

First Quarter 2022 Earnings Presentation

The Bank of N.T. Butterfield & Son Limited
May 3, 2022

Forward-Looking Statements

Forward-Looking Statements:

Certain of the statements made in this release are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions estimates, intentions, and future performance, including, without limitation, our dividend payout target, 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 Butterfield to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements due to a variety of factors, including worldwide economic conditions and fluctuations of interest rates, a decline in Bermuda's sovereign credit rating, 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, the impact of the COVID-19 pandemic, the scope and duration of the pandemic, actions taken by governmental authorities in response to the pandemic, the eventual timing and duration of economic stabilization and recovery from the pandemic and other factors. Forward-looking statements can be identified by words such as "anticipate," "assume," "believe," "estimate," "expect," "indicate," "intend," "may," "plan," "point to," "predict," "project," "seek," "target," "potential," "will," "would," "could," "should," "continue," "contemplate" and other similar expressions, although not all forward-looking statements contain these identifying words. All statements other than statements of historical fact are statements that could be forward-looking statements.

All forward-looking statements in this disclosure 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, including under the caption "Risk Factors" in our most recent Form 20-F. Such reports are available upon request from Butterfield, or from the SEC, including through the SEC's website at <https://www.sec.gov>. Any forward-looking statements made by Butterfield are current views as at the date they are made. Except as otherwise required by law, Butterfield assumes no obligation and does not undertake to review, update, revise or correct any of the forward-looking statements included in this disclosure, whether as a result of new information, future events or other developments. You are cautioned not to place undue reliance on the forward-looking statements made by Butterfield in this disclosure. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, and should only be viewed as historical data.

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

Craig Bridgewater

Group Chief Financial Officer

Michael Schrum

President and Group Chief Risk Officer

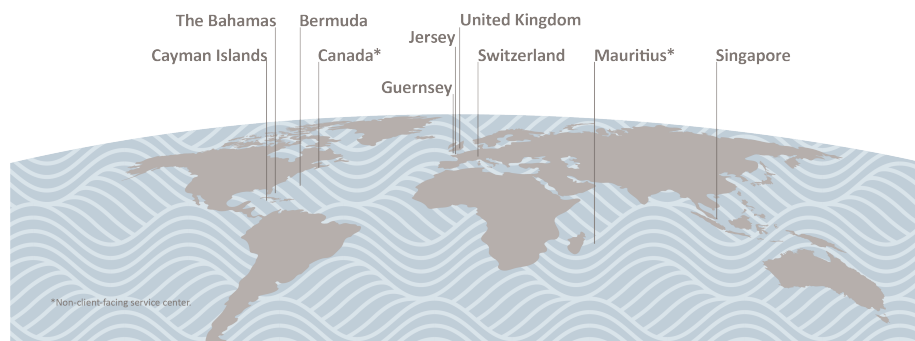
Agenda

- Overview
- First Quarter 2022 Financials
- Q&A

Butterfield Overview

- Leading Bank in Attractive Markets
- Strong Capital Generation and Return
- Resilient, Capital Efficient, Diversified Fee Revenue Model
- Efficient, Conservative Balance Sheet
- Experienced Leadership Team

Ten International Locations



- Leading market positions in Bermuda & Cayman
- Expanding loan and mortgage offerings in The Channel Islands
- Well-secured lending in all markets, including Central London, UK
- Award winning wealth management offerings

Awards

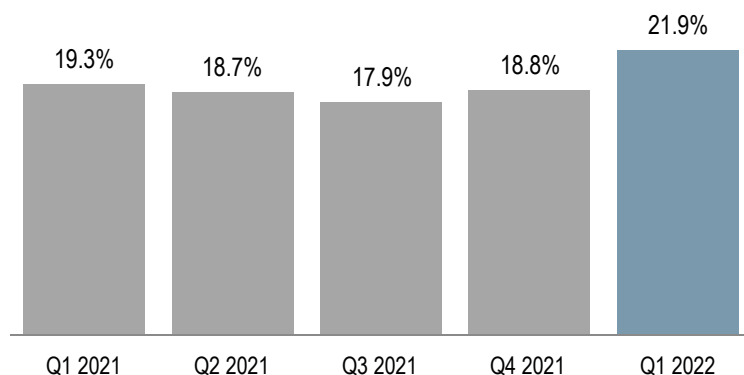


First Quarter 2022 Highlights

- Net income of \$44.4 million, or \$0.89 per share
- Core net income** of \$44.7 million or \$0.90 per share
- Return on average common equity of 19.7%; core return on average tangible common equity** of 21.9%
- Net Interest Margin of 2.03%, cost of deposits of 0.12%
- Cash dividend rate of \$0.44 per common share and share repurchases during the quarter

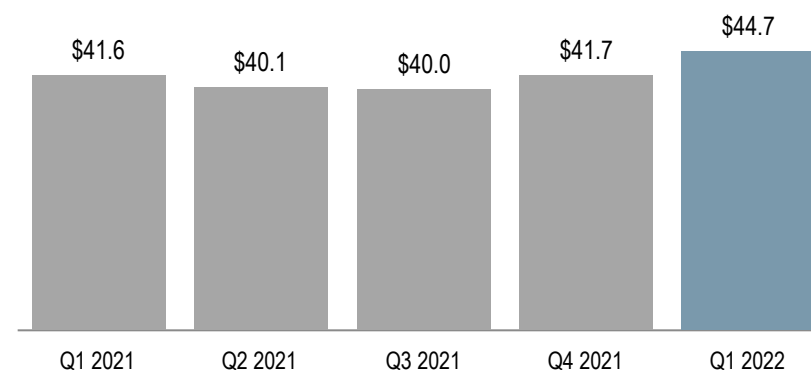
(In US\$ millions)	vs. Q4 2021				vs. Q1 2021	
	Q1 2022	\$	%		\$	%
Net Interest Income	\$ 75.9	\$ 1.4			\$ 1.0	
Non-Interest Income	49.9	(2.8)			2.3	
Credit Recoveries	0.7	0.1			(0.8)	
Non-Interest Expenses*	(82.9)	1.6			(1.3)	
Other Gains (Losses)	0.8	2.4			1.6	
Net Income	\$ 44.4	\$ 2.7	6.5 %		\$ 2.7	6.6 %
Non-Core Items**	0.3	(0.3)			0.3	
Core Net Income**	\$ 44.7	\$ 3.0	7.1 %		\$ 3.1	7.4 %

