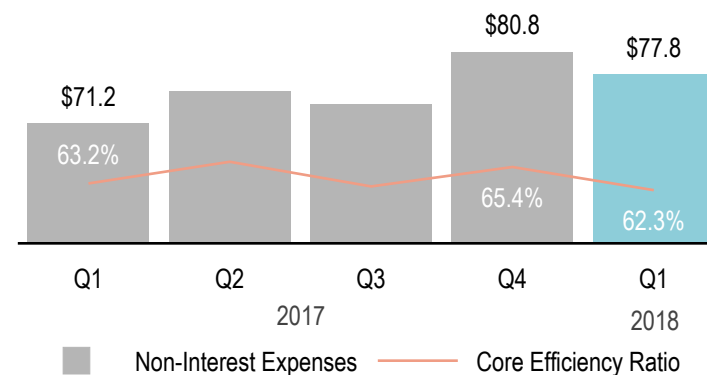
* Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks.

Income Statement

Non-Interest Expenses

| Core Non-Interest Expenses* | vs. Q4 2017 | |
|--|----------------|------------------------|
| | Q1 2018 | \$ % |
| Salaries & Benefits** | \$ 37.0 | \$ (5.3) |
| Technology & Comm. | 14.6 | 0.3 |
| Property | 5.1 | 0.6 |
| Professional & O/S Services | 8.1 | 1.4 |
| Indirect Taxes | 4.9 | 0.2 |
| Intangible Amortization | 1.1 | — |
| Marketing | 0.9 | (0.6) |
| Other *** | 4.3 | 0.5 |
| Total Core Non-Interest Expenses* | \$ 76.0 | \$ (2.9) (3.7)% |
| Non-Core Expenses* | 1.7 | (0.2) |
| Non-Interest Expenses | \$ 77.8 | \$ (3.1) (3.8)% |

Non-Interest Expense Trend ***



- Expenses were down due to lower discretionary compensation and lower defined benefit pension costs in the first quarter of 2018 compared to fourth quarter of 2017
- The first quarter of 2018 included Sarbanes-Oxley-related costs incurred at year-end for sunsetting of initial implementation of necessary systems and processes
- Non-core expenses of \$1.7 million primarily include \$1.6 million related primarily to recent acquisitions
- Cost / income ratios expected to normalize in the short term on existing businesses

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

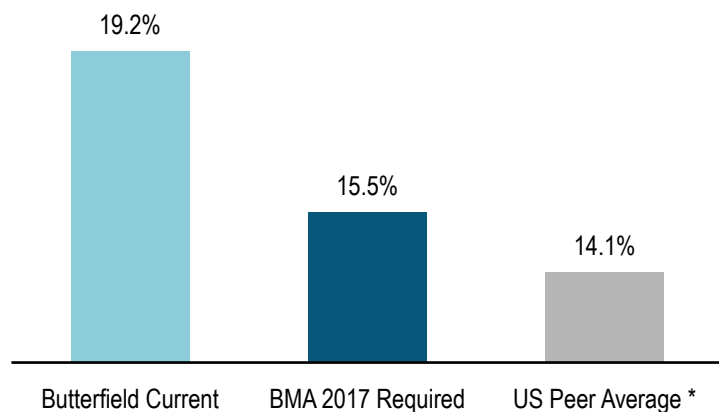
** Includes Non-Service Employee Benefits Expense

