

A woman with long dark hair, wearing a white dress with a red floral pattern, stands on a sandy beach at sunset. She has her arms outstretched to the sides, and the sun is directly behind her, creating a strong silhouette and lens flare. The ocean waves are visible in the background, and the sky is a warm orange color. In the distance, another person can be seen in the water.

Third Quarter 2019 Earnings Presentation

The Bank of N.T. Butterfield & Son Limited

October 23, 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 and fluctuations of interest rates, 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

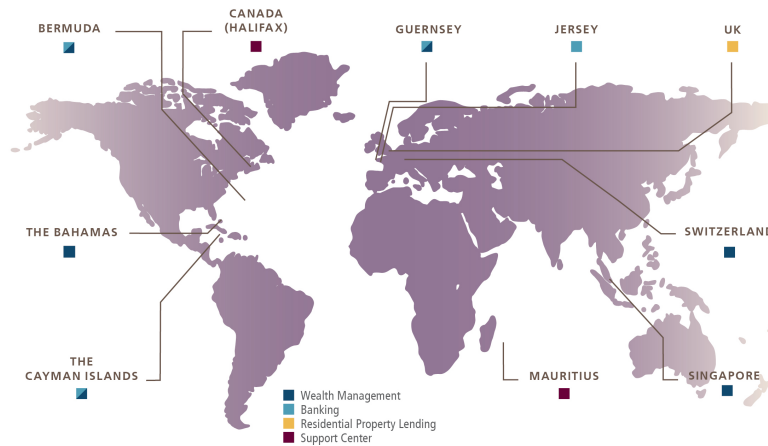
Agenda

- Overview
- Financials
- ABN AMRO (Channel Islands) Acquisition Update
- Q&A

Butterfield Overview

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

Ten International Locations



Awards

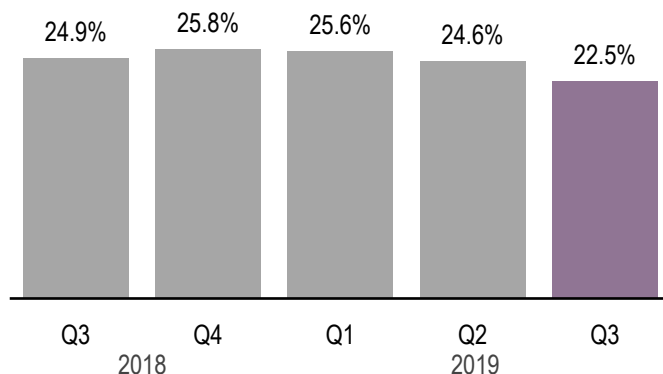


Third Quarter 2019 Highlights

- Net income of \$42.4 million, or \$0.79 per share
- Core Net Income** of \$48.8 million, or \$0.91 per share
- Return on average common equity of 17.8%; core return on average tangible common equity** of 22.5%
- Net Interest Margin of 2.52%, cost of deposits of 0.54%
- Core efficiency ratio of 62.1%**
- Quarterly common share dividend of \$0.44 per share
- Completed acquisition of ABN AMRO (Channel Islands) Ltd.
- Mark T. Lynch appointed to Board of Directors. Mr. Lynch is a former Senior Managing Director at Wellington Management Company

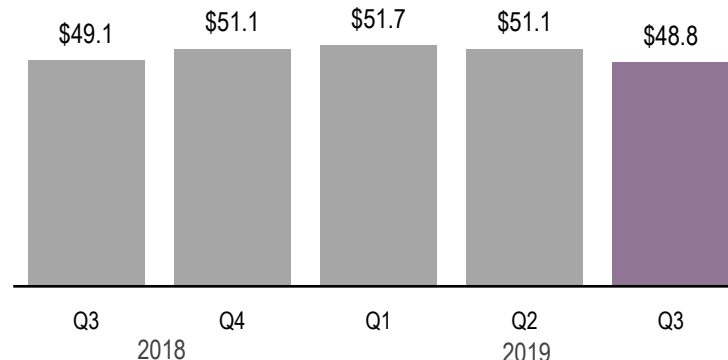
(In US\$ millions)	Q3 2019	vs. Q2 2019		vs. Q3 2018	
		\$	%	\$	%
Net Interest Income	\$ 86.3	\$ 1.2		\$ (1.9)	
Non-Interest Income	46.6	2.4		5.4	
Prov. for Credit Losses	(0.4)	(1.3)		(3.2)	
Non-Interest Expenses*	(90.6)	1.2		(8.0)	
Other Gains (Losses)	0.5	0.3		(0.1)	
Net Income	\$ 42.4	\$ 3.8	9.8 %	\$ (7.9)	(15.7)%
Non-Core Items**	6.4	6.1		7.6	
Core Net Income**	\$ 48.8	\$ (2.3)	(4.5)%	\$ (0.3)	(0.6)%