Core Return on Average Tangible Common Equity**



Core Net Income**

(In US\$ millions)



* Includes income taxes

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

Financials

Income Statement

Net Interest Income

Net Interest Margin & Yields

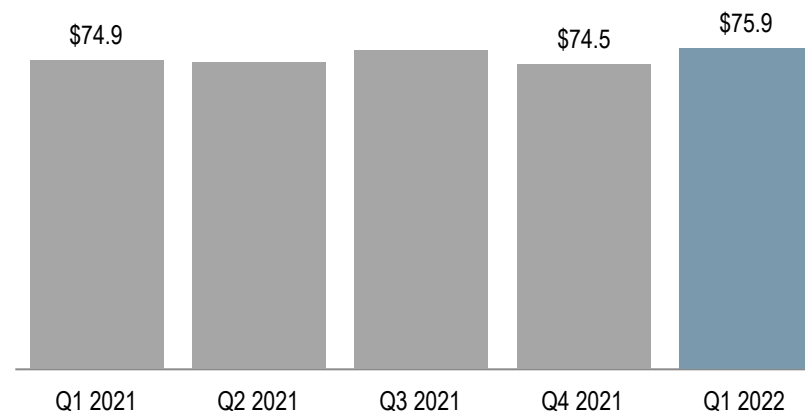
(In US\$ millions)

	Q1 2022		vs. Q4 2021	
	Avg. Balance	Yield	Avg. Balance	Yield
Cash, S/T Inv. & Repos	\$ 3,809.2	0.11 %	\$ 492.9	0.08 %
Investments	6,226.5	1.79 %	(39.6)	0.14 %
Loans (net)	5,144.3	4.26 %	(41.1)	0.08 %
Interest Earning Assets	15,180.0	2.20 %	412.3	0.03 %
Interest Bearing Liabilities	11,242.4	(0.24)%	352.2	(0.01)%
Net Interest Margin		2.03 %		0.03 %

Net Interest Income before Provision for Credit Losses -

Trend

(In US\$ millions)



- Net interest income ("NII") increased by \$1.4 million versus the prior quarter due to slower prepayment rates, which decreased amortization in addition to higher rates on the Bank's shorter-term assets
- Average investment balances decreased slightly during the quarter due to increasing total net unrealized losses in the AFS portfolio, which are carried at fair value
- Average loan balances decreased in the first quarter compared to the prior quarter, primarily in the Channel Islands and UK segment, as a result of repayments and a decrease in the GBP/USD FX rate

Income Statement

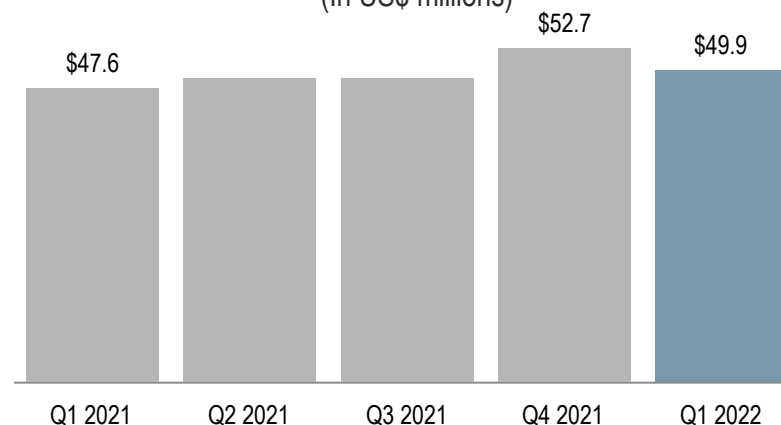
Non-Interest Income

(In US\$ millions)

	Q1 2022	vs. Q4 2021
Asset management	\$ 7.5	\$ (0.1)
Banking	12.7	(2.7)
Foreign exchange revenue	12.4	1.5
Trust	12.7	(1.4)
Custody and other	3.6	(0.3)
Other	1.0	0.2
Total Non-Interest Income	\$ 49.9	\$ (2.8)

Non-Interest Income Trend

(In US\$ millions)



- Non-interest income still holding up, but decreased in the quarter due to lower banking fees driven by last quarter's seasonally higher consumer spending supporting interchange revenue and higher trust income driven by both new business and higher activity-based fees. This was partially offset by higher foreign exchange revenue driven by increased volumes
- Fee income ratio of 39.5% in the first quarter of 2022 continues to demonstrate a resilient, capital-efficient and diversified revenue stream that continues to compare favorably to the peer average*

* Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks. Q4 2021 comparative data is used as Q1 2022 peer information was not widely available at time of publication.

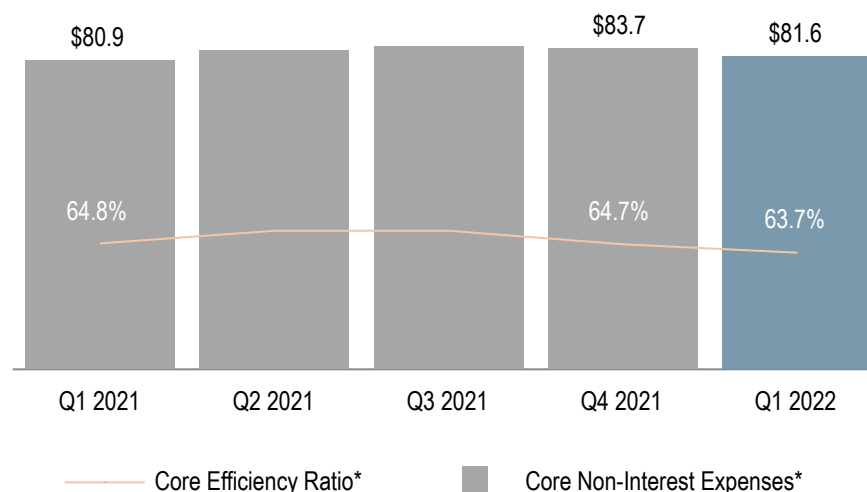
Income Statement

Non-Interest Expenses

Core Non-Interest Expenses* (In US\$ millions)	vs. Q4 2021		
	Q1 2022	\$	%
Salaries & Benefits**	\$ 41.0	\$ (0.1)	(0.2)%
Technology & Comm.	14.1	(1.6)	(10.4)%
Professional & O/S Services	4.9	(0.6)	(10.2)%
Property	7.9	(0.1)	(0.9)%
Indirect Taxes	5.9	0.5	8.5 %
Intangible Amortization	1.5	—	(0.7)%
Marketing	1.5	0.2	19.6 %
Other	4.8	(0.5)	(8.8)%
Total Core Non-Interest Expenses*	\$ 81.6	\$ (2.1)	(2.5)%
Non-Core Expenses*	0.3	0.3	100.0 %
Non-Interest Expenses	\$ 82.0	\$ (1.8)	(2.2)%

