



Second Quarter 2019 Earnings Presentation

The Bank of N.T. Butterfield & Son Limited

July 24, 2019



Butterfield

Forward-Looking Statements

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. 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. Forward-looking statements include statements with respect to our 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 the actual results, performance, capital, ownership or achievements of the Bank 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, the successful completion and integration of acquisitions (including the recently closed acquisition of ABN AMRO (Channel Islands) Limited) or the realization of the anticipated benefits of such acquisitions in the expected time-frames or at all, 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.

All 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 website at <http://www.sec.gov>. Except 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 herein, whether as a result of new information, future events or other developments. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

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

Michael Schrum

Chief Financial Officer

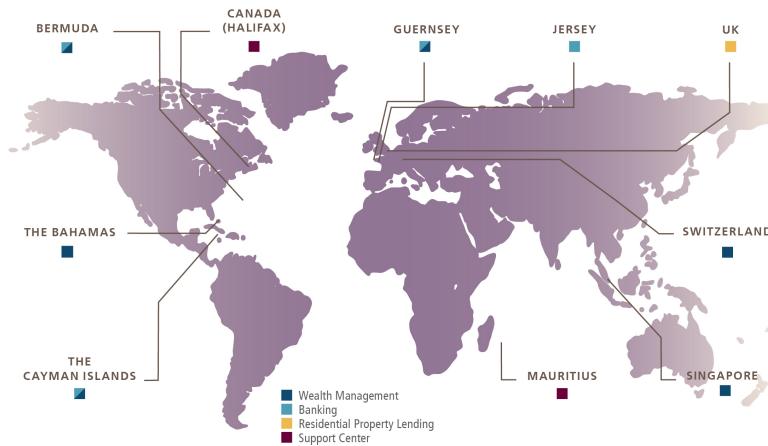
Agenda

- 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

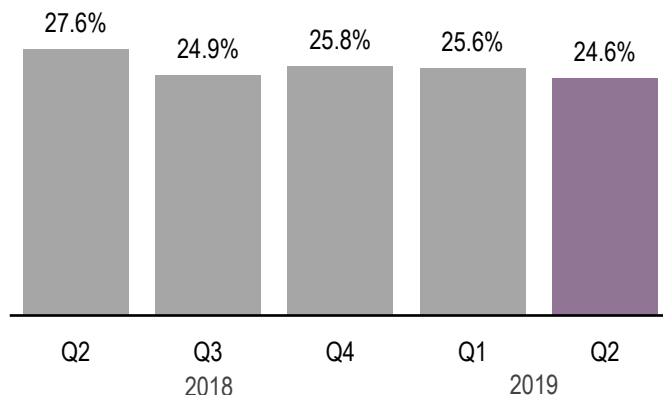


Second Quarter 2019 Highlights

- Net income of \$38.6 million, or \$0.72 per share
- Core Net Income** of \$51.1 million, or \$0.95 per share
- Return on average common equity of 17.1%; core return on average tangible common equity** of 24.6%
- Net Interest Margin of 3.18%, cost of deposits of 0.42%
- Core efficiency ratio of 60.3%**
- Quarterly common share dividend of \$0.44 per share and active share repurchases
- Closed acquisition of ABN AMRO (Channel Islands) Limited announced on April 25, 2019

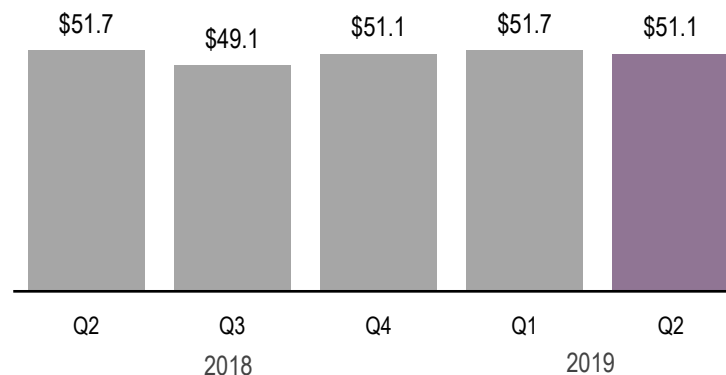
(In US\$ millions)	Q2 2019	vs. Q1 2019		vs. Q2 2018	
		\$	%	\$	%
Net Interest Income	\$ 85.2	\$ (2.8)		\$ (2.2)	
Non-Interest Income	44.2	0.9		2.3	
Prov. for Credit Losses	0.9	0.9		0.4	
Non-Interest Expenses*	(91.9)	(10.8)		(13.3)	
Other Gains (Losses)	0.2	(1.6)		1.8	
Net Income	\$ 38.6	\$ (13.5)	(25.8)%	\$ (11.0)	(22.3)%
Non-Core Items**	12.5	12.9		10.5	
Core Net Income**	\$ 51.1	\$ (0.6)	(1.1)%	\$ (0.5)	(1.1)%