*** Includes Other Non-Interest Expenses and Income Taxes

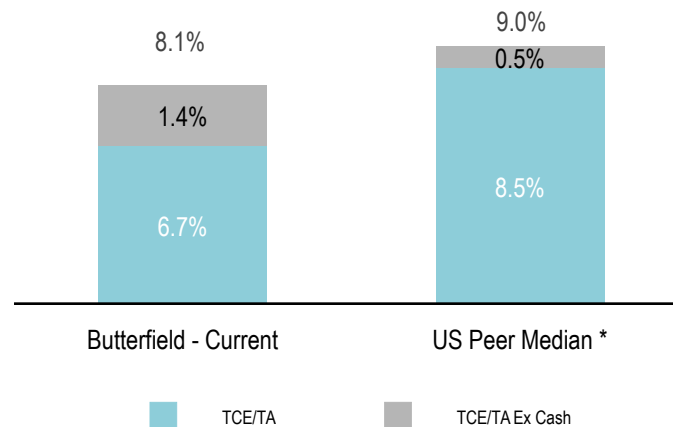
Capital Requirements and Return

Regulatory Capital (Basel III) -

Total Capital Ratio



Leverage Capital

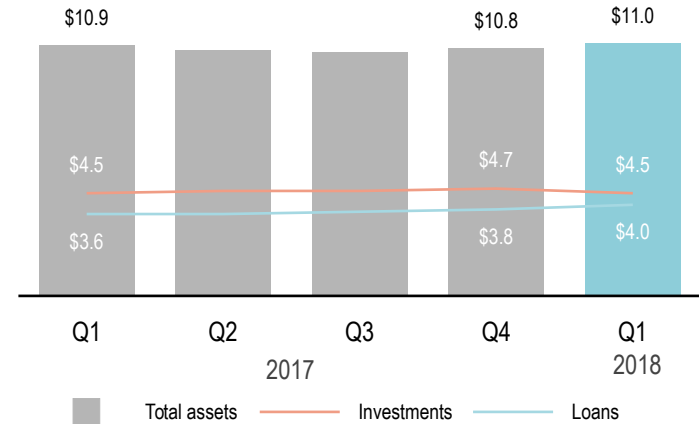


- Active capital management remains a focus and contemplates possibility of future acquisitions
- Leverage capital down 2 bps in the first quarter of 2018 and remains below peer median
- Filing of F-3 provides efficient access to future capital, if desired
- Board approved quarterly cash dividend of \$0.38 per common share

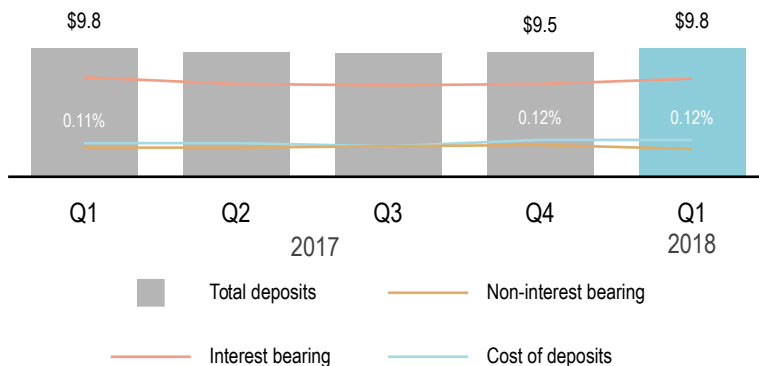
Balance Sheet

| | Q1 2018 | | Q4 2017 | |
|---------------------------------|-----------|---------------|-----------|---------------|
| Cash & Equivalents | \$ | 1,846 | \$ | 1,535 |
| S/T Inv. & Reverse Repos | | 298 | | 429 |
| Loans (net) | | 3,957 | | 3,777 |
| Investments | | 4,512 | | 4,706 |
| Other Assets | | 376 | | 332 |
| Total Assets | \$ | 10,988 | \$ | 10,779 |
| | | | | |
| Int. Bearing Deposits | \$ | 7,508 | \$ | 7,056 |
| Non-Int. Bearing Deposits | | 2,246 | | 2,480 |
| Other Liabilities | | 410 | | 420 |
| Shareholders Equity | | 824 | | 823 |
| Total Liab. & Equity | \$ | 10,988 | \$ | 10,779 |

