

First Quarter 2019 Earnings Presentation
The Bank of N.T. Butterfield & Son Limited
April 25, 2019



Forward-Looking Statements

Forward-Looking Statements:

Certain of the statements made in this presentation 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 proposed acquisition of ABN AMRO (Channel Islands) Limited) or realization of the anticipated benefits of such acquisitions, 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>. We have no obligation and do 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.

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

Dan Frumkin

Chief Operating Officer

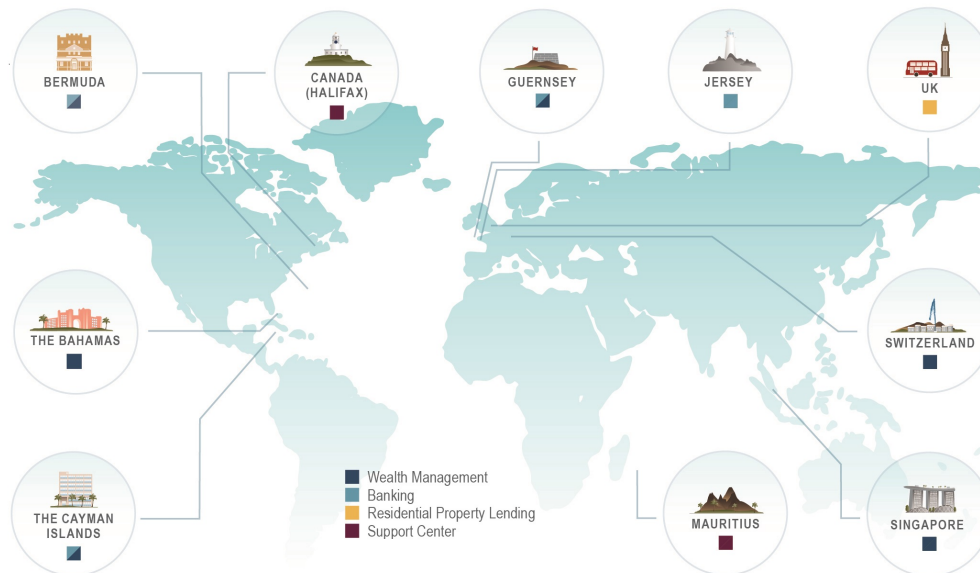
Agenda

- Overview
- Financials
- Acquisition Overview
- 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

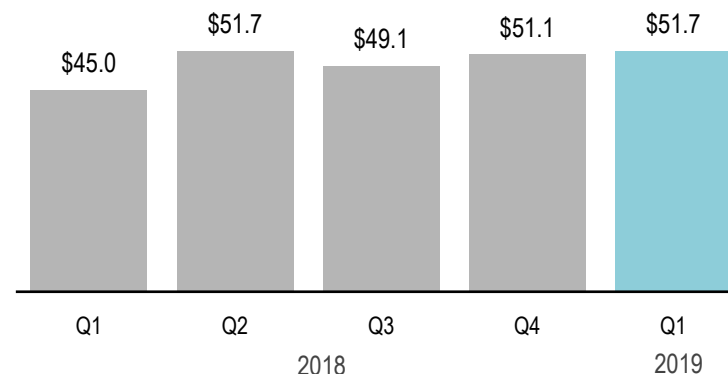


First Quarter 2019 Highlights

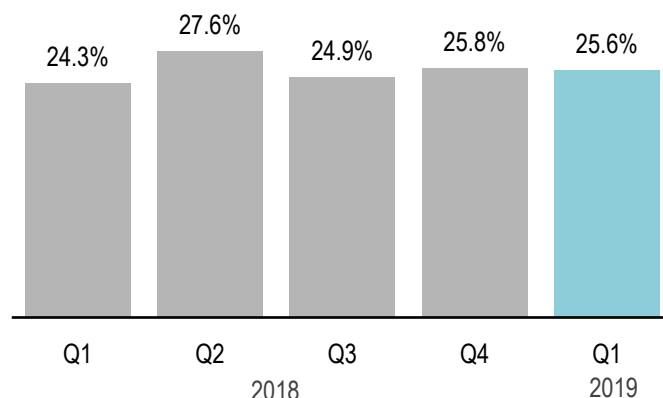
- Net income of \$52.1 million, or \$0.96 per share
- Core Net Income** of \$51.7 million, or \$0.95 per share
- Return on average common equity of 23.7%; core return on average tangible common equity** of 25.6%
- Net Interest Margin of 3.31%, cost of deposits of 0.38%
- Core efficiency ratio of 60.1%**
- Quarterly common share dividend of \$0.44 per share and active share repurchases
- Completed onboarding of clients and employees from Deutsche Bank transaction
- Announced agreement to acquire ABN AMRO (Channel Islands) Limited from the ABN AMRO Group***

Core Net Income**

(In US\$ millions)



Core Return on Average Tangible Common Equity**



(In US\$ millions)

	Q1 2019	vs. Q4 2018		vs. Q1 2018	
		\$	%	\$	%
Net Interest Income	\$ 88.0	\$ 0.6		\$ 8.1	
Non-Interest Income	43.4	(2.3)		3.6	
Prov. for Credit Losses	—	(1.7)		(1.9)	
Non-Interest Expenses*	(81.0)	2.6		(3.3)	
Other Gains (Losses)	1.8	2.0		1.4	
Net Income	\$ 52.1	\$ 1.2	2.4%	\$ 7.9	17.9 %
Non-Core Items**	(0.4)	(0.6)		(1.2)	
Core Net Income**	\$ 51.7	\$ 0.6	1.1%	\$ 6.7	14.8 %

