



Q4 2016 Earnings Call  
13 February 2017



Butterfield

# Forward-Looking Statements

## **Forward-Looking Statements:**

Certain of the statements made in this Release are “forward-looking statements” within the meaning and protections of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements with respect to our current beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause 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, success in business retention and obtaining new business and other factors. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as “may,” “will,” “anticipate,” “assume,” “should,” “indicate,” “would,” “believe,” “contemplate,” “expect,” “estimate,” “continue,” “plan,” “point to,” “project,” “could,” “intend,” “target” and other similar words and expressions of the future.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our Securities and Exchange Commission (“SEC”) reports and filings. Such reports are available upon request from the Bank, or from the SEC, including through the SEC’s Internet website at <http://www.sec.gov>. We have no obligation and do not undertake to update, revise or correct any of the forward-looking statements after the date hereof, or after the respective dates on which any such statements otherwise are made.

## **About Non-GAAP Financial Measures:**

Certain statements in this release involve the use of non-GAAP financial measures. 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.

# Q4 2016 Earnings Call

## Presenters

**Michael Collins**  
Chief Executive Officer

**Michael Schrum**  
Chief Financial Officer

**Dan Frumkin**  
Chief Risk Officer

## Agenda

- **Overview**
- **Financials**
- **Summary**
- **Q&A**

## Six International Locations



## Butterfield Overview

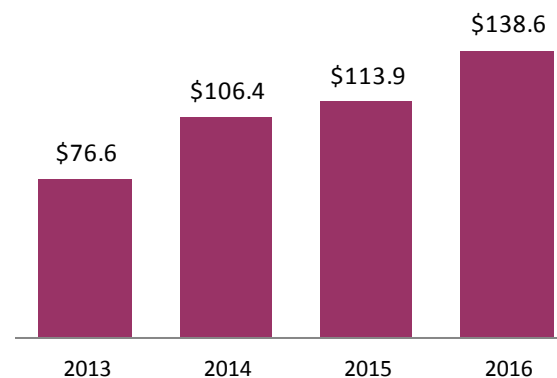
- Leading Bank in Attractive Markets
- Strong Capital Generation and Return
- Efficient, Conservative Balance Sheet
- Visible Earnings



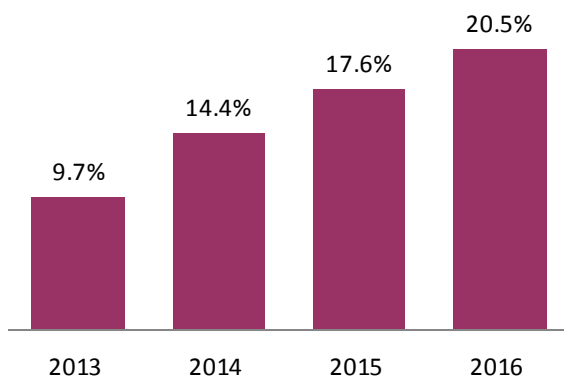
# 2016 Highlights

- Net income up 49% and Core net income\* increased 22%
- Successful acquisition & integration
- UK restructuring
- NYSE listing & IPO
- Preference shares fully redeemed
- Dividend of \$0.32 / share
- Core EPS\* of \$2.48

## Core Net Income\*



## Core Return on Avg. Tangible Common Equity\*



	2016	vs. 2015	
		\$	%
Net Interest Income	\$258.5	\$19.2	8.0%
Non-Interest Income	147.5	7.3	5.2%
Prov. for Credit Losses	4.4	(1.3)	23.4%
Non-Interest Expenses**	286.6	0.1	0.0%
Other Gains (Losses)	1.0	10.5	110.7%
<b>Net Income</b>	<b>\$115.9</b>	<b>\$38.2</b>	<b>49.1%</b>
Non-Core Items*	22.7	(13.5)	-37.3%
<b>Core Net Income*</b>	<b>\$138.6</b>	<b>\$24.7</b>	<b>21.7%</b>

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

\*\* Includes taxes

CLV	42.82	-0.90	XES	28.58	-0.37
LCO	48.18	-0.90	FMZ	1.171.32	-4.26
GO	1.310.90	-7.10	XSO	81.05	+0.03
			KDE	23.01	-0.30

**NYSE**

**GTS**

  
**Butterfield**

Bank of N.Y. Butterfield & Son September 16, 2016

**NTB** 23.5000 24.00 25.00

10,638,298 NTB LISTED NYSE

23.50 

**Butterfield**

Additional Info on [Ticker Page](#)

GTS Securities

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Financials

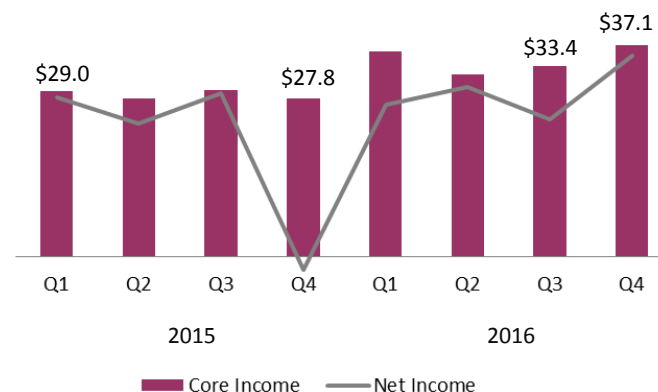


# Income Statement

## 4<sup>th</sup> Quarter Summary

	Q4 16	vs Q3 16	
		\$	%
Net Interest Income	\$ 66.8	\$ 1.8	2.8%
Non-Interest Income	38.8	2.5	7.0%
Prov. for Credit Loss.	(0.9)	(1.2)	-383.6%
Non-Interest Expenses.**	71.9	(5.6)	-7.2%
Other G/(L)	0.8	0.2	27.7%
<b>Net Income</b>	<b>\$ 35.4</b>	<b>\$ 11.3</b>	<b>47.0%</b>
Non-Core Items*	1.7	(7.6)	81.2%
<b>Core Net Income*</b>	<b>\$ 37.1</b>	<b>\$ 3.7</b>	<b>11.1%</b>

### Quarterly Core Income Trend\*



- Q4 net income up across the board
- Q4 net interest income up on margins and deposit growth
- Benign credit conditions and a large loan pay-down drove lower provisions
- Q4 expenses down due to legacy option vesting costs in Q3

