

Fourth Quarter and Year-End 2018 Earnings Presentation
The Bank of N.T. Butterfield & Son Limited
February 20, 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 integration of 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

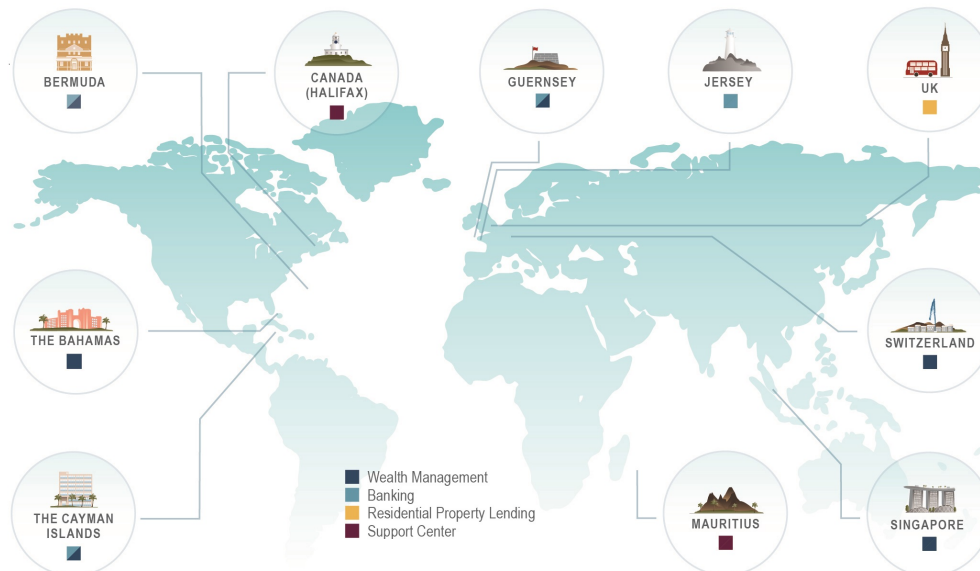
Agenda

- Overview
- Financials
- Summary
- Q&A

Butterfield Overview

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

Ten International Locations



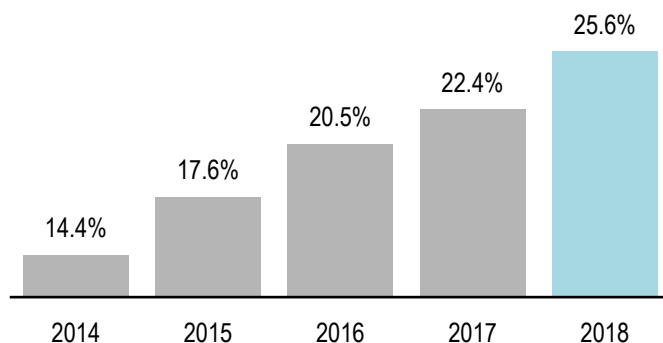
Awards



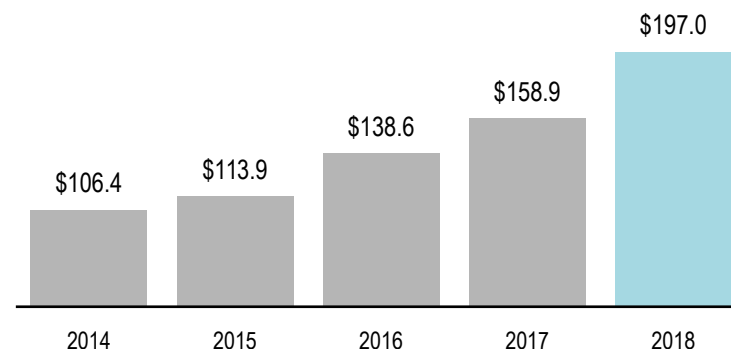
Full Year 2018 Highlights

- Record net income of \$195.2 million, or \$3.50 per share
- Core Net Income** of \$197.0 million, or \$3.53 per share
- Net Interest Margin of 3.25%, cost of deposits of 0.18%
- Return on average common equity of 23.1%; core return on average tangible common equity** of 25.6%
- Completed Global Trust Solutions acquisition from Deutsche Bank
- Substantially integrated acquisition of Deutsche Bank's banking businesses in Cayman and Channel Islands
- Loan growth year-over-year was 7.1%, primarily in central-London residential mortgages
- Increased shareholder yield through:
 - Expanded share repurchase authorization up to 2.5 million common shares
 - Increased qualified quarterly dividend rate to \$0.44 per common share

Core Return on Average Tangible Common Equity**



Core Net Income**



	vs. 2017	
	2018	%
Net Interest Income	343.0 \$	53.2
Non-Interest Income	168.7	10.9
Prov. for Credit Losses	7.0	1.2
Non-Interest Expenses*	(322.6)	(21.2)
Other Gains (Losses)	(0.9)	(2.1)
Net Income	\$ 195.2	27.4 %
Non-Core Items*	1.8	(3.7)
Core Net Income*	\$ 197.0	24.0 %