* Includes income taxes

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

*** Announced subsequent to 1Q19 on April 25, 2019

Financials



Income Statement

Net Interest Income

Net Interest Margin & Yields

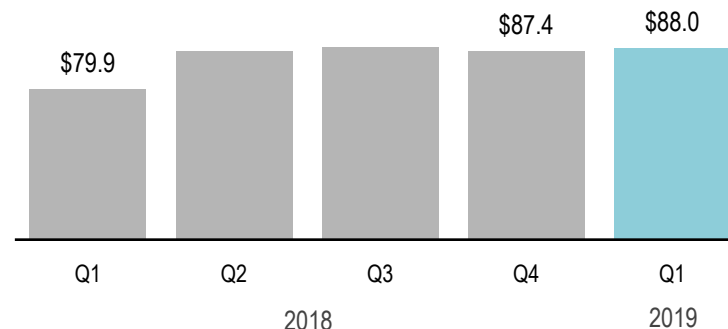
(In US\$ millions)

	Q1 2019		vs. Q4 2018	
	Avg. Balance	Yield	Avg. Balance	Yield
Cash, S/T Inv. & Repos	\$ 2,441.2	1.65 %	\$ 721.9	0.25 %
Investments	4,295.6	3.07 %	(119.5)	0.20 %
Loans (net)	4,055.0	5.67 %	(58.9)	0.11 %
Interest Earning Assets	10,791.8	3.73 %	543.5	
Total Liabilities	10,207.2	(0.44)%	627.0	(0.10)%
Net Interest Margin		3.31 %		(0.07)%

Net Interest Income before Provision for Credit Losses -

Trend

(In US\$ millions)

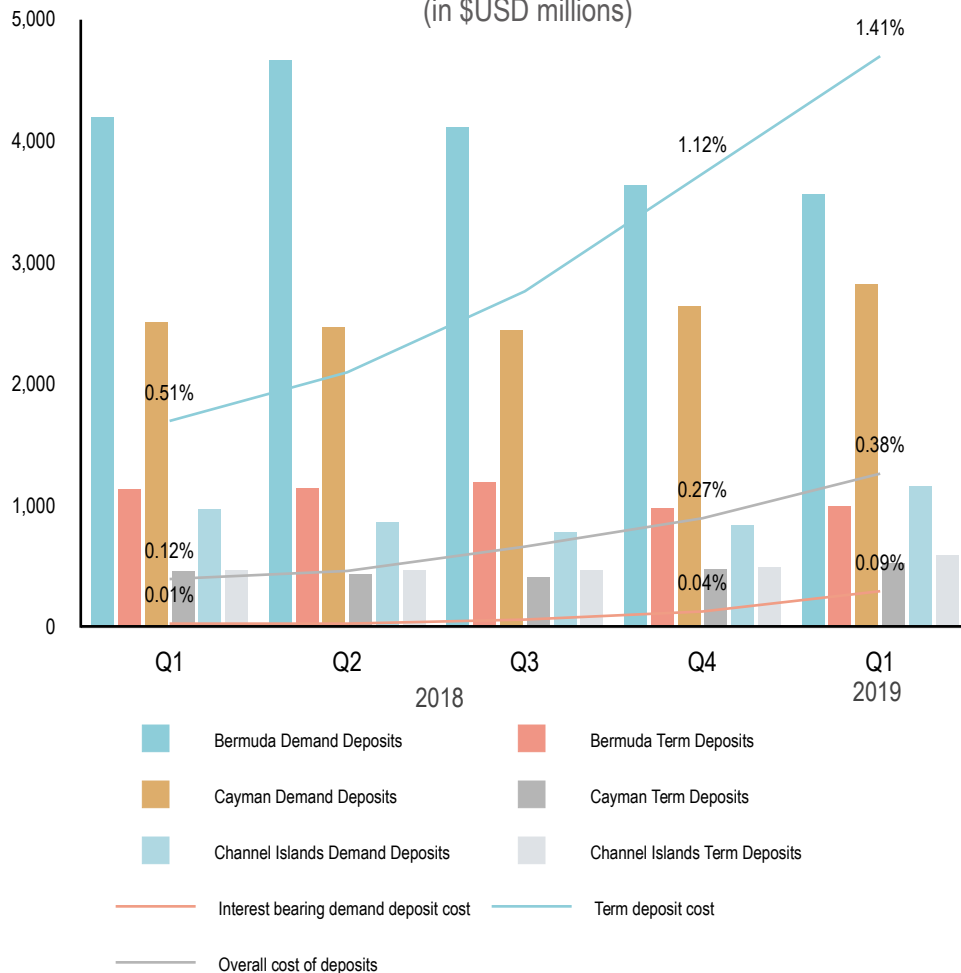


- Yields on investments of 3.07% were up 20 bps compared to the previous quarter and up 53 bps from 2.54% in the first quarter of 2018 as we continued to reinvest in higher yielding securities
- Loan yields increased 11 bps to 5.67%, due to repricing, compared to the prior quarter and increased 36 bps compared to the first quarter of 2018
- Net interest income was up 1.0% compared to the fourth quarter of 2018 and up 10.1% compared to the first quarter of 2018
- Net interest margin (NIM) decreased 7 bps from the previous quarter and up 26 bps from the first quarter of 2018, due to:
 - Late quarter transitory deposit inflow placed in cash and short term investments
 - Flattening US Dollar yield curve
 - Non-US Dollar currency mix and short behavioral duration of onboarded Deutsche Bank customer balances