Total Assets



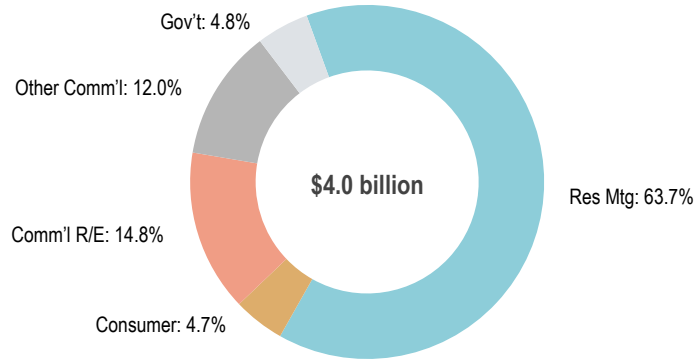
Total Deposits



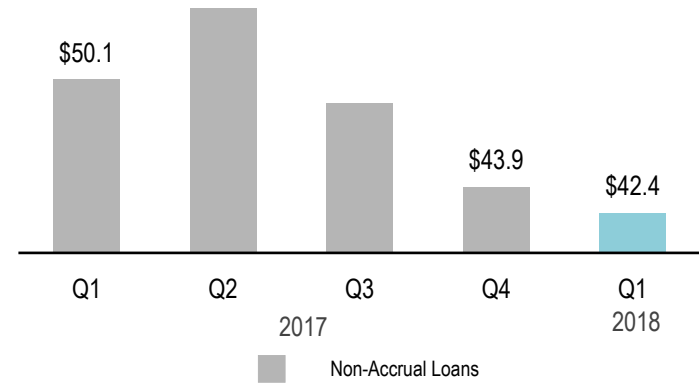
- Loan balances increased with continued growth in UK residential mortgages, commercial lending in several jurisdictions and further advances under a sovereign loan
- Cash balances increased due in part from excess liquidity from the investment portfolio as well as increased deposits in Cayman
- Cost of deposits were unchanged at 0.12%