* Includes income taxes

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

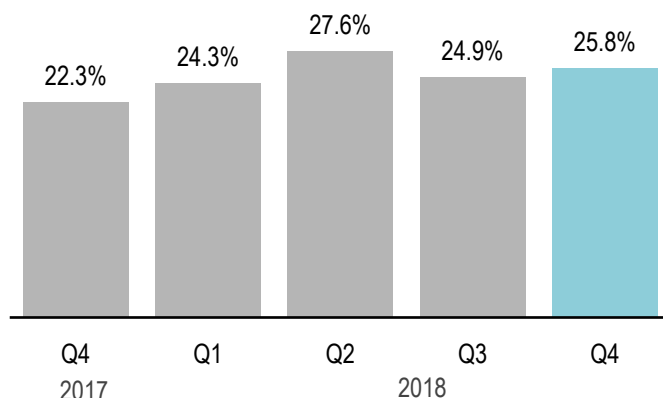
Financials



Fourth Quarter 2018 Highlights

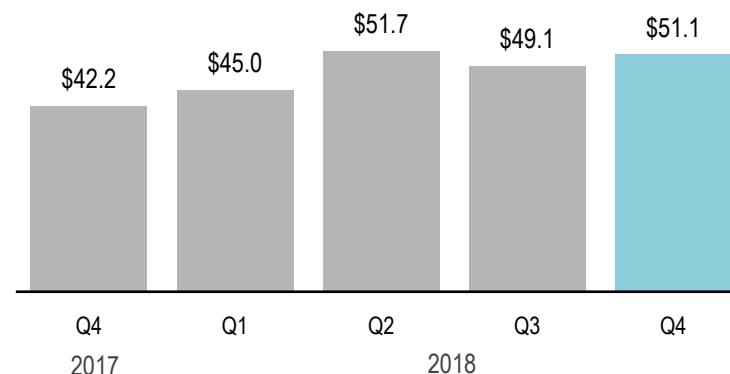
- Net income of \$50.9 million, or \$0.92 per share
- Core Net Income** of \$51.1 million, or \$0.92 per share
- Return on average common equity of 23.4%; core return on average tangible common equity** of 25.8%
- Net Interest Margin of 3.38%, cost of deposits of 0.27%
- Deposits stabilized from September 30, 2018 levels and inflows from Deutsche Bank Jersey late in 4Q18 added to Earning Asset base in 2019
- Capital management: 16% increase of quarterly common share dividend to \$0.44 per share and active share repurchases

Core Return on Average Tangible Common Equity**



Core Net Income**

(In US\$ millions)



(In US\$ millions)

	Q4 2018		vs. Q3 2018		vs. Q4 2017	
	\$		\$	%	\$	%
Net Interest Income	\$ 87.4		\$ (0.9)		\$ 11.3	
Non-Interest Income	45.7		4.4		3.4	
Prov. for Credit Losses	1.7		(1.1)		(3.6)	
Non-Interest Expenses*	(83.7)		(1.0)		(2.8)	
Other Gains (Losses)	(0.3)		(0.9)		2.4	
Net Income	\$ 50.9	\$ 0.5	1.1%		\$ 10.7	26.5 %
Non-Core Items**	0.2	1.5			(1.7)	
Core Net Income**	\$ 51.1	\$ 2.0	4.1%		\$ 9.0	21.3 %

* Includes income taxes

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

Income Statement

Net Interest Income

Net Interest Margin & Yields

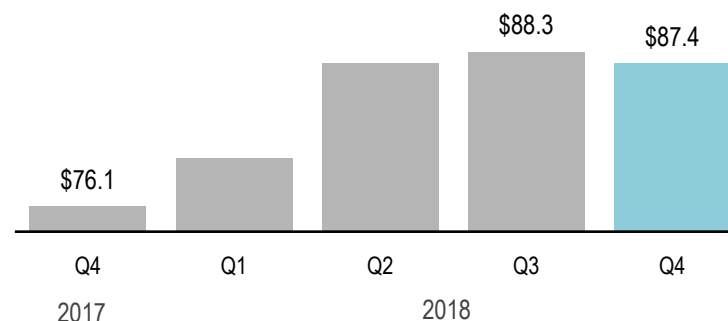
(In US\$ millions)

	Q4 2018		vs. Q3 2018	
	Avg. Balance	Yield	Avg. Balance	Yield
Cash, S/T Inv. & Repos	\$ 1,719.2	1.40 %	\$ 51.2	0.02 %
Investments	4,415.1	2.87 %	(245.3)	0.09 %
Loans (net)	4,113.9	5.56 %	63.5	0.02 %
Interest Earning Assets	10,248.3	3.70 %	(130.6)	
Total Liabilities	9,580.2	(0.34)%	(271.6)	(0.07)%
Net Interest Margin		3.38 %		0.01 %

Net Interest Income before Provision for Credit Losses -

Trend

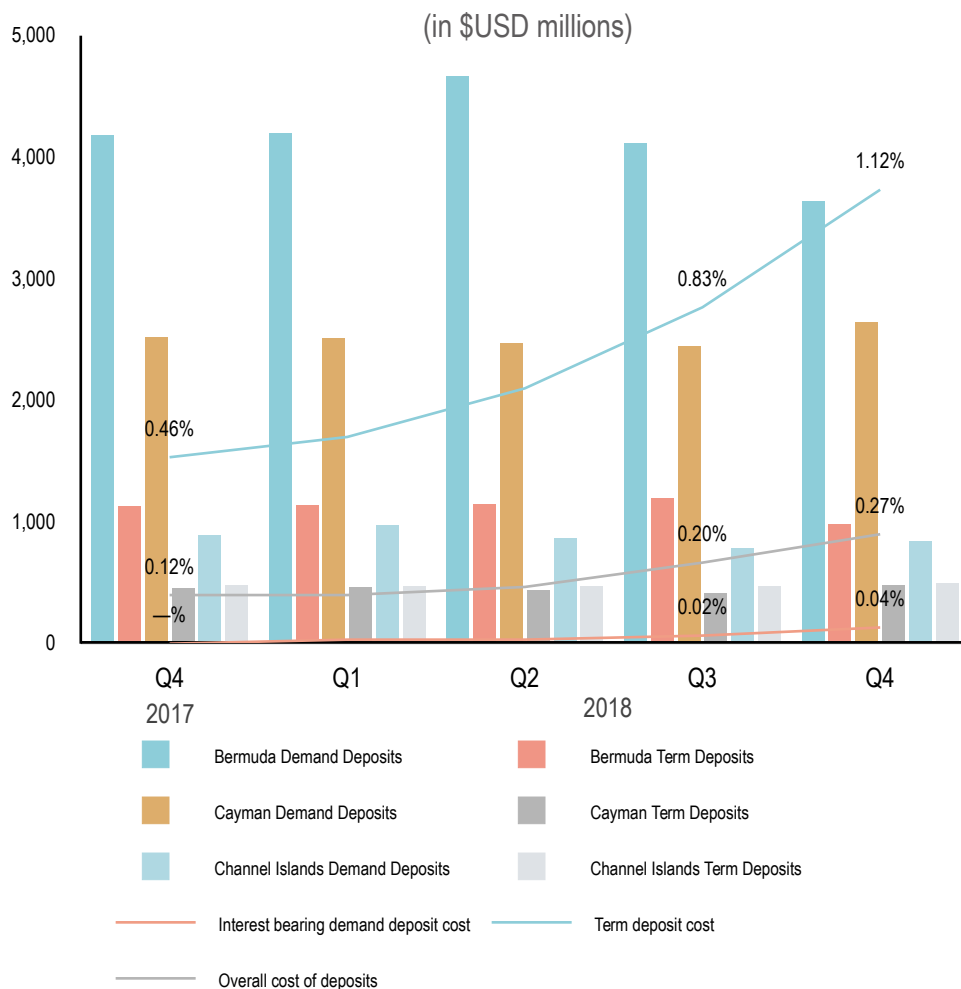
(In US\$ millions)