Customer Deposits

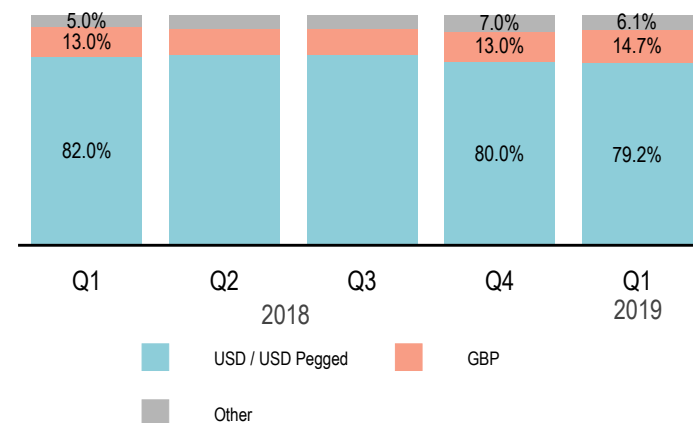
Average Deposit Volume and Cost of Deposits

(in \$USD millions)

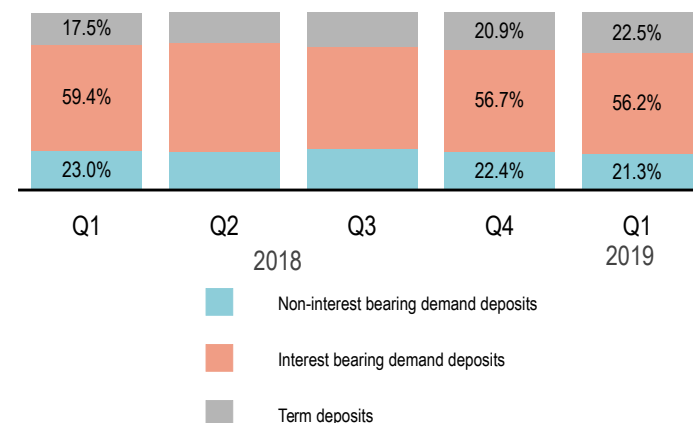


Deposit Composition

By Currency



By Type



Income Statement

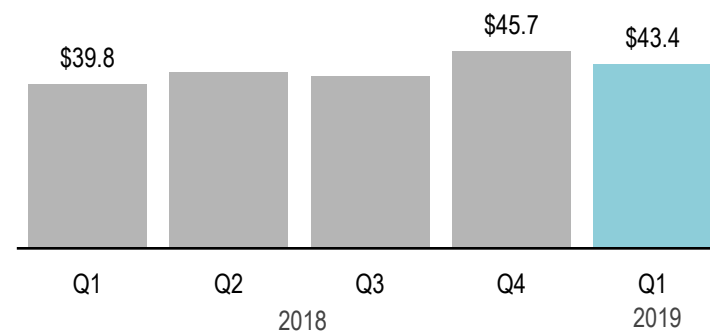
Non-Interest Income

(In US\$ millions)

	Q1 2019	vs. Q4 2018
Asset management	\$ 6.7	\$ 0.2
Banking	11.2	(1.7)
FX Revenue	8.8	0.2
Trust	12.6	(1.2)
Custody and Other	2.7	0.3
Other	1.4	(0.2)
Total Non-Interest Income	\$ 43.4	\$ (2.3)

Non-Interest Income Trend

(In US\$ millions)



- Non-interest income was down 5.1% versus last quarter and up 9.0% compared to the first quarter of 2018
- The comparative prior quarter benefited from seasonal credit card/banking transactions in Bermuda and Cayman
- Trust fees declined sequentially due to lower activity based billings, but remains in line with trend averages
- Fee income ratio of 33.0% remains favorable compared to peer average*
- Capital efficient fee income continued to deliver stable and diversified revenues

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

Income Statement

Non-Interest Expenses

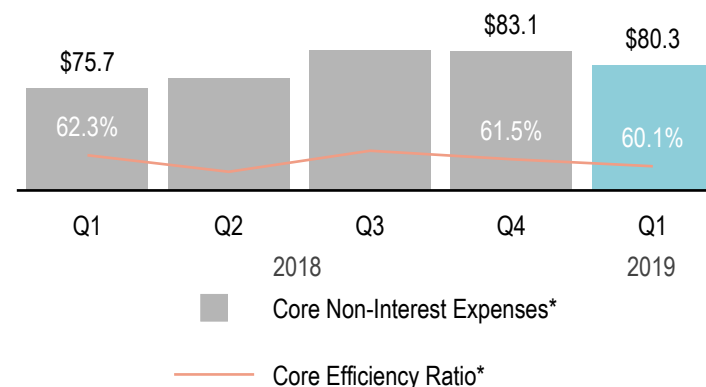
Core Non-Interest Expenses*

(In US\$ millions)

	vs. Q4 2018		
	Q1 2019	\$	%
Salaries & Benefits**	\$ 42.8	\$ (1.0)	
Technology & Comm.	14.6	(0.2)	
Property	5.4	(0.7)	
Professional & O/S Services	5.0	(1.0)	
Indirect Taxes	5.2	0.5	
Intangible Amortization	1.3	—	
Marketing	1.7	(0.6)	
Other	4.3	0.1	
Total Core Non-Interest Expenses*	\$ 80.3	\$ (2.9)	(3.5)%
Non-Core Expenses*	0.6	0.3	
Non-Interest Expenses	\$ 80.9	\$ (2.6)	(3.1)%

Core Non-Interest Expense Trend*

(In US\$ millions)



