

Investor Presentation

The Bank of N.T. Butterfield & Son Limited
June 2020

Important Notice

Disclaimer:

This presentation has been prepared by us solely for informational purposes. This presentation has been prepared to assist interested parties in making their own evaluation of us and does not purport to contain all of the information that may be relevant. In all cases, interested parties should conduct their own investigation and analysis of us and the data set forth in this presentation and other information provided by or on behalf of us.

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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. 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. Our performance may vary due to a variety of factors, including the impact of the COVID-19 pandemic, the scope and duration of the pandemic, actions taken by governmental authorities in response to the pandemic, worldwide economic conditions and fluctuations of interest rates, the successful completion and integration of acquisitions 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.

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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.

Today's Presenters



Michael Collins
Chairman & Group Chief Executive Officer

- Named Group Chief Executive Officer in September of 2015 and named Chairman in July of 2017
- 30+ years of financial services experience
- Prior to NTB, held senior positions at Morgan Guaranty Trust Company in New York, Bank of Bermuda and HSBC in Bermuda, where he was COO



Michael Schrum
Director & Group Chief Financial Officer

- Named Group Chief Financial Officer in September of 2015
- 20+ years of financial services experience and is a Chartered Financial Analyst and a Fellow of the Institute of Chartered Accountants in England and Wales
- Prior to NTB, served as CFO at HSBC Bank Bermuda

Geographic Footprint



Awards



Company Overview

Company Highlights

1 Leading Bank in Attractive Markets

- Franchise retail banking presence in Bermuda and Cayman
- Bermuda Bank of the Year for 7 consecutive years in Bermuda and for the past 5 of 7 years in Cayman⁽¹⁾
- 30%+ deposit market share in Bermuda and Cayman Islands, respectively, in 2019

2 Diversified Business Mix, Strong Capital Generation and Return

- Core ROATCE of 18.6%⁽²⁾
- Core ROATA of 1.2%⁽²⁾
- Current dividend rate of \$0.44 per common share per quarter
- AUA: \$91.6bn⁽³⁾ / AUM: \$5.2bn

3 Efficient, Conservative Balance Sheet

- 43% Loans / Deposits; 59% Cash + Securities / Total Assets
- 36% Risk-Weighted Assets / Total Assets ratio
- NPLs / Loans of 1.27%
- Tier 1 Capital ratio of 17.5%

4 Visible Earnings with Strong Fee Income Generation

- Fee income ratio of 36.6%
- Low-cost, historically stable customer deposit funding
- Cost of deposits of 0.42%
- Last acquisition completed in Q3 2019

5 Experienced Team with Deep Market Knowledge

- Management has an average of 25+ years of relevant industry experience
- Combined decades of familiarity in key geographic markets

Source: S&P Global Market Intelligence and Company documents; Conversion rate: 1 BMD\$ = 1 US\$

Note: All information in US\$ as of or for the quarter ended 31-Mar-2020 unless noted otherwise

(1) The Banker publication

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

(3) AUA for trust only, does not include custody; US\$

1 Leading Bank in Attractive Markets

NTB's Credit Ratings Overview⁽¹⁾

Issuer	Type	Rating	Rating Date	Outlook
Company Credit Ratings				
Kroll				
	Deposit	A+	7/16/2019	Stable
	Senior Unsecured Debt	A+	7/16/2019	Stable
	Subordinated Debt	A	7/16/2019	Stable
	Short-Term Deposit	K1	7/16/2019	Stable
	Short-Term Debt	K1	7/16/2019	Stable
Moody's				
	Baseline Credit Assessment	baa2	4/3/2020	Stable
	Long- Term Issuer	A3	4/3/2020	Stable
	Deposit	A3	4/3/2020	Stable
	Subordinated Debt	A3	4/3/2020	Stable
S&P				
	Issuer Credit Rating	BBB+	8/20/2019	Stable
	Subordinated Debt	BBB	8/20/2019	Stable

Country	Issuer	Rating	Rating Date	Outlook
Sovereign Credit Ratings				
Bermuda				
	Moody's	A2		
	S&P	A+	4/16/2020	Stable
Cayman Islands				
	Moody's	Aa3		
Guernsey ⁽²⁾				
	S&P	AA-	1/17/2020	Stable
Jersey ⁽²⁾				
	S&P	AA-	1/17/2020	Stable

Source: S&P Global Market Intelligence, Kroll Bond Rating Agency, S&P Global and Moody's Investor Service

(1) A rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating agency has its own methodology for assigning ratings and each rating should be evaluated independently of any other rating

(2) Ratings reflect local currency long term outlook

1 Leading Bank in Attractive Markets

Who We Are and What We Do

Business Line	Banking			Wealth Management	
Core Geographies	Bermuda (38% of Group deposits ⁽¹⁾ , 44% of Group loans ⁽²⁾)	Cayman Islands (27% of Group deposits ⁽¹⁾ , 20% of Group loans ⁽²⁾)	Channel Islands (35% of Group deposits ⁽¹⁾ , 36% of Group loans ⁽²⁾)	Bermuda Channel Islands Singapore	Cayman Islands Switzerland Bahamas
Clients	<ul style="list-style-type: none"> Local residents Captive insurers Mid-market reinsurers 	<ul style="list-style-type: none"> Local residents Captive insurers Hedge funds 	<ul style="list-style-type: none"> Private clients & Funds Trust companies Intermediaries 	<ul style="list-style-type: none"> Private trust clients Ultra-high net worth, multi-generational families from Europe, Asia, Latin America, and Middle East 	
Focus Areas / Key Statistics	<ul style="list-style-type: none"> Global deposits fund local mortgages \$11.8bn deposits, \$5.0bn net loans 63% mortgages, 17% commercial loans⁽³⁾ and 15% Commercial Real Estate 			<ul style="list-style-type: none"> Trust AUA: \$91.6bn⁽⁴⁾ Wealth Management AUM: \$5.2bn Expansion in Asia 	
Industry Characteristics	Stable Asset Quality Historically Attractive Returns Limited Competition in Bermuda and Cayman Islands			Organic & Acquisition Growth Potential Diversified, Fee-Based Revenue Stable Trust Fee Income, Less Affected by Market Volatility Lower Capital Requirements	

Source: Company documents; Financial data reported 31-Mar-2020 GAAP

Note: All information in US\$ as of 31-Mar-2020 unless noted otherwise. Conversion rate: 1 BMD\$ = 1 US\$

(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, commercial and industrial and commercial overdrafts loans

(4) AUA for trust only, does not include custody; US\$ as of 31-Mar-2020

1 Leading Bank in Attractive Markets

Bermuda and Cayman Islands

Bermuda's Insurance & Reinsurance Market

Cayman Islands' Financial Services Market

#2

Global Reinsurance Market

15 of the top 40 global reinsurers

#1

Captive Insurance Domicile

700+ captive insurers

#1

Insurance Linked Securities Domicile

70%+ of issuance and outstanding securities

#1

Fund Domicile

60%+ of global hedge funds by number and net assets

#2

Captive Insurance Domicile

300+ Single Parent Captive Insurers

International Financial Center

Over 40 of the world's 50 largest banks

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

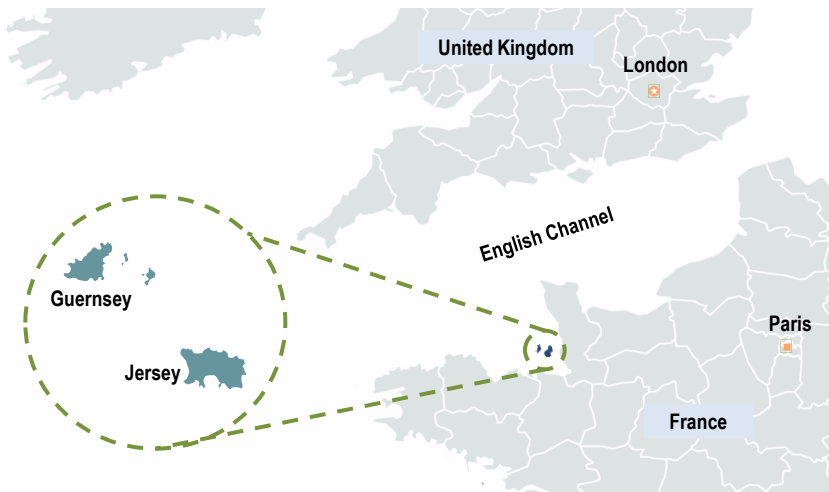
Key Market Attributes

- British Overseas Territories, English Common Law, UK Privy Council final court of appeal
- FATCA / CRS tax transparency requires reporting on foreign nationals to ~80 tax authorities annually, including US tax persons to the IRS
- The Bermuda Monetary Authority (BMA) and the Cayman Islands Monetary Authority (CIMA) are primary financial services regulators
- Bermuda: As of 2019, # 6 jurisdiction in Gross National Income per capita and 5.2% unemployment
- Cayman Islands: As of 2019, # 9 jurisdiction in Gross National Income per capita and as of 2018 3.4% unemployment

1 Leading Bank in Attractive Markets

Channel Islands

A Leading International Financial Center and Banking Market



- Recently completed the acquisition of ABN AMRO's Channel Islands Banking, Investment Management and Custody services
- As British Crown Dependencies, the Channel Islands are among the leading and best-regulated offshore financial centers with a long tradition of servicing an international client base
- Comprised of five islands with the largest being Guernsey and Jersey
- The islands have a well-developed financial infrastructure offering banking, investment advice and management, fiduciary and custodian services
- A long track record in offshore banking, servicing structured finance and other bespoke products to support international companies and capital formation
- Strong supervisory and regulatory regime with full Basel III conformance

Attractive Economic Backdrop

- Small open economies with steady economic growth
- Stable political and social environment
- Butterfield is positioned for continued market growth given our relationship driven business model
- As global banks simplify their international footprint, Butterfield remains well positioned to consolidate at attractive valuations

Recent Acquisition

- Recently acquired ABN AMRO's Channel Islands business consisting of:
 - £2.9 billion in deposits with a cost of 0.97%
 - £500 million in loans with a yield of 2.81%
 - £3.5 billion in Assets Under Management