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

\*\* Includes taxes

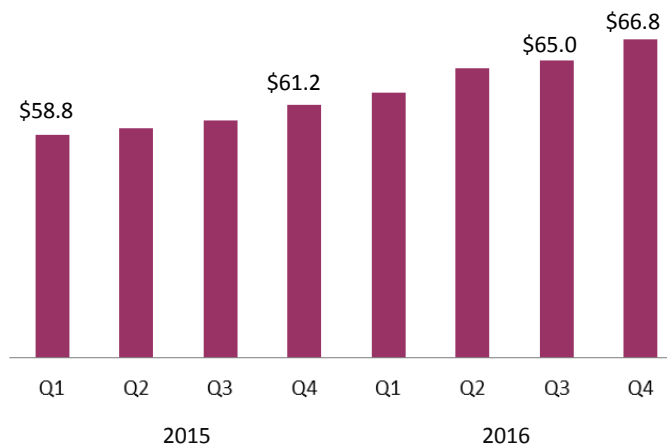
# Income Statement

# Net Interest Income

## Net Interest Margin & Yields

	<u>Q4 16</u>		<u>vs. Q3 16</u>	
	<u>Avg. Bal.</u>	<u>Yield</u>	<u>Avg. Bal.</u>	<u>Yield</u>
Cash, S/T Inv., Repos	\$2,885	0.49%	-\$40	0.14%
Investments	4,223	1.98%	291	0.06%
Loans (net)	3,708	4.92%	-237	0.17%
Earning assets	<u>\$10,816</u>	<u>2.59%</u>	<u>\$14</u>	<u>0.06%</u>
Total Liabs	\$10,317	0.15%	-\$5	-
<b>Net Int Inc &amp; Margin</b>	<b>\$66.8</b>	<b>2.45%</b>	<b>\$1.8</b>	<b>0.06%</b>

## Net Interest Income Trend



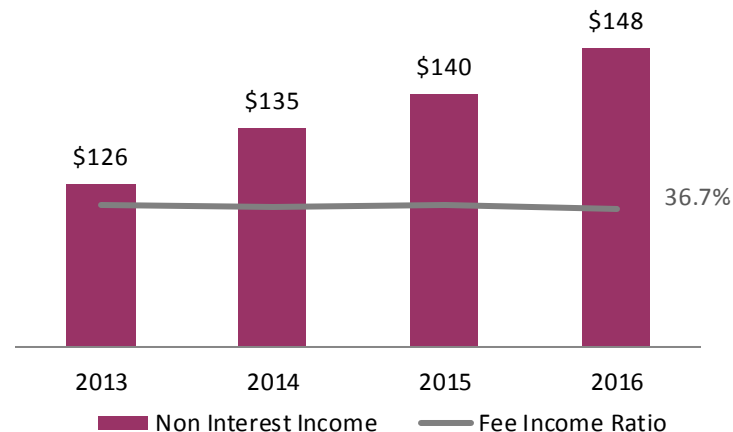
- Deposit costs remained flat.
- Q4 progress on deployment of excess liquidity
- Loans partially repriced, but income offset by a government loan repayment.

# Income Statement

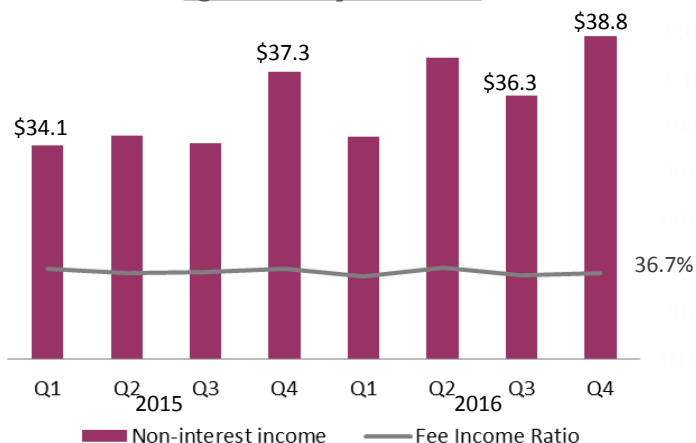
	Q4	vs. Q3	
		\$	%
Trust	\$11.5	-\$0.1	-0.5%
Asset Mgmt.	6.0	0.4	7.8%
Banking	11.0	1.3	13.6%
FX Revenue	7.4	0.9	14.1%
Custody & Other	2.0	-0.3	-11.6%
Other	0.8	0.2	29.3%
<b>Total Non-Int Inc</b>	<b>\$38.8</b>	<b>\$2.5</b>	<b>7.0%</b>

# Non-Interest Income

## Annual Trend



## Quarterly Trend



- Strong Q4 fee income on repricing, leveraging of Bermuda acquisition into banking products, and recovery of FX volumes.
- The Fee Income ratio remains stable above 35% and notably above the industry median of 24%\*.

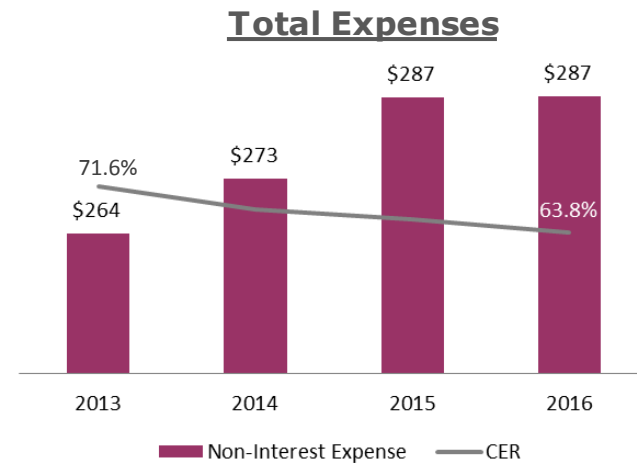
\* Includes US banks with assets between \$5-50bn as of most recent quarter.



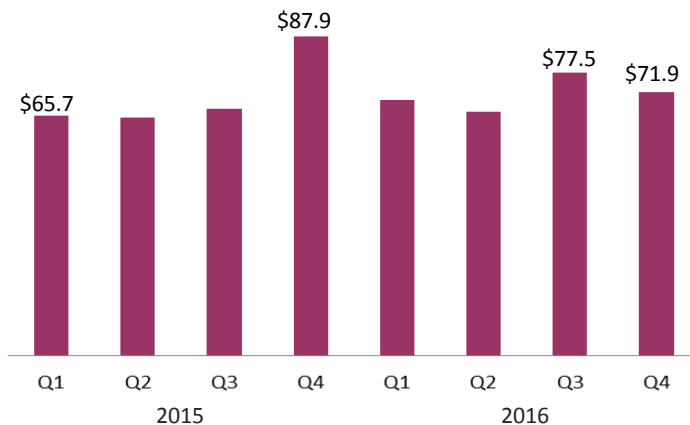
# Income Statement

	Q4	vs. Q3	
		\$	%
Salaries & Ben.	\$34.2	-\$8.2	-19.3%
Tech. & Comm.	14.5	0.1	0.8%
Property	5.5	0.2	3.5%
Prof & O/S	5.4	1.3	32.2%
Indirect Taxes	4.7	0.5	11.5%
Intangible Amort.	1.0	-0.1	-10.8%
Marketing	1.7	0.8	97.1%
Restructuring	0.5	-	-3.7%
Other**	4.3	-0.2	5.1%
<b>Total Non-Int Exp</b>	<b>71.9</b>	<b>-5.6</b>	<b>-7.3%</b>
Income Taxes	0.0	-0.2	-92.9%
Non-core Exp.*	1.6	-8.4	83.6%
<b>Total Core Exp.*</b>	<b>\$70.3</b>	<b>\$3.0</b>	<b>4.4%</b>