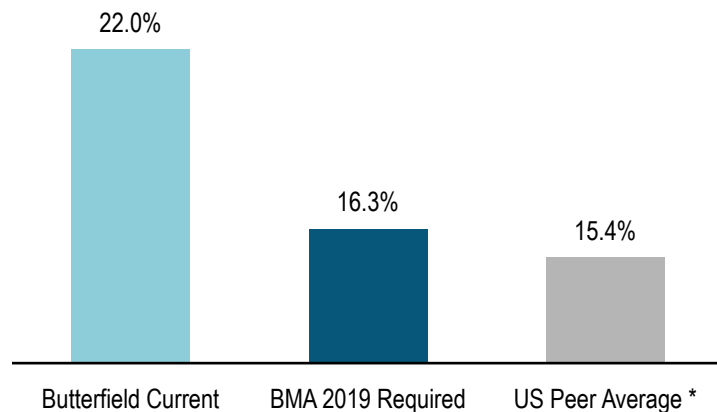
- Core cost / income ratio* of 60.1% has achieved our target level and is down from 61.5% for the prior quarter
- First quarter 2019 expenses were favorably impacted by:
 - Release of unused bonus accrual
 - Timing later in quarter of onboarding of new employees from Deutsche Bank in Channel Islands
 - Marketing and communications expenses were lower due to seasonal promotional activity in the last quarter of 2018
- Overall expenses expected to normalize upwards in the short term and longer term cost / income ratio target continues to be 60%
- Butterfield remains focused on efficiency and cost management across all segments

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

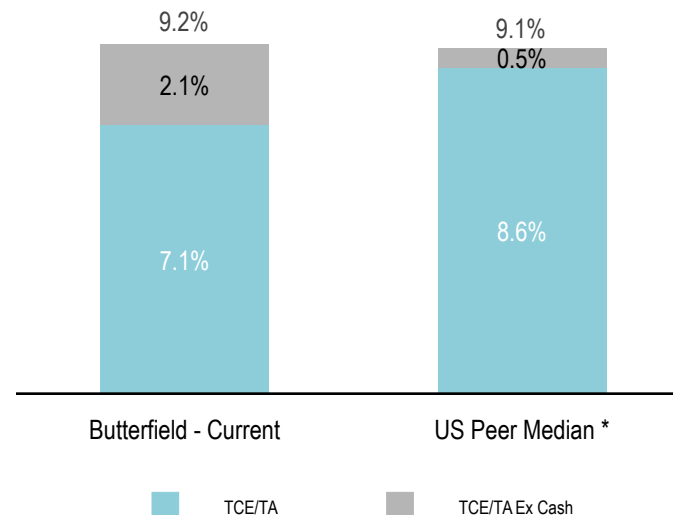
** Includes Non-Service Employee Benefits Expense

Capital Requirements and Return

Regulatory Capital (Basel III) -
Total Capital Ratio



Leverage Capital



- Disciplined capital management encompasses dividends, share repurchases and the potential for targeted acquisition-led growth
- Leverage capital decreased 1 bps versus prior quarter, remains at the high end of target levels and slightly higher than US peers*
- Active share repurchases during the quarter with 1.1 million common share authorization remaining at March 31, 2019
- 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)		Q1 2019	Q4 2018
Cash & Equivalents	\$	2,601	\$ 2,054
S/T Investments		215	52
Reverse Repos		72	27
Loans (net)		3,986	4,044
Investments		4,393	4,255
Other Assets		374	340
Total Assets	\$	11,643	\$ 10,773

Int. Bearing Deposits	\$	8,101	\$ 7,333
Non-Int. Bearing Deposits		2,192	2,120
Other Liabilities		453	439
Shareholders Equity		896	882
Total Liab. & Equity	\$	11,643	\$ 10,773

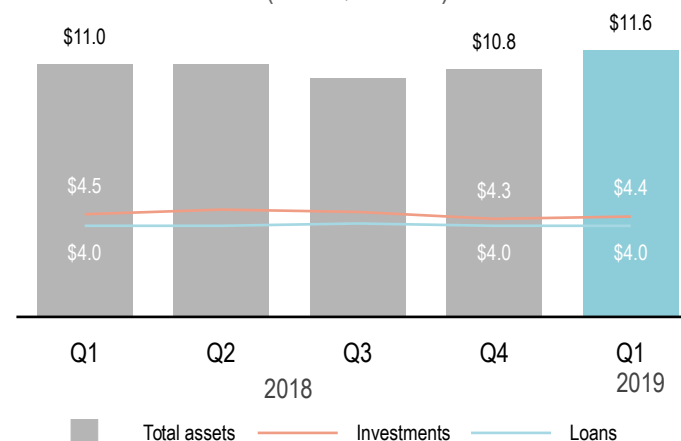
Total Deposits

(In US\$ billions)



Total Assets

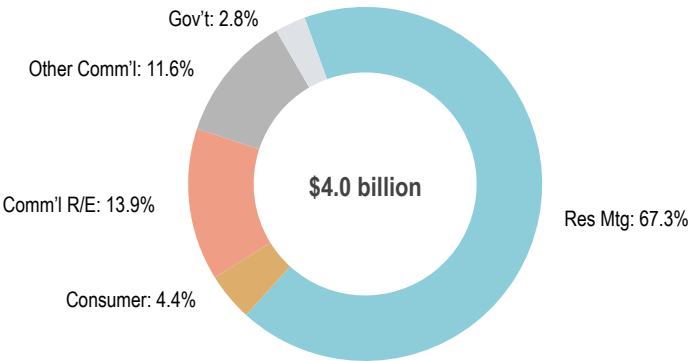
(In US\$ billions)