1 Leading Bank in Attractive Markets

COVID-19 Update

Initial Assessment/Community Actions

- Business continuity/social distancing/remote working implemented for staff
- Three month deferral on residential and personal mortgage payments – corporate clients offered needs-based assistance
 - 10-15% of customers have opted not to defer
- Providing essential banking services throughout health crisis
- Delayed previously announced card related fee increases
- Providing urgent community support across all jurisdictions

Short-term Implications

- Tourism credit and revenue streams being closely monitored
 - Bermuda (~17% GDP)
 - Cayman (~25% GDP)
- Impact of lower interest rates on NIM – cash/short-term securities and variable rate loans
- Card services fees impacted by lower tourism and weakened economic activity
- Likelihood of increased pre-payment speeds on MBS book

Medium/Long-term Implications

- Sustained, ultra low interest rates would alter earnings profile of Bank
 - Greater prominence of fee businesses
 - Enhanced focus on operating efficiency
 - Capital management emphasis on supporting dividends
- Possible M&A opportunities as larger banks review less strategic jurisdictions and businesses

Direct Hotel and Restaurant Lending Exposure (2020Q1)

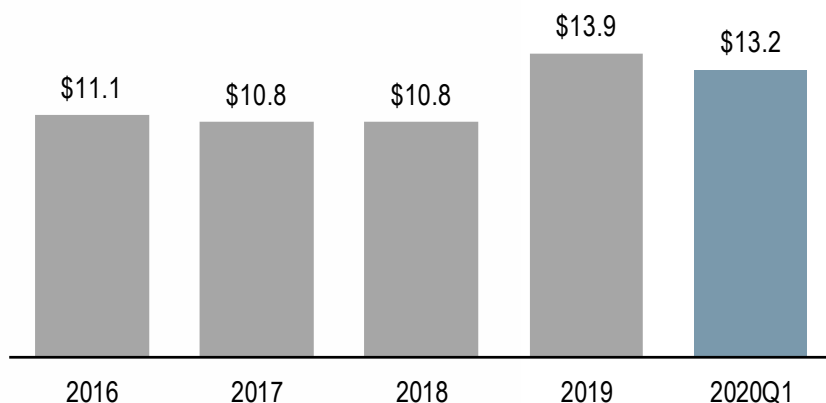
	(US\$ Millions)	%
Hotel Operators	\$182.5	11.2%
Hotel Construction	24.8	1.5%
Restaurants	6.8	0.4%
Other Commercial and CRE Loans	1,412.4	86.8%
Total Commercial and CRE Loans	\$1,626.5	100.0%

- First quarter 2020 saw less than 1% of non-accrual loans in the hotel sector and zero non-accrual loans in restaurant sectors
- Hotel construction financing consists of well known and highly experienced borrowers, with well structured and secured transactions
- Hotel and restaurant exposure is primarily in Bermuda (<1% outside of Bermuda)
- Residential lending will continue to be monitored, particularly borrowers employed in hospitality or who have tourism accommodations
- Total hospitality related undrawn committed loans is \$35 million

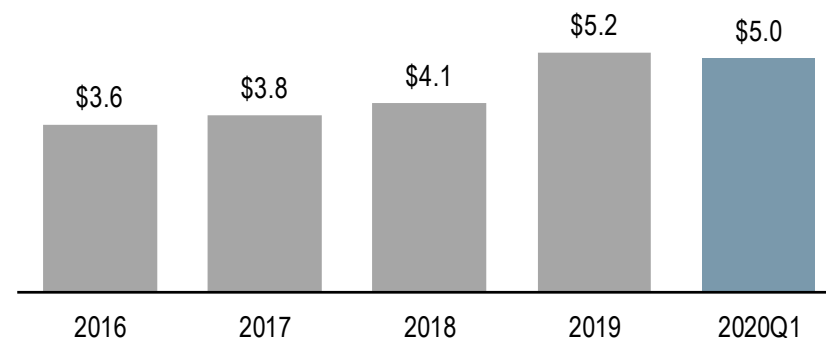
1 Leading Bank in Attractive Markets

Historical Financial Profile & Profitability

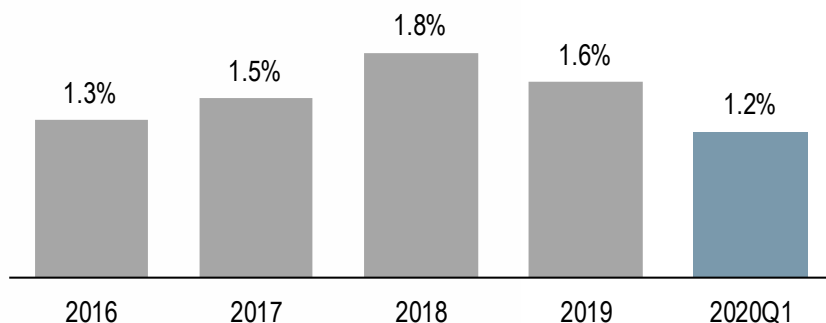
Total Assets (US\$ Billions)



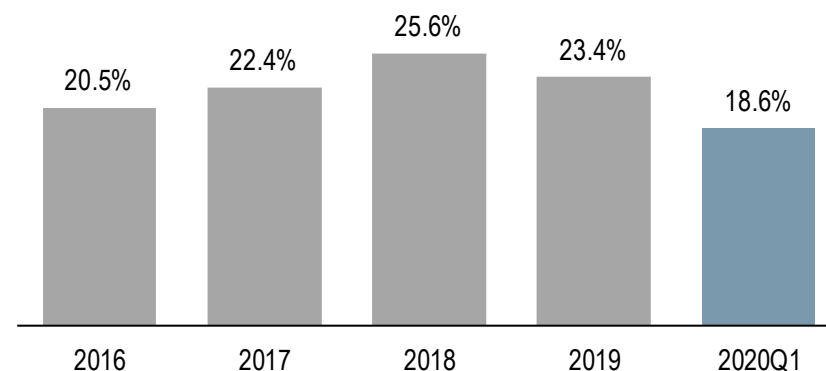
Gross Loans (US\$ Billions)



Core ROAA⁽¹⁾



Core ROATCE⁽²⁾ (%)



Source: S&P Global Market Intelligence and Company documents; Financial data per GAAP

Note: See the Appendix for reconciliation of the non-GAAP measures; data annualized where applicable

(1) Core ROAA is a non-GAAP measure calculated as core net income / average assets

(2) Core ROATCE is a non-GAAP measure calculated as core net income attributable to common shareholders / average tangible common equity

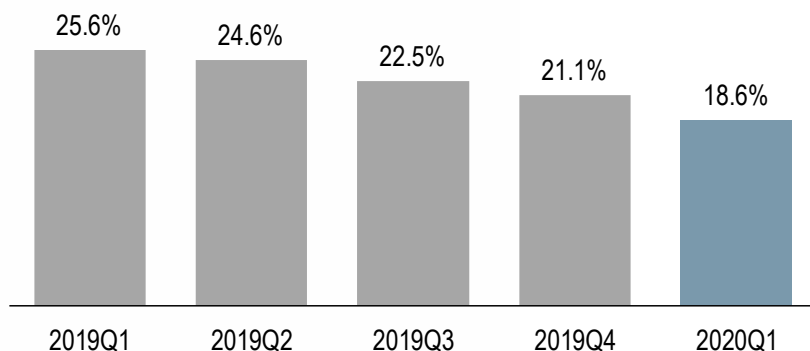
2 Strong Capital Generation and Return

- Net income of \$40.3 million, or \$0.77 per share
- Core Net Income⁽¹⁾ of \$40.8 million, or \$0.78 per share
- Return on average common equity of 16.6%; core return on average tangible common equity⁽¹⁾ of 18.6%
- Net Interest Margin of 2.63%, cost of deposits of 0.42%
- CECL adoption 2020Q1 reserve build of \$5.2 million added to the transition adjustment of \$7.8 million as of January 1, 2020
- Cash dividend of \$0.44 per common share and active share repurchases

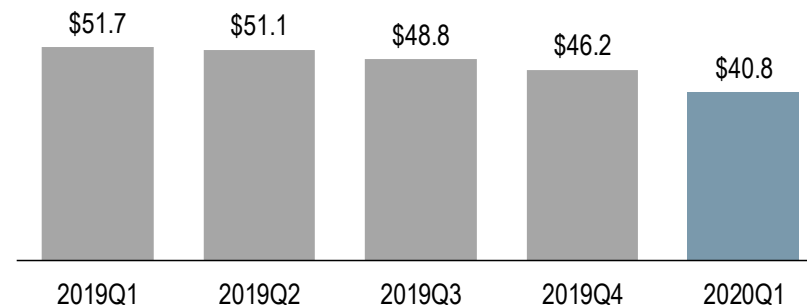
First Quarter 2020 Highlights

(US\$ Millions)	2020Q1		vs. 2019Q4		vs. 2019Q1	
			\$	%	\$	%
Net Interest Income	\$	87.6	\$	1.4	\$	(0.4)
Non-Interest Income		47.6		(2.1)		4.2
Prov. for Credit Losses		(5.2)		(4.8)		(5.2)
Non-Interest Expenses ⁽²⁾		(89.1)		2.9		(8.1)
Other Gains (Losses)		(0.6)		(0.9)		(2.3)
Net Income	\$	40.3	\$	(3.6)	\$	(11.8)
				(8.2)%		(22.7)%
Non-Core Items ⁽¹⁾		0.5		1.8		0.9
Core Net Income⁽¹⁾	\$	40.8	\$	(5.4)	\$	(11.0)
				(11.8)%		(21.2)%

Core Return on Average Tangible Common Equity⁽¹⁾



Core Net Income⁽¹⁾ (US\$ Millions)