Core Return on Average Tangible Common Equity**



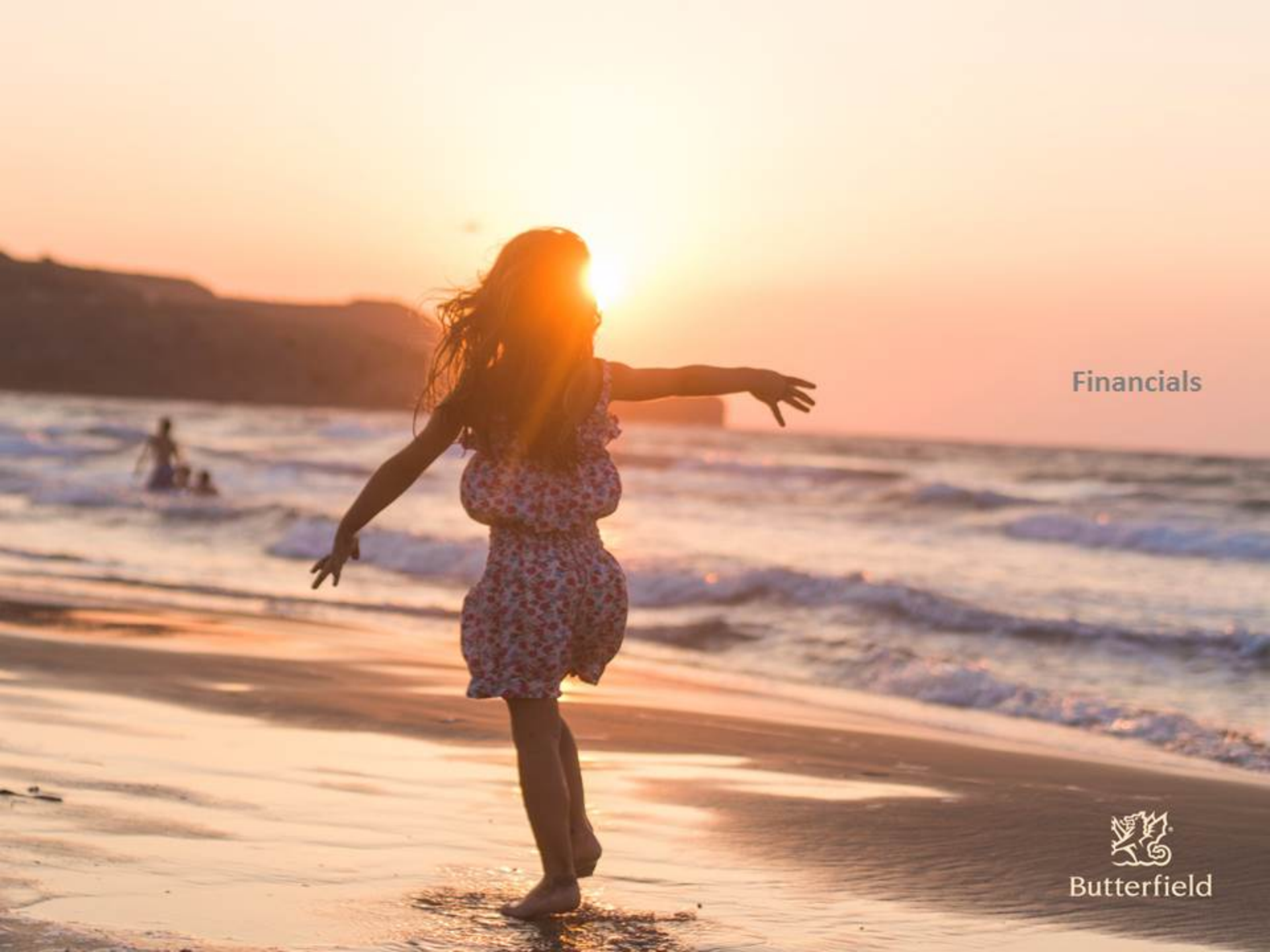
Core Net Income**

(In US\$ millions)



* Includes income taxes

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



Financials



Butterfield

Income Statement

Net Interest Income

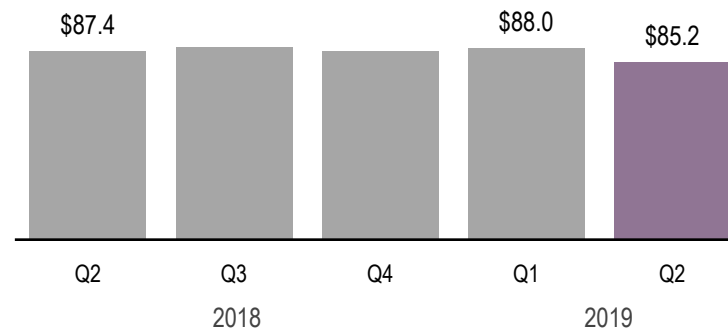
Net Interest Margin & Yields

(In US\$ millions)

	Q2 2019		vs. Q1 2019	
	Avg. Balance	Yield	Avg. Balance	Yield
Cash, S/T Inv. & Repos	\$ 2,265.5	1.46 %	\$ (175.6)	(0.19)%
Investments	4,453.5	2.92 %	157.9	(0.15)%
Loans (net)	4,012.8	5.67 %	(42.2)	— %
Interest Earning Assets	10,731.8	3.64 %	(60.0)	
Total Liabilities	10,139.2	(0.48)%	(68.0)	(0.04)%
Net Interest Margin		3.18 %		(0.13)%

Net Interest Income before Provision for Credit Losses - Trend

(In US\$ millions)