Core Return on Average Tangible Common Equity**



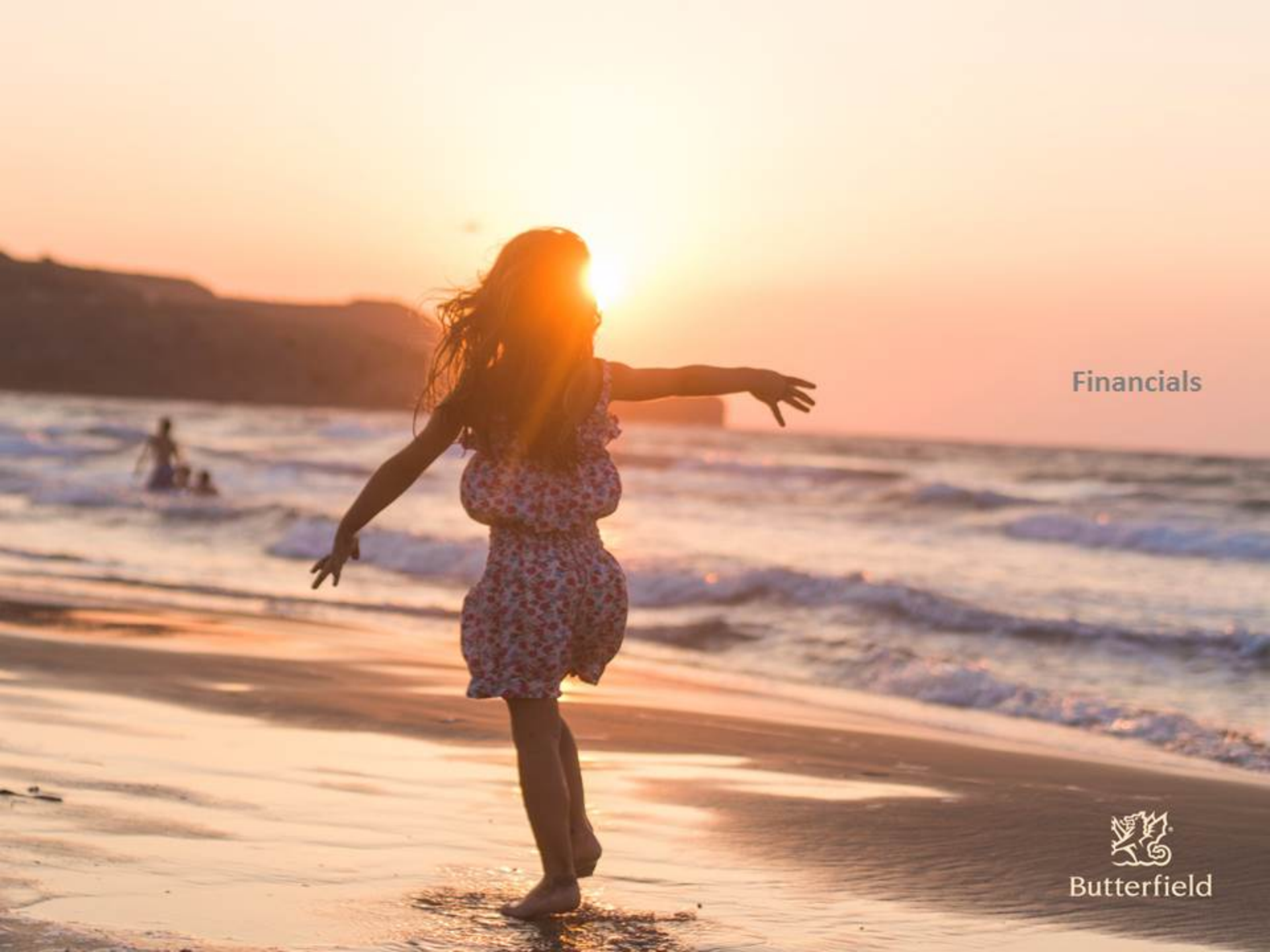
Core Net Income**

(In US\$ millions)



* Includes income taxes

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



Financials



Butterfield

Income Statement

Net Interest Income

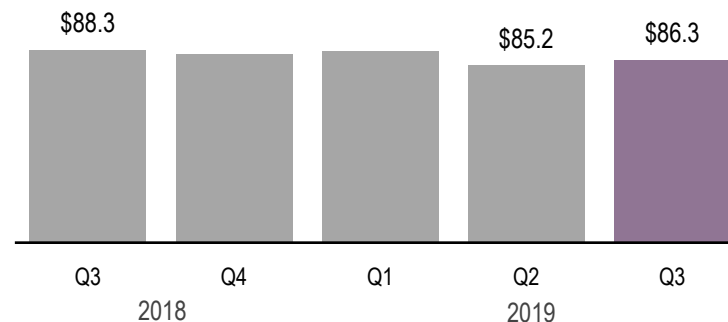
Net Interest Margin & Yields

(In US\$ millions)

	Q3 2019		vs. Q2 2019	
	Avg. Balance	Yield	Avg. Balance	Yield
Cash, S/T Inv. & Repos	\$ 4,434.4	1.12 %	\$ 2,168.9	(0.34)%
Investments	4,616.8	2.82 %	163.3	(0.10)%
Loans (net)	4,529.4	5.22 %	516.6	(0.45)%
Interest Earning Assets	13,580.6	3.07 %	2,848.8	
Total Liabilities	12,788.9	(0.58)%	2,649.7	(0.10)%
Net Interest Margin		2.52 %		(0.66)%

Net Interest Income before Provision for Credit Losses - Trend

(In US\$ millions)