Source: Company documents; Financial data reported per GAAP

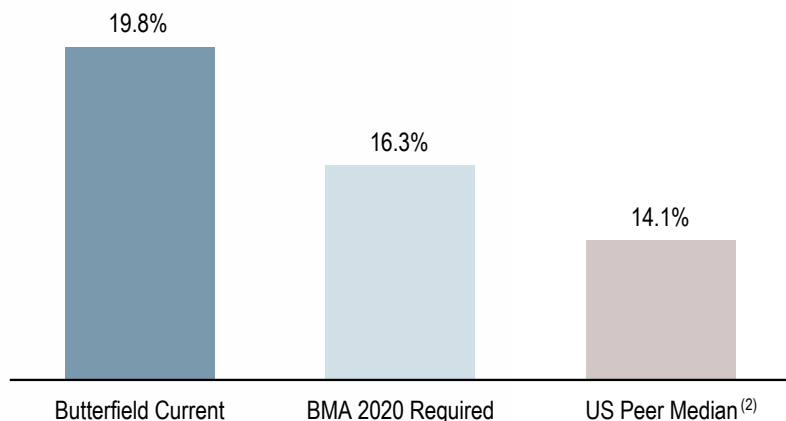
(1) See the Appendix for a reconciliation of the non-GAAP measures

(2) Includes income taxes

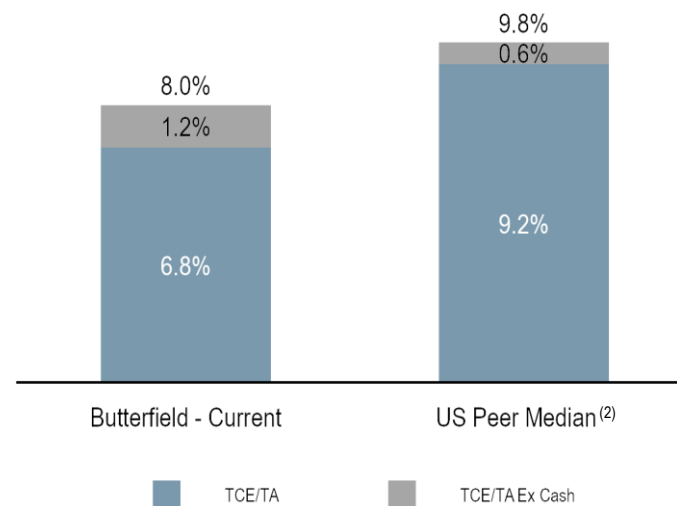
2 Strong Capital Generation and Return

History of Excess Capital Generation

Regulatory Capital (Basel III) - Total Capital Ratio⁽¹⁾



TCE / TA (%)

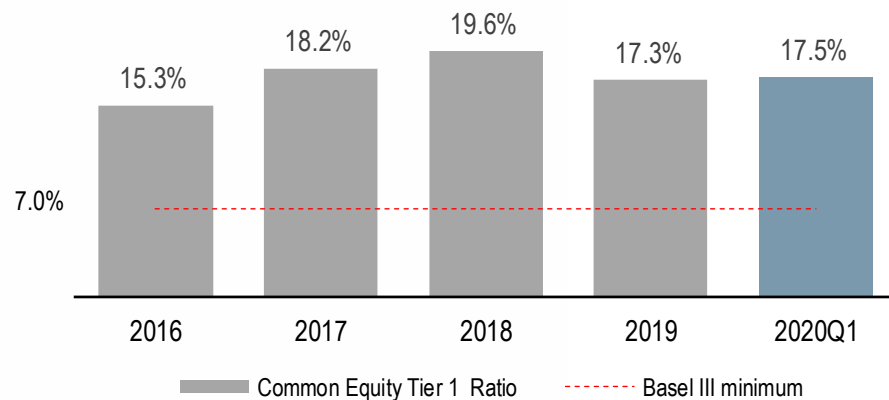


- Conservative capital ratios reflect prudent and balanced capital management and strong capital generation
- CET1 and Total Capital Ratios are well-above Basel III regulatory requirements
- TCE/TA ratio reflects the low-risk asset profile

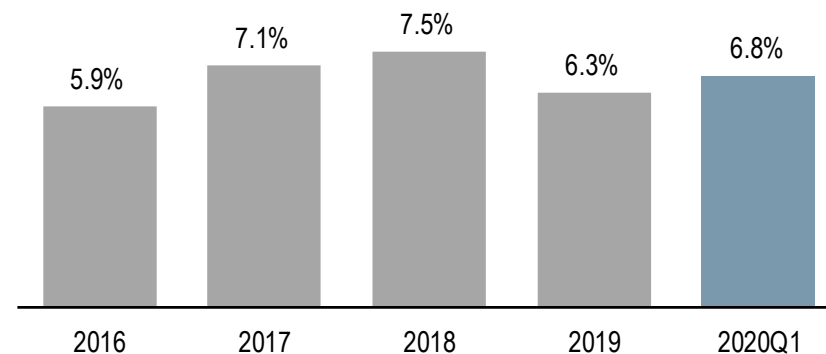
2 Strong Capital Generation and Return

Solid Capital Base

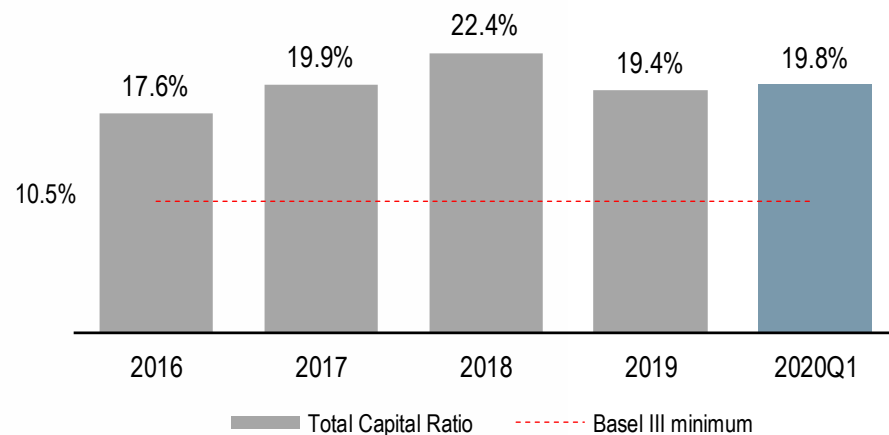
Common Equity Tier 1 Ratio



Tangible Common Equity Ratio



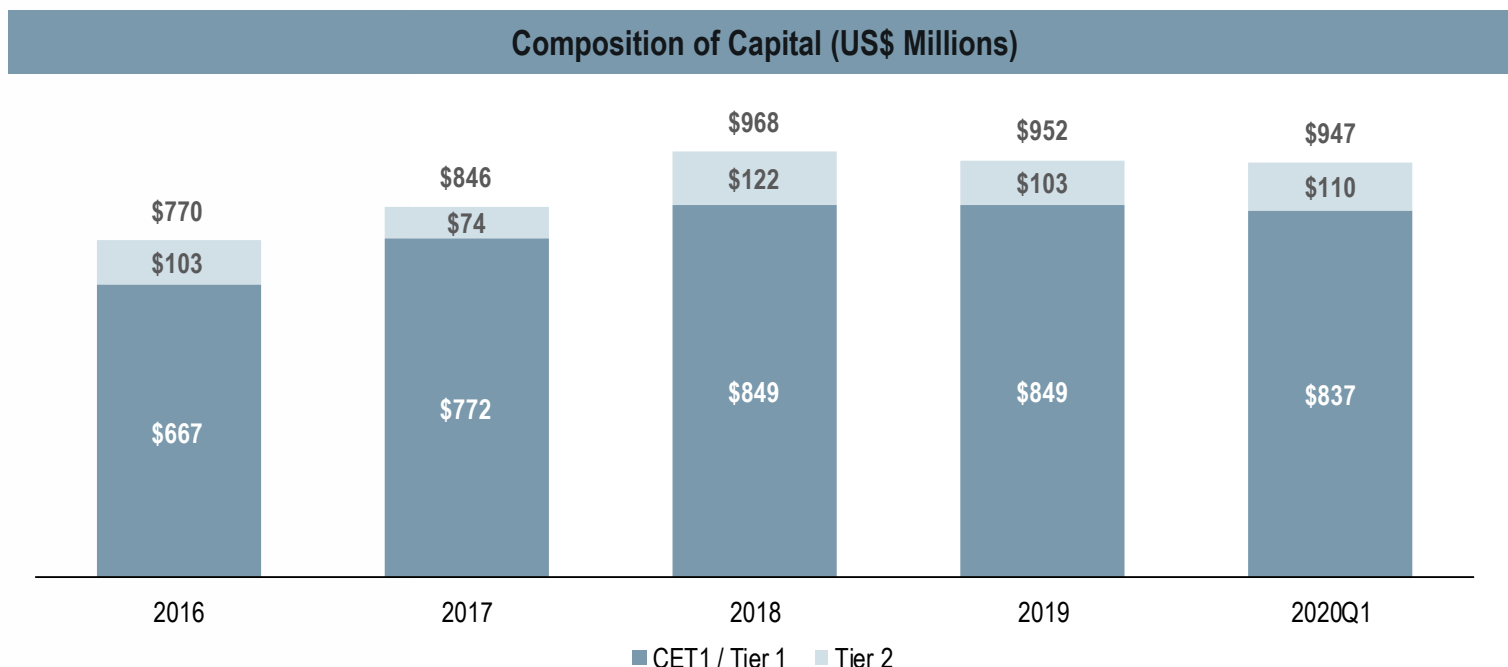
Total Capital Ratio



- Prudent capital management with significant buffer exceeding regulatory requirements
- All regulatory capital ratios above peer levels
- Low risk density of balance sheet
 - ~60% of total assets in cash and securities, mostly AAA rated
 - 36% risk weighted assets / total assets at 31 March 2020