Asset Quality

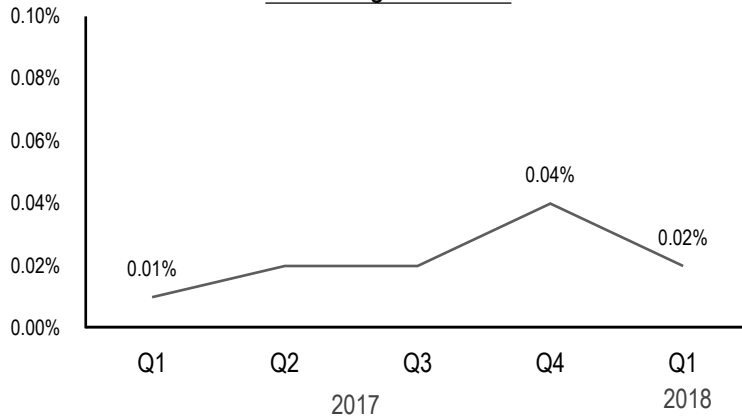
Loan Distribution



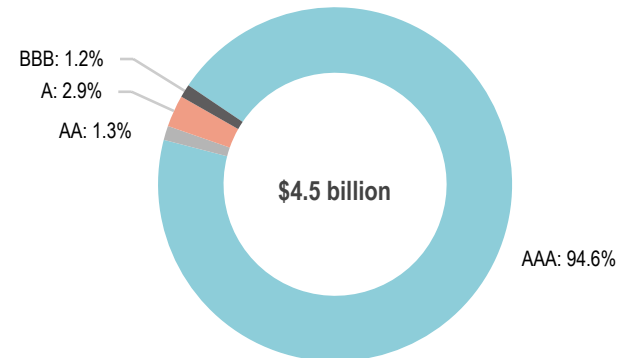
Non-Accrual Loans



Net Charge-Off Ratio



Investment Portfolio Rating Distribution

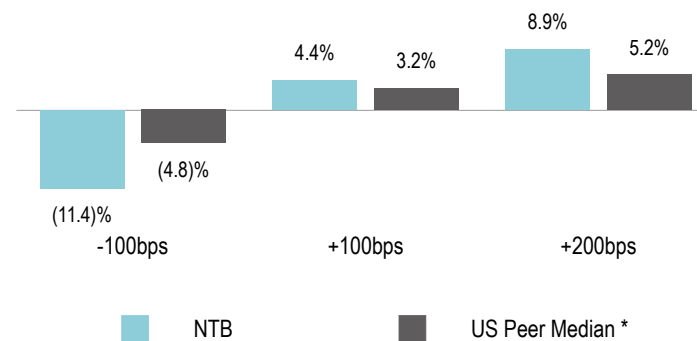


Interest Rate Sensitivity

Average Balance - Balance Sheet

| | Average Balances (\$bn) | | Duration | vs. Q4 2017 |
|--------------|-------------------------|---------------|----------|-------------|
| | Q1 2018 | vs. Q4 2017 | | |
| Cash | 1,966.5 | 30.3 | N/A | N/A |
| S/T Invest. | 207.3 | 7.8 | 0.1 | (0.1) |
| AFS | 3,121.5 | (204.5) | 2.8 | 0.5 |
| HTM | 1,452.0 | 141.3 | 6.1 | 0.5 |
| Total | 6,747.3 | (25.1) | | |

Interest Rate Sensitivity



- The Bank remains significantly more sensitive to increases in interest rates relative to its US peers*
- Average deposit balances vary from quarter to quarter depending on client requirements
- Improving rate environment continues to benefit asset sensitive positioning

* Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks.

Appendix



Appendix

Balance Sheet Trends

| | 2018 | | 2017 | | | | 2016 | | | |
|-------------------------------------|-----------|---------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Assets | | | | | | | | | | |
| 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 |
| Liabilities and Equity | | | | | | | | | | |
| 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 |
| Key Metrics | | | | | | | | | | |
| 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% |

Appendix

Average Balance Sheet Trends

| | 2018 - Q1 | | | 2017 - Q4 | | | 2017 - Q1 | | |
|---|----------------------|-----------------|------------------|----------------------|-----------------|------------------|----------------------|-----------------|------------------|
| | Average balance (\$) | Interest (\$) | Average rate (%) | Average balance (\$) | Interest (\$) | Average rate (%) | Average balance (\$) | Interest (\$) | Average rate (%) |
| Assets | | | | | | | | | |
| Cash due from banks, reverse repurchase agreements and short-term investments | \$ 2,173.8 | \$ 5.0 | 0.94 % | \$ 2,135.8 | \$ 4.7 | 0.86 % | \$ 2,476.7 | \$ 3.5 | 0.57 % |
| Investment in securities | 4,574.6 | 28.6 | 2.54 % | 4,638.0 | 26.6 | 2.27 % | 4,556.4 | 24.4 | 2.17 % |
| Trading | 1.0 | — | — % | 1.3 | — | — % | 0.7 | — | — % |
| AFS | 3,121.5 | 17.3 | 2.25 % | 3,326.1 | 17.1 | 2.04 % | 3,358.7 | 15.9 | 1.92 % |
| HTM | 1,452.0 | 11.3 | 3.16 % | 1,310.7 | 9.5 | 2.87 % | 1,196.9 | 8.6 | 2.90 % |
| Loans | 3,861.2 | 50.5 | 5.31 % | 3,731.7 | 49.2 | 5.23 % | 3,661.1 | 44.0 | 4.87 % |
| Commercial | 1,221.5 | 16.6 | 5.52 % | 1,140.9 | 15.0 | 5.20 % | 1,361.5 | 15.1 | 4.49 % |
| Consumer | 2,639.6 | 33.9 | 5.21 % | 2,590.8 | 34.2 | 5.24 % | 2,299.6 | 28.9 | 5.10 % |
| Total interest earning assets | 10,609.5 | 84.2 | 3.22 % | 10,505.5 | 80.4 | 3.03 % | 10,694.1 | 71.9 | 2.73 % |
| Other assets | 325.4 | | | 325.4 | | | 352.7 | | — % |
| Total assets | \$ 10,935.0 | \$ 84.2 | 3.12 % | \$ 10,830.9 | \$ 80.4 | 2.94 % | \$ 11,046.8 | \$ 71.9 | 2.64 % |
| Liabilities | | | | | | | | | |
| Interest bearing deposits | \$ 7,411.3 | \$ (2.9) | (0.16)% | \$ 7,222.4 | \$ (3.0) | (0.16)% | \$ 7,656.2 | \$ (2.8) | (0.15)% |
| Customer demand deposits | 5,320.8 | (0.1) | (0.01)% | 5,149.5 | (0.2) | — % | 5,411.2 | (0.3) | (0.02)% |
| Customer term deposits | 2,079.4 | (2.6) | (0.51)% | 2,061.6 | (2.3) | (0.46)% | 2,177.7 | (2.4) | (0.44)% |
| Deposits from banks | 11.1 | (0.2) | (8.82)% | 11.3 | (0.5) | (18.60)% | 67.4 | (0.1) | (0.49)% |
| Securities sold under agreement to repurchase | 1.8 | — | (1.96)% | — | — | — % | — | — | — % |
| Long-term debt | 117.0 | (1.3) | (4.66)% | 117.0 | (1.3) | (4.34)% | 117.0 | (1.2) | (4.14)% |
| Interest bearing liabilities | 7,530.1 | (4.3) | (0.23)% | 7,339.4 | (4.3) | (0.23)% | 7,773.2 | (4.0) | (0.21)% |
| Non-interest bearing customer deposits | 2,366.3 | | | 2,446.9 | | | 2,334.1 | | — % |
| Other liabilities | 256.3 | | | 253.8 | | | 257.0 | | — % |
| Total liabilities | \$ 10,152.7 | \$ (4.3) | (0.17)% | \$ 10,040.1 | \$ (4.3) | (0.17)% | \$ 10,364.3 | \$ (4.0) | (0.16)% |
| Shareholders' equity | 782.3 | | | 790.8 | | | 682.5 | | — % |
| Total liabilities and shareholders' equity | \$ 10,935.0 | | | \$ 10,830.9 | | | \$ 11,046.8 | | — % |
| Non-interest bearing funds net of non-interest earning assets (free balance) | \$ 3,079.5 | | | \$ 3,166.1 | | | \$ 2,920.9 | | |
| Net interest margin | | \$ 79.9 | 3.05 % | | \$ 76.1 | 2.87 % | | \$ 67.9 | 2.58 % |