- Net interest margin (NIM) increased 1 bp from the previous quarter and 51 bps from the fourth quarter of 2017
 - Fourth quarter 2018 NIM benefited from asset sensitivity in a rising interest rate environment mostly offset by an increased cost of deposits due to increased fixed term rates
- Yields on investments of 2.87% were up 9 bps compared to the previous quarter and up 60 bps from 2.27% in the fourth quarter of 2017
- Loan yields increased 2 bps to 5.56% compared to the prior quarter
- Net interest income was down 1.0% compared to the third quarter of 2018 and up 14.8% compared to the fourth quarter of 2017, as new Deutsche Bank deposits arrived late in the quarter, contributing only marginally in 4Q18

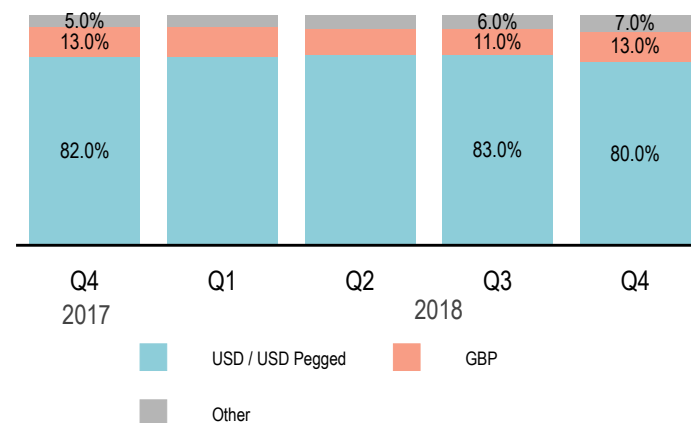
Customer Deposits

Average Deposit Volume and Cost of Deposits

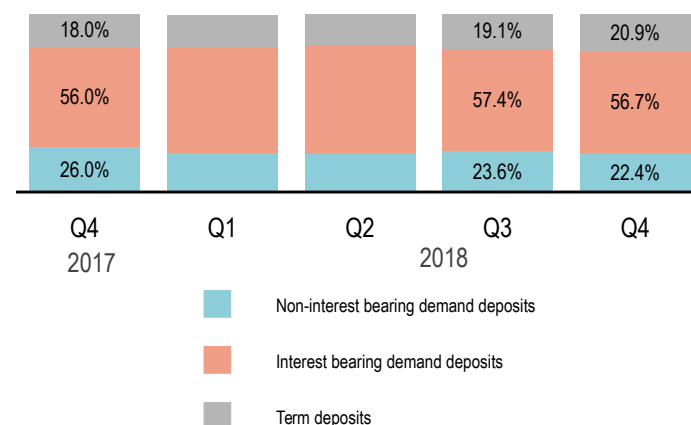


Deposit Composition

By Currency



By Type



Income Statement

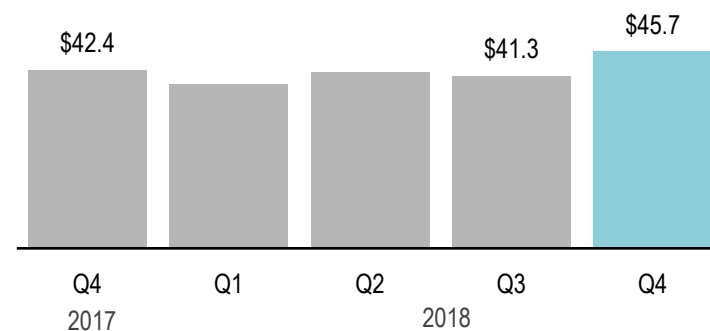
Non-Interest Income

(In US\$ millions)

	Q4 2018	vs. Q3 2018
Asset management	\$ 6.5	\$ 0.1
Banking	12.8	2.3
FX Revenue	8.6	0.8
Trust	13.8	0.6
Custody and Other	2.4	0.1
Other	1.6	0.6
Total Non-Interest Income	\$ 45.7	\$ 4.4

Non-Interest Income Trend

(In US\$ millions)



- Non-interest income was up 10.8% versus last quarter and up 7.9% compared to the fourth quarter of 2017
- Banking and FX were up in the fourth quarter of 2018 compared to the prior quarter as the fourth quarter typically benefits from holiday season shopping and Cayman tourist related flows
- Fee income ratio of 33.9% 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

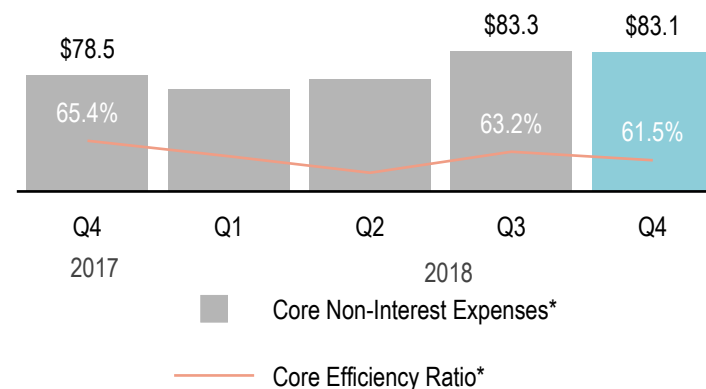
Core Non-Interest Expenses*

(In US\$ millions)

	vs. Q3 2018	
	Q4 2018	\$ %
Salaries & Benefits**	\$ 43.7	\$ —
Technology & Comm.	14.8	(0.7)
Property	6.1	0.8
Professional & O/S Services	6.0	(0.3)
Indirect Taxes	4.7	(0.1)
Intangible Amortization	1.3	—
Marketing	2.3	0.8
Other	4.3	(0.6)
Total Core Non-Interest Expenses*	\$ 83.1	\$ (0.1) — %
Non-Core Expenses*	0.2	1.3
Non-Interest Expenses	\$ 83.3	\$ 1.3 1.6 %