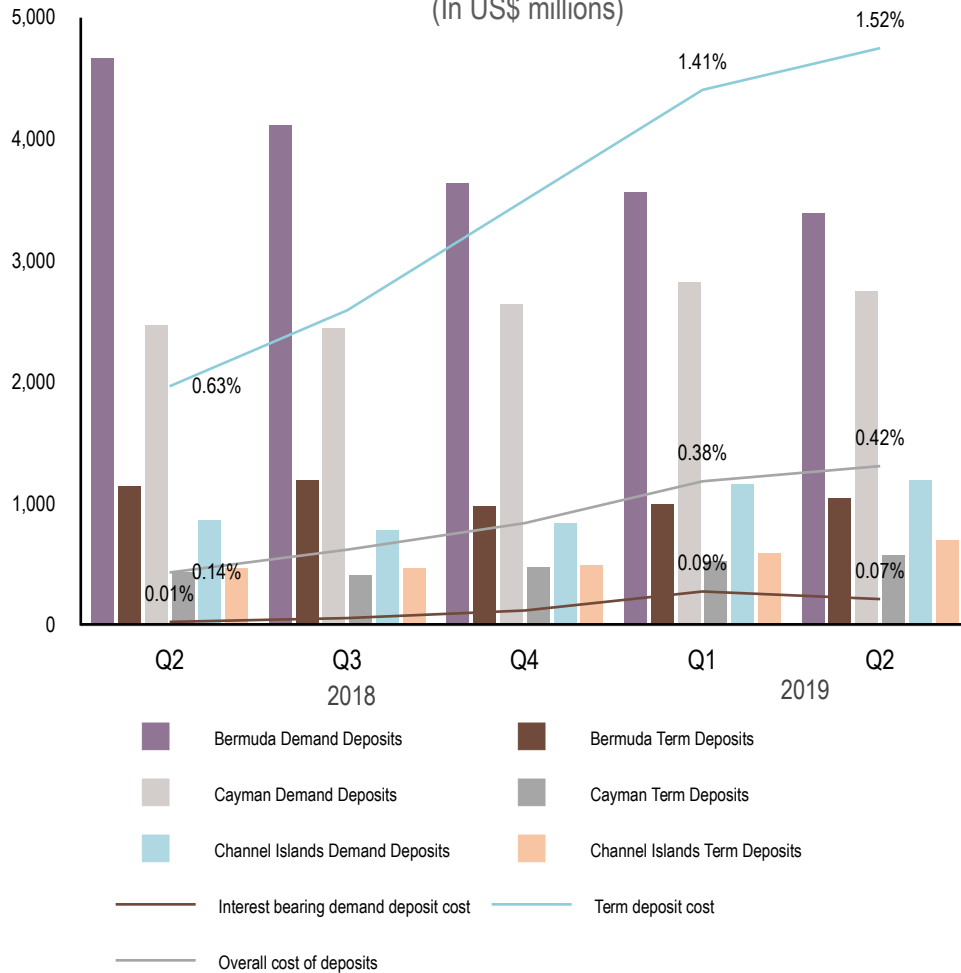


- Net interest margin (NIM) decreased 13 bps from the previous quarter and 2 bps from the second quarter of 2018, due primarily to:
 - Lower market rates on cash and short term investments;
 - New Channel Island deposits that arrived at end of first quarter 2019 were mixed currency and lower margin; and
 - Marginal increase in term deposits costs
- Loan yields of 5.67% were flat compared to the prior quarter and increased 23 bps compared to the second quarter of 2018
- Net interest income was down 3.2% compared to the first quarter of 2019 and down 2.6% compared to the second quarter of 2018, due primarily to the currency mix of new deposits and a marginal increase in term deposit costs

Customer Deposits

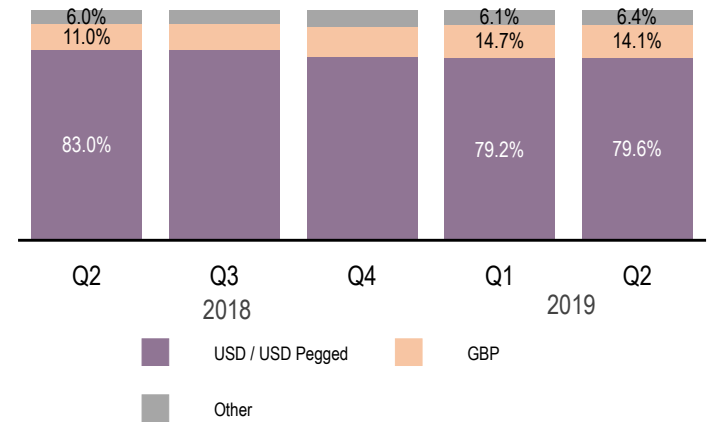
Average Deposit Volume and Cost of Deposits

(In US\$ millions)

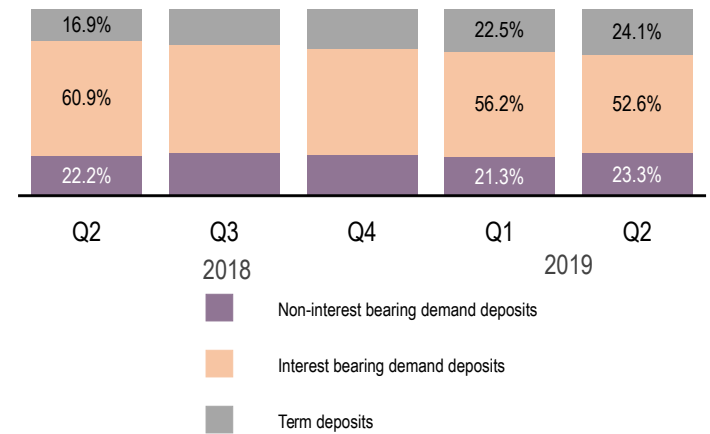


Deposit Composition

By Currency



By Type



Income Statement

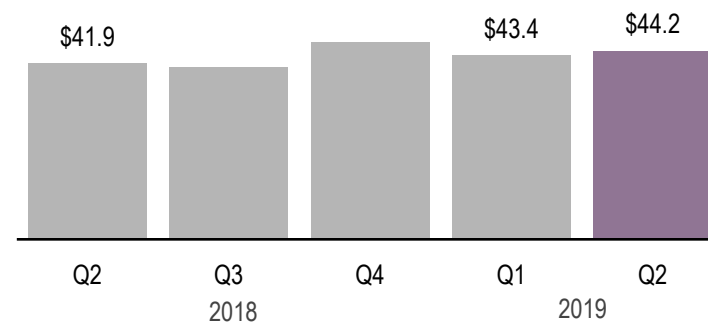
(In US\$ millions)

	Q2 2019	vs. Q1 2019
Asset management	\$ 6.9	\$ 0.1
Banking	12.1	0.9
FX Revenue	8.4	(0.4)
Trust	13.0	0.4
Custody and Other	3.1	0.4
Other	0.9	(0.5)
Total Non-Interest Income	\$ 44.2	\$ 0.9

Non-Interest Income

Non-Interest Income Trend

(In US\$ millions)



- Non-interest income was up 2.0% versus last quarter and up 5.5% compared to the second quarter of 2018
- Banking fees increased due to higher credit card volumes and improved interchange rates
- Fee income ratio of 33.9% remains favorable compared to peer average*
- Fee revenues continue to be an important and capital efficient contributor to earnings