2 Strong Capital Generation and Return

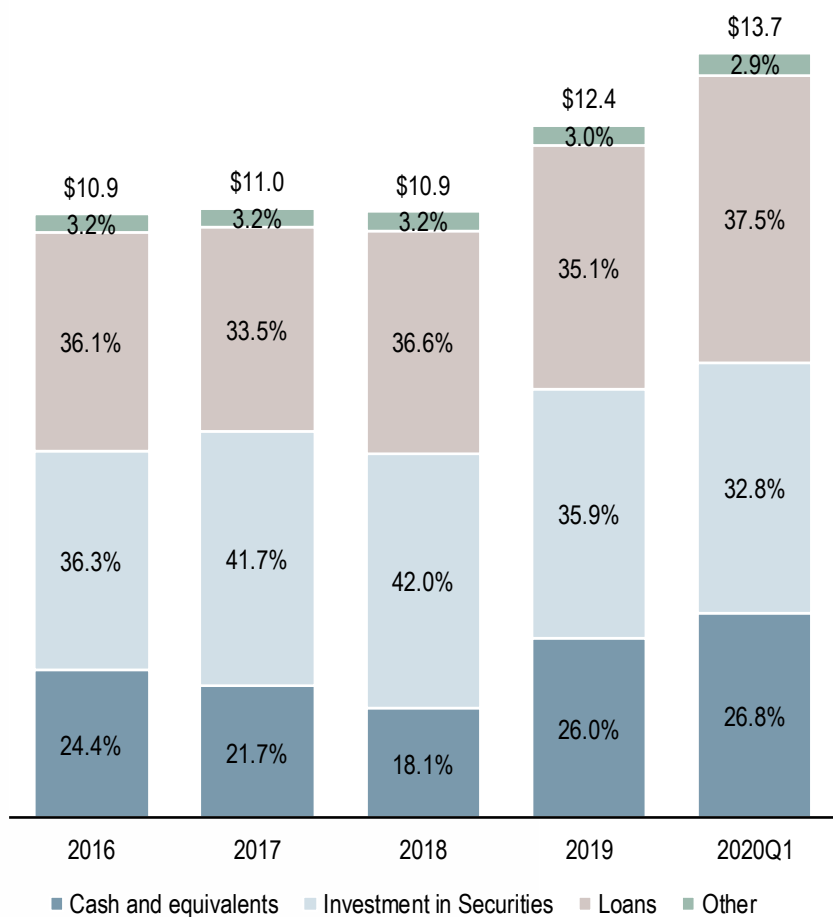
Capital Composition



Current Outstanding Subordinated Debt					
Long-term Debt	Earliest Date Redeemable at the Bank's Option	Contractual Maturity Date	Interest Rate Until Date Redeemable	Interest Rate From Earliest Date Redeemable to Contractual Maturity	Principal Outstanding (\$000s)
2005 Issuance - Series B	July 2, 2015	July 2, 2020	5.11 %	3 Month LIBOR + 1.695%	\$45,000
2008 Issuance - Series B	May 27, 2018	May 27, 2023	8.44	3 Month LIBOR + 4.929%	25,000
2018 Issuance	June 1, 2023	June 1, 2028	5.25	3 Month LIBOR + 2.255%	75,000
Total					\$145,000

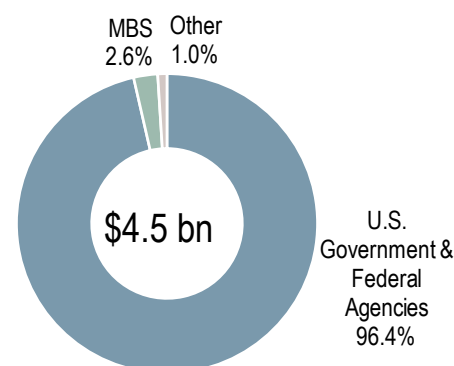
3 Efficient, Conservative Balance Sheet

Average Asset Composition
(US\$ Billions)

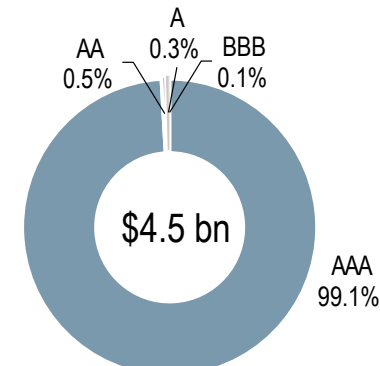


Overall Asset Mix

Investment Portfolio
Composition⁽¹⁾



Investment Portfolio
Rating Distribution⁽¹⁾

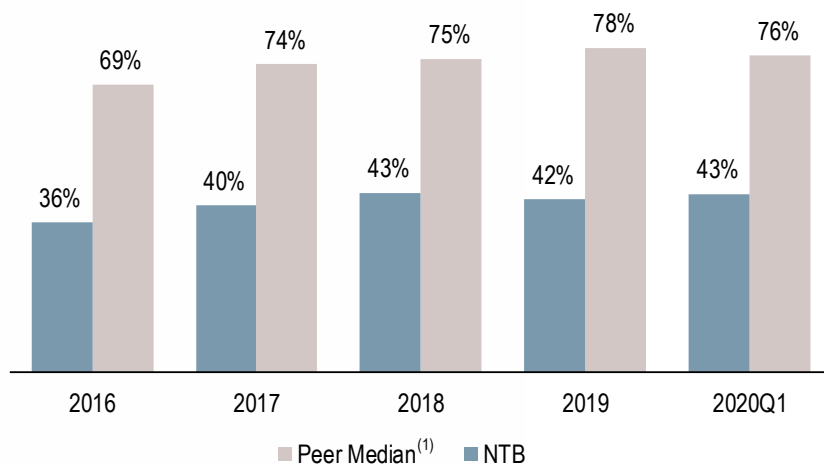


- Majority of total assets in highly liquid, AAA-rated U.S. Agency securities
- Prudently taking credit risk only in areas where we have expertise
- Large securities portfolio results from a strong and stable core deposit franchise combined with lending opportunities limited to current operating jurisdictions
- Conservative approach to asset management, with strategically low investment portfolio credit exposure

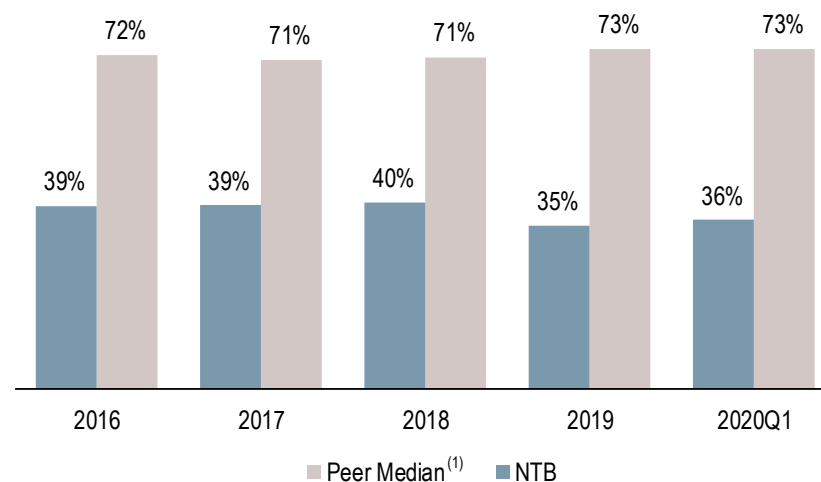
3 Efficient, Conservative Balance Sheet

Low Loans / Deposits and RWA / Assets

Gross Loans / Deposits



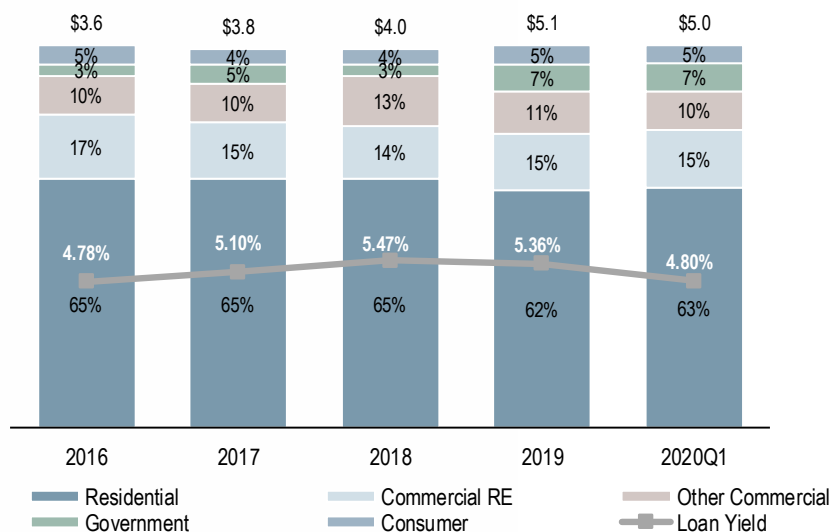
Risk-Weighted Assets / Total Assets



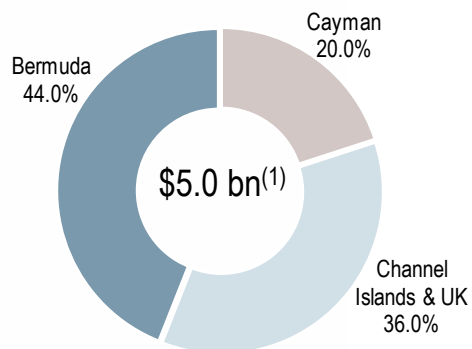
- Historically highly liquid, conservative and stable balance sheet composition
- Lower balance sheet leverage as compared to peers with significantly lower risk density
- Conservative and consistent loan underwriting

3 Efficient, Conservative Balance Sheet

Loan Portfolio by Type⁽¹⁾
(US\$ Billions)



Loan Portfolio by Geography



Stable Portfolio, Attractive Characteristics

Residential Loan Market Characteristics

Attractive Yields

- 2019 average yield of 5.18% on consumer loans, including residential mortgages

Rate Sensitivity

- 82% of loans are floating

Historically Predictable Flows

- Refinancing costs strongly disincentivize refinancing activity

Favorable Credit Risk Characteristics

- Manual review by experienced underwriters
- Historically conservative LTV's
- 75.6% of residential loans below 70% LTV in 2019
- Full recourse in Bermuda and Cayman
- Historically resilient with only 23 bps of peak loss in 2009/10 cycle