- Loan balances decreased slightly sequentially as a few commercial loans were repaid towards quarter end
- Cash balances and earning assets were elevated at quarter-end due to Channel Island deposits on-boarded late in the quarter as well as a few larger transitory Bermuda client deposits, which were placed in short dated maturities

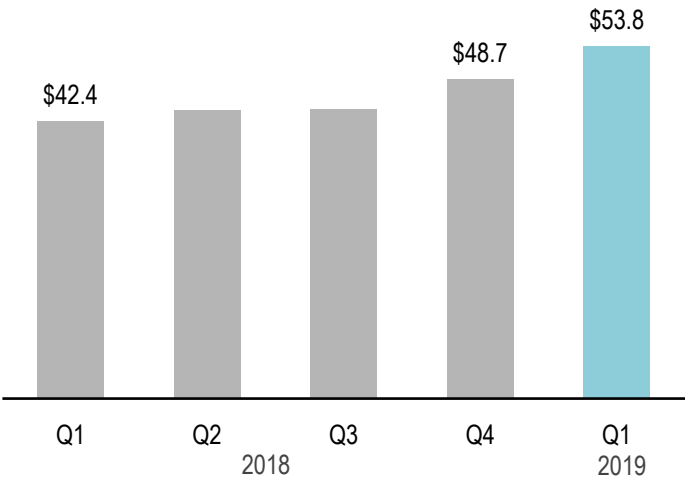
Asset Quality

Loan Distribution

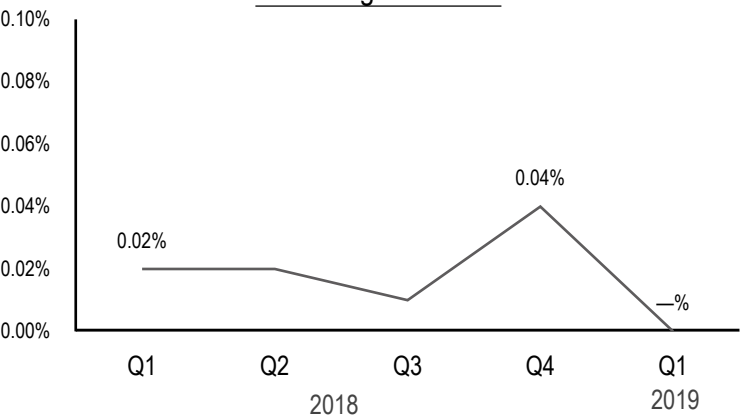


Non-Accrual Loans

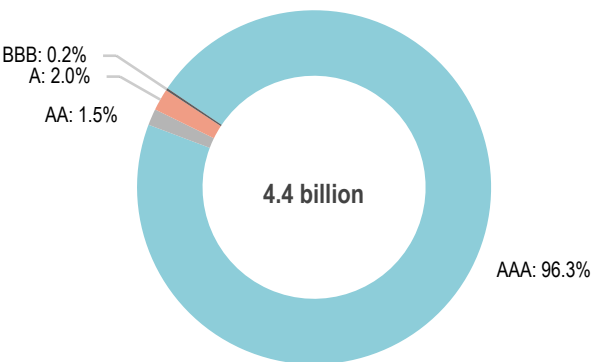
(In US\$ millions)



Net Charge-Off Ratio



Investment Portfolio Rating Distribution

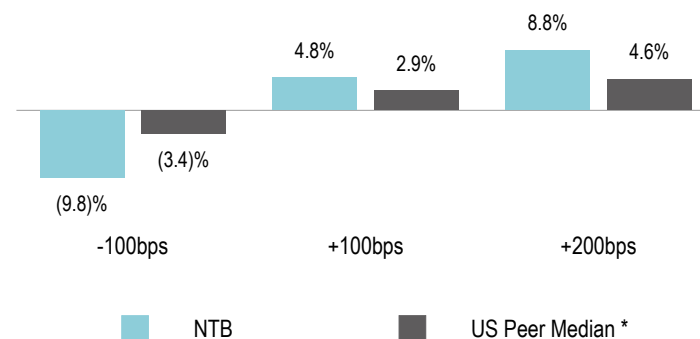


Interest Rate Sensitivity

Average Balance - Balance Sheet

	Average Balances (US\$Mil)		Duration	vs. Q4 2018
	Q1 2019	vs. Q4 2018		
Cash & Reverse Repos	2,361.9	745.3	N/A	N/A
S/T Invest.	79.3	(23.4)	0.2	—
AFS	2,180.9	(130.0)	2.9	(0.2)
HTM**	2,113.7	10.5	4.6	(0.3)
Total	6,735.8	602.4		

Interest Rate Sensitivity



- The Bank continues to be more interest rate sensitive than US peers*, which was further increased by significant inflow of transitory deposits late in the quarter, as well as the short behavioral duration of new deposits taken on from the Deutsche Bank transaction
- Average investment assets remained relatively flat in the quarter as run-off was reinvested and new investments were made late in the quarter

* 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



Appendix

(in millions of US Dollars, unless otherwise indicated)