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

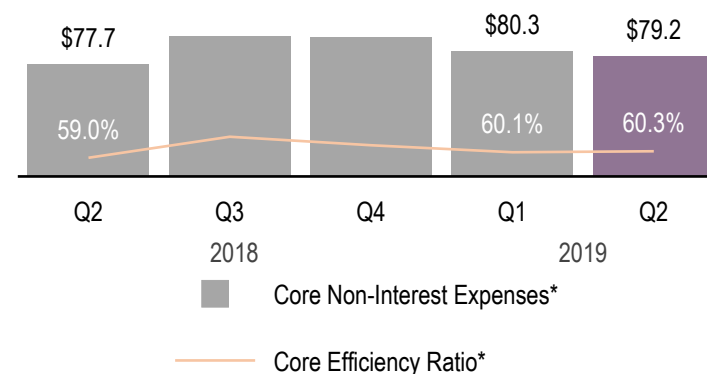
Income Statement

Core Non-Interest Expenses* (In US\$ millions)	vs. Q1 2019		
	Q2 2019	\$	%
Salaries & Benefits**	\$ 41.1	\$ (1.7)	(3.9)%
Technology & Comm.	15.2	0.6	4.0 %
Property	5.7	0.4	6.6 %
Professional & O/S Services	5.0	—	0.3 %
Indirect Taxes	5.0	(0.2)	(4.8)%
Intangible Amortization	1.2	(0.2)	(12.9)%
Marketing	1.7	—	(0.8)%
Other	4.3	—	0.7 %
Total Core Non-Interest Expenses*	\$ 79.2	\$ (1.1)	(1.4)%
Non-Core Expenses*	12.5	11.9	2,032.6 %
Non-Interest Expenses	\$ 91.7	\$ 10.8	13.3 %

Non-Interest Expenses

Core Non-Interest Expense Trend*

(In US\$ millions)



- Core cost / income ratio* of 60.3% is at target and slightly above 60.1% in the prior quarter
- Second quarter 2019 expenses were impacted by certain restructuring programs:
 - Bermuda branch closure, early voluntary retirement program, redundancies in Bermuda and Jersey;
 - Costs associated with the departure of a group senior executive
- Cost / income ratio target continues to be 60% with anticipated short term variances as the ABN AMRO transaction settles
- Improved cost efficiencies remain key to operating leverage

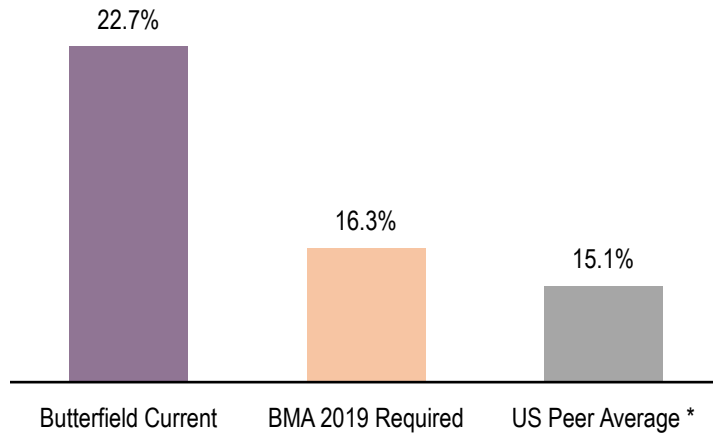
* See the Appendix for a reconciliation of the non-GAAP measure

** Includes Non-Service Employee Benefits Expense

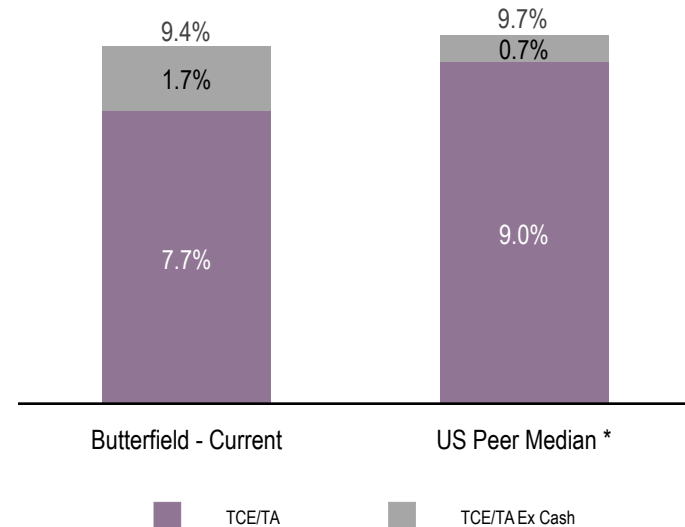
Capital Requirements and Return

Regulatory Capital (Basel III) -

Total Capital Ratio



Leverage Capital

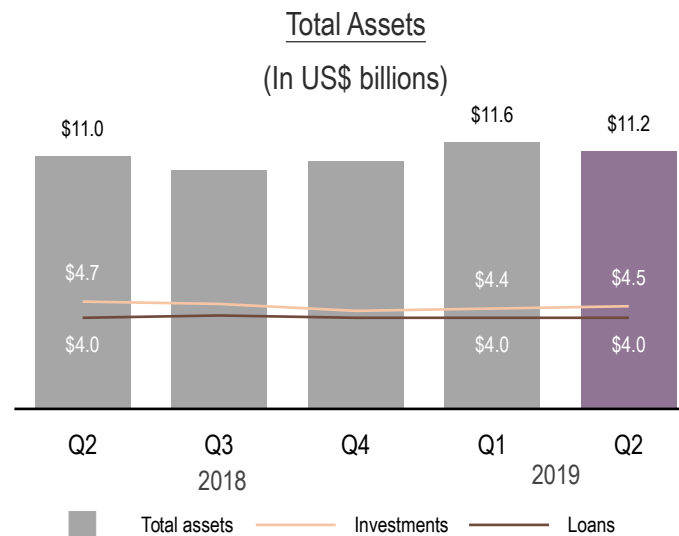


- Efficient and conservative capital management focus to create shareholder value through dividends and share repurchases
- Modest share repurchase activity in the quarter prior to ABN AMRO (Channel Islands) acquisition announcement on April 25, 2019
- Share repurchases remain on pause until the initial onboarding of ABN AMRO (Channel Islands) is completed, expected to be in 2H 2019
- Remaining common share repurchase authorization is 0.8 million shares
- Board declared a quarterly qualified cash dividend of \$0.44 per common share