Commercial Loan Market

Favorable Credit Risk Characteristics

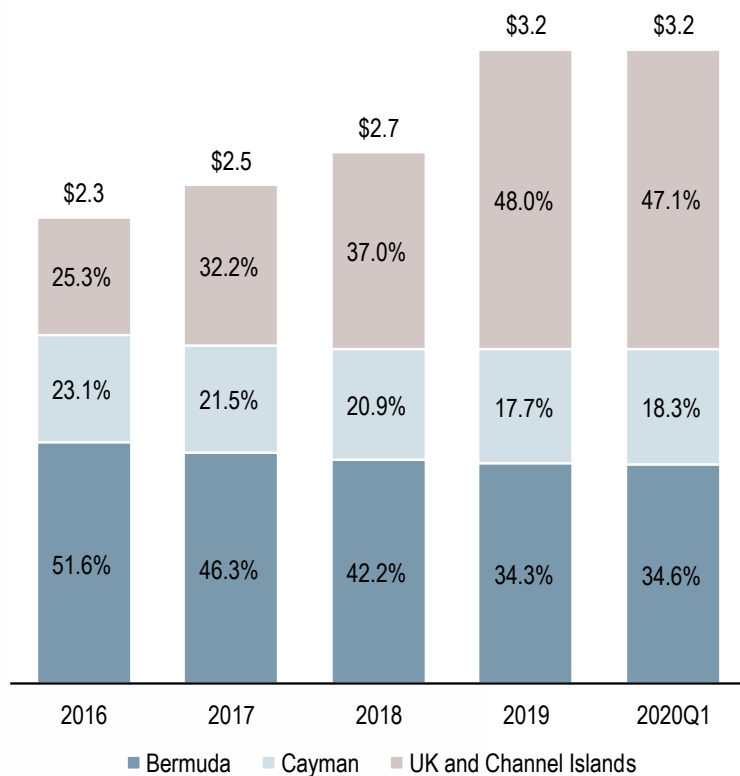
- Personal recourse on non-RE lending
- Origination standards below 65% LTV

Historically Stable Loan Structures

- Underlying collateral for the C&I loans typically include assignment of long-term leases (with WAL>7 years) in addition to the commercial property itself

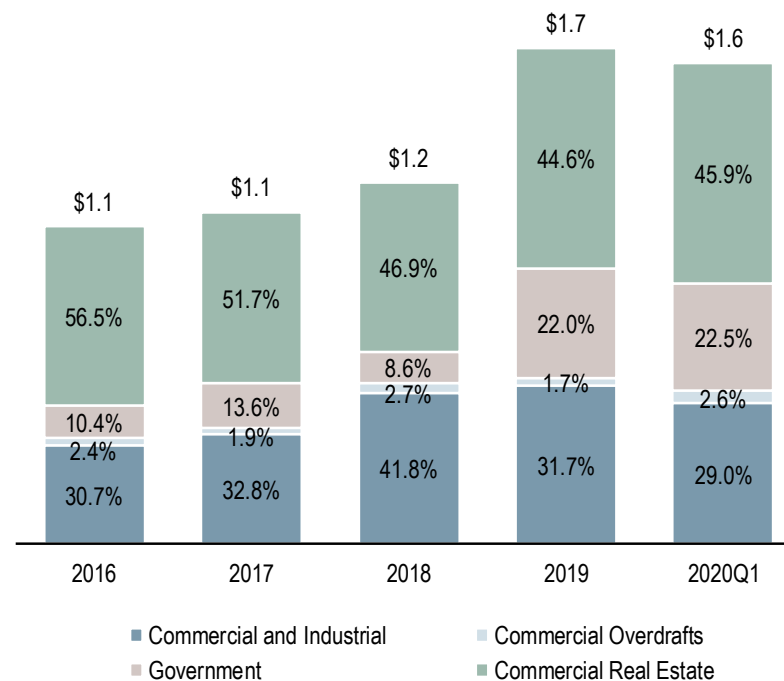
3 Efficient, Conservative Balance Sheet

Residential Mortgage Loans
(US\$ Billions)



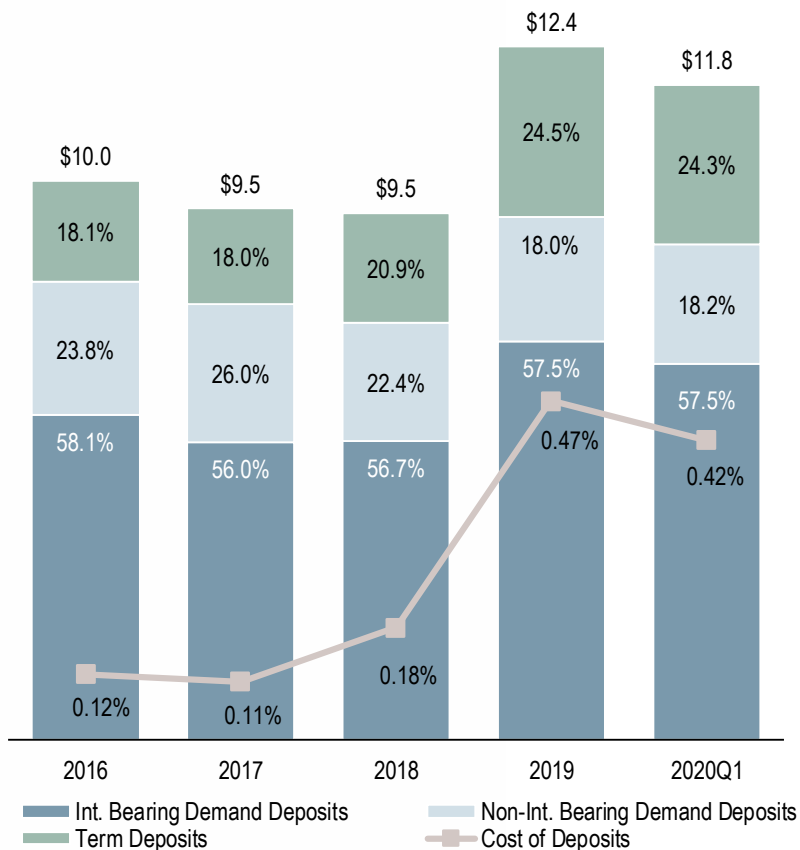
Residential & Commercial Loans

Commercial Loans
(US\$ Billions)



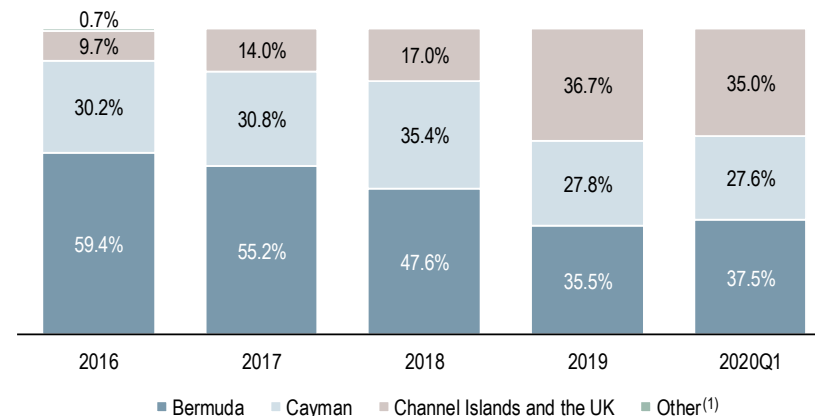
3 Efficient, Conservative Balance Sheet

Deposit Composition by Type
(US\$ Billions)

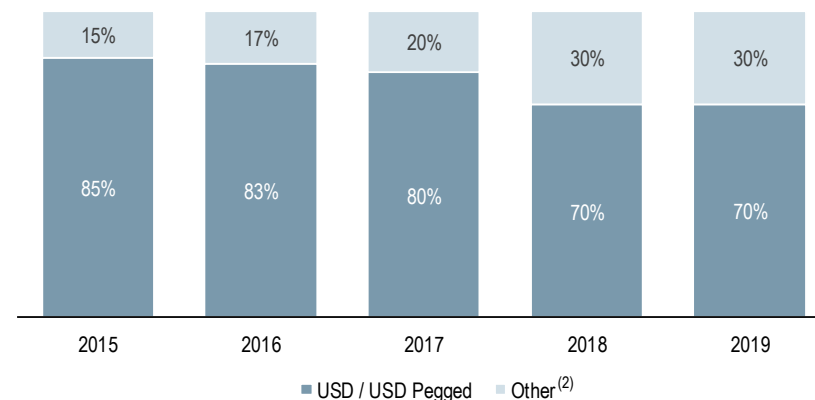


Deposit Composition

Deposit Composition by Geography (%)



Deposit Composition by Currency (%)



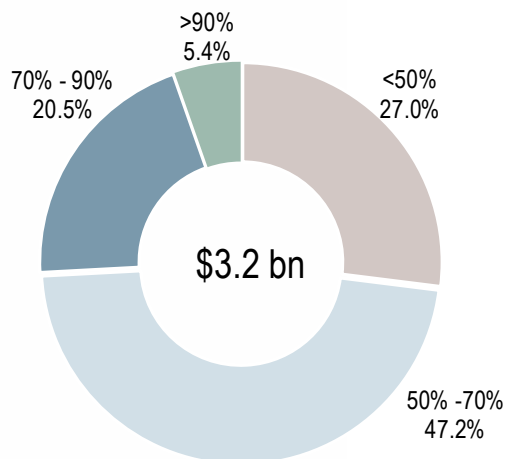
Source: S&P Global Market Intelligence and Company documents

(1) Other refers to the Company's Bahamas operations which ceased in 2017

(2) Primarily Euros and Pound Sterling (GBP)

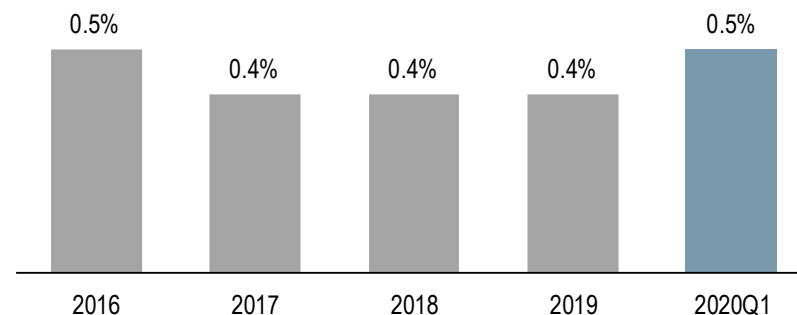
3 Efficient, Conservative Balance Sheet

Residential Loan Composition by LTV Band⁽¹⁾

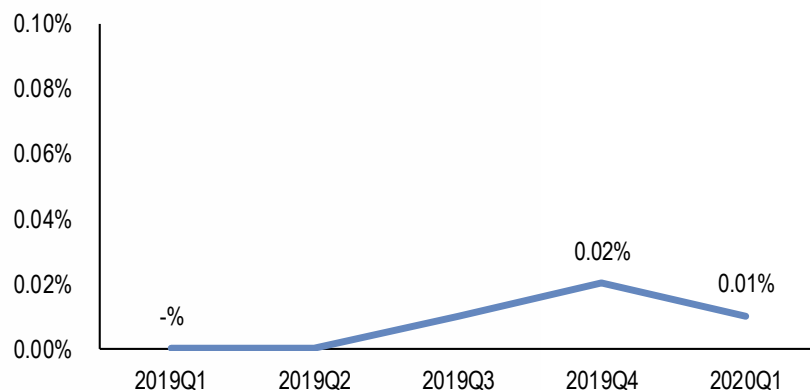


Strong Asset Quality

NPA / Assets (%)