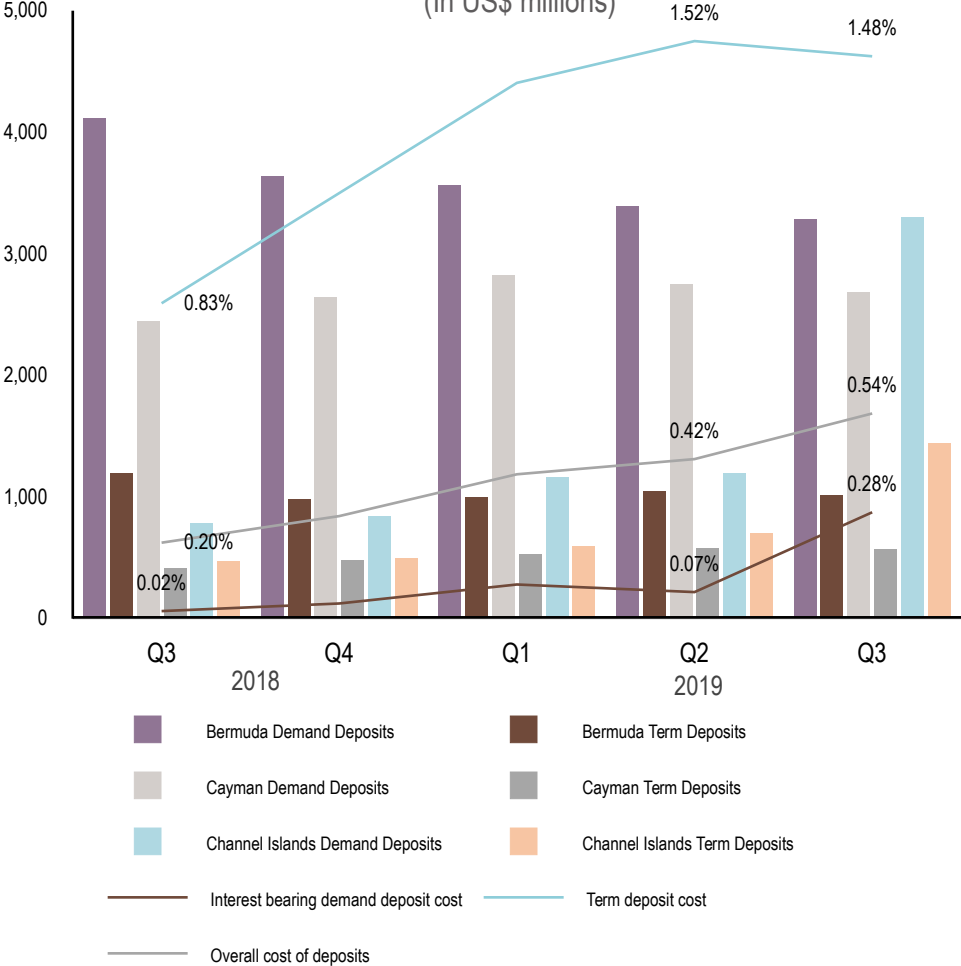


- Net interest income was up 1.4% compared to the second quarter of 2019 due primarily to a 26.5% increase in average interest earning assets in the third quarter of 2019 as a result of the ABN AMRO (Channel Islands) acquisition
- Acquired multi-currency earning assets held in cash and short term securities until seasoned over the next 1 to 3 years
- Net interest margin (NIM) decreased 66 bps from the previous quarter due primarily to:
 - The inclusion of 80bps NIM balance sheet from the ABN AMRO (Channel Islands) acquisition
 - Lower yielding US treasuries on the short end
- Loan yields of 5.22% were down 45 bps compared to the prior quarter due to Fed Funds reduction impact on US prime rate referenced Cayman loans and the inclusion of new ABN AMRO (Channel Islands) loan book at lower yields
- Cost of term deposits have moderated this quarter as lower market rates are now being reflected in roll-over customer rates

Customer Deposits

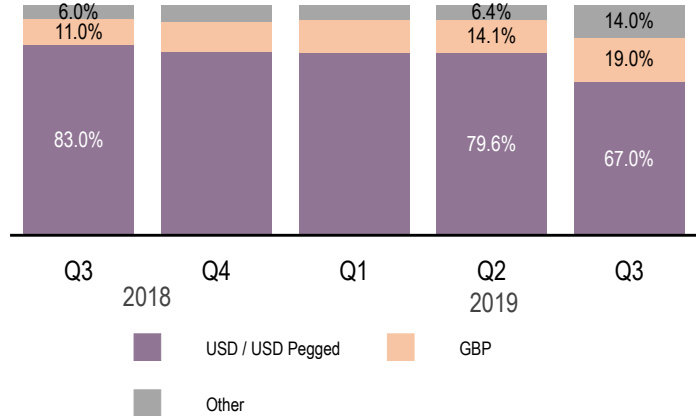
Average Deposit Volume and Cost of Deposits

(In US\$ millions)

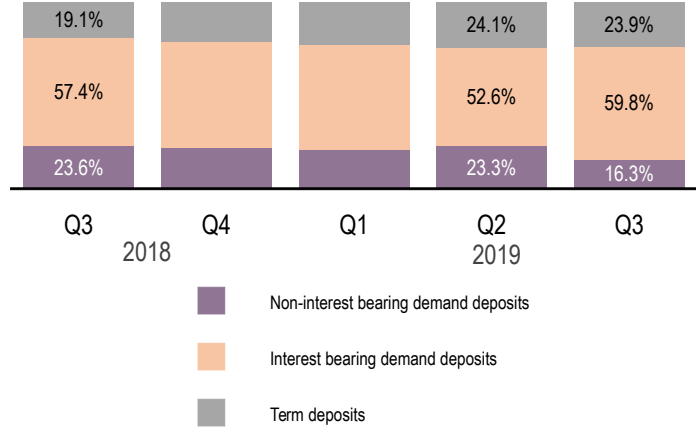


Deposit Composition

By Currency



By Type



Income Statement

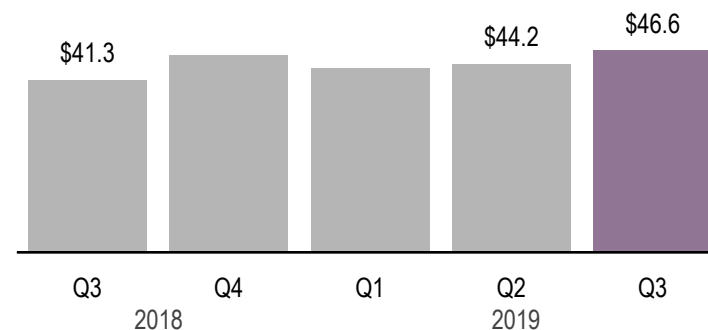
(In US\$ millions)

	Q3 2019		vs. Q2 2019	
Asset management	\$	7.4	\$	0.5
Banking		12.1		0.1
FX Revenue		10.0		1.7
Trust		12.7		(0.3)
Custody and Other		3.6		0.6
Other		0.8		(0.1)
Total Non-Interest Income	\$	46.6	\$	2.4

Non-Interest Income

Non-Interest Income Trend

(In US\$ millions)



- Non-interest income was up 5.4% versus last quarter and up 13.0% compared to the third quarter of 2018, principally due to the ABN AMRO (Channel Islands) acquisition
- Banking revenues benefited from card services fee income of \$4.7 million
- Fee income ratio of 35.2% remains favorable compared to peer average*
- Fee revenues serve as a capital efficient earnings stabilizer to net interest income

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

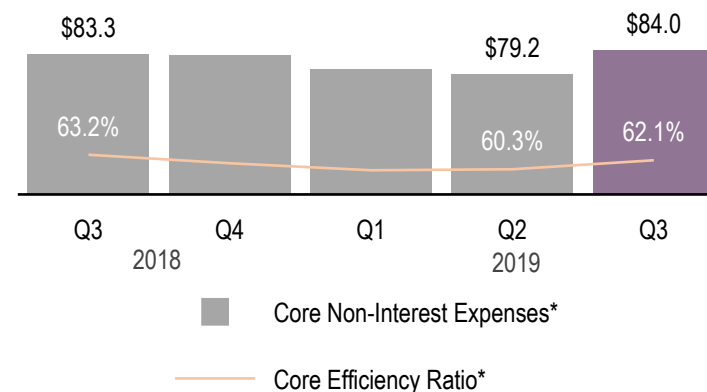
Income Statement

Core Non-Interest Expenses* (In US\$ millions)	vs. Q2 2019		
	Q3 2019	\$	%
Salaries & Benefits**	\$ 42.8	\$ 1.6	4.0 %
Technology & Comm.	16.3	1.1	7.4 %
Property	6.1	0.3	5.7 %
Professional & O/S Services	5.9	0.9	17.5 %
Indirect Taxes	5.3	0.3	6.8 %
Intangible Amortization	1.5	0.3	28.2 %
Marketing	1.6	(0.1)	(4.8)%
Other	4.6	0.2	5.6 %
Total Core Non-Interest Expenses*	\$ 84.0	\$ 4.8	(6.1)%
Non-Core Expenses*	6.4	(6.1)	(48.8)%
Non-Interest Expenses	\$ 90.4	\$ (1.3)	(1.4)%