Core Non-Interest Expense Trend*

(In US\$ millions)



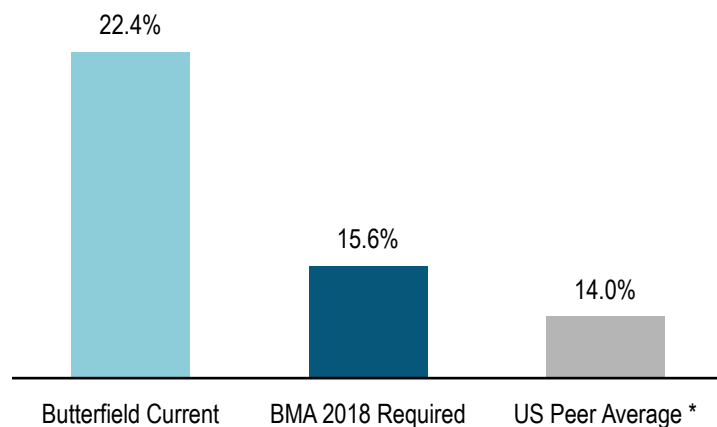
- Core cost / income ratio of 61.5% is approaching target and down from 64.3% for the 2017 full year. The ratio is expected to continued to improve as revenues from recent acquisitions surpass front loaded set up costs
- Longer term cost / income ratio target remains at 60%
- Management continues to focus on efficiency and strong expense controls

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

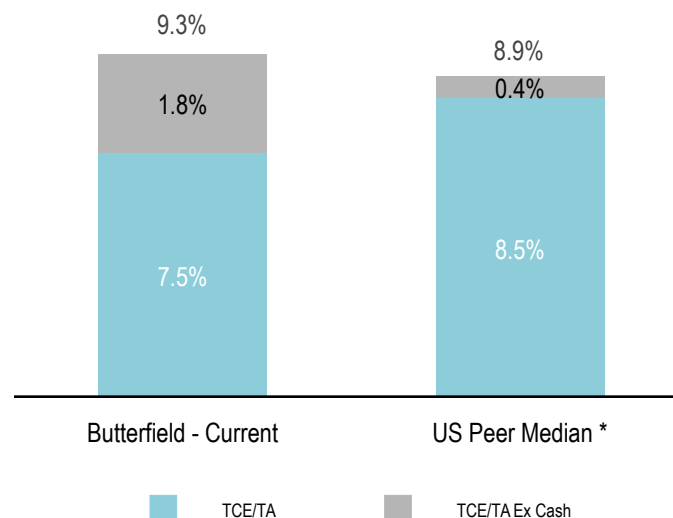
** Includes Non-Service Employee Benefits Expense

Capital Requirements and Return

Regulatory Capital (Basel III) -
Total Capital Ratio



Leverage Capital



- Expanded quarterly dividends, share buy-backs and the potential for future acquisitions underpins conservative capital management
- Leverage capital increased 6 bps versus prior quarter, remains at the high end of target levels and slightly higher than US peers*
- Active share purchases in the fourth quarter of 2018 as attractive, low risk deployment
- Board increased quarterly cash dividend 16% to \$0.44 per common share

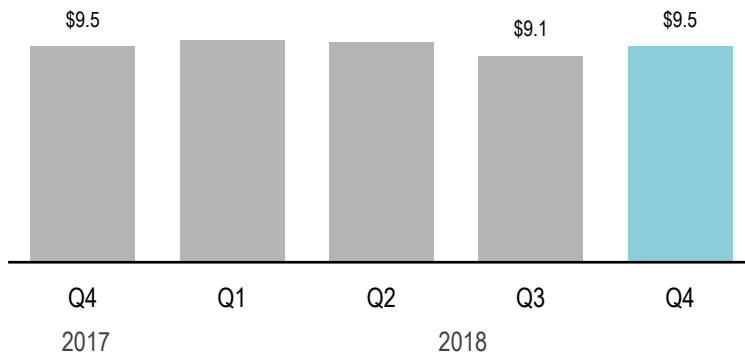
Balance Sheet

(In US\$ millions)		Q4 2018	Q4 2017
Cash & Equivalents	\$	2,054	\$ 1,535
S/T Investments		52	250
Reverse Repos		27	179
Loans (net)		4,044	3,777
Investments		4,255	4,706
Other Assets		340	332
Total Assets	\$	10,773	\$ 10,779

Int. Bearing Deposits	\$	7,333	\$ 7,056
Non-Int. Bearing Deposits		2,120	2,480
Other Liabilities		439	420
Shareholders Equity		882	823
Total Liab. & Equity	\$	10,773	\$ 10,779

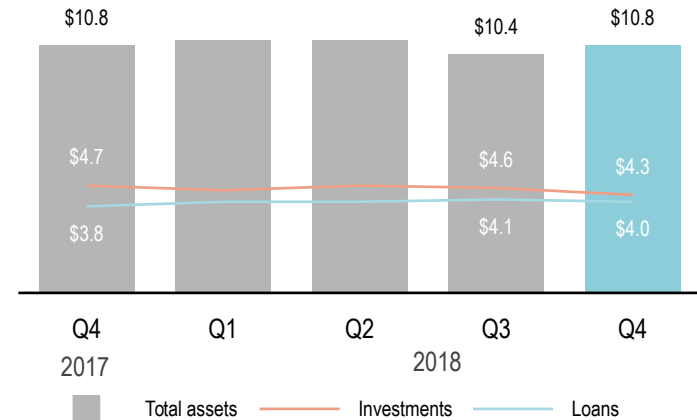
Total Deposits

(In US\$ billions)