Net Charge-Off Ratio

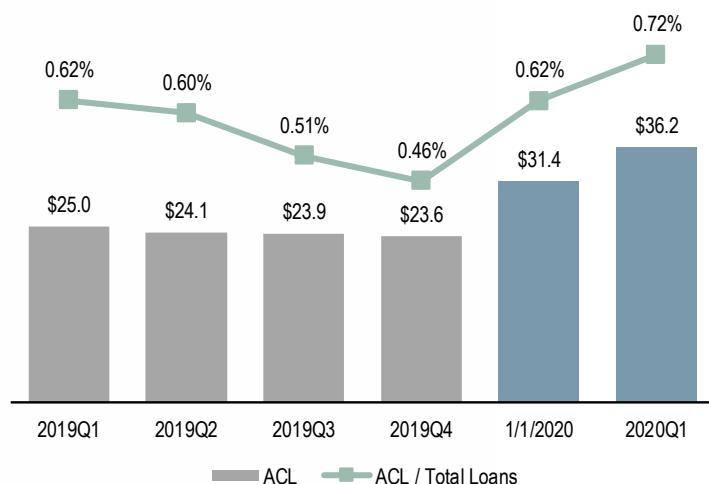


- Historically stable asset quality backed by conservative underwriting standards with deep local market expertise
- The majority of the bank's loans are residential mortgages and manually underwritten, with standardized processes to recover collateral if needed
- Approximately 75% of residential mortgages with LTVs below 70%
- Limited exposures to hotel and hospitality industries in the commercial lending book

3 Efficient, Conservative Balance Sheet

Current Expected Credit Losses (CECL)

ACL / Total Loans



ACL by Loan Type
(US\$ Millions)

	12/31/2019	1/1/2020	3/31/2020
Loans			
Commercial	\$7.3	\$11.4	\$15.5
Commercial Real Estate	1.5	2.5	2.6
Consumer	1.5	4.0	4.6
Residential Mortgage	13.3	13.5	13.5
Total	\$23.6	\$31.4	\$36.2

2020Q1 Highlights

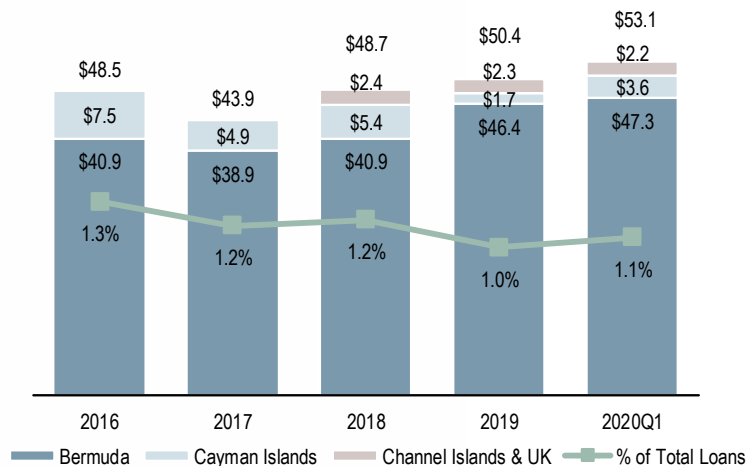
- CECL adoption impact
 - The adoption of CECL resulted in a 'Day 1' increase of \$7.8 million
 - 2020Q1 reserve build of \$5.2 million
 - Consumer and commercial lending book experienced the largest increases

CECL Assumptions

- The adoption of CECL is driving reserve build through lifetime losses, past and current conditions as well as a reasonable and supportable forecast
- The bank employs a PD/LGD approach in calculating its expected losses
 - Historical PD's are adjusted using forecasted macro-economic variables such as GDP growth and unemployment rates to reflect the forward-looking lifetime view
 - The bank uses both internal data as well as credible external data sources to derive assumptions used within the expected credit loss calculations

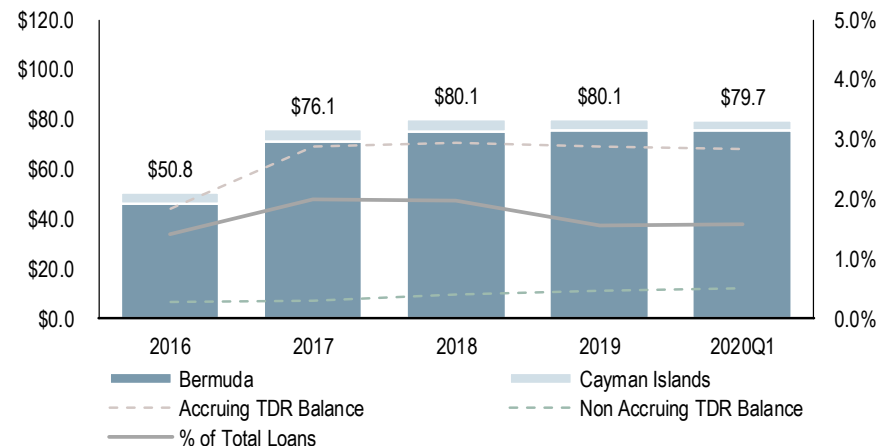
3 Efficient, Conservative Balance Sheet

Non Accrual Loans
(US\$ Millions)

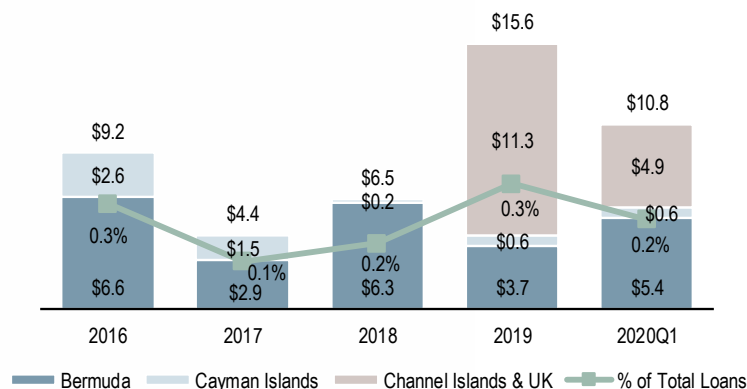


Strong Asset Quality

Group TDRs
(US\$ Millions)



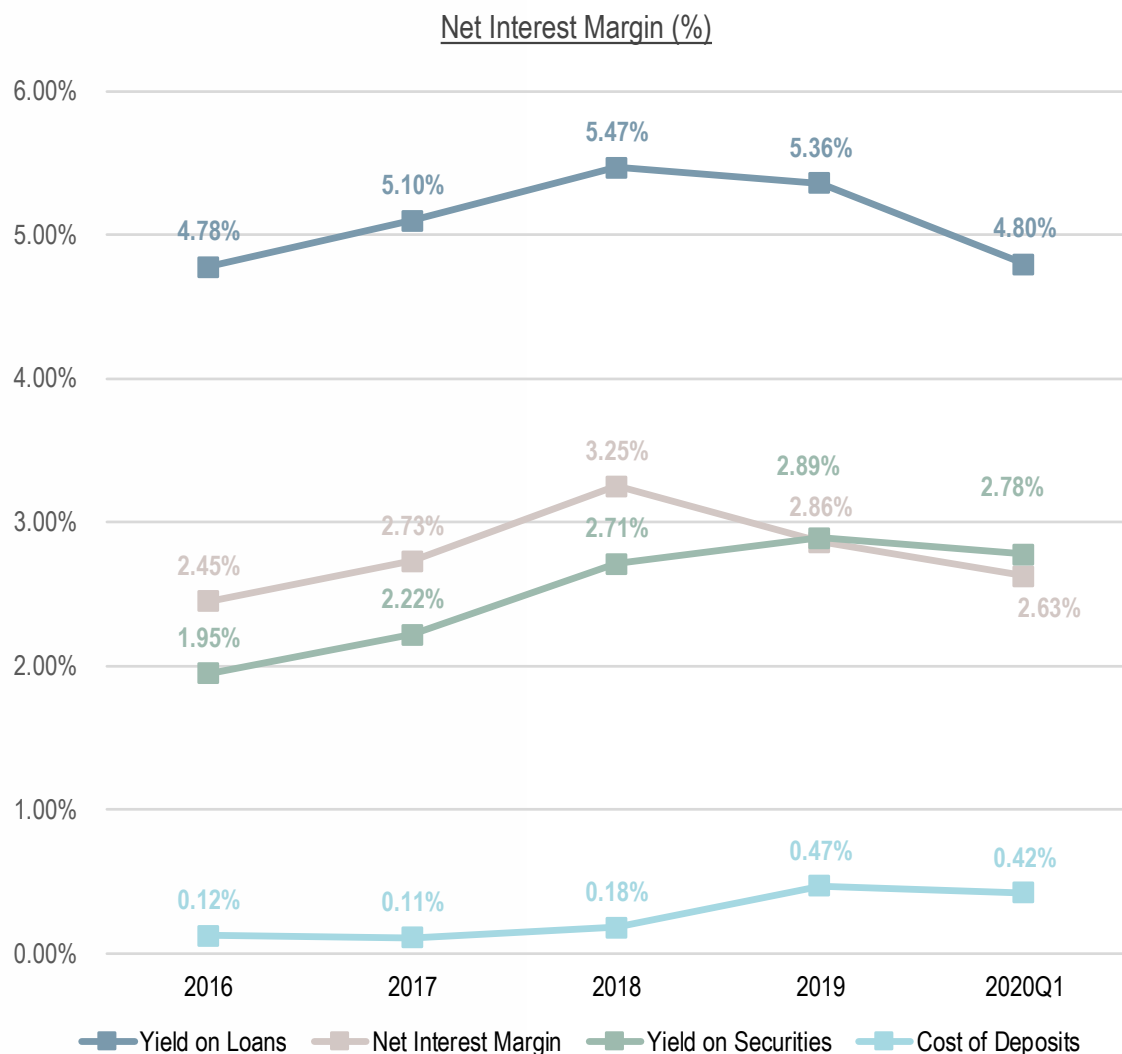
Group 90 Days Past Due and Still Accruing
(US\$ Millions)