Non-Interest Expenses

Core Non-Interest Expense Trend*

(In US\$ millions)



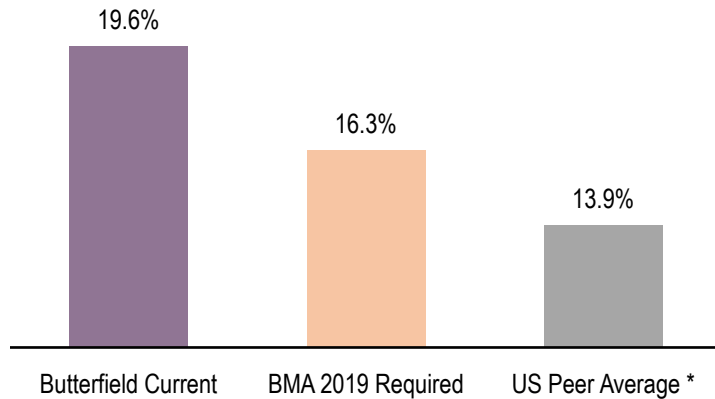
- Core cost / income ratio* of 62.1% is above target and higher than the 60.3% in the prior quarter
- Third quarter 2019 core expenses were higher compared to the second quarter 2019 due to the additional expenses associated with the ABN AMRO (Channel Islands) acquisition
 - Non-core expense items included business acquisition costs and staff exit costs
- Cost / income ratio target remains 60%
- Expense control continues to be an important lever to help mitigate impact of lower rate environment

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

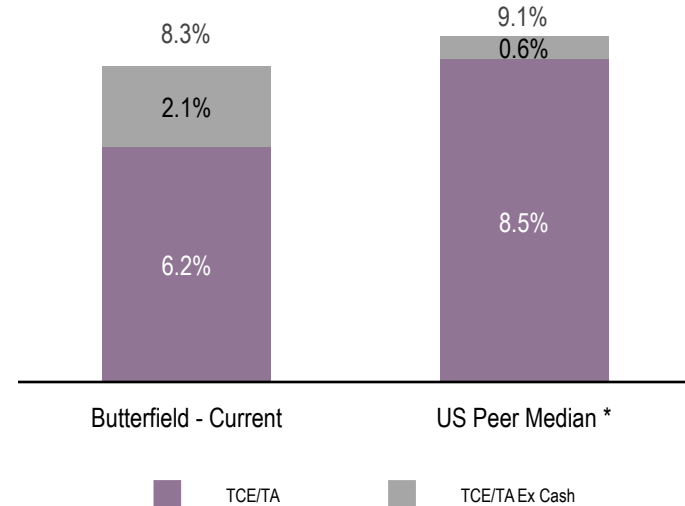
** Includes Non-Service Employee Benefits Expense

Capital Requirements and Return

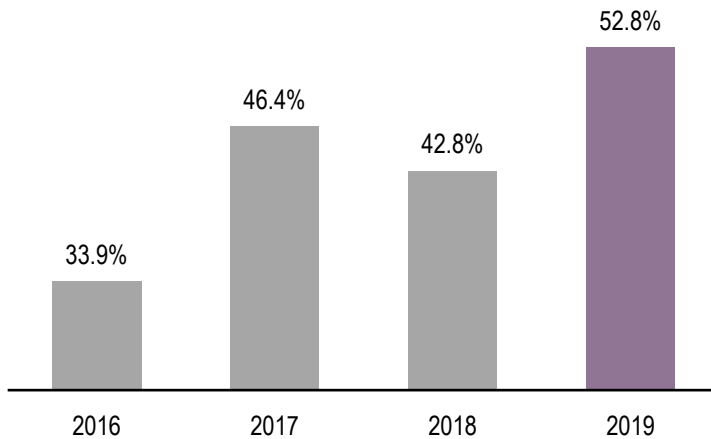
Regulatory Capital (Basel III) - Total Capital Ratio



Leverage Capital



Dividend Payout Ratio**



- Prudent capital management balances regulatory requirements and shareholder returns
- TCE/TA ratio returns to target range of 6.0% to 6.5% following the acquisition
- Common share repurchase authorization is 0.8 million shares; buy backs expected to resume in fourth quarter of 2019
- Board declared a quarterly qualified cash dividend of \$0.44 per common share
- Current dividend payout ratio is around the target of 50%, which helps to ensure the current dividend rate is sustainable across the interest rate cycle

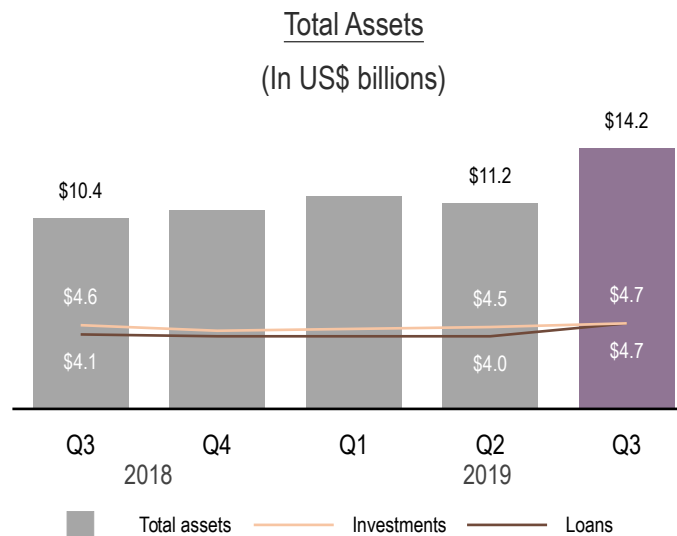
* Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks.