Total Assets

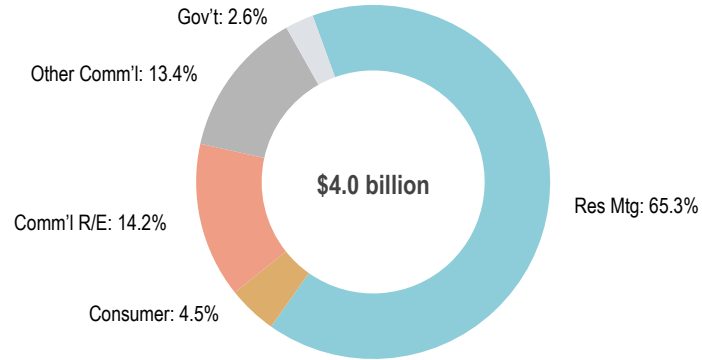
(In US\$ billions)



- Loans grew primarily due to increased UK residential origination and Bermuda commercial lending
- Cash balances are elevated due to new Deutsche Bank deposits coming on-board at quarter end
- Slight increase in non-accrual loans in the quarter, but credit conditions remain favorable

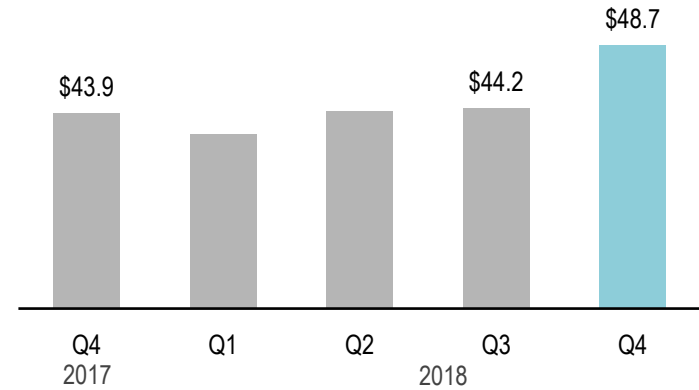
Asset Quality

Loan Distribution

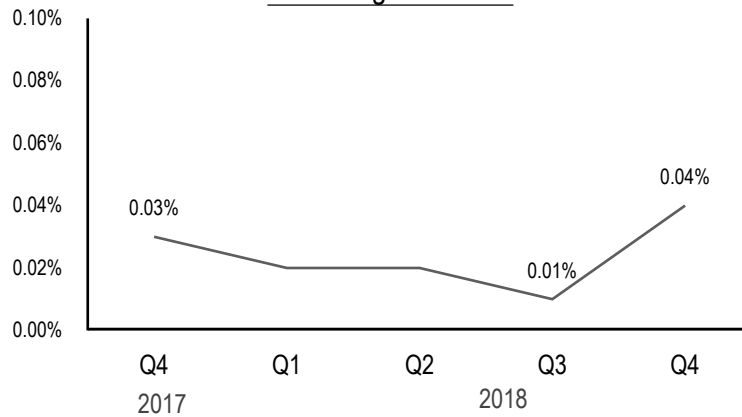


Non-Accrual Loans

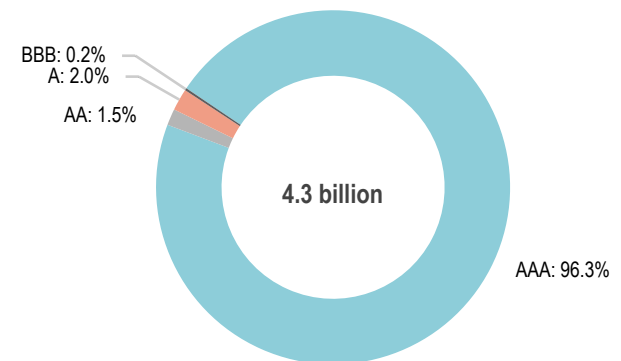
(In US\$ millions)



Net Charge-Off Ratio



Investment Portfolio Rating Distribution

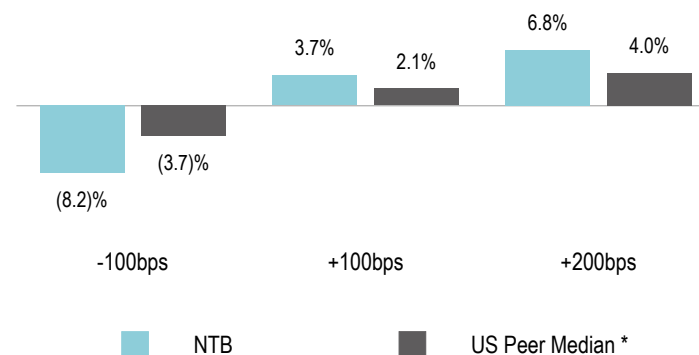


Interest Rate Sensitivity

Average Balance - Balance Sheet

	Average Balances (US\$Mil)		Duration	vs. Q3 2018
	Q4 2018	vs. Q3 2018		
Cash & Reverse Repos	1,616.6	56.9	N/A	N/A
S/T Invest.	102.7	(5.7)	0.2	—
AFS	2,310.9	(431.8)	3.1	(0.1)
HTM**	2,103.3	186.8	4.9	(0.8)
Total	6,133.5	(193.8)		

Interest Rate Sensitivity



- The Bank continues to be more interest rate sensitive than US peers*, albeit to a lesser degree
- Period end deposit balances were \$320 million higher than average deposit balances for the fourth quarter of 2018 as new deposits from the Deutsche Bank acquisition were on-boarded late in 4Q18
- Average AFS balance was down \$432 million while average HTM balance was up \$187 million in the fourth quarter of 2018

* 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

Balance Sheet Trends

(in millions of US Dollars, unless otherwise indicated)