Appendix

Income Statement Trends

| | 2018 | | 2017 | | | | | 2016 | | | |
|------------------------------------|-----------|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| | | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | |
| Net Interest Income | \$ | 79.9 | \$ 76.1 | \$ 74.3 | \$ 71.5 | \$ 67.9 | \$ 66.8 | \$ 65.0 | \$ 64.3 | \$ 62.3 | |
| Non-Interest Income | | 39.8 | 42.4 | 38.2 | 38.7 | 38.5 | 38.8 | 36.3 | 37.9 | 34.5 | |
| Prov. for Credit Recovery (Losses) | | 1.9 | 5.4 | 0.7 | (0.5) | 0.3 | 0.9 | (0.3) | (5.3) | 0.3 | |
| Non-Interest Expenses | | 77.8 | 80.8 | 73.8 | 75.6 | 71.2 | 71.9 | 77.5 | 67.0 | 70.2 | |
| Other Gains (Losses) | | 0.4 | (2.7) | 1.8 | 2.0 | 0.2 | 0.8 | 0.6 | (0.2) | (0.2) | |
| Net Income | \$ | 44.2 | \$ 40.3 | \$ 41.1 | \$ 36.1 | \$ 35.9 | \$ 35.4 | \$ 24.0 | \$ 29.8 | \$ 26.8 | |
| Non-Core Items* | \$ | 0.8 | \$ 1.9 | \$ (0.4) | \$ 1.4 | \$ 2.6 | \$ 1.7 | \$ 9.4 | \$ 2.3 | \$ 9.2 | |
| Core Net Income | \$ | 45.0 | \$ 42.2 | \$ 40.7 | \$ 37.5 | \$ 38.5 | \$ 37.1 | \$ 33.4 | \$ 32.1 | \$ 36.0 | |