# Non-Interest Expense\*\*



## Quarterly Trend



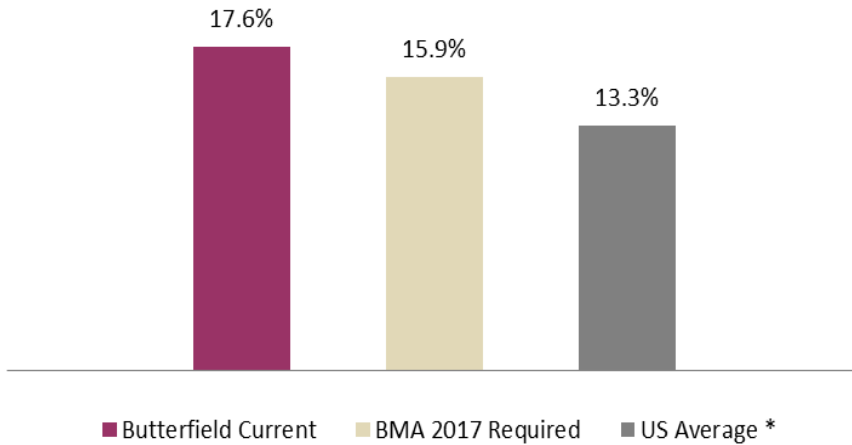
- 4Q tail core costs of the UK restructure contributed \$2 million.
- Higher than usual costs in core compliance competencies in Q4.
- New post-IPO core costs include Bermuda deposit insurance (indirect taxes) and expanded D&O coverage.
- Core Cost Efficiency Ratio\* improvement for full year 2016 vs. 2015 of 230bps to 63.8%.

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

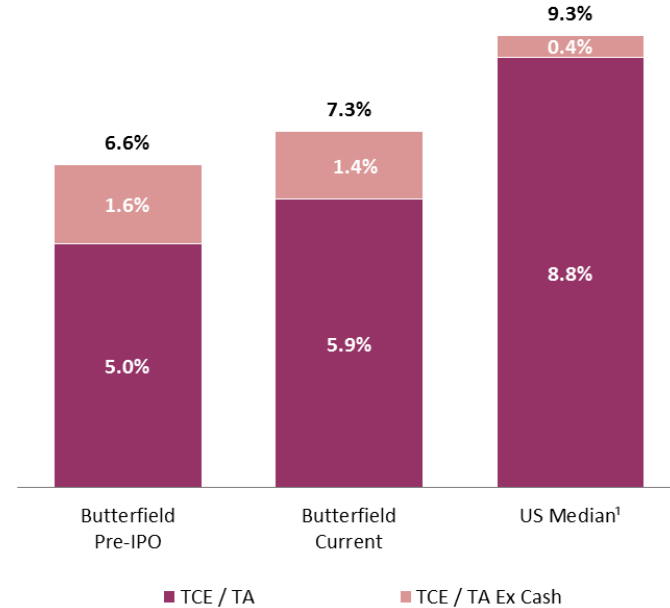
\*\* Includes taxes

# Capital Requirements and Return

**Regulatory Capital (Basel III)**  
**Total Capital Ratio**



**Leverage Capital**



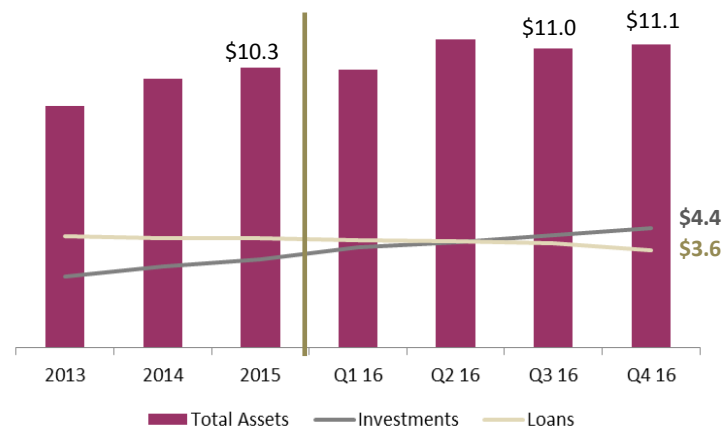
- Meeting current and anticipated regulatory capital requirements
- Dividend of \$0.32 per share declared for 4<sup>th</sup> quarter
- Excess capital available for organic growth, selective acquisitions, and/or progressive shareholder returns.

\* Includes US banks with assets between \$5-50bn as of most recent quarter.

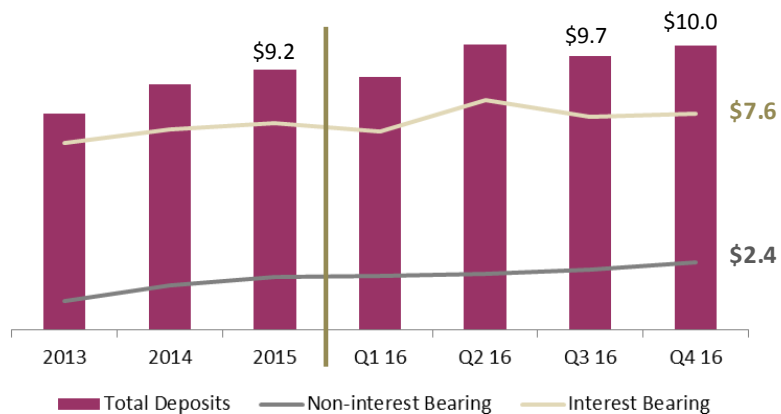
# Balance Sheet

	2016	
	Dec. 31	vs. Sept 30
Cash and Equiv.	\$2,102	\$617
Loans (net)	3,570	-266
S/T Inv. & Repos.	669	-512
Investments	4,400	286
All Other Assets	363	0
<b>Total Assets</b>	<b>\$11,104</b>	<b>\$126</b>
Int. bearing deposits	\$7,649	\$110
Non-int. bearing deposits	2,385	257
Other Liabilities	359	13
Shareholders equity	711	-254
<b>Total Liab. &amp; Equity</b>	<b>\$3,455</b>	<b>\$16</b>