** 2019 is based on year-to-date dividend and earnings per share

Balance Sheet

(In US\$ millions)		Q3 2019	Q4 2018
Cash & Equivalents	\$	3,605	\$ 2,054
S/T Investments		793	52
Reverse Repos		62	27
Loans (net)		4,673	4,044
Investments		4,662	4,255
Other Assets		420	340
Total Assets	\$	14,216	\$ 10,773

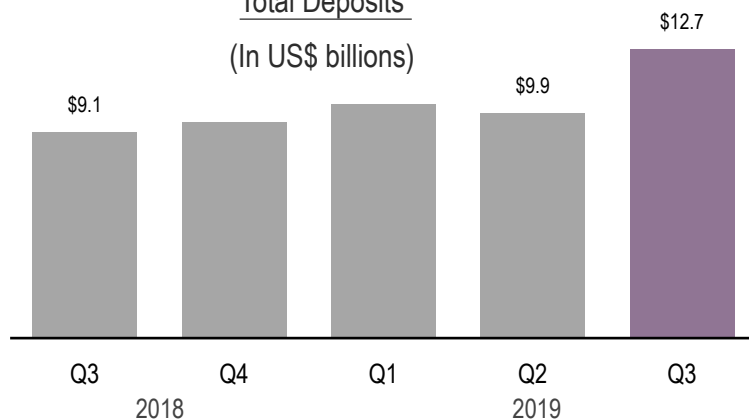
Int. Bearing Deposits	\$	10,601	\$ 7,333
Non-Int. Bearing Deposits		2,061	2,120
Other Liabilities		589	439
Shareholders Equity		965	882
Total Liab. & Equity	\$	14,216	\$ 10,773



- Deposit balances increased to \$12.7 billion following the ABN AMRO (Channel Islands) acquisition
- Loan balances increased 15.6% from year-end 2018 due to the new loans from the acquisition
- In the third quarter of 2019 investments grew by approximately \$138 million, primarily in US government guaranteed mortgage backed securities at an average book yield of 2.74% at a duration of 4.26 years
- The balance sheet remains high quality with relatively low credit exposure

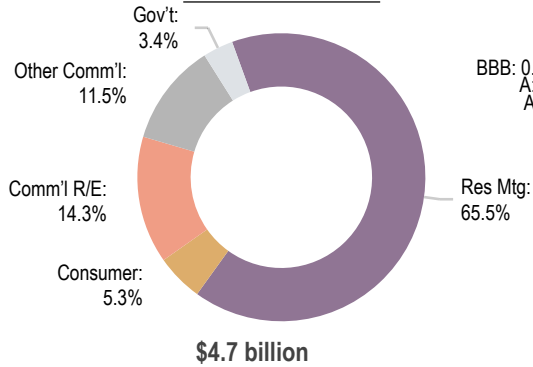
Total Deposits

(In US\$ billions)



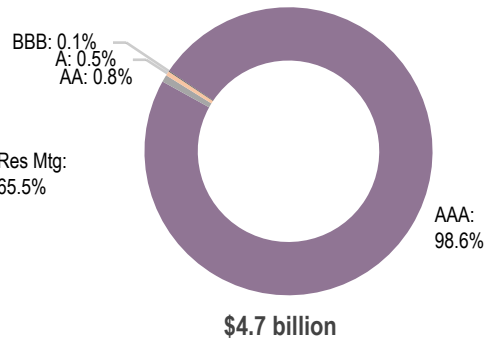
Asset Quality

Loan Distribution



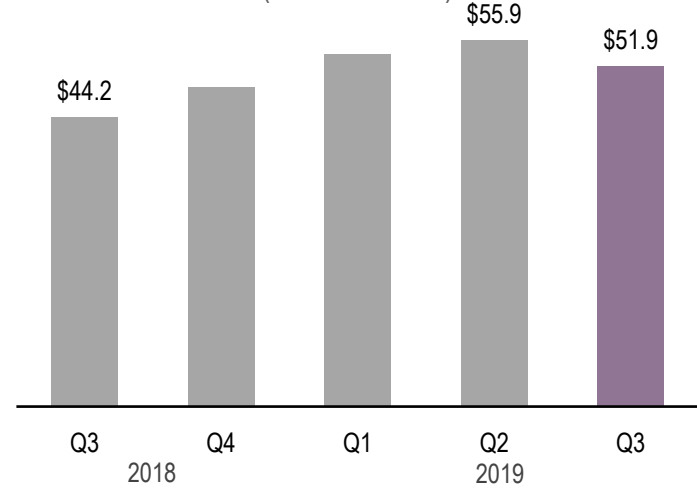
Investment Portfolio

Rating Distribution

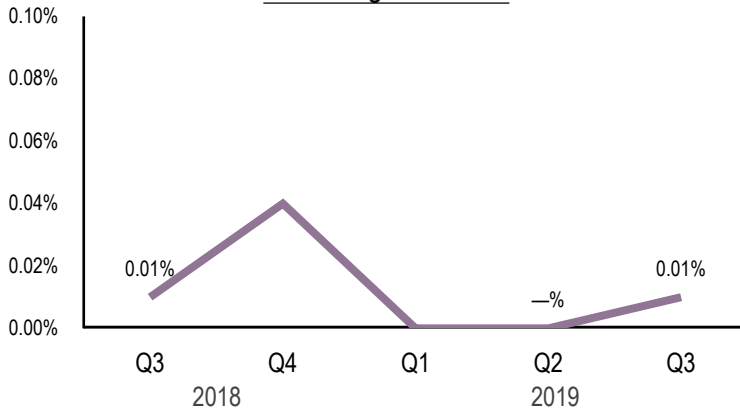


Non-Accrual Loans

(In US\$ millions)



Net Charge-Off Ratio



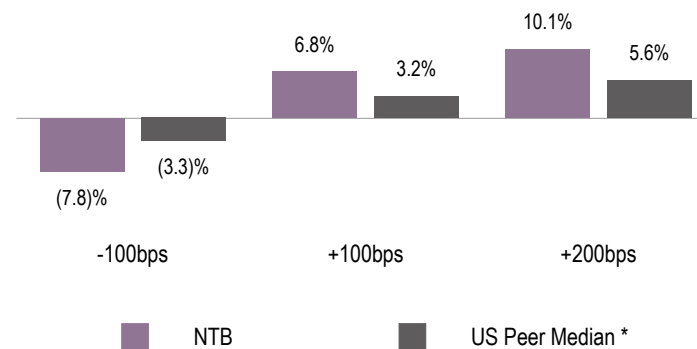
- Conservative investment portfolio with limited credit risk
- The loan book remains focused on markets where management has extensive experience and understanding
- 2/3 of loan book is residential mortgages with average loan-to-value of approximately 50%
- Continued trend of low charge-offs

Interest Rate Sensitivity

Average Balance - Balance Sheet

	Average Balances (US \$Mil)		Duration	vs. Q2 2019	Weighted Average Life
	Q3 2019	vs. Q2 2019			
Cash & Reverse Repos	4,083.9	1,871.1	N/A	N/A	N/A
S/T Invest.	350.5	297.8	0.3	-	N/A
AFS	2,299.7	62.6	2.8	0.1	5.2
HTM**	2,315.6	100.5	3.6	0.2	5.8
Total	9,049.7	2,332.0			5.5

Interest Rate Sensitivity



- As acquired deposits are seasoned over the coming 4 to 12 quarters, longer duration securities are expected to further moderate asset sensitivity and improve book yield, subject to market conditions
- Asset sensitivity has improved this quarter due to balance sheet currency mix and additions of US\$ GNMA securities to the HTM book

* 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.