Core Non-Interest Expense* Trend

(In US\$ millions)



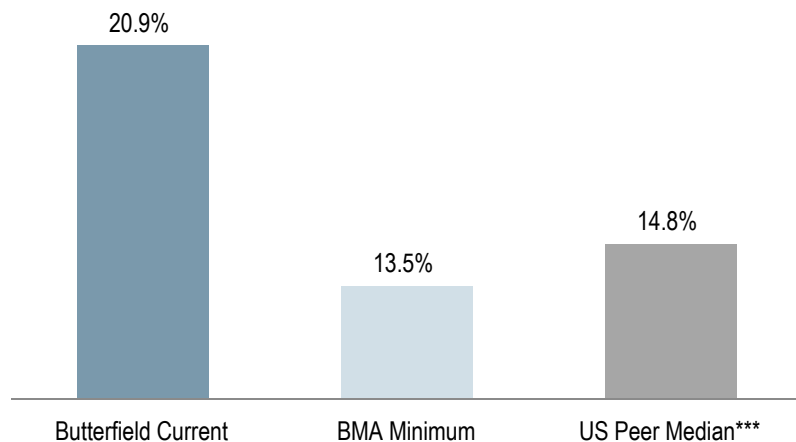
- Core non-interest expenses* decreased by 2.5% or \$2.1 million in the first quarter of 2022 compared to the prior quarter primarily due to lower technology and communications expenses due to the expiring amortization period for the Bank's banking system in the prior quarter, which were partially offset by cyclical indirect taxes
- Core efficiency ratio* of 63.7% trending favorably and better than the prior quarter due to lower non-interest expenses and increased revenue
- Expenses returned to quarterly expectations

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

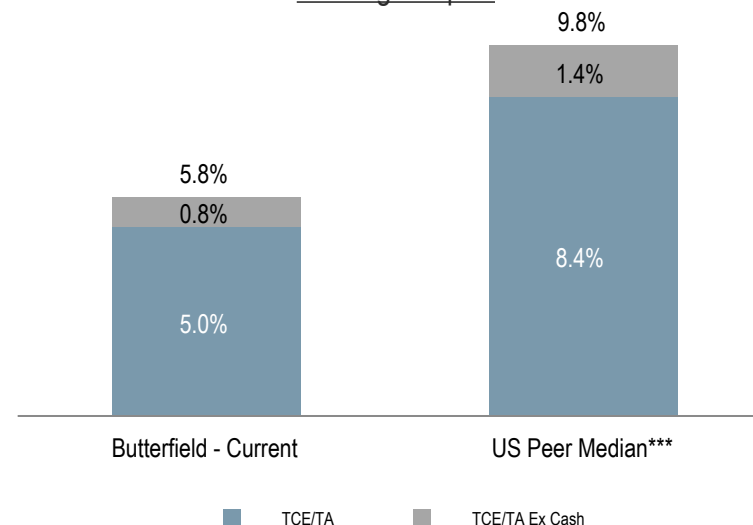
** Includes Non-Service Employee Benefits Expense

Capital Requirements and Dividend Return

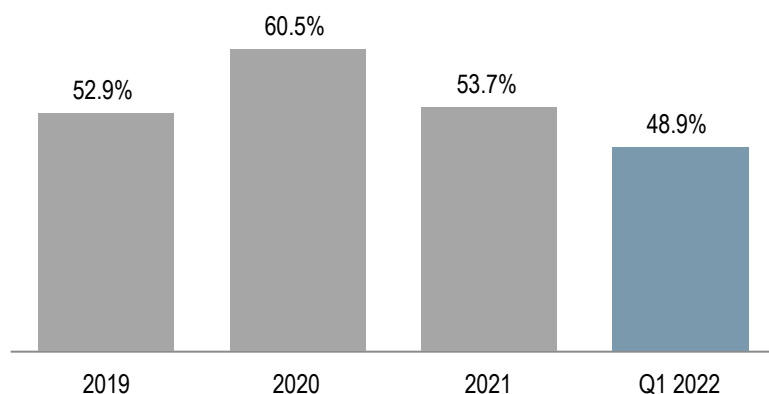
Regulatory Capital (Basel III) - Total Capital Ratio*



Leverage Capital



Dividend Payout Ratio**



- Regulatory capital levels remain strong and well above requirements
- Quarterly dividend rate continues at \$0.44 per common share
- TCE/TA ratio of 5.0% due to continued elevated deposit levels and a reduction in other comprehensive income in the 'available for sale' investment portfolio due to higher US Dollar market interest rates
- TCE/TA ex-cash and ex-OCI are 5.8% and 6.9%, respectively

* In accordance with regulatory capital guidance, the Bank has elected to make use of transitional arrangements which allow the deferral of the January 1, 2020 CECL impact of \$7.8 million on its regulatory capital over a period of 5 years.

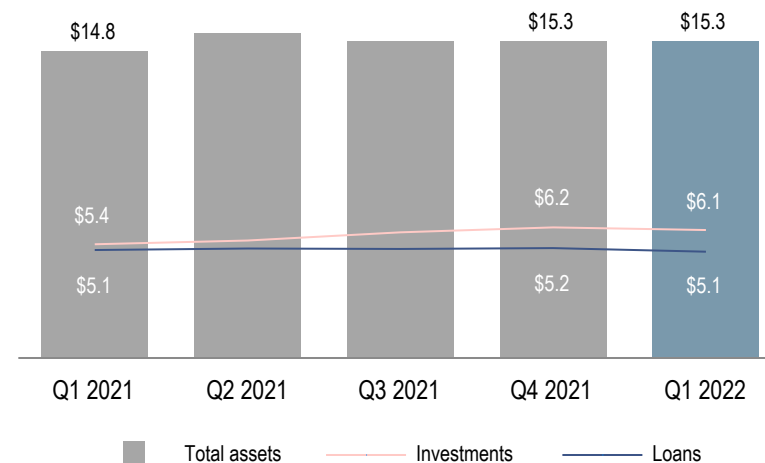
** 2022 is based on year-to-date dividend and earnings per share

*** Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks. Q4 2021 comparative data is used as Q1 2022 peer information was not widely available at time of publication.