## Total Assets



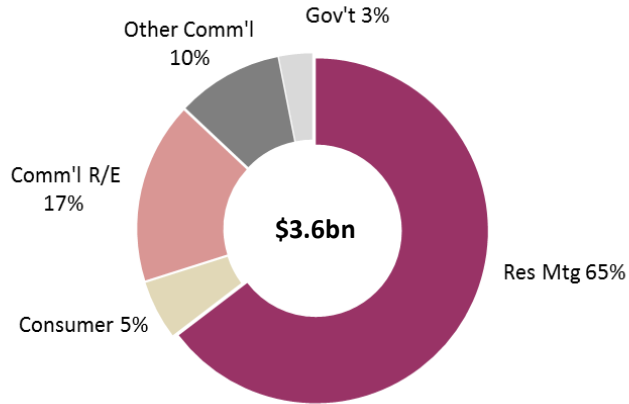
## Deposits



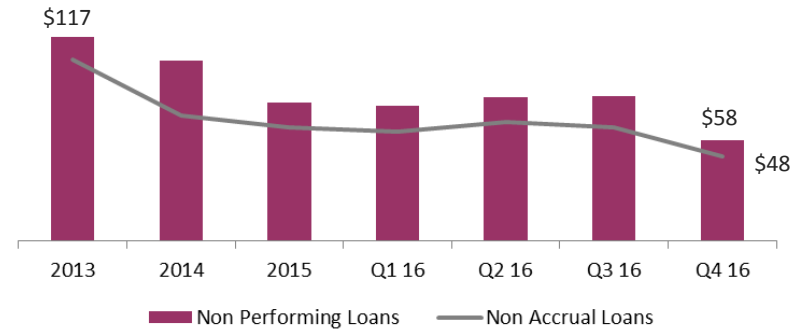
- Good organic deposit growth in Q4.
- Investments grow as acquired deposits are invested.
- Loan decline driven by \$200 million repayment of a government loan.

# Asset Quality

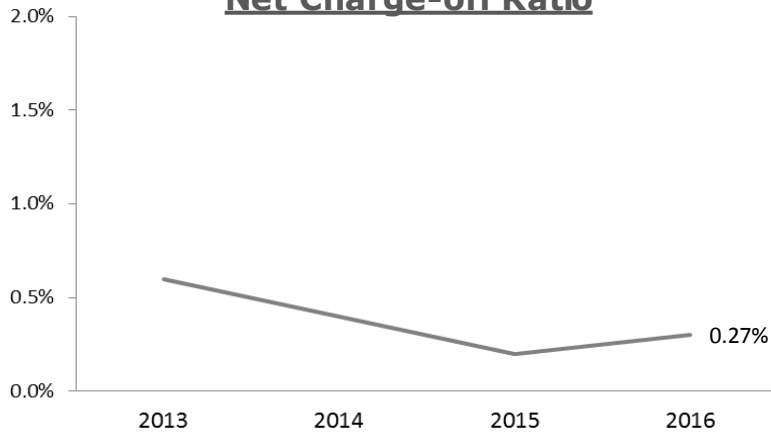
## Loan Distribution



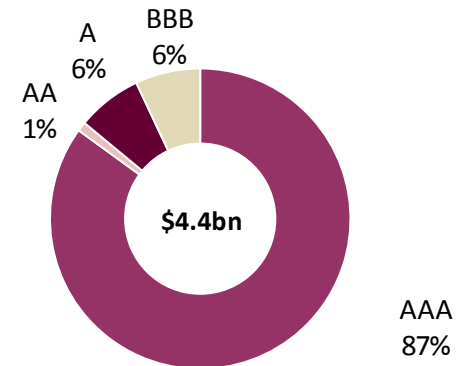
## Non-performing and Non-accrual Loans



## Net Charge-off Ratio

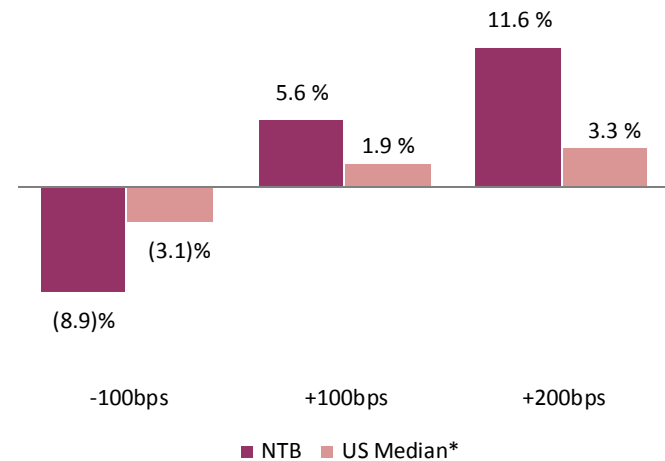


## Investment Portfolio Rating Distribution



# Interest Rate Sensitivity

	<u>Avg. Bal. (Bns)</u>				<u>vs.</u> Q3 16
	Q4 16	Q3 16	Spot	Dur	
AFS	\$3.4	\$0.2	\$3.3	2.5	0.5
HTM	0.8	0.1	1.1	6.3	1.3
Total	\$4.2	\$0.3	\$4.4	3.4	0.9



- The Bank remains significantly more sensitive to increases in interest rates versus US peers.
- The increase in HTM occurred late in Q4 and is reflected in the difference between the Q4 average and spot balances.
- The Bank remains asset sensitive after increasing HTM investments and overall duration in the investment portfolio.

\* Includes US banks with assets between \$5-50bn as of most recent quarter.

# Summary

- Strategic progress including the successful acquisition and integration, UK restructure, the preference share redemption, and the NYSE listing and IPO.
- Satisfactory and sustainable earnings performance:
  - Net Income up 49%, and
  - Core Net Income\* up 22%
- 2016 Core EPS\* of \$2.48
- Q4 dividend of \$0.32/share (equates to \$1.28 annualised\*\*)
- Continuing award-winning performance for Butterfield in both Bermuda and Cayman, as well as the Trust and Private Banking businesses.
- Continue organic growth in core markets and selective private trust acquisitions opportunities.