ABN AMRO (Channel Islands) Ltd. Acquisition Update

April 25, 2019
Deal Announcement

September 30, 2019

	April 25, 2019 Deal Announcement	September 30, 2019
Closing	Initial Price: £161mn in cash (US\$208m)	Paid: £161mn in cash (US\$201m) Closed on July 15, 2019
Expense Savings	Expense savings of ~\$7.5mn pre-tax (~30% of 2018 non-interest expense)	Expense savings being realized earlier
Balance Sheet Productivity	~35 - 40% reduction in deposits assumed to occur by the end of the 2020	Good progress – deposits are down 15% from close
Loan Book	Gross loan credit mark of 3%	Loan book significantly better than anticipated
TCE/TA	5.4%	6.2%
CET1	16.4%	16.9%
Operational Integration	Expected Second <u>Half</u> 2020	Expected Second <u>Quarter</u> 2020
Expected Pro Forma Financial Impact	TBVPS dilution at close: ~(4.5)% TBVPS earn back : less than 3 years Model IRR ~18% Core GAAP accretion: <ul style="list-style-type: none"> • Immediately accretive in 2019 • 3% to 5% accretive in 2022/23 	TBVPS dilution at close: ~(2.7)% TBVPS earn back : less than 3 years Model IRR ~18% Core GAAP accretion: <ul style="list-style-type: none"> • Immediately accretive in 2019 • 3% to 5% accretive in 2022/23

- Deal closed ahead of schedule with improved US \$ price due to strong dollar
- Efficiency enhancements are being implemented
- Euro and Sterling deposit relationships being evaluated and rationalized
- Capital ratios improving as expected and will continue to support quarterly common share dividends, common share repurchases and potential for future M&A
- Improved loan fair value review and lower transaction expenses offset impact of lower market interest rates

Deal enhances Butterfield's position as a leading global offshore bank and trust company with increased scale and growth prospects



Appendix



Butterfield

Appendix

Balance Sheet Trends

(in millions of US Dollars, unless otherwise indicated)

	2019			2018				2017	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Assets									
Cash & Equivalents	\$ 3,605	\$ 2,011	\$ 2,601	\$ 2,054	\$ 1,259	\$ 1,756	\$ 1,846	\$ 1,535	\$ 1,546
Reverse Repos	62	166	72	27	72	89	198	179	210
S/T Investments	793	163	215	52	76	79	100	250	208
Investments	4,662	4,524	4,393	4,255	4,576	4,727	4,512	4,706	4,613
Loans, Net	4,673	4,000	3,986	4,044	4,092	3,986	3,957	3,777	3,664
Other Assets	420	364	374	340	355	367	376	332	338
Total Assets	\$ 14,216	\$ 11,229	\$ 11,643	\$ 10,773	\$ 10,430	\$ 11,002	\$ 10,988	\$ 10,779	\$ 10,578
Liabilities and Equity									
Total Deposits	\$ 12,663	\$ 9,852	\$ 10,294	\$ 9,452	\$ 9,066	\$ 9,718	\$ 9,754	\$ 9,536	\$ 9,407
Long-Term Debt	143	143	143	143	143	143	117	117	117
Other Liabilities	446	305	310	295	349	293	293	303	252
Total Liabilities	\$ 13,252	\$ 10,300	\$ 10,747	\$ 9,891	\$ 9,558	\$ 10,154	\$ 10,164	\$ 9,956	\$ 9,776
Common Equity	\$ 965	\$ 929	\$ 896	\$ 882	\$ 872	\$ 849	\$ 824	\$ 823	\$ 802
Total Equity	\$ 965	\$ 929	\$ 896	\$ 882	\$ 872	\$ 849	\$ 824	\$ 823	\$ 802
Total Liabilities and Equity	\$ 14,216	\$ 11,229	\$ 11,643	\$ 10,773	\$ 10,430	\$ 11,002	\$ 10,988	\$ 10,779	\$ 10,578
Key Metrics									
TCE / TA	6.2%	7.7%	7.1%	7.5%	7.7%	7.1%	6.7%	7.1%	7.0%
CET 1 Ratio	17.4%	20.1%	19.3%	19.6%	20.2%	19.1%	17.6%	18.2%	17.8%
Total Tier 1 Capital Ratio	17.4%	20.1%	19.3%	19.6%	20.2%	19.1%	17.6%	18.2%	17.8%
Total Capital Ratio	19.6%	22.7%	22.0%	22.4%	23.3%	22.3%	19.2%	19.9%	19.9%

Appendix

Average Balance Sheet Trends

(in millions of US Dollars, unless otherwise indicated)

	Q3 2019			Q2 2019			Q3 2018		
	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	\$ 4,434.4	\$ 12.5	1.12 %	\$ 2,265.5	\$ 8.2	1.46 %	\$ 1,668.0	\$ 5.8	1.38 %
Investment in securities	4,616.8	32.9	2.82 %	4,453.5	32.4	2.92 %	4,660.4	32.6	2.78 %
Trading	1.5	—	— %	1.3	—	— %	1.2	—	— %
AFS	2,299.7	15.4	2.66 %	2,237.1	15.1	2.71 %	2,742.7	18.0	2.60 %
HTM	2,315.6	17.4	2.99 %	2,215.1	17.3	3.13 %	1,916.5	14.7	3.04 %
Loans	4,529.4	59.6	5.22 %	4,012.8	56.7	5.67 %	4,050.5	56.6	5.54 %
Commercial	1,548.8	20.5	5.26 %	1,218.9	18.8	6.18 %	1,396.8	20.5	5.84 %
Consumer	2,980.7	39.1	5.20 %	2,793.9	38.0	5.45 %	2,653.7	36.0	5.38 %
Total interest earning assets	13,580.6	105.0	3.07 %	10,731.8	97.4	3.64 %	10,378.9	95.0	3.63 %
Other assets	396.0			342.8			397.5		
Total assets	\$ 13,976.6	\$ 105.0	2.98 %	\$ 11,074.7	\$ 97.4	3.53 %	\$ 10,776.4	\$ 95.0	3.50 %
Liabilities									
Interest bearing deposits	\$ 10,199.7	\$ (16.7)	(0.65)%	\$ 7,520.9	\$ (10.2)	(0.55)%	\$ 7,283.5	\$ (4.8)	(0.26)%
Customer demand deposits	7,091.8	(5.0)	(0.28)%	5,106.5	(0.8)	(0.07)%	5,174.7	(0.2)	(0.02)%
Customer term deposits	3,080.6	(11.5)	(1.48)%	2,391.7	(9.1)	(1.52)%	2,083.7	(4.4)	(0.83)%
Deposits from banks	27.3	(0.3)	(3.87)%	22.7	(0.3)	(5.23)%	25.1	(0.2)	(3.64)%
Long-term debt	143.4	(2.0)	(5.42)%	143.4	(2.0)	(5.56)%	143.2	(1.9)	(5.31)%
Interest bearing liabilities	10,343.1	(18.7)	(0.72)%	7,664.3	(12.2)	(0.64)%	7,426.7	(6.7)	(0.36)%
Non-interest bearing customer deposits	2,134.0			2,167.8			2,161.6		
Other liabilities	311.7			307.1			263.5		
Total liabilities	\$ 12,788.9	\$ (18.7)	(0.58)%	\$ 10,139.2	\$ (12.2)	(0.48)%	\$ 9,851.8	\$ (6.7)	(0.27)%
Shareholders' equity	1,187.7			935.5			924.6		
Total liabilities and shareholders' equity	\$ 13,976.6			\$ 11,074.7			\$ 10,776.4		
Non-interest bearing funds net of non-interest earning assets (free balance)	\$ 3,237.5			\$ 3,067.5			\$ 2,952.2		
Net interest margin		\$ 86.3	2.52 %		\$ 85.2	3.18 %		\$ 88.3	3.37 %