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

Balance Sheet

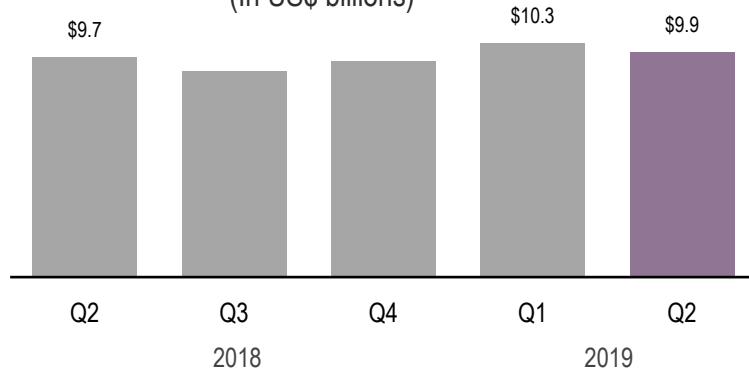
(In US\$ millions)		Q2 2019	Q4 2018
Cash & Equivalents	\$	2,011	\$ 2,054
S/T Investments		163	52
Reverse Repos		166	27
Loans (net)		4,000	4,044
Investments		4,524	4,255
Other Assets		364	340
Total Assets	\$	11,229	\$ 10,773
Int. Bearing Deposits	\$	7,560	\$ 7,333
Non-Int. Bearing Deposits		2,293	2,120
Other Liabilities		448	439
Shareholders Equity		929	882
Total Liab. & Equity	\$	11,229	\$ 10,773



- Deposit balances in line with expectations at \$9.9 billion
- Loan balances were essentially flat as commercial loan repayments were offset by new high-end UK residential lending
- In the second quarter of 2019 investments grew by approximately \$130 million as excess liquidity was put to work in the AFS and HTM portfolios at an average book yield of 2.99% at a duration of 3.9 years
- Asset quality and credit underwriting remained consistent and conservative

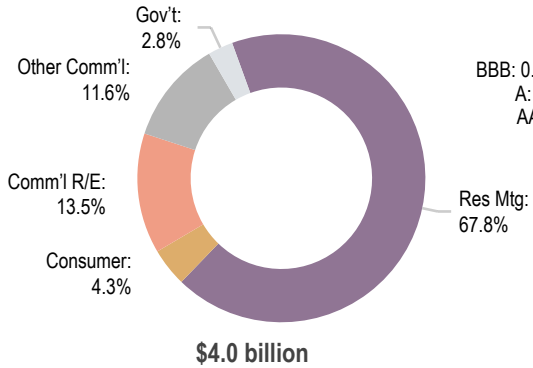
Total Deposits

(In US\$ billions)



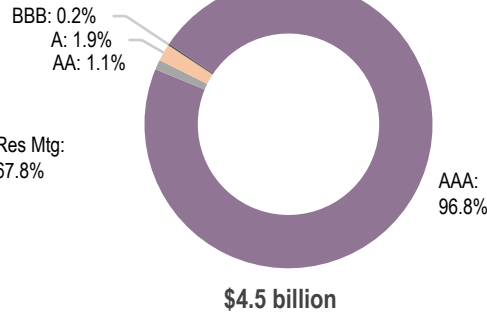
Asset Quality

Loan Distribution



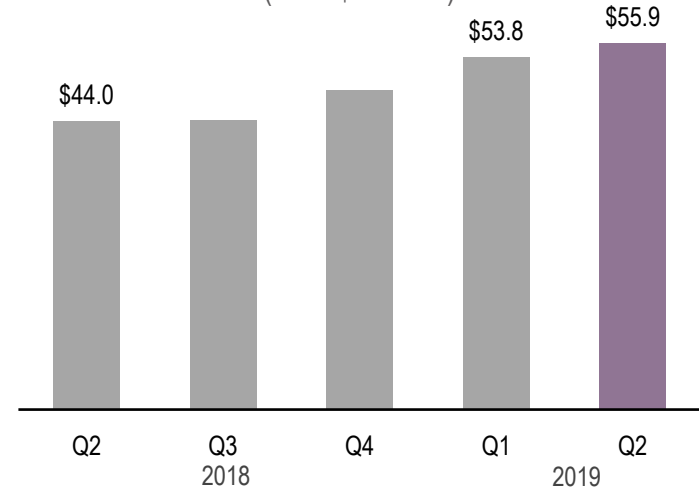
Investment Portfolio

Rating Distribution

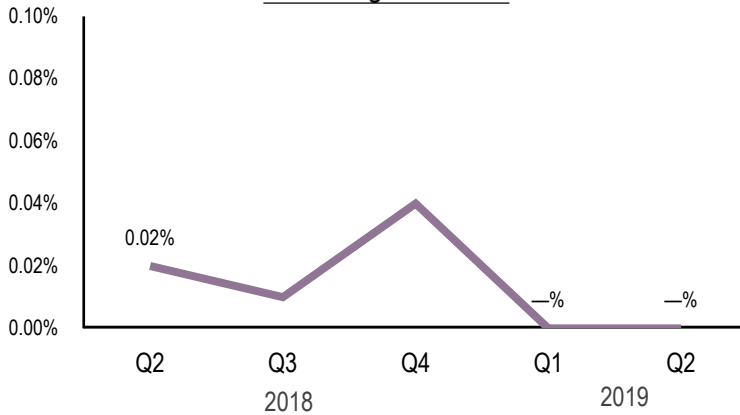


Non-Accrual Loans

(In US\$ millions)



Net Charge-Off Ratio



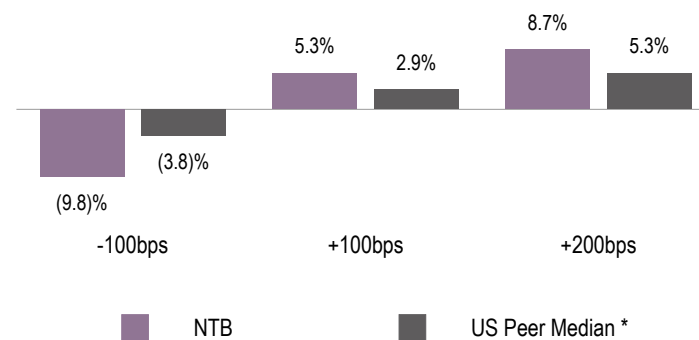
- Risk density remains key return on regulatory capital driver
- No new charge-offs during second quarter of 2019

Interest Rate Sensitivity

Average Balance - Balance Sheet

	Average Balances (US\$Mil)		Duration	vs. Q1 2019
	Q2 2019	vs. Q1 2019		
Cash & Reverse Repos	2,212.8	(149.0)	N/A	N/A
S/T Invest.	52.7	(26.6)	0.3	0.1
AFS	2,237.1	56.2	2.7	(0.2)
HTM**	2,215.1	101.3	3.8	(0.8)
Total	6,717.7	(18.1)		