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

\*\* Subject to regulatory approval



Q&A | Appendix

# Appendix

## Balance Sheet Trends\*

	2013		2015				2016			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Assets</b>										
Cash & Equivalents	\$1,730	\$2,063	\$2,060	\$2,101	\$2,262	\$2,289	\$1,774	\$2,655	\$1,485	\$2,102
Repos	-	-	-	-	-	-	-	-	186	149
S/T Investments	55	395	342	380	331	409	425	436	995	520
Investments	2,614	2,989	3,086	3,245	3,286	3,224	3,679	3,870	4,114	4,400
Loans, Net	4,088	4,019	3,922	3,977	3,974	4,000	3,953	3,904	3,836	3,570
All Other Assets	384	392	391	367	363	353	354	421	363	363
<b>Total Assets</b>	<b>\$8,871</b>	<b>\$9,858</b>	<b>\$9,800</b>	<b>\$10,070</b>	<b>\$10,217</b>	<b>\$10,276</b>	<b>\$10,186</b>	<b>\$11,287</b>	<b>\$10,978</b>	<b>\$11,104</b>
<b>Liabilities and Equity</b>										
Total Deposits	\$7,638	\$8,672	\$8,600	\$9,001	\$9,111	\$9,182	\$8,939	\$10,091	\$9,667	\$10,034
Long-term Debt	207	117	117	117	117	117	117	117	117	117
Other Liabilities	223	220	212	213	214	226	343	263	230	242
<b>Total Liabilities</b>	<b>\$8,068</b>	<b>\$9,009</b>	<b>\$8,929</b>	<b>\$9,331</b>	<b>\$9,443</b>	<b>\$9,525</b>	<b>\$9,399</b>	<b>\$10,471</b>	<b>\$10,014</b>	<b>\$10,393</b>
Common Equity	619	666	688	556	591	567	604	633	782	711
Preferred Equity	184	183	183	183	183	183	183	183	183	0
<b>Total Equity</b>	<b>\$803</b>	<b>\$849</b>	<b>\$871</b>	<b>\$739</b>	<b>\$774</b>	<b>\$750</b>	<b>\$787</b>	<b>\$816</b>	<b>\$965</b>	<b>\$711</b>
<b>Total Liab. and Equity</b>	<b>\$8,871</b>	<b>\$9,858</b>	<b>\$9,800</b>	<b>\$10,070</b>	<b>\$10,217</b>	<b>\$10,276</b>	<b>\$10,186</b>	<b>\$11,287</b>	<b>\$10,978</b>	<b>\$11,104</b>
<b>Key Metrics</b>										
TCE / TA	6.8 %	6.2 %	6.5 %	5.0 %	5.3 %	5.1 %	5.5 %	5.0 %	6.6 %	5.9 %
CET 1 Ratio	NA	NA	NA	NA	NA	NA	12.4	12.3	16.1	15.3
Tier 1 Capital Ratio	19.6	19.0	17.9	15.6	15.8	16.2	16.4	16.5	20.5	15.3
Total Capital Ratio	23.7	22.2	20.3	18.5	18.6	19.0	18.7	18.9	22.9	17.6

\* Period-end figures



# Appendix

## Income Statement Trends

	2013	2014	2015	2016
Net Interest Income	\$223.8	\$238.5	\$239.3	\$258.5
Non-Interest Income	126.0	134.8	140.2	147.5
Prov. for Credit Losses	14.8	8.0	5.7	4.4
Non-Interest Exp.**	263.5	272.8	286.5	286.6
Other Gains (Losses)	-8.8	15.7	-9.4	1.0
<b>Net Income</b>	<b>62.6</b>	<b>108.2</b>	<b>77.7</b>	<b>115.9</b>
Non-Core Items*	14.0	-1.8	36.2	22.7
<b>Core Net Income*</b>	<b>\$76.6</b>	<b>\$106.4</b>	<b>\$113.9</b>	<b>\$138.6</b>

2015			
Q1	Q2	Q3	Q4
\$58.8	\$59.3	\$60.0	\$61.2
34.1	34.5	34.2	37.3
0.2	2.0	0.9	2.6
65.7	65.3	67.6	87.9
1.0	-3.2	3.1	-10.3
<b>28.0</b>	<b>23.3</b>	<b>28.8</b>	<b>-2.3</b>
1.1	4.5	0.5	30.1
<b>\$29.0</b>	<b>\$27.8</b>	<b>\$29.3</b>	<b>\$27.8</b>

2016			
Q1	Q2	Q3	Q4
\$62.3	\$64.3	\$65.0	\$66.8
34.5	37.9	36.3	38.8
-0.3	5.3	0.3	-0.9
70.2	67.0	77.5	71.9
-0.2	-0.2	0.6	0.8
<b>26.8</b>	<b>29.8</b>	<b>24.0</b>	<b>35.4</b>
9.2	2.3	9.4	1.7
<b>\$36.0</b>	<b>\$32.1</b>	<b>\$33.4</b>	<b>\$37.1</b>

### Key Metrics

Loan Yield	4.65 %	4.71 %	4.63 %	4.78 %
Securities Yield	2.29	2.35	2.16	1.95
Interest Bearing Dep Cost	0.30	0.31	0.26	0.15
Net Interest Margin	2.64	2.74	2.48	2.45
Core Efficiency Ratio*	71.6	67.7	66.0	63.8
Core ROATCE*	9.7	14.4	17.6	20.5
Fee Income Ratio	36.0	36.9	37.5	36.7

4.63 %	4.66 %	4.61 %	4.63 %
2.16	2.33	2.10	2.08
0.23	0.22	0.19	0.18
2.48	2.52	2.43	2.48
66.8	66.7	66.8	63.7
16.0	17.6	19.3	17.7
36.8	37.6	36.7	38.9

4.74 %	4.72 %	4.75 %	4.92 %
2.07	1.87	1.91	1.98
0.15	0.12	0.11	0.14
2.54	2.44	2.39	2.45
62.5	61.8	65.3	65.6
23.7	20.1	19.0	19.3
35.5	39.1	35.9	36.4

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

\*\* Includes taxes

# Appendix

## Non-Interest Income & Expense Trends

<b>Non-Interest Income</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Trust	\$30.4	\$38.3	\$40.3	\$44.1
Asset Mgmt.	18.1	17.7	18.9	21.1
Banking	32.5	34.3	35.2	39.3
FX Revenue	29.3	29.4	31.9	30.6
Custody & Other Admin.	10.2	10.2	9.5	8.9
Other	5.5	5.0	4.4	3.5
<b>Total Non-Int Income</b>	<b>\$126.0</b>	<b>\$134.8</b>	<b>\$140.2</b>	<b>\$147.5</b>

<b>2015</b>			
<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
\$10.0	\$10.2	\$9.9	\$10.3
4.3	4.6	4.7	5.3
8.3	8.2	8.5	10.2
7.9	8.0	7.6	8.3
2.4	2.5	2.3	2.3
1.2	1.0	1.3	0.8
<b>\$34.1</b>	<b>\$34.5</b>	<b>\$34.2</b>	<b>\$37.3</b>

<b>2016</b>			
<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
\$10.1	\$10.8	\$11.6	\$11.5
4.2	5.3	5.6	6.0
8.7	10.0	9.7	11.0
8.3	8.4	6.5	7.4
2.2	2.3	2.3	2.0
1.0	1.0	0.6	0.8
<b>\$34.5</b>	<b>\$37.9</b>	<b>\$36.3</b>	<b>\$38.8</b>