(In millions of US Dollars, unless otherwise indicated)											
	2018				2017				2016		
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4		
Assets											
Cash & Equivalents	\$ 2,054	\$ 1,259	\$ 1,756	\$ 1,846	\$ 1,535	\$ 1,546	\$ 1,720	\$ 1,867	\$ 2,102		
Reverse Repos	27	72	89	198	179	210	184	63	149		
S/T Investments	52	76	79	100	250	208	294	542	520		
Investments	4,255	4,576	4,727	4,512	4,706	4,613	4,558	4,549	4,400		
Loans, Net	4,044	4,092	3,986	3,957	3,777	3,664	3,588	3,573	3,570		
Other Assets	340	355	367	376	332	338	335	350	363		
Total Assets	\$ 10,773	\$ 10,430	\$ 11,002	\$ 10,988	\$ 10,779	\$ 10,578	\$ 10,679	\$ 10,944	\$ 11,104		
Liabilities and Equity											
Total Deposits	\$ 9,452	\$ 9,066	\$ 9,718	\$ 9,754	\$ 9,536	\$ 9,407	\$ 9,479	\$ 9,849	\$ 10,034		
Long-Term Debt	143	143	143	117	117	117	117	117	117		
Other Liabilities	295	349	293	293	303	252	313	236	242		
Total Liabilities	\$ 9,891	\$ 9,558	\$ 10,154	\$ 10,164	\$ 9,956	\$ 9,776	\$ 9,909	\$ 10,203	\$ 10,393		
Common Equity	\$ 882	\$ 872	\$ 849	\$ 824	\$ 823	\$ 802	\$ 770	\$ 741	\$ 711		
Total Equity	\$ 882	\$ 872	\$ 849	\$ 824	\$ 823	\$ 802	\$ 770	\$ 741	\$ 711		
Total Liabilities and Equity	\$ 10,774	\$ 10,430	\$ 11,002	\$ 10,988	\$ 10,779	\$ 10,578	\$ 10,679	\$ 10,944	\$ 11,104		
Key Metrics											
TCE / TA	7.5%	7.7%	7.1%	6.7%	7.1%	7.0%	6.7%	6.2%	5.9%		
CET 1 Ratio	19.6%	20.2%	19.1%	17.6%	18.2%	17.8%	17.0%	15.8%	15.3%		
Total Tier 1 Capital Ratio	19.6%	20.2%	19.1%	17.6%	18.2%	17.8%	17.0%	15.8%	15.3%		
Total Capital Ratio	22.4%	23.3%	22.3%	19.2%	19.9%	19.9%	19.1%	17.9%	17.6%		

Appendix

Average Balance Sheet Trends

(in millions of US Dollars, unless otherwise indicated)

	2018 - Q4			2018 - Q3			2018 - Q2		
	Average balance (\$)	Interest (\$)	Average rate (%)	Average balance (\$)	Interest (\$)	Average rate (%)	Average balance (\$)	Interest (\$)	Average rate (%)
Assets									
Cash due from banks, reverse repurchase agreements and short-term investments	\$ 1,719.2	\$ 6.1	1.40 %	\$ 1,668.0	\$ 5.8	1.38 %	\$ 2,348.0	\$ 7.9	1.36 %
Investment in securities	4,415.1	32.0	2.87 %	4,660.4	32.6	2.78 %	4,665.5	31.0	2.67 %
Trading	1.0	—	— %	1.2	—	— %	1.2	—	— %
AFS	2,310.9	15.6	2.67 %	2,742.7	18.0	2.60 %	2,921.9	18.1	2.48 %
HTM	2,103.3	16.4	3.10 %	1,916.5	14.7	3.04 %	1,742.4	12.9	2.98 %
Loans	4,113.9	57.7	5.56 %	4,050.5	56.6	5.54 %	3,957.6	53.7	5.44 %
Commercial	1,371.1	20.5	5.94 %	1,396.8	20.5	5.84 %	1,303.5	18.6	5.73 %
Consumer	2,742.9	37.1	5.37 %	2,653.7	36.0	5.38 %	2,654.1	35.1	5.30 %
Total interest earning assets	10,248.3	95.7	3.70 %	10,378.9	95.0	3.63 %	10,971.1	92.7	3.39 %
Other assets	329.5			397.5			350.6		
Total assets	\$ 10,577.8	\$ 95.7	3.59 %	\$ 10,776.4	\$ 95.0	3.50 %	\$ 11,321.8	\$ 92.7	3.28 %
Liabilities									
Interest bearing deposits	\$ 6,946.5	\$ (6.3)	(0.36)%	\$ 7,283.5	\$ (4.8)	(0.26)%	\$ 7,862.0	\$ (3.6)	(0.18)%
Customer demand deposits	4,941.0	(0.5)	(0.04)%	5,174.7	(0.2)	(0.02)%	5,792.8	(0.1)	(0.01)%
Customer term deposits	1,962.4	(5.5)	(1.12)%	2,083.7	(4.4)	(0.83)%	2,056.3	(3.2)	(0.63)%
Deposits from banks	43.0	(0.2)	(2.08)%	25.1	(0.2)	(3.64)%	12.9	(0.3)	(8.58)%
Securities sold under agreement to repurchase	2.7	—	(2.33)%	—	—	— %	1.8	—	(1.96)%
Long-term debt	143.3	(2.0)	(5.48)%	143.2	(1.9)	(5.31)%	130.2	(1.7)	(5.25)%
Interest bearing liabilities	7,092.4	(8.3)	(0.46)%	7,426.7	(6.7)	(0.36)%	7,994.1	(5.3)	(0.27)%
Non-interest bearing customer deposits	2,186.2			2,161.6			2,213.4		
Other liabilities	301.6			263.5			302.8		
Total liabilities	\$ 9,580.2	\$ (8.3)	(0.34)%	\$ 9,851.8	\$ (6.7)	(0.27)%	\$ 10,510.2	\$ (5.3)	(0.20)%
Shareholders' equity	997.6			924.6			811.5		
Total liabilities and shareholders' equity	\$ 10,577.8			\$ 10,776.4			\$ 11,321.8		
Non-interest bearing funds net of non-interest earning assets (free balance)	\$ 3,155.9			\$ 2,952.2			\$ 2,977.1		
Net interest margin		\$ 87.4	3.38 %		\$ 88.3	3.37 %		\$ 87.4	3.20 %

Appendix

Income Statement Trends

(in millions of US Dollars, unless otherwise indicated)