Balance Sheet

				vs Q4 2021
(In US\$ millions)		Q1 2022	Q4 2021	%
Cash & Equivalents	\$	2,103	\$ 2,180	(4)%
Reverse Repos & S/T Investments		1,601	1,295	24 %
Investments		6,111	6,237	(2)%
Loans (net)		5,068	5,241	(3)%
Other Assets		383	382	— %
Total Assets	\$	15,266	\$ 15,335	(1)%
Int. Bearing Deposits	\$	10,944	\$ 11,050	(1)%
Non-Int. Bearing Deposits		2,989	2,821	6 %
Other Liabilities		491	487	1 %
Shareholders' Equity		842	977	(14)%
Total Liab. & Equity	\$	15,266	\$ 15,335	(1)%

Total Assets
(In US\$ billions)



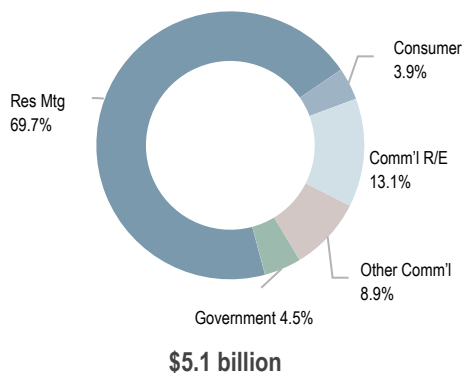
Total Deposits
(In US\$ billions)



- Deposit balances remained flat at \$13.9 billion compared to the prior quarter and above deposit balances of \$13.4 billion at the end of the first quarter of 2021
- During the first quarter of 2022, movement in the investment portfolio consisted of reinvestment of pay-downs from amortizing securities offset by changes in fair value of securities held
- Butterfield's balance sheet remains low in risk density (risk weighted assets/total assets) at 33.0%

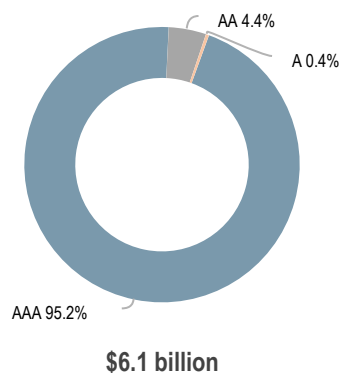
Asset Quality

Loan Distribution



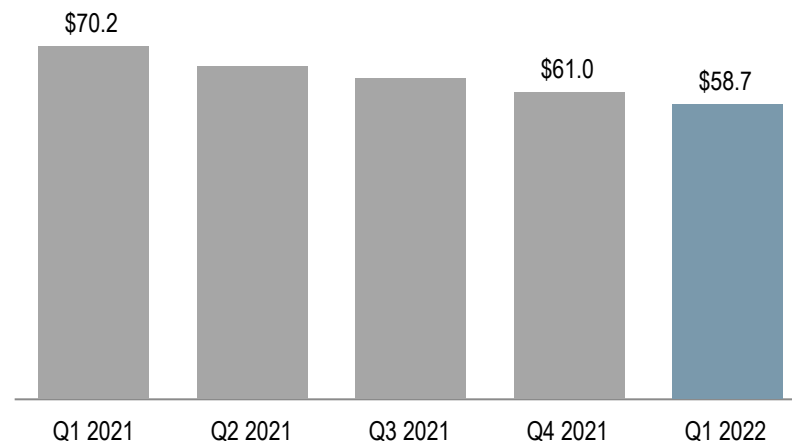
Investment Portfolio

Rating Distribution

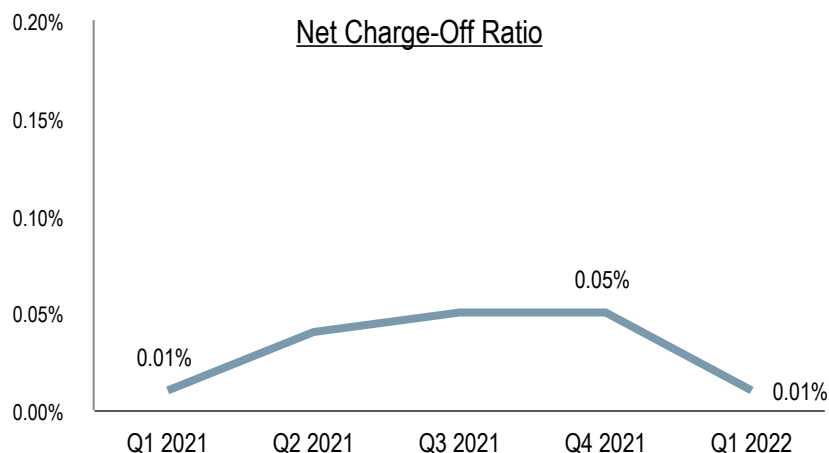


Non-Accrual Loans

(In US\$ millions)



Net Charge-Off Ratio



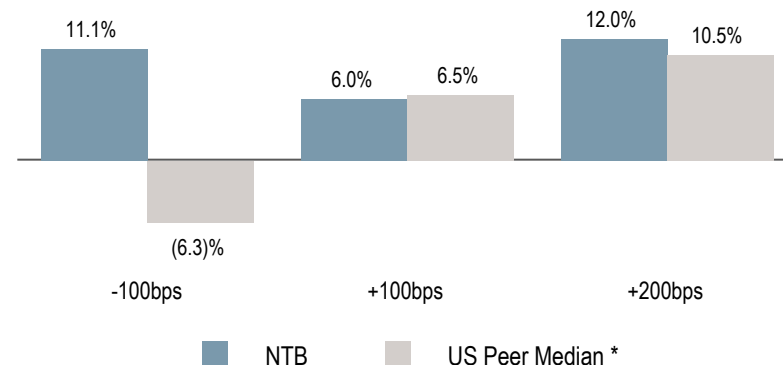
- Investment portfolio continues to be of very high credit quality with 95% comprised of AAA rated securities, primarily US Government guaranteed mortgage backed securities
- Non-accrual loans remained at 1.2% of gross loans, consistent with the prior quarter
- Allowance for credit losses at \$26.6 million represented an ACL/Total loans of 0.5%
- The net charge off ratio continues to be very low at 0.01%