<b>Non-Interest Expense</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Salaries & Benefits	\$131.1	\$129.8	\$134.9	\$140.0
Tech & Comm	54.2	57.1	57.1	57.4
Property	24.3	24.3	21.5	21.0
Prof'l. & Outside Services	15.0	24.0	27.6	18.9
Indirect Taxes	13.7	14.2	13.9	16.4
Intangible Amort.	3.4	4.3	4.4	4.5
Marketing	3.5	3.8	3.9	4.5
Restructuring	-	-	2.2	6.3
Other	17.5	15.5	19.7	17.0
<b>Total Non-Int Exp</b>	<b>\$262.6</b>	<b>\$273.0</b>	<b>\$285.2</b>	<b>\$286.0</b>
Income Taxes	0.9	-0.2	1.3	0.6
<b>Total Exp. incl. Taxes</b>	<b>\$263.5</b>	<b>\$272.8</b>	<b>\$286.5</b>	<b>\$286.6</b>

<b>2015</b>			
<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
\$32.7	\$32.3	\$32.1	\$37.8
13.9	13.9	14.7	14.6
5.2	5.2	5.7	5.5
4.1	4.1	5.8	13.7
4.3	3.8	4.2	1.6
1.1	1.1	1.1	1.1
0.9	1.1	0.7	1.2
-	-	-	2.2
3.5	3.7	3.1	9.4
<b>\$65.5</b>	<b>\$65.1</b>	<b>\$67.4</b>	<b>\$87.2</b>
0.2	0.2	0.2	0.7
<b>\$65.7</b>	<b>\$65.3</b>	<b>\$67.6</b>	<b>\$87.9</b>

<b>2016</b>			
<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
\$31.2	\$32.2	\$42.4	\$34.2
14.5	14.1	14.4	14.5
5.0	5.1	5.4	5.5
4.1	5.4	4.1	5.4
4.6	2.8	4.2	4.7
1.1	1.3	1.2	1.0
0.9	1.0	0.9	1.7
4.5	0.7	0.6	0.5
4.1	4.2	4.4	4.3
<b>\$69.9</b>	<b>\$66.7</b>	<b>\$77.3</b>	<b>\$71.9</b>
0.3	0.2	0.2	-
<b>\$70.2</b>	<b>\$67.0</b>	<b>\$77.5</b>	<b>\$71.9</b>

# Appendix

## Reconciliation of Non-GAAP Financial Measures

(in millions of US Dollars, unless otherwise indicated)

		For the year ended December 31,			
		2016	2015	2014	2013
<b>Net income</b>	A	<b>115.9</b>	<b>77.7</b>	<b>108.2</b>	<b>62.6</b>
Dividends and guarantee fee of preference shares		(15.7)	(16.5)	(16.5)	(17.0)
Premium paid on repurchase of preference shares	B	(41.9)	—	(0.1)	(2.8)
<b>Net income to common shareholders</b>	C	<b>58.4</b>	<b>61.2</b>	<b>91.6</b>	<b>42.8</b>
<b>Non-core items</b>					
<b>Non-core (gains) losses</b>					
Gain on disposal of a pass-through note investment (formerly a SIV)		(0.6)	—	(8.7)	—
Net gain on sale of affiliate		—	—	—	(0.4)
Additional consideration from previously disposed of entities		—	—	(0.3)	(0.8)
Impairment of equity method investment		—	—	—	3.8
Realized gain on legal settlement		—	—	—	(13.1)
Realized gain on private equity investment		—	—	(1.1)	—
Income tax refund		—	—	(1.0)	—
Impairment of and gain on disposal of fixed assets (including software)		—	5.1	2.0	—
Impairment of goodwill and intangible assets		—	—	—	—
Change in unrealized (gains) losses on certain investments		—	0.7	(9.9)	15.6
Deferred tax valuation allowance and tax adjustments		—	—	—	—
Adjustment to holdback payable for a previous business acquisition		0.9	—	1.2	—
Total net gains from discontinued operations		—	—	—	—
<b>Total non-core (gains) losses</b>	D	<b>0.3</b>	<b>5.8</b>	<b>(17.8)</b>	<b>5.1</b>
<b>Non-core expenses</b>					
Early retirement program, redundancies and other non-core compensation costs		1.8	8.2	2.7	8.9
Onerous leases		—	—	—	—
Tax compliance review costs		1.6	3.8	10.2	—
Provision in connection with ongoing tax compliance review		0.7	4.8	—	—
Business acquisition costs		3.2	1.0	3.1	—
Restructuring charges and related professional service fees		6.3	2.5	—	—
Investigation of an international stock exchange listing costs		—	10.1	—	—
Total expenses from discontinued operations		—	—	—	—
Cost of 2010 legacy option plan vesting and related payroll taxes		8.8	—	—	—
<b>Total non-core expenses</b>	E	<b>22.4</b>	<b>30.4</b>	<b>16.0</b>	<b>8.9</b>
<b>Total non-core items</b>	F=D+E	<b>22.7</b>	<b>36.2</b>	<b>(1.8)</b>	<b>14.0</b>

# Appendix

## Reconciliation of Non-GAAP Financial Measures

(in millions of US Dollars, unless otherwise indicated)

		For the year ended December 31,			
		2016	2015	2014	2013
<b>Core net income</b>	G=A+F	138.6	113.9	106.4	76.6
Core net income attributable to common shareholders	H=C-B+F	123.0	97.4	89.9	59.6
Average shareholders' equity		826.0	791.8	849.4	821.1
Less: average preference shareholders' equity		(168.8)	(182.9)	(183.4)	(189.3)
Average common equity	I	657.2	608.9	666.0	631.8
Less: average goodwill and intangible assets		(58.6)	(54.8)	(42.1)	(20.0)
Average tangible common equity	J	598.6	554.1	624.0	611.8
<b>Return on equity</b>	C/I	<b>8.9 %</b>	<b>10.1 %</b>	<b>13.7 %</b>	<b>6.8 %</b>
<b>Core return on average tangible common equity</b>	H/J	<b>20.5 %</b>	<b>17.6 %</b>	<b>14.5 %</b>	<b>9.7 %</b>
<b>Core earnings per common share fully diluted</b>					
Adjusted weighted average number of diluted common shares (in thousands)	K	49.6	50.0	55.6	55.4
<b>Earnings per common share fully diluted</b>	C/K	<b>1.18</b>	<b>1.23</b>	<b>1.65</b>	<b>0.77</b>
<b>Non-core items per share</b>	(F-B)/K	<b>1.30</b>	<b>0.72</b>	<b>(0.03)</b>	<b>0.30</b>
<b>Core earnings per common share fully diluted</b>		<b>2.48</b>	<b>1.94</b>	<b>1.61</b>	<b>1.08</b>
<b>Core return on average tangible assets</b>					
Total average assets	L	10,842.8	9,967.5	9,268.9	9,016.5
Less: average goodwill and intangible assets		(58.6)	(54.8)	(42.1)	(20.0)
Average tangible assets	M	10,784.2	9,912.7	9,226.8	8,996.6
<b>Return on average assets</b>	A/L	<b>1.1 %</b>	<b>0.8 %</b>	<b>1.2 %</b>	<b>0.7 %</b>
<b>Core return on average tangible assets</b>	G/M	<b>1.3 %</b>	<b>1.1 %</b>	<b>1.2 %</b>	<b>0.9 %</b>