Balance Sheet Trends

	2019	2018				2017			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Assets									
Cash & Equivalents	\$ 2,601	\$ 2,054	\$ 1,259	\$ 1,756	\$ 1,846	\$ 1,535	\$ 1,546	\$ 1,720	\$ 1,867
Reverse Repos	72	27	72	89	198	179	210	184	63
S/T Investments	215	52	76	79	100	250	208	294	542
Investments	4,393	4,255	4,576	4,727	4,512	4,706	4,613	4,558	4,549
Loans, Net	3,986	4,044	4,092	3,986	3,957	3,777	3,664	3,588	3,573
Other Assets	374	340	355	367	376	332	338	335	350
Total Assets	\$ 11,643	\$ 10,773	\$ 10,430	\$ 11,002	\$ 10,988	\$ 10,779	\$ 10,578	\$ 10,679	\$ 10,944
Liabilities and Equity									
Total Deposits	\$ 10,294	\$ 9,452	\$ 9,066	\$ 9,718	\$ 9,754	\$ 9,536	\$ 9,407	\$ 9,479	\$ 9,849
Long-Term Debt	143	143	143	143	117	117	117	117	117
Other Liabilities	310	295	349	293	293	303	252	313	236
Total Liabilities	\$ 10,747	\$ 9,891	\$ 9,558	\$ 10,154	\$ 10,164	\$ 9,956	\$ 9,776	\$ 9,909	\$ 10,203
Common Equity	\$ 896	\$ 882	\$ 872	\$ 849	\$ 824	\$ 823	\$ 802	\$ 770	\$ 741
Total Equity	\$ 896	\$ 882	\$ 872	\$ 849	\$ 824	\$ 823	\$ 802	\$ 770	\$ 741
Total Liabilities and Equity	\$ 11,643	\$ 10,773	\$ 10,430	\$ 11,002	\$ 10,988	\$ 10,779	\$ 10,578	\$ 10,679	\$ 10,944
Key Metrics									
TCE / TA	7.1%	7.5%	7.7%	7.1%	6.7%	7.1%	7.0%	6.7%	6.2%
CET 1 Ratio	19.3%	19.6%	20.2%	19.1%	17.6%	18.2%	17.8%	17.0%	15.8%
Total Tier 1 Capital Ratio	19.3%	19.6%	20.2%	19.1%	17.6%	18.2%	17.8%	17.0%	15.8%
Total Capital Ratio	22.0%	22.4%	23.3%	22.3%	19.2%	19.9%	19.9%	19.1%	17.9%

Appendix

Average Balance Sheet Trends

(in millions of US Dollars, unless otherwise indicated)

	2019 - Q1			2018 - Q4			2018 - Q3		
	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	\$ 2,441.2	\$ 9.9	1.65 %	\$ 1,719.2	\$ 6.1	1.40 %	\$ 1,668.0	\$ 5.8	1.38 %
Investment in securities	4,295.6	32.5	3.07 %	4,415.1	32.0	2.87 %	4,660.4	32.6	2.78 %
Trading	1.0	—	— %	1.0	—	— %	1.2	—	— %
AFS	2,180.9	15.5	2.87 %	2,310.9	15.6	2.67 %	2,742.7	18.0	2.60 %
HTM	2,113.7	17.0	3.27 %	2,103.3	16.4	3.10 %	1,916.5	14.7	3.04 %
Loans	4,055.0	56.7	5.67 %	4,113.9	57.7	5.56 %	4,050.5	56.6	5.54 %
Commercial	1,280.2	19.5	6.16 %	1,371.1	20.5	5.94 %	1,396.8	20.5	5.84 %
Consumer	2,774.8	37.3	5.45 %	2,742.9	37.1	5.37 %	2,653.7	36.0	5.38 %
Total interest earning assets	10,791.8	99.2	3.73 %	10,248.3	95.7	3.70 %	10,378.9	95.0	3.63 %
Other assets	348.3			329.5			397.5		
Total assets	\$ 11,140.1	\$ 99.2	3.61 %	\$ 10,577.8	\$ 95.7	3.59 %	\$ 10,776.4	\$ 95.0	3.50 %
Liabilities									
Interest bearing deposits	\$ 7,634.8	\$ (9.2)	(0.49)%	\$ 6,946.5	\$ (6.3)	(0.36)%	\$ 7,283.5	\$ (4.8)	(0.26)%
Customer demand deposits	5,389.2	(1.2)	(0.09)%	4,941.0	(0.5)	(0.04)%	5,174.7	(0.2)	(0.02)%
Customer term deposits	2,201.4	(7.7)	(1.41)%	1,962.4	(5.5)	(1.12)%	2,083.7	(4.4)	(0.83)%
Deposits from banks	44.1	(0.3)	(2.67)%	43.0	(0.2)	(2.08)%	25.1	(0.2)	(3.64)%
Securities sold under agreement to repurchase	—	—	— %	2.7	—	(2.33)%	—	—	— %
Long-term debt	143.3	(2.0)	(5.71)%	143.3	(2.0)	(5.48)%	143.2	(1.9)	(5.31)%
Interest bearing liabilities	7,778.1	(11.2)	(0.58)%	7,092.4	(8.3)	(0.46)%	7,426.7	(6.7)	(0.36)%
Non-interest bearing customer deposits	2,154.3			2,186.2			2,161.6		
Other liabilities	274.8			301.6			263.5		
Total liabilities	\$ 10,207.2	\$ (11.2)	(0.44)%	\$ 9,580.2	\$ (8.3)	(0.34)%	\$ 9,851.8	\$ (6.7)	(0.27)%
Shareholders' equity	932.9			997.6			924.6		
Total liabilities and shareholders' equity	\$ 11,140.1			\$ 10,577.8			\$ 10,776.4		
Non-interest bearing funds net of non-interest earning assets (free balance)	\$ 3,013.7			\$ 3,155.9			\$ 2,952.2		
Net interest margin		\$ 88.0	3.31 %		\$ 87.4	3.38 %		\$ 88.3	3.37 %

Appendix

Income Statement Trends

(in millions of US Dollars, unless otherwise indicated)