- Historically stable asset quality backed by conservative underwriting with deep local market expertise
- The bank has implemented automatic (opt-out) mortgage payment deferrals for 90 days in response to COVID-19

4 Visible Earnings

Net Interest Margin



- Loan yield impacted by partially passing on lower market rates
- Securities yield reflective of historic deployment to protect margin in lower rate environment
- Cost of deposits repricing due to lower market rates

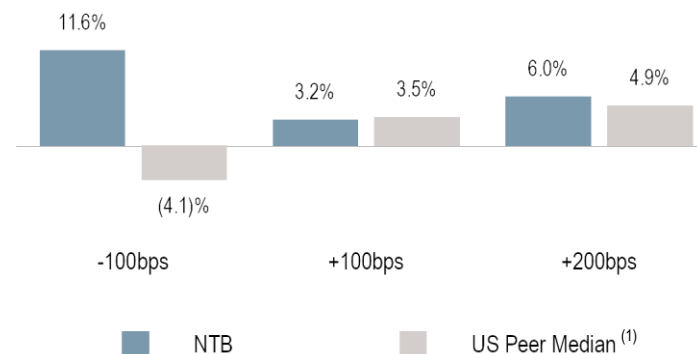
4 Visible Earnings

Interest Rate Sensitivity

Average Balance - Balance Sheet

	Average Balances (US\$ Millions)		Duration	vs. 2019Q4	Weighted Average Life
	2020Q1	vs. 2019Q4			
Cash & Reverse Repos	2,529.6	(243.9)	N/A	N/A	N/A
S/T Invest.	1,151.5	133.1	0.2	(0.1)	N/A
AFS	2,319.8	48.1	2.6	(0.2)	4.2
HTM	2,181.1	(79.6)	3.1	(0.5)	4.6
Total	8,182.0	(142.3)			

Interest Rate Sensitivity - % change in Net Interest Income



- Cash and short term investment balances expected to decline medium term as excess cash is added to AFS / HTM portfolio
- The lower US rate environment across the forward curve has significantly changed the interest rate sensitivity for the Bank
- A 100bps reduction in interest rates is expected to increase net interest income by 11.6% as a negative US interest rate environment would ultimately result in negative rates being charged on customer deposits, while fixed rate assets would continue to generate revenue

4 Visible Earnings

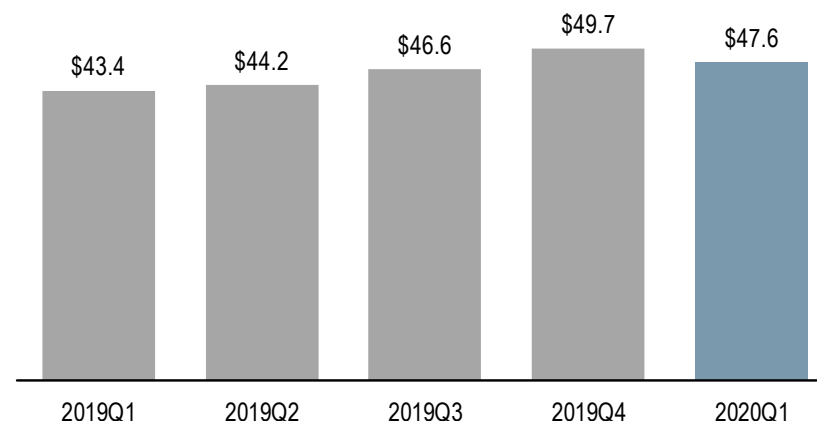
Diverse Fee Revenues

2020Q1 Non-Interest Income Mix
(US\$ Millions)

(In US\$ millions)

	2020Q1	vs. 2019Q4
Asset management	\$ 7.8	\$ 0.1
Banking	11.2	(2.8)
FX Revenue	10.8	0.9
Trust	12.2	(0.8)
Custody and Other	3.6	0.1
Other	2.0	0.3
Total Non-Interest Income	\$ 47.6	\$ (2.1)

Non-Interest Income Trend
(US\$ Millions)



- Non-interest income down 4.3% sequentially and up 9.7% compared to the first quarter of 2019
- Card services fee income (included in Banking non-interest income) was adversely impacted by lower sales volume in March 2020, due to COVID-19 related economic slowdown as well as seasonally lower first quarter card fees
- Fee income ratio of 36.6% in the first quarter of 2020 remains higher than the peer average⁽¹⁾
- Recently completed acquisition of ABN AMRO (Channel Islands) will further enhance our fee income

4 Visible Earnings

Non-interest Expense

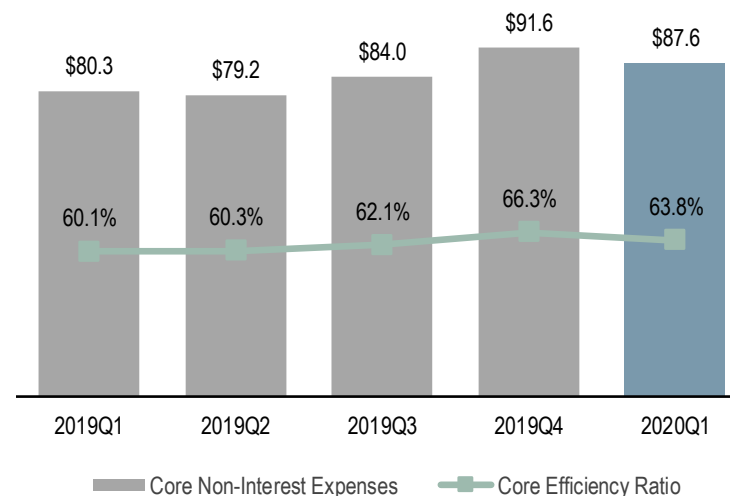
Core Non-Interest Expenses*

(In US\$ millions)

vs. 2019Q4

	2020Q1		\$	%
Salaries & Benefits ⁽¹⁾	\$ 44.1	\$	(2.5)	(5.4)%
Technology & Comm.	16.4		(0.1)	(0.6)%
Property	7.3		0.3	3.6%
Professional & O/S Services	5.8		(0.7)	(11.3)%
Indirect Taxes	5.5		0.2	4.2%
Intangible Amortization	1.4		(0.1)	(1.0)%
Marketing	1.6		(1.5)	(49.9)%
Other	5.5		0.4	9.8%
Total Core Non-Interest Expenses⁽²⁾	\$ 87.6	\$	(4.0)	(4.3)%
Non-Core Expenses*	0.5		(1.8)	79.1%
Non-Interest Expenses	\$ 88.1	\$	(5.8)	(6.2)%

Core Non-Interest Expense Trend⁽¹⁾
(US\$ Millions)



- 2020Q1 core cost / income ratio⁽²⁾ of 63.8% is above through cycle target but lower than the 66.3% in the prior quarter
- 2020Q1 core expenses returned to expected range due to:
 - Completed headcount reductions in Channel Islands
 - Lower marketing expenses following re-sequencing new brand rollout and reduced travel expenses and client event costs

5 Experienced Team with Deep Market Knowledge

Leadership Team

	Title	Age	Experience	Year Joined
Michael Collins	<i>Chairman & Group Chief Executive Officer</i>	57	30+	2009
Michael Schrum	<i>Group Chief Financial Officer</i>	51	20+	2015
Elizabeth Bauman	<i>Group Head of Human Resources</i>	60	25+	2015
Andrew Burns	<i>Group Head of Internal Audit</i>	41	17+	2007
Siân Dalrymple	<i>Group Head of Compliance</i>	56	25+	2017
Mike McWatt	<i>Managing Director, Cayman</i>	54	25+	1999
Shaun Morris	<i>General Counsel & Group Chief Legal Officer</i>	60	30+	2012
Michael Neff	<i>Managing Director, Bermuda</i>	56	30+	2011
Richard Saunders	<i>Managing Director, Channel Islands</i>	50	20+	2000

Interest Coverage Ratio

(dollars in millions)	For the Twelve Months Ended					Three Months Ended	
	12/31/16	12/31/17	12/31/18	12/31/19	PF for \$100mm Sub Debt Raise & \$70mm Repayment 12/31/19	3/31/20	PF for \$100mm Sub Debt Raise & \$70mm Repayment 3/31/20 PF
Interest Coverage							
Earnings:							
Income From Continuing Operations Before Taxes	\$116.7	\$154.3	\$196.5	\$175.7	\$174.6	\$41.3	\$41.0
(+) Interest Expense: Debt	4.6	5.0	7.0	7.9	9.0 ⁽¹⁾	1.9 ⁽¹⁾	2.1
Earnings (Before Corporate Debt Interest)	\$121.2	\$159.3	\$203.5	\$183.6	\$183.6	\$43.2	\$43.2
(+) Interest Expense: Deposit	11.8	10.9	17.6	51.5	51.5	12.9	12.9
Earnings (Before Corporate Debt & Deposit Interest)	133.1	170.2	221.1	235.1	235.1	56.1	56.1
Interest Expense:							
Interest Expense: Debt	4.6	5.0	7.0	7.9	9.0 ⁽¹⁾	1.9 ⁽¹⁾	2.1
Preferred Dividends	14.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest Expense, Excluding Interest on Deposits	18.5	5.0	7.0	7.9	9.0	1.9	2.1
Interest on Deposits	11.8	10.9	17.6	51.5	51.5	12.9	12.9
Interest Expense, Including Interest on Deposits	30.4	15.9	24.6	59.4	60.5	14.8	15.1
Interest Coverage (Excluding Deposit Interest Expense) - A / C	6.5x	32.2x	29.1x	23.3x	20.4x	23.1x	20.2x
Interest Coverage (Including Deposit Interest Expense) - B / D	4.4x	10.7x	9.0x	4.0x	3.9x	3.8x	3.7x