# Appendix

## Reconciliation of Non-GAAP Financial Measures

(in millions of US Dollars, unless otherwise indicated)

		For the year ended December 31,			
		2016	2015	2014	2013
<b>Tangible equity to tangible assets</b>					
Shareholders' equity		710.7	750.4	849.4	802.6
Less: goodwill and intangible assets		(61.9)	(51.1)	(57.9)	(19.1)
Tangible total equity	N	648.8	699.2	791.5	783.4
Less: preference shareholders' equity		—	(182.9)	(183.0)	(183.6)
Tangible common equity	O	648.8	516.4	608.5	599.8
Total assets		11,103.5	10,275.6	9,858.4	8,870.8
Less: goodwill and intangible assets		(61.9)	(51.1)	(57.9)	(19.1)
Tangible assets	P	11,041.6	10,224.4	9,800.5	8,851.7
<b>Tangible common equity to tangible assets</b>	O/P	<b>5.9 %</b>	<b>5.1 %</b>	<b>6.2 %</b>	<b>6.8 %</b>
<b>Tangible total equity to tangible assets</b>	N/P	<b>5.9 %</b>	<b>6.8 %</b>	<b>8.1 %</b>	<b>8.9 %</b>
<b>Efficiency ratio</b>					
Non-interest expenses		285.9	285.2	273.0	262.6
Less: Amortization of intangibles		(4.5)	(4.4)	(4.3)	(3.4)
Non-interest expenses before amortization of intangibles	Q	281.4	280.8	268.7	259.2
Non-interest income		147.5	140.2	134.8	126.0
Net interest income before provision for credit losses		258.5	239.3	238.5	223.8
Net revenue before provision for credit losses and other gains/losses	R	406.0	379.4	373.3	349.8
<b>Efficiency ratio</b>	Q/R	<b>69.3 %</b>	<b>74.0 %</b>	<b>72.0 %</b>	<b>74.1 %</b>
<b>Core efficiency ratio</b>					
Non-interest expenses		285.9	285.2	273.0	262.6
Less: non-core expenses	(E)	(22.4)	(30.4)	(16.0)	(8.9)
Less: amortization of intangibles		(4.5)	(4.4)	(4.3)	(3.4)
Core non-interest expenses before amortization of intangibles	S	259.0	250.4	252.7	250.3
Core revenue before other gains and losses and provision for credit losses	T	406.0	379.5	373.3	349.8
<b>Core efficiency ratio</b>	S/T	<b>63.8 %</b>	<b>66.0 %</b>	<b>67.7 %</b>	<b>71.6 %</b>

# Appendix

## Reconciliation of Non-GAAP Financial Measures

(in millions of US Dollars, unless otherwise indicated)

		For the quarters ended							
		Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31
		2016	2016	2016	2016	2015	2015	2015	2015
<b>Net income</b>	A	<b>35.4</b>	<b>24.0</b>	<b>29.8</b>	<b>26.8</b>	<b>(2.3)</b>	<b>28.8</b>	<b>23.3</b>	<b>28.0</b>
Dividends and guarantee fee of preference shares		(3.4)	(4.1)	(4.1)	(4.1)	(4.1)	(4.1)	(4.1)	(4.1)
Premium paid on repurchase of preference shares	B	(41.9)	—	—	—	—	—	—	—
<b>Net income to common shareholders</b>	C	<b>(9.9)</b>	<b>19.9</b>	<b>25.7</b>	<b>22.7</b>	<b>(6.5)</b>	<b>24.7</b>	<b>19.2</b>	<b>23.9</b>
<b>Non-core (gains), losses and expenses</b>									
<b>Non-core (gains) losses</b>									
Gain on disposal of a pass-through note investment (formerly a SIV)		(0.6)	—	—	—	—	—	—	—
Impairment of and gain on disposal of fixed assets (including software)		—	—	—	—	5.1	—	—	(0.2)
Change in unrealized (gains) losses on certain investments		—	—	—	—	1.7	(3.0)	3.0	(1.2)
Adjustment to holdback payable for a previous business acquisition		0.7	(0.7)	—	0.9	—	—	—	—
<b>Total non-core (gains) losses</b>	D	<b>0.1</b>	<b>(0.7)</b>	<b>—</b>	<b>0.9</b>	<b>6.8</b>	<b>(3.0)</b>	<b>3.0</b>	<b>(1.4)</b>
<b>Non-core expenses</b>									
Early retirement program, redundancies and other non-core compensation costs		—	0.3	0.1	1.3	6.6	1.0	—	0.8
Tax compliance review costs		—	0.2	0.5	0.6	0.4	0.9	0.9	1.6
Provision in connection with ongoing tax compliance review		—	—	—	0.7	4.8	—	—	—
Business acquisition costs		1.1	0.2	1.0	1.2	0.2	0.3	0.6	—
Restructuring charges and related professional service fees		0.5	0.6	0.7	4.5	2.5	—	—	—
Investigation of an international stock exchange listing costs		—	—	—	—	8.9	1.3	—	—
Cost of 2010 legacy option plan vesting and related payroll taxes		—	8.8	—	—	—	—	—	—
<b>Total non-core expenses</b>	E	<b>1.6</b>	<b>10.1</b>	<b>2.3</b>	<b>8.3</b>	<b>23.3</b>	<b>3.5</b>	<b>1.5</b>	<b>2.4</b>
<b>Total non-core (gains), losses and expenses</b>	F=D+E	<b>1.7</b>	<b>9.4</b>	<b>2.3</b>	<b>9.2</b>	<b>30.1</b>	<b>0.5</b>	<b>4.5</b>	<b>1.0</b>

# Appendix

## Reconciliation of Non-GAAP Financial Measures

(in millions of US Dollars, unless otherwise indicated)