Interest Rate Sensitivity

Average Balance - Balance Sheet

	Average Balances (US\$Mil)		Duration	vs. Q4 2021	Weighted Average Life
	Q1 2022	vs. Q4 2021			
Cash & Reverse Repos & S/T Invest.	3,809.2	492.9	0.2	<0.05	N/A
AFS	3,352.8	(146.8)	4.1	0.1	5.6
HTM**	2,873.6	107.1	5.6	1.1	8.5
Total	10,035.6	453.2			

Interest Rate Sensitivity



- Total investment portfolio duration increased to 4.9 years from 4.2 years in the previous quarter as prepayments continue to slow
- Movement in AFS and HTM duration (4.0 years and 4.5 years, respectively on December 31, 2021) also reflected the transfer of debt securities from AFS to HTM, with some of the longer durations previously in the AFS portfolio
- NII models exhibit strong asset sensitivity with robust growth in yields expected in a rising rate environment
- As of March 31, 2022, the Bank had \$133.5 million in net unrealized losses in the AFS portfolio, compared with net unrealized losses of \$21.8 million as at the end of the fourth quarter of 2021 as a result of changes in fair value due to rising long-term US dollar market interest rates

* Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks. Q4 2021 comparative data is used as Q1 2022 peer information was not widely available at time of publication.

** The HTM portfolio is comprised of securities with negative convexity which typically exhibit lower prepayment speeds when assuming higher future rates.

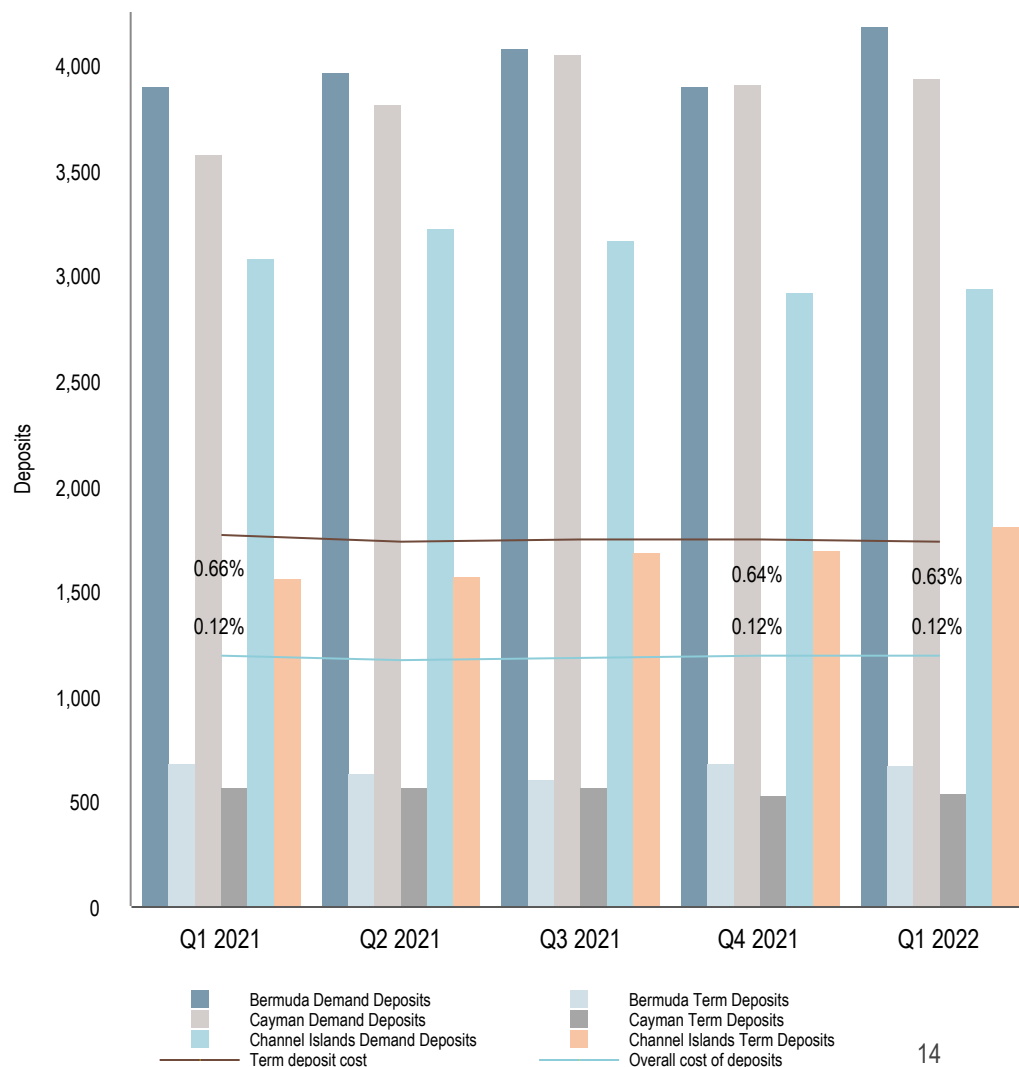
Appendix

Appendix

Customer Deposits

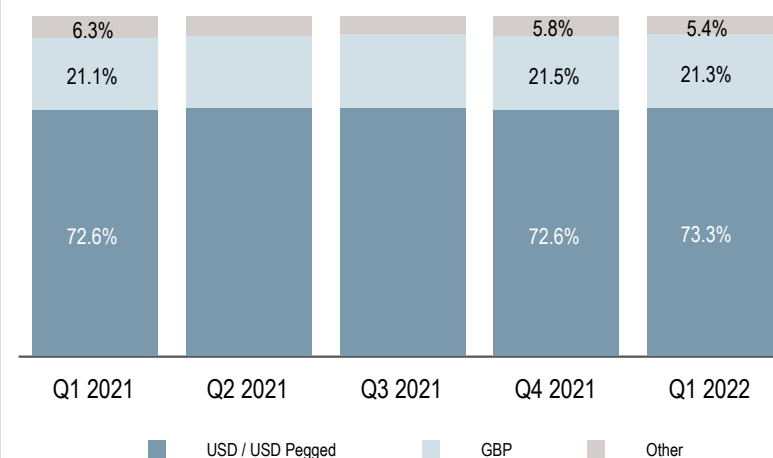
Average Deposit Volume and Cost of Deposits