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* | 62.3 | 65.4 | 62.8 | 66.1 | 63.2 | 65.6 | 65.3 | 61.8 | 62.5 |
| Core ROATCE* | 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 |

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

Appendix

Non-Interest Income & Expense Trends

| | 2018 | | 2017 | | | | | 2016 | | | | |
|-----------------------------------|-----------|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|--|
| | | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | | |
| Non-Interest Income | | | | | | | | | | | | |
| 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 | | |
| Non-Interest Expense | | | | | | | | | | | | |
| Salaries & Benefits* | \$ | 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 | | |

*Includes non-service employee benefits

Appendix

Core Non-Interest Expense Trends

| | 2018 | | 2017 | | | | | 2016 | | | |
|--|-----------|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| | | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | |
| Salaries & Benefits* | \$ | 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 | |

*Includes non-service employee benefits

Appendix

Non-GAAP Reconciliation

(in millions of US Dollars, unless otherwise indicated)

| | | 2018 | | 2017 | | |
|--|---------|--------------|--------------|---------------|--------------|--------------|
| | | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net income | 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 | — | — | — | — | — |
| Net income to common shareholders | C | 44.2 | 40.3 | 41.1 | 36.1 | 35.9 |
| Non-core (gains), losses and expenses | | | | | | |
| Non-core (gains) losses | | | | | | |
| 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 |
| Total non-core (gains) losses | D | \$ (0.9) | \$ — | \$ (2.4) | \$ — | \$ — |
| Non-core expenses | | | | | | |
| 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 |
| Total non-core expenses | E | \$ 1.7 | \$ 1.9 | \$ 2.0 | \$ 1.4 | \$ 2.6 |
| Total non-core (gains), losses and expenses | F=D+E | 0.8 | 1.9 | (0.4) | 1.4 | 2.6 |
| Core net income | 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 |
| Return on equity | C/I | 21.8% | 19.7% | 20.7% | 19.0% | 19.9% |
| Core return on average tangible common equity | H/J | 24.3% | 22.3% | 22.2% | 21.6% | 23.4% |
| Core earnings per common share fully diluted | | | | | | |
| Adjusted weighted average number of diluted common shares (in thousands) | K | 55.8 | 55.6 | 55.5 | 55.6 | 55.2 |
| Earnings per common share fully diluted | C/K | 0.79 | 0.72 | 0.74 | 0.65 | 0.65 |
| Non-core items per share | (F-B)/K | 0.02 | 0.04 | (0.01) | 0.02 | 0.05 |
| Core earnings per common share fully diluted | | 0.81 | 0.76 | 0.73 | 0.67 | 0.70 |

Appendix

Non-GAAP Reconciliation (cont'd)

(in millions of US Dollars, unless otherwise indicated)

| | | 2018 | | 2017 | | |
|---|-----|--------------|--------------|--------------|--------------|--------------|
| | | Q1 | Q4 | Q3 | Q2 | Q1 |
| Core return on average tangible assets | | | | | | |
| 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 |
| Return on average assets | A/L | 1.6% | 1.5% | 1.5% | 1.3% | 1.3% |
| Core return on average tangible assets | G/M | 1.7% | 1.6% | 1.5% | 1.4% | 1.5% |
| Tangible equity to tangible assets | | | | | | |
| 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 |
| Tangible common equity to tangible assets | O/P | 6.7% | 7.1% | 7.0% | 6.7% | 6.2% |
| Tangible total equity to tangible assets | N/P | 6.7% | 7.1% | 7.0% | 6.7% | 6.2% |
| Efficiency ratio | | | | | | |
| 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 |
| Efficiency ratio | Q/R | 63.8% | 67.0% | 64.5% | 67.4% | 65.7% |
| Core efficiency ratio | | | | | | |
| 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 |
| Core efficiency ratio | S/T | 62.3% | 65.4% | 62.8% | 66.1% | 63.2% |

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

- FRC
- SIVB
- EWBC
- CFR
- ASB
- WTFC
- CBSH
- IBKC
- UMBF
- FHB
- BOH
- TRMK
- IBOC
- CBU
- BPFH
- FFIN
- WABC