Interest Rate Sensitivity



- Average investment assets were higher in the quarter as funds from maturing securities were reinvested and excess liquidity was invested late in the quarter
- Butterfield's interest rate sensitivity is moderated by capital efficient fee income and balance sheet optimization

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

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



Appendix



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Appendix

Balance Sheet Trends

(in millions of US Dollars, unless otherwise indicated)

	2019		2018				2017		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Assets									
Cash & Equivalents	\$ 2,011	\$ 2,601	\$ 2,054	\$ 1,259	\$ 1,756	\$ 1,846	\$ 1,535	\$ 1,546	\$ 1,720
Reverse Repos	166	72	27	72	89	198	179	210	184
S/T Investments	163	215	52	76	79	100	250	208	294
Investments	4,524	4,393	4,255	4,576	4,727	4,512	4,706	4,613	4,558
Loans, Net	4,000	3,986	4,044	4,092	3,986	3,957	3,777	3,664	3,588
Other Assets	364	374	340	355	367	376	332	338	335
Total Assets	\$ 11,229	\$ 11,643	\$ 10,773	\$ 10,430	\$ 11,002	\$ 10,988	\$ 10,779	\$ 10,578	\$ 10,679
Liabilities and Equity									
Total Deposits	\$ 9,852	\$ 10,294	\$ 9,452	\$ 9,066	\$ 9,718	\$ 9,754	\$ 9,536	\$ 9,407	\$ 9,479
Long-Term Debt	143	143	143	143	143	117	117	117	117
Other Liabilities	305	310	295	349	293	293	303	252	313
Total Liabilities	\$ 10,300	\$ 10,747	\$ 9,891	\$ 9,558	\$ 10,154	\$ 10,164	\$ 9,956	\$ 9,776	\$ 9,909
Common Equity	\$ 929	\$ 896	\$ 882	\$ 872	\$ 849	\$ 824	\$ 823	\$ 802	\$ 770
Total Equity	\$ 929	\$ 896	\$ 882	\$ 872	\$ 849	\$ 824	\$ 823	\$ 802	\$ 770
Total Liabilities and Equity	\$ 11,229	\$ 11,643	\$ 10,773	\$ 10,430	\$ 11,002	\$ 10,988	\$ 10,779	\$ 10,578	\$ 10,679
Key Metrics									
TCE / TA	7.7%	7.1%	7.5%	7.7%	7.1%	6.7%	7.1%	7.0%	6.7%
CET 1 Ratio	20.1%	19.3%	19.6%	20.2%	19.1%	17.6%	18.2%	17.8%	17.0%
Total Tier 1 Capital Ratio	20.1%	19.3%	19.6%	20.2%	19.1%	17.6%	18.2%	17.8%	17.0%
Total Capital Ratio	22.7%	22.0%	22.4%	23.3%	22.3%	19.2%	19.9%	19.9%	19.1%

Appendix

Average Balance Sheet Trends

(in millions of US Dollars, unless otherwise indicated)

	2019 - Q2			2019 - Q1			2018 - Q2		
	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	\$ 2,265.5	\$ 8.2	1.46 %	\$ 2,441.2	\$ 9.9	1.65 %	\$ 2,348.0	\$ 7.9	1.36 %
Investment in securities	4,453.5	32.4	2.92 %	4,295.6	32.5	3.07 %	4,665.5	31.0	2.67 %
Trading	1.3	—	— %	1.0	—	— %	1.2	—	— %
AFS	2,237.1	15.1	2.71 %	2,180.9	15.5	2.87 %	2,921.9	18.1	2.48 %
HTM	2,215.1	17.3	3.13 %	2,113.7	17.0	3.27 %	1,742.4	12.9	2.98 %
Loans	4,012.8	56.7	5.67 %	4,055.0	56.7	5.67 %	3,957.6	53.7	5.44 %
Commercial	1,218.9	18.8	6.18 %	1,280.2	19.5	6.16 %	1,303.5	18.6	5.73 %
Consumer	2,793.9	38.0	5.45 %	2,774.8	37.3	5.45 %	2,654.1	35.1	5.30 %
Total interest earning assets	10,731.8	97.4	3.64 %	10,791.8	99.2	3.73 %	10,971.1	92.7	3.39 %
Other assets	342.8			348.3			350.6		
Total assets	\$ 11,074.7	\$ 97.4	3.53 %	\$ 11,140.1	\$ 99.2	3.61 %	\$ 11,321.8	\$ 92.7	3.28 %
Liabilities									
Interest bearing deposits	\$ 7,520.9	\$ (10.2)	(0.55)%	\$ 7,634.8	\$ (9.2)	(0.49)%	\$ 7,862.0	\$ (3.6)	(0.18)%
Customer demand deposits	5,106.5	(0.8)	(0.07)%	5,389.2	(1.2)	(0.09)%	5,792.8	(0.1)	(0.01)%
Customer term deposits	2,391.7	(9.1)	(1.52)%	2,201.4	(7.7)	(1.41)%	2,056.3	(3.2)	(0.63)%
Deposits from banks	22.7	(0.3)	(5.23)%	44.1	(0.3)	(2.67)%	12.9	(0.3)	(8.58)%
Securities sold under agreement to repurchase	—	—	— %	—	—	— %	1.8	—	(1.96)%
Long-term debt	143.4	(2.0)	(5.56)%	143.3	(2.0)	(5.71)%	130.2	(1.7)	(5.25)%
Interest bearing liabilities	7,664.3	(12.2)	(0.64)%	7,778.1	(11.2)	(0.58)%	7,994.1	(5.3)	(0.27)%
Non-interest bearing customer deposits	2,167.8			2,154.3			2,213.4		
Other liabilities	307.1			274.8			302.8		
Total liabilities	\$ 10,139.2	\$ (12.2)	(0.48)%	\$ 10,207.2	\$ (11.2)	(0.44)%	\$ 10,510.2	\$ (5.3)	(0.20)%
Shareholders' equity	935.5			932.9			811.5		
Total liabilities and shareholders' equity	\$ 11,074.7			\$ 11,140.1			\$ 11,321.8		
Non-interest bearing funds net of non-interest earning assets (free balance)	\$ 3,067.5			\$ 3,013.7			\$ 2,977.1		
Net interest margin		\$ 85.2	3.18 %		\$ 88.0	3.31 %		\$ 87.4	3.20 %