	2018				2017				2016	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Net Interest Income	\$ 87.4	\$ 88.3	\$ 87.4	\$ 79.9	\$ 76.1	\$ 74.3	\$ 71.5	\$ 67.9	\$ 66.8	
Non-Interest Income	45.7	41.3	41.9	39.8	42.4	38.2	38.7	38.5	38.8	
Prov. for Credit Recovery (Losses)	1.7	2.8	0.5	1.9	5.4	0.7	(0.5)	0.3	0.9	
Non-Interest Expenses*	83.7	82.6	78.6	77.8	80.8	73.8	75.6	71.2	71.9	
Other Gains (Losses)	(0.3)	0.7	(1.6)	0.4	(2.7)	1.8	2.0	0.2	0.8	
Net Income	\$ 50.9	\$ 50.4	\$ 49.7	\$ 44.2	\$ 40.3	\$ 41.1	\$ 36.1	\$ 35.9	\$ 35.4	
Non-Core Items**	\$ 0.2	\$ (1.2)	\$ 2.0	\$ 0.8	\$ 1.9	\$ (0.4)	\$ 1.4	\$ 2.6	\$ 1.7	
Core Net Income**	\$ 51.1	\$ 49.1	\$ 51.7	\$ 45.0	\$ 42.2	\$ 40.7	\$ 37.5	\$ 38.5	\$ 37.1	

Key Metrics

Loan Yield	5.56%	5.54%	5.44%	5.31%	5.23%	5.16%	5.11%	4.90%	4.92%
Securities Yield	2.87	2.78	2.67	2.54	2.27	2.22	2.20	2.17	1.98
Cost of Deposits	0.27	0.20	0.14	0.12	0.12	0.10	0.11	0.11	0.10
Net Interest Margin	3.38	3.37	3.20	3.05	2.87	2.81	2.66	2.58	2.45
Core Efficiency Ratio**	61.5	63.2	59.0	62.3	65.4	62.8	66.1	63.2	65.6
Core ROATCE**	25.8	24.9	27.6	24.3	22.3	22.2	21.6	23.4	19.3
Fee Income Ratio	33.9	31.2	32.4	32.7	34.2	33.8	35.3	36.1	36.4
Fully Diluted Share Count (in millions of common shares)	55.4	56.0	55.9	55.8	55.6	55.5	55.6	55.2	54.7

* Includes income taxes

** See the reconciliation of pages 20-21 of the non-GAAP measure.

Appendix

Non-Interest Income & Expense Trends

(in millions of US Dollars, unless otherwise indicated)

(In millions of US Dollars, unless otherwise indicated)										
2018					2017					2016
	Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1	Q4
Non-Interest Income										
Trust	\$ 13.8	\$ 13.1	\$ 13.2	\$ 10.9	\$ 11.3	\$ 10.9	\$ 11.3	\$ 11.4	\$ 11.5	
Asset Management	6.5	6.5	6.2	6.4	6.6	6.3	5.9	5.8	6.0	
Banking	12.8	10.6	10.8	10.9	12.0	10.8	10.9	10.0	11.0	
FX Revenue	8.6	7.8	8.3	8.2	8.8	7.6	7.5	8.3	7.4	
Custody & Other Admin.	2.4	2.2	2.4	2.2	2.2	2.0	1.9	2.0	2.0	
Other	1.6	1.0	1.1	1.2	1.4	0.5	1.1	0.9	0.9	
Total Non-Interest Income	\$ 45.7	\$ 41.3	\$ 41.9	\$ 39.8	\$ 42.4	\$ 38.2	\$ 38.7	\$ 38.5	\$ 38.8	
Non-Interest Expense										
Salaries & Benefits*	\$ 43.7	\$ 43.8	\$ 40.9	\$ 37.0	\$ 42.4	\$ 37.4	\$ 37.4	\$ 36.0	\$ 34.2	
Technology & Comm.	14.9	15.6	15.1	14.7	14.4	13.2	13.4	12.9	14.5	
Property	6.1	5.3	5.3	5.1	4.5	5.1	5.4	4.9	5.5	
Professional & O/S Services	6.1	5.1	5.1	9.7	8.0	6.9	6.1	6.2	5.4	
Indirect Taxes	4.7	4.8	5.0	4.9	4.7	4.6	4.5	4.2	4.7	
Intangible Amortization	1.3	1.4	1.3	1.1	1.1	1.0	1.1	1.0	1.0	
Marketing	2.3	1.5	1.4	0.9	1.5	0.9	2.4	1.0	1.7	
Restructuring	—	—	—	—	0.3	0.4	0.6	0.4	0.5	
Other	4.3	4.9	4.1	3.9	3.5	4.0	4.5	4.3	4.4	
Total Non-Interest Expense	\$ 83.5	\$ 82.2	\$ 78.2	\$ 77.4	\$ 80.4	\$ 73.6	\$ 75.3	\$ 71.0	\$ 71.9	
Income Taxes	0.2	0.4	0.3	0.4	0.5	0.2	0.3	0.2	—	
Total Expense incl. Taxes	\$ 83.7	\$ 82.6	\$ 78.6	\$ 77.8	\$ 80.8	\$ 73.8	\$ 75.6	\$ 71.2	\$ 71.9	

*Includes non-service employee benefits

Appendix

Core Non-Interest Expense Trends

(in millions of US Dollars, unless otherwise indicated)

	2018				2017				2016	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Salaries & Benefits*	\$ 43.7	\$ 43.8	\$ 40.9	\$ 37.0	\$ 42.2	\$ 37.2	\$ 37.1	\$ 35.9	\$ 34.0	
Technology & Comm.	14.8	15.4	14.9	14.6	14.3	13.1	13.3	12.8	14.4	
Property	6.1	5.3	5.3	5.1	4.5	5.1	5.3	4.9	5.5	
Professional & O/S Services	6.0	6.3	4.7	8.1	6.7	5.6	5.7	4.3	5.4	
Indirect Taxes	4.7	4.8	5.0	4.9	4.7	4.6	4.5	4.3	3.9	
Intangible Amortization	1.3	1.4	1.3	1.1	1.1	1.0	1.1	1.0	1.0	
Marketing	2.3	1.5	1.4	0.9	1.5	0.9	2.4	1.0	1.7	
Other	4.3	4.8	4.1	3.9	3.5	4.0	4.5	4.2	4.3	
Total Core Non-Interest Expense	\$ 83.1	\$ 83.3	\$ 77.6	\$ 75.6	\$ 78.5	\$ 71.6	\$ 73.9	\$ 68.4	\$ 70.2	
Income Taxes	0.2	0.4	0.3	0.4	0.5	0.2	0.3	0.2	—	
Total Core Expense incld. Taxes	\$ 83.3	\$ 83.7	\$ 77.9	\$ 76.0	\$ 78.9	\$ 71.8	\$ 74.2	\$ 68.6	\$ 70.2	