Appendix

Income Statement Trends

(in millions of US Dollars, unless otherwise indicated)

	2019			2018				2017	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net Interest Income	\$ 86.3	\$ 85.2	\$ 88.0	\$ 87.4	\$ 88.3	\$ 87.4	\$ 79.9	\$ 76.1	\$ 74.3
Non-Interest Income	46.6	44.2	43.4	45.7	41.3	41.9	39.8	42.4	38.2
Prov. for Credit Recovery (Losses)	(0.4)	0.9	—	1.7	2.8	0.5	1.9	5.4	0.7
Non-Interest Expenses*	90.6	91.9	81.0	83.7	82.6	78.6	77.8	80.8	73.8
Other Gains (Losses)	0.5	0.2	1.8	(0.3)	0.7	(1.6)	0.4	(2.7)	1.8
Net Income	\$ 42.4	\$ 38.6	\$ 52.1	\$ 50.9	\$ 50.4	\$ 49.7	\$ 44.2	\$ 40.3	\$ 41.1
Non-Core Items**	\$ 6.4	\$ 12.5	\$ (0.4)	\$ 0.2	\$ (1.2)	\$ 2.0	\$ 0.8	\$ 1.9	\$ (0.4)
Core Net Income**	\$ 48.8	\$ 51.1	\$ 51.7	\$ 51.1	\$ 49.1	\$ 51.7	\$ 45.0	\$ 42.2	\$ 40.7

Key Metrics

Loan Yield	5.22%	5.67%	5.67%	5.56%	5.54%	5.44%	5.31%	5.23%	5.16%
Securities Yield	2.82	2.92	3.07	2.87	2.78	2.67	2.54	2.27	2.22
Cost of Deposits	0.54	0.42	0.38	0.27	0.20	0.14	0.12	0.12	0.10
Net Interest Margin	2.52	3.18	3.31	3.38	3.37	3.20	3.05	2.87	2.81
Core Efficiency Ratio**	62.1	60.3	60.1	61.5	63.2	59.0	62.3	65.4	62.8
Core ROATCE**	22.5	24.6	25.6	25.8	24.9	27.6	24.3	22.3	22.2
Fee Income Ratio	35.2	33.9	33.0	33.9	31.2	32.4	32.7	34.2	33.8
Fully Diluted Share Count (in millions of common shares)	53.6	53.5	54.2	55.4	56.0	55.9	55.8	55.6	55.5

* 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	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Non-Interest Income									
Trust	\$ 12.7	\$ 13.0	\$ 12.6	\$ 13.8	\$ 13.1	\$ 13.2	\$ 10.9	\$ 11.3	\$ 10.9
Asset Management	7.4	6.9	6.7	6.5	6.5	6.2	6.4	6.6	6.3
Banking	12.1	12.1	11.2	12.8	10.6	10.8	10.9	12.0	10.8
FX Revenue	10.0	8.4	8.8	8.6	7.8	8.3	8.2	8.8	7.6
Custody & Other Admin.	3.6	3.1	2.7	2.4	2.2	2.4	2.2	2.2	2.0
Other	0.8	0.9	1.4	1.6	1.0	1.1	1.2	1.4	0.5
Total Non-Interest Income	\$ 46.6	\$ 44.2	\$ 43.4	\$ 45.7	\$ 41.3	\$ 41.9	\$ 39.8	\$ 42.4	\$ 38.2
Non-Interest Expense									
Salaries & Benefits*	\$ 45.6	\$ 52.1	\$ 42.8	\$ 43.7	\$ 43.8	\$ 40.9	\$ 37.0	\$ 42.4	\$ 37.4
Technology & Comm.	16.3	15.2	14.6	14.9	15.6	15.1	14.7	14.4	13.2
Property	6.1	5.7	5.4	6.1	5.3	5.3	5.1	4.5	5.1
Professional & O/S Services	9.5	6.2	5.6	6.1	5.1	5.1	9.7	8.0	6.9
Indirect Taxes	5.3	5.3	5.2	4.7	4.8	5.0	4.9	4.7	4.6
Intangible Amortization	1.5	1.2	1.3	1.3	1.4	1.3	1.1	1.1	1.0
Marketing	1.6	1.7	1.7	2.3	1.5	1.4	0.9	1.5	0.9
Restructuring	—	—	—	—	—	—	—	0.3	0.4
Other	4.6	4.3	4.3	4.3	4.9	4.1	3.9	3.5	4.0
Total Non-Interest Expense	\$ 90.4	\$ 91.7	\$ 80.9	\$ 83.5	\$ 82.2	\$ 78.2	\$ 77.4	\$ 80.4	\$ 73.6
Income Taxes	0.2	0.2	0.1	0.2	0.4	0.3	0.4	0.5	0.2
Total Expense incl. Taxes	\$ 90.6	\$ 91.9	\$ 81.0	\$ 83.7	\$ 82.6	\$ 78.6	\$ 77.8	\$ 80.8	\$ 73.8