Appendix

Income Statement Trends

(in millions of US Dollars, unless otherwise indicated)

	2019		2018				2017		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net Interest Income	\$ 85.2	\$ 88.0	\$ 87.4	\$ 88.3	\$ 87.4	\$ 79.9	\$ 76.1	\$ 74.3	\$ 71.5
Non-Interest Income	44.2	43.4	45.7	41.3	41.9	39.8	42.4	38.2	38.7
Prov. for Credit Recovery (Losses)	0.9	—	1.7	2.8	0.5	1.9	5.4	0.7	(0.5)
Non-Interest Expenses*	91.9	81.0	83.7	82.6	78.6	77.8	80.8	73.8	75.6
Other Gains (Losses)	0.2	1.8	(0.3)	0.7	(1.6)	0.4	(2.7)	1.8	2.0
Net Income	\$ 38.6	\$ 52.1	\$ 50.9	\$ 50.4	\$ 49.7	\$ 44.2	\$ 40.3	\$ 41.1	\$ 36.1
Non-Core Items**	\$ 12.5	\$ (0.4)	\$ 0.2	\$ (1.2)	\$ 2.0	\$ 0.8	\$ 1.9	\$ (0.4)	\$ 1.4
Core Net Income**	\$ 51.1	\$ 51.7	\$ 51.1	\$ 49.1	\$ 51.7	\$ 45.0	\$ 42.2	\$ 40.7	\$ 37.5

Key Metrics

Loan Yield	5.67%	5.67%	5.56%	5.54%	5.44%	5.31%	5.23%	5.16%	5.11%
Securities Yield	2.92	3.07	2.87	2.78	2.67	2.54	2.27	2.22	2.20
Cost of Deposits	0.42	0.38	0.27	0.20	0.14	0.12	0.12	0.10	0.11
Net Interest Margin	3.18	3.31	3.38	3.37	3.20	3.05	2.87	2.81	2.66
Core Efficiency Ratio**	60.3	60.1	61.5	63.2	59.0	62.3	65.4	62.8	66.1
Core ROATCE**	24.6	25.6	25.8	24.9	27.6	24.3	22.3	22.2	21.6
Fee Income Ratio	33.9	33.0	33.9	31.2	32.4	32.7	34.2	33.8	35.3
Fully Diluted Share Count (in millions of common shares)	53.5	54.2	55.4	56.0	55.9	55.8	55.6	55.5	55.6

* Includes income taxes

** See the reconciliation of non-GAAP measures on pages 20-21

Appendix

Non-Interest Income & Expense Trends

(in millions of US Dollars, unless otherwise indicated)

	2019			2018			2017		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Non-Interest Income									
Trust	\$ 13.0	\$ 12.6	\$ 13.8	\$ 13.1	\$ 13.2	\$ 10.9	\$ 11.3	\$ 10.9	\$ 11.3
Asset Management	6.9	6.7	6.5	6.5	6.2	6.4	6.6	6.3	5.9
Banking	12.1	11.2	12.8	10.6	10.8	10.9	12.0	10.8	10.9
FX Revenue	8.4	8.8	8.6	7.8	8.3	8.2	8.8	7.6	7.5
Custody & Other Admin.	3.1	2.7	2.4	2.2	2.4	2.2	2.2	2.0	1.9
Other	0.9	1.4	1.6	1.0	1.1	1.2	1.4	0.5	1.1
Total Non-Interest Income	\$ 44.2	\$ 43.4	\$ 45.7	\$ 41.3	\$ 41.9	\$ 39.8	\$ 42.4	\$ 38.2	\$ 38.7
Non-Interest Expense									
Salaries & Benefits*	\$ 52.1	\$ 42.8	\$ 43.7	\$ 43.8	\$ 40.9	\$ 37.0	\$ 42.4	\$ 37.4	\$ 37.4
Technology & Comm.	15.2	14.6	14.9	15.6	15.1	14.7	14.4	13.2	13.4
Property	5.7	5.4	6.1	5.3	5.3	5.1	4.5	5.1	5.4
Professional & O/S Services	6.2	5.6	6.1	5.1	5.1	9.7	8.0	6.9	6.1
Indirect Taxes	5.3	5.2	4.7	4.8	5.0	4.9	4.7	4.6	4.5
Intangible Amortization	1.2	1.3	1.3	1.4	1.3	1.1	1.1	1.0	1.1
Marketing	1.7	1.7	2.3	1.5	1.4	0.9	1.5	0.9	2.4
Restructuring	—	—	—	—	—	—	0.3	0.4	0.6
Other	4.3	4.3	4.3	4.9	4.1	3.9	3.5	4.0	4.5
Total Non-Interest Expense	\$ 91.7	\$ 80.9	\$ 83.5	\$ 82.2	\$ 78.2	\$ 77.4	\$ 80.4	\$ 73.6	\$ 75.3
Income Taxes	0.2	0.1	0.2	0.4	0.3	0.4	0.5	0.2	0.3
Total Expense incl. Taxes	\$ 91.9	\$ 81.0	\$ 83.7	\$ 82.6	\$ 78.6	\$ 77.8	\$ 80.8	\$ 73.8	\$ 75.6

*Includes non-service employee benefits

Appendix

Core Non-Interest Expense* Trends

(in millions of US Dollars, unless otherwise indicated)