		For the quarters ended							
		Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31
		2016	2016	2016	2016	2015	2015	2015	2015
<b>Core net income</b>	G=A+F	37.1	33.4	32.1	36.0	27.8	29.3	27.8	29.0
Core net income attributable to common shareholders	H=C-B+F	33.7	29.3	28.0	31.9	23.7	25.2	23.7	24.9
Average shareholders' equity		895.0	859.4	799.5	772.4	764.5	755.8	779.7	869.3
Less: average preference shareholders' equity		(137.1)	(182.9)	(182.9)	(182.9)	(182.9)	(182.9)	(182.9)	(182.9)
Average common equity	I	757.9	676.5	616.6	589.5	581.6	572.9	596.8	686.4
Less: average goodwill and intangible assets		(62.9)	(65.5)	(57.4)	(49.5)	(52.6)	(54.6)	(55.3)	(56.4)
Average tangible common equity	J	695.0	611.0	559.2	540.0	529.0	518.3	541.5	630.0
<b>Return on equity</b>	C/I	<b>(5.2)%</b>	<b>11.7 %</b>	<b>16.7 %</b>	<b>15.4 %</b>	<b>(4.4)%</b>	<b>17.1 %</b>	<b>12.9 %</b>	<b>14.1 %</b>
<b>Core return on average tangible common equity</b>	H/J	<b>19.3 %</b>	<b>19.0 %</b>	<b>20.1 %</b>	<b>23.7 %</b>	<b>17.8 %</b>	<b>19.3 %</b>	<b>17.6 %</b>	<b>16.0 %</b>
<b>Core earnings per common share fully diluted</b>									
Adjusted weighted average number of diluted common shares (in thousands)	K	54.7	49.0	47.3	47.4	47.3	47.4	49.0	55.7
<b>Earnings per common share fully diluted</b>	C/K	<b>(0.19)</b>	<b>0.41</b>	<b>0.54</b>	<b>0.48</b>	<b>(0.14)</b>	<b>0.52</b>	<b>0.39</b>	<b>0.43</b>
<b>Non-core items per share</b>	(F-B)/K	<b>0.81</b>	<b>0.19</b>	<b>0.05</b>	<b>0.19</b>	<b>0.64</b>	<b>0.01</b>	<b>0.09</b>	<b>0.02</b>
<b>Core earnings per common share fully diluted</b>		<b>0.62</b>	<b>0.60</b>	<b>0.59</b>	<b>0.67</b>	<b>0.50</b>	<b>0.53</b>	<b>0.48</b>	<b>0.45</b>
<b>Core return on average tangible assets</b>									
Total average assets	L	11,106.3	11,207.4	10,794.8	10,243.3	10,083.5	10,102.8	9,870.8	9,859.0
Less: average goodwill and intangible assets		(62.9)	(65.5)	(57.4)	(49.5)	(52.6)	(54.6)	(55.3)	(56.4)
Average tangible assets	M	11,043.4	11,141.8	10,737.3	10,193.8	10,030.8	10,048.1	9,815.4	9,802.7
<b>Return on average assets</b>	A/L	<b>1.3 %</b>	<b>0.9 %</b>	<b>1.1 %</b>	<b>1.1 %</b>	<b>(0.1)%</b>	<b>1.1 %</b>	<b>1.0 %</b>	<b>1.2 %</b>
<b>Core return on average tangible assets</b>	G/M	<b>1.3 %</b>	<b>1.2 %</b>	<b>1.2 %</b>	<b>1.4 %</b>	<b>1.1 %</b>	<b>1.2 %</b>	<b>1.1 %</b>	<b>1.2 %</b>

# Appendix

## Reconciliation of Non-GAAP Financial Measures

(in millions of US Dollars, unless otherwise indicated)

		For the quarters ended							
		Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31
		2016	2016	2016	2016	2015	2015	2015	2015
<b>Tangible equity to tangible assets</b>									
Shareholders' equity		710.7	964.7	815.9	786.9	750.4	773.9	739.0	871.5
Less: goodwill and intangible assets		(61.9)	(64.6)	(66.4)	(49.1)	(51.1)	(53.3)	(56.0)	(54.7)
Tangible total equity	N	648.8	900.1	749.5	737.8	699.3	720.6	683.0	816.8
Less: preference shareholders' equity		—	(182.9)	(182.9)	(182.9)	(182.9)	(182.9)	(182.9)	(182.9)
Tangible common equity	O	648.8	717.2	566.6	554.9	516.4	537.7	500.1	633.9
Total assets		11,103.5	10,978.5	11,287.2	10,185.6	10,275.6	10,216.5	10,069.8	9,800.3
Less: goodwill and intangible assets		(61.9)	(64.6)	(66.4)	(49.1)	(51.1)	(53.3)	(56.0)	(54.7)
Tangible assets	P	11,041.6	10,913.9	11,220.8	10,136.5	10,224.5	10,163.2	10,013.8	9,745.6
<b>Tangible common equity to tangible assets</b>	O/P	<b>5.9 %</b>	<b>6.6 %</b>	<b>5.0 %</b>	<b>5.5 %</b>	<b>5.1 %</b>	<b>5.3 %</b>	<b>5.0 %</b>	<b>6.5 %</b>
<b>Tangible total equity to tangible assets</b>	N/P	<b>5.9 %</b>	<b>8.3 %</b>	<b>6.7 %</b>	<b>7.3 %</b>	<b>6.8 %</b>	<b>7.1 %</b>	<b>6.8 %</b>	<b>8.4 %</b>
<b>Efficiency ratio</b>									
Non-interest expenses		71.9	77.3	66.7	69.9	87.2	67.4	65.1	65.5
Less: Amortization of intangibles		(1.0)	(1.2)	(1.3)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Non-interest expenses before amortization of intangibles	Q	70.9	76.1	65.4	68.8	86.1	66.3	64.0	64.4
Non-interest income		38.8	36.3	37.9	34.5	37.3	34.2	34.5	34.1
Net interest income before provision for credit losses		66.8	65.0	64.3	62.3	61.2	60.0	59.3	58.8
Net revenue before provision for credit losses and other gains/losses	R	105.6	101.3	102.2	96.8	98.5	94.2	93.8	92.9
<b>Efficiency ratio</b>	Q/R	<b>67.1 %</b>	<b>75.2 %</b>	<b>64.0 %</b>	<b>71.1 %</b>	<b>87.4 %</b>	<b>70.4 %</b>	<b>68.2 %</b>	<b>69.3 %</b>
<b>Core efficiency ratio</b>									
Non-interest expenses		71.9	77.3	66.7	69.9	87.2	67.4	65.1	65.5
Less: non-core expenses	(E)	(1.6)	(10.1)	(2.3)	(8.3)	(23.3)	(3.5)	(1.5)	(2.4)
Less: amortization of intangibles		(1.0)	(1.2)	(1.3)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Core non-interest expenses before amortization of intangibles	S	69.3	66.0	63.1	60.5	62.8	62.8	62.5	62.0
Net revenue before provision for credit losses and other gains/losses	T	105.6	101.3	102.2	96.8	98.5	94.2	93.8	92.9
<b>Core efficiency ratio</b>	S/T	<b>65.6 %</b>	<b>65.3 %</b>	<b>61.8 %</b>	<b>62.5 %</b>	<b>63.7 %</b>	<b>66.8 %</b>	<b>66.7 %</b>	<b>66.8 %</b>