	2019	2018					2017				
	Q1	Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1	
Net Interest Income	\$ 88.0	\$ 87.4	\$ 88.3	\$ 87.4	\$ 79.9	\$	\$ 76.1	\$ 74.3	\$ 71.5	\$ 67.9	\$
Non-Interest Income	43.4	45.7	41.3	41.9	39.8		42.4	38.2	38.7	38.5	
Prov. for Credit Recovery (Losses)	—	1.7	2.8	0.5	1.9		5.4	0.7	(0.5)	0.3	
Non-Interest Expenses*	81.0	83.7	82.6	78.6	77.8		80.8	73.8	75.6	71.2	
Other Gains (Losses)	1.8	(0.3)	0.7	(1.6)	0.4		(2.7)	1.8	2.0	0.2	
Net Income	\$ 52.1	\$ 50.9	\$ 50.4	\$ 49.7	\$ 44.2	\$	\$ 40.3	\$ 41.1	\$ 36.1	\$ 35.9	\$
Non-Core Items**	\$ (0.4)	\$ 0.2	\$ (1.2)	\$ 2.0	\$ 0.8	\$	\$ 1.9	\$ (0.4)	\$ 1.4	\$ 2.6	\$
Core Net Income**	\$ 51.7	\$ 51.1	\$ 49.1	\$ 51.7	\$ 45.0	\$	\$ 42.2	\$ 40.7	\$ 37.5	\$ 38.5	\$

Key Metrics

Loan Yield	5.67%	5.56%	5.54%	5.44%	5.31%	5.23%	5.16%	5.11%	4.90%
Securities Yield	3.07	2.87	2.78	2.67	2.54	2.27	2.22	2.20	2.17
Cost of Deposits	0.38	0.27	0.20	0.14	0.12	0.12	0.10	0.11	0.11
Net Interest Margin	3.31	3.38	3.37	3.20	3.05	2.87	2.81	2.66	2.58
Core Efficiency Ratio**	60.1	61.5	63.2	59.0	62.3	65.4	62.8	66.1	63.2
Core ROATCE**	25.6	25.8	24.9	27.6	24.3	22.3	22.2	21.6	23.4
Fee Income Ratio	33.0	33.9	31.2	32.4	32.7	34.2	33.8	35.3	36.1
Fully Diluted Share Count (in millions of common shares)	54.2	55.4	56.0	55.9	55.8	55.6	55.5	55.6	55.2

* 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)

(In millions of US Dollars, unless otherwise indicated)																	
2019										2018							
Q1										Q4		Q3		Q2		Q1	
Non-Interest Income																	
Trust	\$	12.6	\$	13.8	\$	13.1	\$	13.2	\$	10.9	\$	11.3	\$	10.9	\$	11.3	
Asset Management		6.7		6.5		6.5		6.2		6.4		6.6		6.3		5.8	
Banking		11.2		12.8		10.6		10.8		10.9		12.0		10.8		10.0	
FX Revenue		8.8		8.6		7.8		8.3		8.2		8.8		7.6		8.3	
Custody & Other Admin.		2.7		2.4		2.2		2.4		2.2		2.2		2.0		2.0	
Other		1.4		1.6		1.0		1.1		1.2		1.4		0.5		0.9	
Total Non-Interest Income	\$	43.4	\$	45.7	\$	41.3	\$	41.9	\$	39.8	\$	42.4	\$	38.2	\$	38.5	
Non-Interest Expense																	
Salaries & Benefits*	\$	42.8	\$	43.7	\$	43.8	\$	40.9	\$	37.0	\$	42.4	\$	37.4	\$	36.0	
Technology & Comm.		14.6		14.9		15.6		15.1		14.7		14.4		13.2		12.9	
Property		5.4		6.1		5.3		5.3		5.1		4.5		5.1		4.9	
Professional & O/S Services		5.6		6.1		5.1		5.1		9.7		8.0		6.9		6.2	
Indirect Taxes		5.2		4.7		4.8		5.0		4.9		4.7		4.6		4.2	
Intangible Amortization		1.3		1.3		1.4		1.3		1.1		1.1		1.0		1.0	
Marketing		1.7		2.3		1.5		1.4		0.9		1.5		0.9		1.0	
Restructuring		—		—		—		—		—		0.3		0.4		0.4	
Other		4.3		4.3		4.9		4.1		3.9		3.5		4.0		4.3	
Total Non-Interest Expense	\$	80.9	\$	83.5	\$	82.2	\$	78.2	\$	77.4	\$	80.4	\$	73.6	\$	71.0	
Income Taxes		0.1		0.2		0.4		0.3		0.4		0.5		0.2		0.2	
Total Expense incld. Taxes	\$	81.0	\$	83.7	\$	82.6	\$	78.6	\$	77.8	\$	80.8	\$	73.8	\$	71.2	

*Includes non-service employee benefits

(in millions of US Dollars, unless otherwise indicated)