(In US\$ millions)

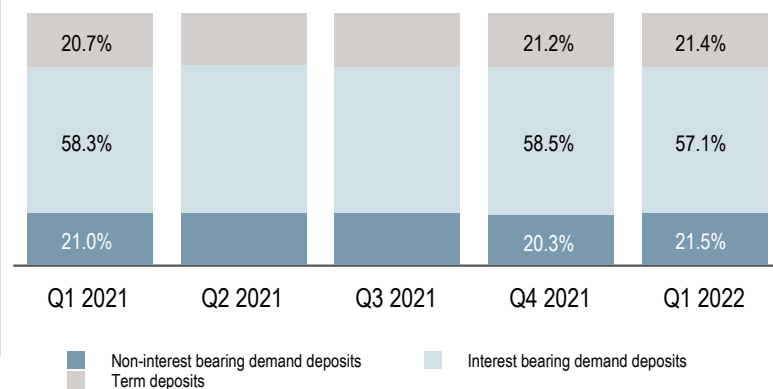


Deposit Composition

By Currency

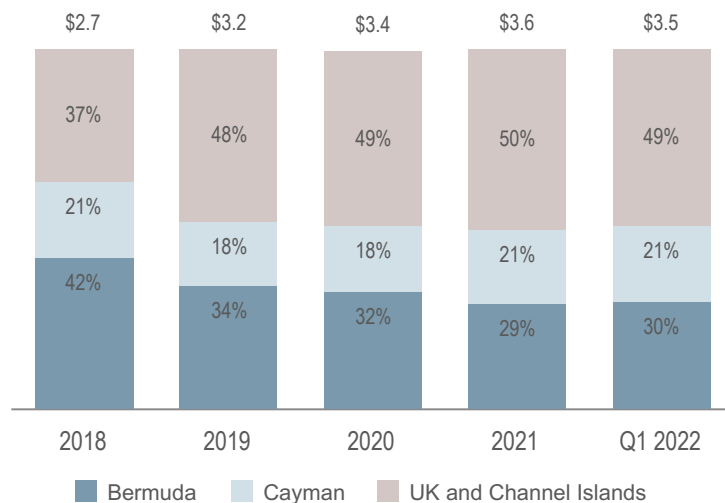


By Type

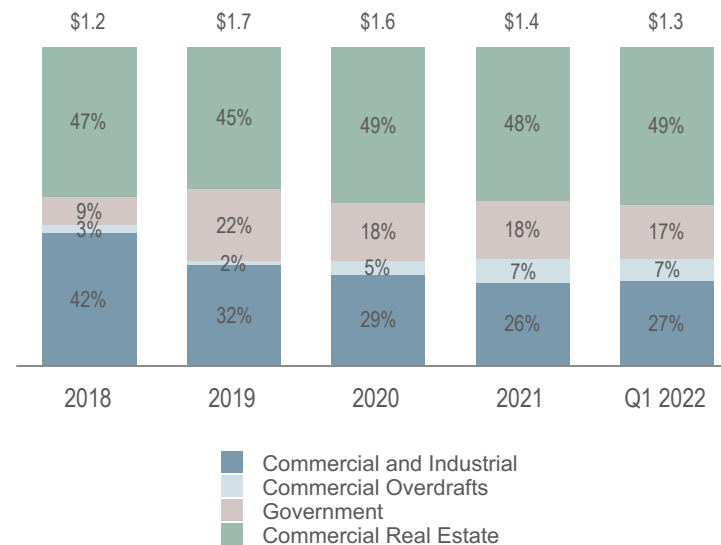


Appendix

Residential Mortgage Loans (US\$ Billions)



Commercial Loans (US\$ Billion)



- Stable loan book composed of well-seasoned residential mortgage books with 70% of mortgages at 70% or below loan-to-value
- Loans are individually underwritten in all markets
- Minimal wholesale or cross-border lending outside of current jurisdictions

Appendix

Balance Sheet Trends

(in millions of US Dollars, unless otherwise indicated)

		2022	2021				2020											
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1								
Assets																		
Cash & Equivalents	\$	2,103	\$	2,180	\$	2,310	\$	2,766	\$	2,582	\$	3,290	\$	2,161	\$	2,228	\$	1,978
Reverse Repos & S/T Investments		1,601		1,295		1,446		1,651		1,236		1,020		1,133		1,136		1,240
Investments		6,111		6,237		5,984		5,605		5,426		4,863		4,725		4,354		4,538
Loans, Net		5,068		5,241		5,204		5,221		5,149		5,161		5,035		5,018		5,001
Other Assets		383		382		389		421		412		405		406		415		441
Total Assets	\$	15,266	\$	15,335	\$	15,332	\$	15,665	\$	14,805	\$	14,739	\$	13,461	\$	13,151	\$	13,197
Liabilities and Equity																		
Total Deposits	\$	13,933	\$	13,870	\$	13,861	\$	14,193	\$	13,361	\$	13,250	\$	11,891	\$	11,616	\$	11,753
Long-Term Debt		172		172		172		172		172		171		196		241		144
Other Liabilities		319		316		325		334		335		335		384		303		320
Total Liabilities	\$	14,424	\$	14,358	\$	14,358	\$	14,698	\$	13,868	\$	13,757	\$	12,472	\$	12,160	\$	12,217
Common Equity																		
Common Equity	\$	842	\$	977	\$	974	\$	967	\$	936	\$	982	\$	989	\$	990	\$	981
Total Equity	\$	842	\$	977	\$	974	\$	967	\$	936	\$	982	\$	989	\$	990	\$	981
Total Liabilities and Equity																		
Total Liabilities and Equity	\$	15,266	\$	15,335	\$	15,332	\$	15,665	\$	14,805	\$	14,739	\$	13,461	\$	13,151	\$	13,197
Key Metrics																		
CET 1 Ratio		17.3 %		17.6 %		16.9 %		16.1 %		16.4 %		16.1 %		16.6 %		17.0 %		17.5 %
Total Tier 1 Capital Ratio		17.3 %		17.6 %		16.9 %		16.1 %		16.4 %		16.1 %		16.6 %		17.0 %		17.5 %
Total Capital Ratio		20.9 %		21.2 %		20.4 %		19.5 %		20.0 %		19.8 %		20.8 %		21.2 %		19.8 %
Leverage ratio		5.5 %		5.6 %		5.5 %		5.2 %		5.4 %		5.3 %		5.9 %		6.0 %		6.1 %
Risk-Weighted Assets (in \$ millions)		5,043		5,101		5,185		5,321		5,105		5,069		4,939		4,879		4,782
Risk-Weighted Assets / total assets		33.0 %		33.3 %		33.8 %		34.0 %		34.5 %		34.4 %		36.7 %		37.1 %		36.2 %
Tangible common equity ratio		5.0 %		5.8 %		5.8 %		5.6 %		5.7 %		6.1 %		6.7 %		6.9 %		6.8 %
Book value per common share (in \$)		16.97		19.83		19.68		19.49		18.84		19.88		19.98		19.73		19.09
Tangible book value per share (in \$)		15.30		18.08		17.92		17.67		17.00		18.00		18.15		17.94		17.31
Non-accrual loans/gross loans		1.2 %		1.2 %		1.2 %		1.3 %		1.4 %		1.4 %		1.5 %		1.5 %		1.1 %
Non-performing assets/total assets		0.5 %		0.5 %		0.5 %		0.6 %		0.7 %		0.6 %		0.7 %		0.7 %		0.5 %
Allowance for credit losses/total loans		0.5 %		0.5 %		0.5 %		0.6 %		0.6 %		0.7 %		0.8 %		0.8 %		0.7 %