Source: Company documents; Financial data reported per GAAP

Note: Inconsistencies in calculations due to rounding

(1) Interest expense pro forma for 5.500% coupon on \$100mm sub debt raise less repayment of already existing tranches of sub debt (\$45mm @ 5.11% and \$25mm @ 8.44%)

Appendix

Appendix

Consolidated Financial Highlights

(\$mm except per share data)	Year Ended December 31,					Quarter Ended,
	2015	2016	2017	2018	2019	3/31/20
Summary Balance Sheet:						
Total Assets	\$10,276	\$11,104	\$10,779	\$10,773	\$13,922	\$13,197
Gross Loans	4,049	3,615	3,812	4,069	5,166	5,037
Deposits ⁽¹⁾	9,182	10,034	9,536	9,452	12,442	11,753
Gross Loans / Deposits	44.2%	36.1%	40.0%	43.2%	41.6%	42.9%
Profitability:						
Return on Average Assets	0.8%	1.1%	1.4%	1.8%	1.4%	1.2%
Return on Average Equity	10.1%	8.9%	19.9%	23.1%	19.1%	16.6%
Net Interest Margin (FTE)	2.48%	2.45%	2.73%	3.25%	2.86%	2.63%
Efficiency Ratio	74.0%	69.3%	66.2%	61.8%	66.4%	64.1%
Non-interest Income / Net Revenue ⁽²⁾	37.5%	36.7%	34.8%	32.5%	34.7%	36.6%
Net Income	\$78	\$116	\$153	\$195	\$177	\$40
Diluted EPS	\$1.23	\$1.18	\$2.76	\$3.50	\$3.30	\$0.77
Asset Quality:						
Reserves / Total Loans	1.22%	1.22%	0.93%	0.62%	0.46%	0.72%
NPLs / Total Loans	2.00%	1.60%	1.30%	1.40%	1.30%	1.27%
NCOs / Avg. Loans	0.20%	0.30%	0.08%	0.08%	0.03%	0.01%
Capital Ratios:						
CET1 Ratio	12.0% ⁽³⁾	15.3%	18.2%	19.6%	17.3%	17.5%
Leverage Ratio	6.4% ⁽³⁾	5.8%	6.9%	7.6%	5.9%	6.1%
Tier 1 Capital Ratio	16.2% ⁽³⁾	15.3%	18.2%	19.6%	17.3%	17.5%
Total Capital Ratio	19.0% ⁽³⁾	17.6%	19.9%	22.4%	19.4%	19.8%

Source: S&P Global Market Intelligence and Company documents; Financial data reported per GAAP

Note: Inconsistencies in calculations due to rounding

(1) Includes customer and bank deposits

(2) The ratio is calculated as non-interest income / (non-interest income plus net interest income after provisions for credit losses)

(3) All 2015 capital ratios were calculated under Basel II as per 20-F

Appendix

Non-GAAP Financial Reconciliation

(in millions of US Dollars, unless otherwise indicated)

(in millions of US Dollars, unless otherwise indicated)		2020	2019						
		Q1	Q4		Q3		Q2		Q1
Net income	A	\$ 40.3	\$ 43.9	\$ 42.4	\$ 38.6	\$ 52.1			
Non-core (gains), losses and expenses									
Non-core (gains) losses									
Gain on disposal of a pass-through note investment (formerly a SIV)		—	—	—	—	(1.0)			
Total non-core (gains) losses	B	\$ —	\$ —	\$ —	\$ —	(1.0)			
Non-core expenses									
Early retirement program, redundancies and other non-core compensation costs		0.4	2.2	2.8	11.3	—			
Business acquisition costs		0.1	0.1	3.6	1.2	0.6			
Total non-core expenses	C	\$ 0.5	\$ 2.3	\$ 6.4	\$ 12.5	0.6			
Total non-core (gains), losses and expenses	D=B+C	0.5	2.3	6.4	12.5	(0.4)			
Core net income to common shareholders	E=A+D	\$ 40.8	\$ 46.2	\$ 48.8	\$ 51.1	51.7			
Average shareholders' equity		973.3	964.8	948.4	905.7	893.4			
Average common equity	F	973.3	964.8	948.4	905.7	893.4			
Less: average goodwill and intangible assets		(94.2)	(95.3)	(87.1)	(73.0)	(74.9)			
Average tangible common equity	G	879.1	869.5	861.3	832.7	818.5			
Return on equity	A/F	16.6%	18.0%	17.8%	17.1%	23.7%			
Core return on average tangible common equity	E/G	18.6%	21.1%	22.5%	24.6%	25.6%			
Core earnings per common share fully diluted									
Adjusted weighted average number of diluted common shares (in thousands)	H	52.4	53.3	53.6	53.5	54.2			
Earnings per common share fully diluted	A/H	0.77	0.82	0.79	0.72	0.96			
Non-core items per share	D/H	0.01	0.05	0.12	0.23	(0.01)			
Core earnings per common share fully diluted	E/H	0.78	0.87	0.91	0.95	0.95			
Core return on average tangible assets									
Total average assets	I	\$ 13,761.4	\$ 13,814.7	\$ 13,519.2	\$ 11,294.3	\$ 11,177.1			
Less: average goodwill and intangible assets		(94.2)	(95.3)	(87.1)	(73.0)	(74.9)			
Average tangible assets	J	\$ 13,667.2	\$ 13,719.4	\$ 13,432.1	\$ 11,221.3	\$ 11,102.2			
Return on average assets	A/I	1.2%	1.3%	1.2%	1.4%	1.9%			
Core return on average tangible assets	E/J	1.2%	1.3%	1.4%	1.8%	1.9%			

Appendix

Non-GAAP Financial Reconciliation (cont'd)

(in millions of US Dollars, unless otherwise indicated)

		2020	2019				
		Q1	Q4	Q3	Q2	Q1	
Tangible equity to tangible assets							
Shareholders' equity	K	\$ 980.5	\$ 963.7	\$ 964.6	\$ 928.7	\$ 896.2	
Less: goodwill and intangible assets		(91.2)	(96.5)	(93.4)	(72.2)	(74.1)	
Tangible common equity	L	889.3	867.2	871.2	856.5	822.1	
Total assets	M	13,197.4	13,921.6	14,216.3	11,229.0	11,643.1	
Less: goodwill and intangible assets		(91.2)	(96.5)	(93.4)	(72.2)	(74.1)	
Tangible assets	N	\$ 13,106.2	\$ 13,825.1	\$ 14,122.9	\$ 11,156.8	\$ 11,569.0	
Tangible common equity to tangible assets	L/N	6.8%	6.3%	6.2%	7.7%	7.1%	
Tangible book value per share							
Basic participating shares outstanding (in millions)	O	51.4	52.4	53.2	53.0	53.3	
Tangible book value per common share	L/O	17.3	16.6	16.4	16.2	15.4	
Efficiency ratio							
Non-interest expenses		\$ 88.1	\$ 93.9	\$ 90.4	\$ 91.7	\$ 80.9	
Less: Amortization of intangibles		(1.4)	(1.5)	(1.5)	(1.2)	(1.3)	
Non-interest expenses before amortization of intangibles	P	86.7	92.4	88.9	90.5	79.6	
Non-interest income		47.6	49.7	46.6	44.2	43.4	
Net interest income before provision for credit losses		87.6	86.2	86.3	85.2	88.0	
Net revenue before provision for credit losses and other gains/losses	Q	\$ 135.2	\$ 136.0	\$ 133.0	\$ 129.4	\$ 131.4	
Efficiency ratio	P/Q	64.1%	68.0%	66.9%	70.0%	60.6%	
Core efficiency ratio							
Non-interest expenses		\$ 88.1	\$ 93.9	\$ 90.4	\$ 91.7	\$ 80.9	
Less: non-core expenses	(C)	(0.5)	(2.3)	(6.4)	(12.5)	(0.6)	
Less: amortization of intangibles		(1.4)	(1.5)	(1.5)	(1.2)	(1.3)	
Core non-interest expenses before amortization of intangibles	R	86.2	90.1	82.5	78.0	79.0	
Net revenue before provision for credit losses and other gains/losses	S	135.2	136.0	133.0	129.4	131.4	
Core efficiency ratio	R/S	63.8%	66.3%	62.1%	60.3%	60.1%	

Appendix

Commentary on Factors Influencing Covid-19 Implications

The short- and medium/long-term implications of the pandemic on our business, financial condition, liquidity and results of operations will depend on factors such as, but not limited to the following:

- The duration and scope of the pandemic and related economic fallout
- The pace and magnitude of the economic recovery in the jurisdictions in which we operate
- The interest rate environment
- The time it takes for tourism in Bermuda and Cayman to recover
- Increased unemployment and decreased business in the jurisdictions in which we operate
- An increase in defaults on our residential mortgage loans
- Ratings downgrades, credit deterioration and defaults in many industries, including the hotel/restaurants/hospitality sector and commercial real estate
- An increase in exposure to sovereign risk in our jurisdictions, such as downgrades in sovereign credit ratings or defaults on government debt
- A decrease in the rates and yields on US Government guaranteed securities, which may lead to a decrease in the quality of our investment portfolio
- Significant draws in credit lines, as customers and clients seek to increase liquidity
- Volatility of market conditions and increased demands on capital and liquidity, leading the Bank to cease repurchases of its common shares
- A reduction in the value of the assets under administration for the trust and custody businesses, which may affect related fee income and/or demand for these services
- Heightened cybersecurity, data privacy, information security and operational risks as a result of remote working arrangements implemented for staff
- Actions that have been, or may be taken in the future, by governmental authorities in response to the pandemic, such as a suspension of mortgage and other loan payments and foreclosures
- Heightened risk of litigation and governmental and regulatory scrutiny as a result of the effects of COVID-19 on market and economic conditions and actions governmental authorities take in response to those conditions

Appendix

Peer Group

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

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