	2019		2018					2017				
		Q1		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Salaries & Benefits**	\$	42.8	\$	43.7	\$ 43.8	\$ 40.9	\$ 37.0	\$	42.2	\$ 37.2	\$ 37.1	\$ 35.9
Technology & Comm.		14.6		14.8	15.4	14.9	14.6		14.3	13.1	13.3	12.8
Property		5.4		6.1	5.3	5.3	5.1		4.5	5.1	5.3	4.9
Professional & O/S Services		5.0		6.0	6.3	4.7	8.1		6.7	5.6	5.7	4.3
Indirect Taxes		5.2		4.7	4.8	5.0	4.9		4.7	4.6	4.5	4.3
Intangible Amortization		1.3		1.3	1.4	1.3	1.1		1.1	1.0	1.1	1.0
Marketing		1.7		2.3	1.5	1.4	0.9		1.5	0.9	2.4	1.0
Other		4.3		4.3	4.8	4.1	3.9		3.5	4.0	4.5	4.2
Total Core Non-Interest Expense	\$	80.3	\$	83.1	\$ 83.3	\$ 77.6	\$ 75.7	\$	78.5	\$ 71.6	\$ 73.9	\$ 68.4
Income Taxes		0.1		0.2	0.4	0.3	0.4		0.5	0.2	0.3	0.2
Total Core Expense incld. Taxes	\$	80.5	\$	83.2	\$ 83.7	\$ 77.9	\$ 76.0	\$	78.9	\$ 71.8	\$ 74.2	\$ 68.6

* 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)

(in millions of US Dollars, unless otherwise indicated)		2019		2018		
		Q1	Q4	Q3	Q2	Q1
Net income	A	\$ 52.1	\$ 50.9	\$ 50.4	\$ 49.7	\$ 44.2
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)	(0.9)
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	\$ (0.9)
Non-core expenses						
Tax compliance review costs		—	0.1	0.1	0.1	0.1
Business acquisition costs		0.6	0.1	(1.2)	0.4	1.6
Total non-core expenses	C	\$ 0.6	\$ 0.2	\$ (1.1)	\$ 0.6	\$ 1.7
Total non-core (gains), losses and expenses	D=B+C	(0.4)	0.2	(1.2)	2.0	0.8
Core net income to common shareholders	E=A+D	\$ 51.7	\$ 51.1	\$ 49.1	\$ 51.7	\$ 45.0
Average shareholders' equity		893.4	862.3	859.9	833.5	820.7
Average common equity	F	893.4	862.3	859.9	833.5	820.7
Less: average goodwill and intangible assets		(74.9)	(75.6)	(76.7)	(83.0)	(68.4)
Average tangible common equity	G	818.5	786.7	783.2	750.4	752.3
Return on equity	A/F	23.7%	23.4%	23.2%	23.9%	21.8%
Core return on average tangible common equity	E/G	25.6%	25.8%	24.9%	27.6%	24.3%
Core earnings per common share fully diluted						
Adjusted weighted average number of diluted common shares (in thousands)	H	54.2	55.4	56.0	55.9	55.8
Earnings per common share fully diluted	A/H	0.96	0.92	0.90	0.89	0.79
Non-core items per share	D/H	(0.01)	—	(0.02)	0.04	0.02
Core earnings per common share fully diluted	E/H	0.95	0.92	0.88	0.93	0.81
Core return on average tangible assets						
Total average assets	I	\$ 11,177.1	\$ 10,449.2	\$ 10,723.5	\$ 11,227.8	\$ 10,970.9
Less: average goodwill and intangible assets		(74.9)	(75.6)	(76.7)	(83.0)	(68.4)
Average tangible assets	J	\$ 11,102.2	\$ 10,373.7	\$ 10,646.8	\$ 11,144.7	\$ 10,902.5
Return on average assets	A/I	1.9%	1.9%	1.9%	1.8%	1.6%
Core return on average tangible assets	E/J	1.9%	2.0%	1.8%	1.9%	1.7%

Appendix

Non-GAAP Reconciliation (cont'd)

(in millions of US Dollars, unless otherwise indicated)

(in millions of US Dollars, unless otherwise indicated)		2019		2018							
		Q1		Q4		Q3		Q2		Q1	
Tangible equity to tangible assets											
Shareholders' equity		\$	896.2	\$	882.3	\$	871.7	\$	848.6	\$	824.2
Less: goodwill and intangible assets			(74.1)		(74.7)		(76.9)		(77.3)		(90.9)
Tangible common equity			822.1		807.6		794.8		771.3		733.4
Total assets			11,643.1		10,773.2		10,429.7		11,002.4		10,988.2
Less: goodwill and intangible assets			(74.1)		(74.7)		(76.9)		(77.3)		(90.9)
Tangible assets			11,569.0		10,698.4		10,352.8		10,925.1		10,897.4
Tangible common equity to tangible assets			7.1%		7.5%		7.7%		7.1%		6.7%
Efficiency ratio											
Non-interest expenses		\$	80.9	\$	83.5	\$	82.2	\$	78.2	\$	77.4
Less: Amortization of intangibles			(1.3)		(1.3)		(1.4)		(1.3)		(1.1)
Non-interest expenses before amortization of intangibles			79.6		82.2		80.9		76.9		76.3
Non-interest income			43.4		45.7		41.3		41.9		39.8
Net interest income before provision for credit losses			88.0		87.4		88.3		87.4		79.9
Net revenue before provision for credit losses and other gains/losses			131.4		133.1		129.5		129.3		119.7
Efficiency ratio			60.6%		61.7%		62.4%		59.5%		63.8%
Core efficiency ratio											
Non-interest expenses		\$	80.9	\$	83.5	\$	82.2	\$	78.2	\$	77.4
Less: non-core expenses			(0.6)		(0.2)		1.1		(0.6)		(1.7)
Less: amortization of intangibles			(1.3)		(1.3)		(1.4)		(1.3)		(1.1)
Core non-interest expenses before amortization of intangibles			79.0		81.9		81.9		76.3		74.6
Net revenue before provision for credit losses and other gains/losses			131.4		133.1		129.5		129.3		119.7
Core efficiency ratio			60.1%		61.5%		63.2%		59.0%		62.3%

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