Appendix

Average Balance Sheet Trends

(in millions of US Dollars, unless otherwise indicated)

	Q1 2022			Q4 2021			Q1 2021		
	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	\$ 3,809.2	\$ 1.0	0.11 %	\$ 3,316.3	\$ 0.3	0.03 %	\$ 4,180.1	\$ 0.6	0.06 %
Investment in securities	6,226.5	27.4	1.79 %	6,266.1	26.1	1.65 %	5,206.5	25.1	1.95 %
AFS	3,352.8	11.9	1.44 %	3,499.6	12.2	1.38 %	2,864.6	11.9	1.69 %
HTM	2,873.6	15.6	2.20 %	2,766.5	13.9	1.99 %	2,341.8	13.1	2.27 %
Loans	5,144.3	54.1	4.26 %	5,185.4	54.6	4.18 %	5,161.9	55.6	4.37 %
Commercial	1,454.2	16.3	4.56 %	1,520.9	16.8	4.39 %	1,612.2	18.9	4.75 %
Consumer	3,690.1	37.7	4.14 %	3,664.5	37.8	4.09 %	3,549.7	36.7	4.20 %
Total interest earning assets	15,180.0	82.5	2.20 %	14,767.7	81.0	2.17 %	14,548.6	81.2	2.26 %
Other assets	367.2			359.4			373.2		
Total assets	\$ 15,547.1			\$ 15,127.2			\$ 14,921.8		
Liabilities									
Interest bearing deposits	\$ 11,070.5	\$ (4.3)	(0.16)%	\$ 10,718.3	\$ (4.0)	(0.15)%	\$ 10,538.7	\$ (3.9)	(0.15)%
Long-term debt	171.9	(2.4)	(5.66)%	171.8	(2.4)	(5.54)%	171.5	(2.4)	(5.68)%
Interest bearing liabilities	11,242.4	(6.7)	(0.24)%	10,890.1	(6.4)	(0.23)%	10,710.2	(6.3)	(0.24)%
Non-interest bearing customer deposits	3,024.3			2,928.2			2,839.9		
Other liabilities	323.3			277.5			294.3		
Total liabilities	\$ 14,589.9			\$ 14,095.9			\$ 13,844.4		
Shareholders' equity	957.2			1,031.3			1,077.4		
Total liabilities and shareholders' equity	\$ 15,547.1			\$ 15,127.2			\$ 14,921.8		
Non-interest bearing funds net of non-interest earning assets (free balance)	\$ 3,937.6			\$ 3,877.6			\$ 3,838.3		
Net interest margin		\$ 75.9	2.03 %		\$ 74.5	2.00 %		\$ 74.9	2.09 %

Appendix

Income Statement Trends

(in millions of US Dollars, unless otherwise indicated)

	2022	2021					2020				
	Q1	Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1	
Net Interest Income	\$ 75.9	\$ 74.5	\$ 75.7	\$ 74.7	\$ 74.9	\$	75.6	\$ 75.3	\$ 79.1	\$ 87.6	
Non-Interest Income	49.9	52.7	49.0	48.8	47.6		47.8	46.9	41.7	47.6	
Prov. for Credit Recovery (Losses)	0.7	0.6	—	1.0	1.5		2.4	(1.4)	(4.4)	(5.2)	
Non-Interest Expenses*	82.9	84.6	85.2	85.6	81.7		83.3	91.8	82.8	89.1	
Other Gains (Losses)	0.8	(1.6)	0.3	0.7	(0.8)		(0.4)	1.5	0.7	(0.6)	
Net Income	\$ 44.4	\$ 41.7	\$ 39.8	\$ 39.6	\$ 41.6	\$	42.1	\$ 30.5	\$ 34.3	\$ 40.3	
Non-Core Items**	\$ 0.3	\$ 0.1	\$ 0.2	\$ 0.5	\$ —	\$	0.8	\$ 5.9	\$ 0.1	\$ 0.5	
Core Net Income**	\$ 44.7	\$ 41.7	\$ 40.0	\$ 40.1	\$ 41.6	\$	42.9	\$ 36.5	\$ 34.4	\$ 40.8	

Key Metrics

Loan Yield	4.26 %	4.18 %	4.22 %	4.28 %	4.37 %	4.42 %	4.43 %	4.53 %	4.80 %
Securities Yield	1.79	1.65	1.77	1.82	1.95	2.11	2.26	2.52	2.78
Cost of Deposits	0.12	0.12	0.11	0.10	0.12	0.12	0.14	0.14	0.42
Net Interest Margin	2.03	2.00	1.97	2.01	2.09	2.25	2.30	2.48	2.63
Core Efficiency Ratio**	63.7	64.7	66.3	66.3	64.8	65.6	68.0	66.7	63.8
Core ROATCE**	21.9	18.8	17.9	18.7	19.3	19.0	16.2	15.5	18.6
Fee Income Ratio	39.5	41.2	39.3	39.2	38.4	38.0	38.8	35.8	36.6
Fully Diluted Share Count (in millions of common shares)	49.8	49.8	49.9	49.9	49.9	49.8	50.0	51.0	52.4