*Includes non-service employee benefits

Appendix

Core Non-Interest Expense* Trends

(in millions of US Dollars, unless otherwise indicated)

	2019			2018				2017	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Salaries & Benefits**	\$ 42.8	\$ 41.1	\$ 42.8	\$ 43.7	\$ 43.8	\$ 40.9	\$ 37.0	\$ 42.2	\$ 37.2
Technology & Comm.	16.3	15.2	14.6	14.8	15.4	14.9	14.6	14.3	13.1
Property	6.1	5.7	5.4	6.1	5.3	5.3	5.1	4.5	5.1
Professional & O/S Services	5.9	5.0	5.0	6.0	6.3	4.7	8.1	6.7	5.6
Indirect Taxes	5.3	5.0	5.2	4.7	4.8	5.0	4.9	4.7	4.6
Intangible Amortization	1.5	1.2	1.3	1.3	1.4	1.3	1.1	1.1	1.0
Marketing	1.6	1.7	1.7	2.3	1.5	1.4	0.9	1.5	0.9
Other	4.6	4.3	4.3	4.3	4.8	4.1	3.9	3.5	4.0
Total Core Non-Interest Expense	\$ 84.0	\$ 79.2	\$ 80.3	\$ 83.1	\$ 83.3	\$ 77.6	\$ 75.7	\$ 78.5	\$ 71.6
Income Taxes	0.2	0.2	0.1	0.2	0.4	0.3	0.4	0.5	0.2
Total Core Expense incld. Taxes	\$ 84.2	\$ 79.4	\$ 80.5	\$ 83.2	\$ 83.7	\$ 77.9	\$ 76.0	\$ 78.9	\$ 71.8

* 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	
		Q3	Q2	Q1	Q4	Q3
Net income	A	\$ 42.4	\$ 38.6	\$ 52.1	\$ 50.9	\$ 50.4
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)
Total non-core (gains) losses	B	\$ —	\$ —	\$ (1.0)	\$ —	\$ (0.2)
Non-core expenses						
Early retirement program, redundancies and other non-core compensation costs		2.8	11.3	—	—	—
Tax compliance review costs		—	—	—	0.1	0.1
Business acquisition costs		3.6	1.2	0.6	0.1	(1.2)
Total non-core expenses	C	\$ 6.4	\$ 12.5	\$ 0.6	\$ 0.2	\$ (1.1)
Total non-core (gains), losses and expenses	D=B+C	6.4	12.5	(0.4)	0.2	(1.2)
Core net income to common shareholders	E=A+D	\$ 48.8	\$ 51.1	\$ 51.7	\$ 51.1	\$ 49.1
Average shareholders' equity		948.4	905.7	893.4	862.3	859.9
Average common equity	F	948.4	905.7	893.4	862.3	859.9
Less: average goodwill and intangible assets		(87.1)	(73.0)	(74.9)	(75.6)	(76.7)
Average tangible common equity	G	861.3	832.7	818.5	786.7	783.2
Return on equity	A/F	17.8%	17.1%	23.7%	23.4%	23.2%
Core return on average tangible common equity	E/G	22.5%	24.6%	25.6%	25.8%	24.9%
Core earnings per common share fully diluted						
Adjusted weighted average number of diluted common shares (in thousands)	H	53.6	53.5	54.2	55.4	56.0
Earnings per common share fully diluted	A/H	0.79	0.72	0.96	0.92	0.90
Non-core items per share	D/H	0.12	0.23	(0.01)	—	(0.02)
Core earnings per common share fully diluted	E/H	0.91	0.95	0.95	0.92	0.88
Core return on average tangible assets						
Total average assets	I	\$ 13,519.2	\$ 11,294.3	\$ 11,177.1	\$ 10,449.2	\$ 10,723.5
Less: average goodwill and intangible assets		(87.1)	(73.0)	(74.9)	(75.6)	(76.7)
Average tangible assets	J	\$ 13,432.1	\$ 11,221.3	\$ 11,102.2	\$ 10,373.7	\$ 10,646.8
Return on average assets	A/I	1.2%	1.4%	1.9%	1.9%	1.9%
Core return on average tangible assets	E/J	1.4%	1.8%	1.9%	2.0%	1.8%

Appendix

Non-GAAP Reconciliation (cont'd)

(in millions of US Dollars, unless otherwise indicated)

		2019			2018	
		Q3	Q2	Q1	Q4	Q3
Tangible equity to tangible assets						
Shareholders' equity		\$ 964.6	\$ 928.7	\$ 896.2	\$ 882.3	\$ 871.7
Less: goodwill and intangible assets		(93.4)	(72.2)	(74.1)	(74.7)	(76.9)
Tangible common equity	L	871.2	856.5	822.1	807.6	794.8
Total assets		14,216.3	11,229.0	11,643.1	10,773.2	10,429.7
Less: goodwill and intangible assets		(93.4)	(72.2)	(74.1)	(74.7)	(76.9)
Tangible assets	M	\$ 14,122.9	\$ 11,156.8	\$ 11,569.0	\$ 10,698.4	\$ 10,352.8
Tangible common equity to tangible assets	L/M	6.2%	7.7%	7.1%	7.5%	7.7%
Efficiency ratio						
Non-interest expenses		\$ 90.4	\$ 91.7	\$ 80.9	\$ 83.5	\$ 82.2
Less: Amortization of intangibles		(1.5)	(1.2)	(1.3)	(1.3)	(1.4)
Non-interest expenses before amortization of intangibles	N	88.9	90.5	79.6	82.2	80.9
Non-interest income		46.6	44.2	43.4	45.7	41.3
Net interest income before provision for credit losses		86.3	85.2	88.0	87.4	88.3
Net revenue before provision for credit losses and other gains/losses	O	\$ 133.0	\$ 129.4	\$ 131.4	\$ 133.1	\$ 129.5
Efficiency ratio	N/O	66.9%	70.0%	60.6%	61.7%	62.4%
Core efficiency ratio						
Non-interest expenses		\$ 90.4	\$ 91.7	\$ 80.9	\$ 83.5	\$ 82.2
Less: non-core expenses	(C)	(6.4)	(12.5)	(0.6)	(0.2)	1.1
Less: amortization of intangibles		(1.5)	(1.2)	(1.3)	(1.3)	(1.4)
Core non-interest expenses before amortization of intangibles	P	82.5	78.0	79.0	81.9	81.9
Net revenue before provision for credit losses and other gains/losses	Q	133.0	129.4	131.4	133.1	129.5
Core efficiency ratio	P/Q	62.1%	60.3%	60.1%	61.5%	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