*Includes non-service employee benefits

Appendix

Non-GAAP Reconciliation

(in millions of US Dollars, unless otherwise indicated)

		2018				2017	
		Q4	Q3	Q2	Q1	Q4	
Net income	A	\$ 50.9	\$ 50.4	\$	44.2	\$	40.3
Non-core (gains), losses and expenses							
Non-core (gains) losses							
Gain on disposal of a pass-through note investment (formerly a SIV)		—	(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	\$ —	\$ (0.2)	\$ 1.4	\$ (0.9)	\$	—
Non-core expenses							
Tax compliance review costs		0.1	0.1	0.1	0.1	0.6	
Business acquisition costs		0.1	(1.2)	0.4	1.6	1.0	
Restructuring charges and related professional service fees		—	—	—	—	0.3	
Total non-core expenses	C	\$ 0.2	\$ (1.1)	\$ 0.6	\$ 1.7	\$	1.9
Total non-core (gains), losses and expenses	D=B+C	0.2	(1.2)	2.0	0.8		1.9
Core net income to common shareholders	E=A+D	\$ 51.1	\$ 49.1	\$ 51.7	\$ 45.0	\$	42.2
Average shareholders' equity		862.3	859.9	833.5	820.7	809.6	
Average common equity	F	862.3	859.9	833.5	820.7	809.6	
Less: average goodwill and intangible assets		(75.6)	(76.7)	(83.0)	(68.4)	(60.9)	
Average tangible common equity	G	786.7	783.2	750.4	752.3	748.7	
Return on equity	A/F	23.4%	23.2%	23.9%	21.8%		19.7%
Core return on average tangible common equity	E/G	25.8%	24.9%	27.6%	24.3%		22.3%
Core earnings per common share fully diluted							
Adjusted weighted average number of diluted common shares (in thousands)	H	55.4	56.0	55.9	55.8	55.6	
Earnings per common share fully diluted	A/H	0.92	0.90	0.89	0.79	0.72	
Non-core items per share	D/H	—	(0.02)	0.04	0.02	0.04	
Core earnings per common share fully diluted	E/H	0.92	0.88	0.93	0.81	0.76	
Core return on average tangible assets							
Total average assets	I	\$ 10,449.2	\$ 10,723.5	\$ 11,227.8	\$ 10,970.9	\$ 10,851.0	
Less: average goodwill and intangible assets		(75.6)	(76.7)	(83.0)	(68.4)	(60.9)	
Average tangible assets	J	\$ 10,373.7	\$ 10,646.8	\$ 11,144.7	\$ 10,902.5	\$ 10,790.1	
Return on average assets	A/I	1.9%	1.9%	1.8%	1.6%	1.5%	
Core return on average tangible assets	E/J	2.0%	1.8%	1.9%	1.7%	1.6%	

Appendix

Non-GAAP Reconciliation (cont'd)

(in millions of US Dollars, unless otherwise indicated)

		2018				2017
		Q4	Q3	Q2	Q1	Q4
Tangible equity to tangible assets						
Shareholders' equity		\$ 882.3	\$ 871.7	\$ 848.6	\$ 824.2	\$ 822.9
Less: goodwill and intangible assets		(74.7)	(76.9)	(77.3)	(90.9)	(60.6)
Tangible total equity	K	807.6	794.8	771.3	733.4	762.3
Less: preference shareholders' equity		—	—	—	—	—
Tangible common equity	L	807.6	794.8	771.3	733.4	762.3
Total assets		10,773.2	10,429.7	11,002.4	10,988.2	10,779.2
Less: goodwill and intangible assets		(74.7)	(76.9)	(77.3)	(90.9)	(60.6)
Tangible assets	M	\$ 10,698.4	\$ 10,352.8	\$ 10,925.1	\$ 10,897.4	\$ 10,718.6
Tangible common equity to tangible assets	L/M	7.5%	7.7%	7.1%	6.7%	7.1%
Efficiency ratio						
Non-interest expenses		\$ 83.5	\$ 82.2	\$ 78.2	\$ 77.4	\$ 80.4
Less: Amortization of intangibles		(1.3)	(1.4)	(1.3)	(1.1)	(1.1)
Non-interest expenses before amortization of intangibles	N	82.2	80.9	76.9	76.3	79.3
Non-interest income		45.7	41.3	41.9	39.8	42.4
Net interest income before provision for credit losses		87.4	88.3	87.4	79.9	76.1
Net revenue before provision for credit losses and other gains/losses	O	\$ 133.1	\$ 129.5	\$ 129.3	\$ 119.7	\$ 118.4
Efficiency ratio	N/O	61.7%	62.4%	59.5%	63.8%	67.0%
Core efficiency ratio						
Non-interest expenses		\$ 83.5	\$ 82.2	\$ 78.2	\$ 77.4	\$ 80.4
Less: non-core expenses	(C)	(0.2)	1.1	(0.6)	(1.7)	(1.9)
Less: amortization of intangibles		(1.3)	(1.4)	(1.3)	(1.1)	(1.1)
Core non-interest expenses before amortization of intangibles	P	81.9	81.9	76.3	74.6	77.4
Net revenue before provision for credit losses and other gains/losses	Q	133.1	129.5	129.3	119.7	118.4
Core efficiency ratio	P/Q	61.5%	63.2%	59.0%	62.3%	65.4%

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

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- SIVB
- EWBC
- CFR
- ASB
- WTFC
- CBSH
- IBKC
- UMBF
- FHB
- BOH
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- CBU
- BPFH
- FFIN
- WABC