	2019		2018				2017		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Salaries & Benefits**	\$ 41.1	\$ 42.8	\$ 43.7	\$ 43.8	\$ 40.9	\$ 37.0	\$ 42.2	\$ 37.2	\$ 37.1
Technology & Comm.	15.2	14.6	14.8	15.4	14.9	14.6	14.3	13.1	13.3
Property	5.7	5.4	6.1	5.3	5.3	5.1	4.5	5.1	5.3
Professional & O/S Services	5.0	5.0	6.0	6.3	4.7	8.1	6.7	5.6	5.7
Indirect Taxes	5.0	5.2	4.7	4.8	5.0	4.9	4.7	4.6	4.5
Intangible Amortization	1.2	1.3	1.3	1.4	1.3	1.1	1.1	1.0	1.1
Marketing	1.7	1.7	2.3	1.5	1.4	0.9	1.5	0.9	2.4
Other	4.3	4.3	4.3	4.8	4.1	3.9	3.5	4.0	4.5
Total Core Non-Interest Expense	\$ 79.2	\$ 80.3	\$ 83.1	\$ 83.3	\$ 77.6	\$ 75.7	\$ 78.5	\$ 71.6	\$ 73.9
Income Taxes	0.2	0.1	0.2	0.4	0.3	0.4	0.5	0.2	0.3
Total Core Expense incld. Taxes	\$ 79.4	\$ 80.5	\$ 83.2	\$ 83.7	\$ 77.9	\$ 76.0	\$ 78.9	\$ 71.8	\$ 74.2

* See the reconciliation of non-GAAP measures on pages 20-21

** Includes non-service employee benefits

Appendix

Non-GAAP Reconciliation

(in millions of US Dollars, unless otherwise indicated)

		2019		2018		
		Q2	Q1	Q4	Q3	Q2
Net income	A	\$ 38.6	\$ 52.1	\$ 50.9	\$ 50.4	\$ 49.7
Non-core (gains), losses and expenses						
Non-core (gains) losses						
Gain on disposal of a pass-through note investment (formerly a SIV)		—	(1.0)	—	(0.2)	(0.1)
Settlement loss on the de-risking of a defined benefit plan		—	—	—	—	1.5
Total non-core (gains) losses	B	\$ —	\$ (1.0)	\$ —	\$ (0.2)	\$ 1.4
Non-core expenses						
Early retirement program, redundancies and other non-core compensation costs		11.3	—	—	—	—
Tax compliance review costs		—	—	0.1	0.1	0.1
Business acquisition costs		1.2	0.6	0.1	(1.2)	0.4
Total non-core expenses	C	\$ 12.5	\$ 0.6	\$ 0.2	\$ (1.1)	\$ 0.6
Total non-core (gains), losses and expenses	D=B+C	12.5	(0.4)	0.2	(1.2)	2.0
Core net income to common shareholders	E=A+D	\$ 51.1	\$ 51.7	\$ 51.1	\$ 49.1	\$ 51.7
Average shareholders' equity		905.7	893.4	862.3	859.9	833.5
Average common equity	F	905.7	893.4	862.3	859.9	833.5
Less: average goodwill and intangible assets		(73.0)	(74.9)	(75.6)	(76.7)	(83.0)
Average tangible common equity	G	832.7	818.5	786.7	783.2	750.4
Return on equity	A/F	17.1%	23.7%	23.4%	23.2%	23.9%
Core return on average tangible common equity	E/G	24.6%	25.6%	25.8%	24.9%	27.6%
Core earnings per common share fully diluted						
Adjusted weighted average number of diluted common shares (in thousands)	H	53.5	54.2	55.4	56.0	55.9
Earnings per common share fully diluted	A/H	0.72	0.96	0.92	0.90	0.89
Non-core items per share	D/H	0.23	(0.01)	—	(0.02)	0.04
Core earnings per common share fully diluted	E/H	0.95	0.95	0.92	0.88	0.93
Core return on average tangible assets						
Total average assets	I	\$ 11,294.3	\$ 11,177.1	\$ 10,449.2	\$ 10,723.5	\$ 11,227.8
Less: average goodwill and intangible assets		(73.0)	(74.9)	(75.6)	(76.7)	(83.0)
Average tangible assets	J	\$ 11,221.3	\$ 11,102.2	\$ 10,373.7	\$ 10,646.8	\$ 11,144.7
Return on average assets	A/I	1.4%	1.9%	1.9%	1.9%	1.8%
Core return on average tangible assets	E/J	1.8%	1.9%	2.0%	1.8%	1.9%

Appendix

Non-GAAP Reconciliation (cont'd)

(in millions of US Dollars, unless otherwise indicated)

		2019		2018		
		Q2	Q1	Q4	Q3	Q2
Tangible equity to tangible assets						
Shareholders' equity		\$ 928.7	\$ 896.2	\$ 882.3	\$ 871.7	\$ 848.6
Less: goodwill and intangible assets		(72.2)	(74.1)	(74.7)	(76.9)	(77.3)
Tangible common equity	L	856.5	822.1	807.6	794.8	771.3
Total assets		11,229.0	11,643.1	10,773.2	10,429.7	11,002.4
Less: goodwill and intangible assets		(72.2)	(74.1)	(74.7)	(76.9)	(77.3)
Tangible assets	M	\$ 11,156.8	\$ 11,569.0	\$ 10,698.4	\$ 10,352.8	\$ 10,925.1
Tangible common equity to tangible assets	L/M	7.7%	7.1%	7.5%	7.7%	7.1%
Efficiency ratio						
Non-interest expenses		\$ 91.7	\$ 80.9	\$ 83.5	\$ 82.2	\$ 78.2
Less: Amortization of intangibles		(1.2)	(1.3)	(1.3)	(1.4)	(1.3)
Non-interest expenses before amortization of intangibles	N	90.5	79.6	82.2	80.9	76.9
Non-interest income		44.2	43.4	45.7	41.3	41.9
Net interest income before provision for credit losses		85.2	88.0	87.4	88.3	87.4
Net revenue before provision for credit losses and other gains/losses	O	\$ 129.4	\$ 131.4	\$ 133.1	\$ 129.5	\$ 129.3
Efficiency ratio	N/O	70.0%	60.6%	61.7%	62.4%	59.5%
Core efficiency ratio						
Non-interest expenses		\$ 91.7	\$ 80.9	\$ 83.5	\$ 82.2	\$ 78.2
Less: non-core expenses	(C)	(12.5)	(0.6)	(0.2)	1.1	(0.6)
Less: amortization of intangibles		(1.2)	(1.3)	(1.3)	(1.4)	(1.3)
Core non-interest expenses before amortization of intangibles	P	78.0	79.0	81.9	81.9	76.3
Net revenue before provision for credit losses and other gains/losses	Q	129.4	131.4	133.1	129.5	129.3
Core efficiency ratio	P/Q	60.3%	60.1%	61.5%	63.2%	59.0%

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