* Includes income taxes

** See the reconciliation of non-GAAP measures on pages 21-22

Appendix

Non-Interest Income & Expense Trends

(in millions of US Dollars, unless otherwise indicated)

	2022		2021				2020			
	Q1		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Non-Interest Income										
Asset Management	\$ 7.5	\$	\$ 7.6	\$ 7.4	\$ 7.4	\$ 7.4	\$ 7.2	\$ 6.8	\$ 7.4	\$ 7.8
Banking	12.7		15.4	12.6	12.5	11.4	13.6	13.4	9.1	11.2
FX Revenue	12.4		10.9	10.8	10.5	11.2	9.3	9.0	8.1	10.8
Trust	12.7		14.2	12.9	13.0	12.8	13.3	12.9	12.3	12.2
Custody & Other Admin.	3.6		3.9	3.7	3.8	3.8	3.4	3.6	3.3	3.6
Other	1.0		0.8	1.5	1.5	0.9	0.9	1.2	1.5	2.0
Total Non-Interest Income	\$ 49.9	\$	\$ 52.7	\$ 49.0	\$ 48.8	\$ 47.6	\$ 47.8	\$ 46.9	\$ 41.7	\$ 47.6
Non-Interest Expense										
Salaries & Benefits*	\$ 41.0	\$	\$ 41.1	\$ 42.0	\$ 43.2	\$ 39.0	\$ 41.4	\$ 48.8	\$ 41.5	\$ 44.6
Technology & Comm.	14.1		15.7	16.3	15.7	16.1	16.1	16.3	16.3	16.4
Professional & O/S Services	5.1		5.6	5.7	4.9	5.2	5.3	5.2	5.0	5.8
Property	7.9		8.0	7.8	7.6	7.4	7.4	7.5	7.2	7.3
Indirect Taxes	5.9		5.5	5.4	5.4	5.8	5.1	5.8	4.9	5.5
Marketing	1.5		1.2	0.9	1.0	1.4	1.6	0.6	0.7	1.6
Intangible Amortization	1.5		1.5	1.5	1.5	1.5	1.5	1.5	1.4	1.4
Other	5.0		5.2	4.8	5.4	4.6	4.9	5.5	5.0	5.5
Total Non-Interest Expense	\$ 82.0	\$	\$ 83.8	\$ 84.4	\$ 84.8	\$ 80.9	\$ 83.2	\$ 91.3	\$ 82.0	\$ 88.1
Income Taxes	1.0		0.8	0.8	0.8	0.7	0.1	0.5	0.8	1.0
Total Expense incld. Taxes	\$ 82.9	\$	\$ 84.6	\$ 85.2	\$ 85.6	\$ 81.7	\$ 83.3	\$ 91.8	\$ 82.8	\$ 89.1

*Includes non-service employee benefits

Appendix

Core Non-Interest Expense* Trends

(in millions of US Dollars, unless otherwise indicated)

(in millions of US Dollars, unless otherwise indicated)

	2022		2021					2020									
		Q1		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1					
Salaries & Benefits**	\$	41.0	\$	41.1	\$	42.0	\$	41.8	\$	40.6	\$	42.2	\$	41.4	\$	44.1	
Technology & Comm.		14.1		15.7		16.3		15.7		16.1		16.1		16.3		16.4	
Professional & O/S Services		4.9		5.5		5.6		4.9		5.2		5.3		5.2		5.8	
Property		7.9		8.0		7.8		7.6		7.4		7.4		7.5		7.3	
Indirect Taxes		5.9		5.5		5.4		5.4		5.8		5.1		5.8		5.5	
Marketing		1.5		1.2		0.9		1.0		1.4		1.6		0.6		1.6	
Intangible Amortization		1.5		1.5		1.5		1.5		1.5		1.5		1.5		1.4	
Other		4.8		5.2		4.7		5.4		4.6		4.9		5.5		5.5	
Total Core Non-Interest Expense	\$	81.6	\$	83.7	\$	84.2	\$	83.4	\$	80.9	\$	82.4	\$	84.6	\$	87.6	
Income Taxes		1.0		0.8		0.8		0.8		0.7		0.1		0.5		0.8	1.0
Total Core Expense incld. Taxes	\$	82.6	\$	84.5	\$	84.9	\$	84.2	\$	81.7	\$	82.5	\$	85.1	\$	82.7	88.6

* See the reconciliation of non-GAAP measures on pages 21-22

** Includes non-service employee benefits

Appendix

Non-GAAP Reconciliation

(in millions of US Dollars, unless otherwise indicated)

		2022	2021				
		Q1	Q4	Q3	Q2	Q1	
Net income	A	\$ 44.4	\$ 41.7	\$ 39.8	\$ 39.6	\$ 41.6	
Non-core (gains), losses and expenses							
Non-core (gains) losses							
Gain on transfer of Visa Inc. Class B shares		—	—	—	(0.9)	—	
Total non-core (gains) losses	B	\$ —	\$ —	\$ —	\$ (0.9)	\$ —	
Non-core expenses							
Early retirement program, voluntary separation, redundancies and other non-core compensation costs		—	—	—	1.4	—	
Tax compliance review costs		0.1	0.1	0.1	—	—	
Settlement of client-related tax inquiry		0.2	—	0.1	—	—	
Total non-core expenses	C	\$ 0.3	\$ 0.1	\$ 0.2	\$ 1.4	\$ —	
Total non-core (gains), losses and expenses	D=B+C	0.3	0.1	0.2	0.5	—	
Core net income to common shareholders	E=A+D	\$ 44.7	\$ 41.7	\$ 40.0	\$ 40.1	\$ 41.6	
Average shareholders' equity		912.8	965.2	975.4	950.6	966.7	
Average common equity	F	912.8	965.2	975.4	950.6	966.7	
Less: average goodwill and intangible assets		(84.7)	(86.6)	(89.1)	(91.4)	(92.4)	
Average tangible common equity	G	828.1	878.5	886.2	859.2	874.2	
Return on equity	A/F	19.7 %	17.1 %	16.2 %	16.7 %	17.5 %	
Core return on average tangible common equity	E/G	21.9 %	18.8 %	17.9 %	18.7 %	19.3 %	
Core earnings per common share fully diluted							
Adjusted weighted average number of diluted common shares (in thousands)	H	49.8	49.8	49.9	49.9	49.9	
Earnings per common share fully diluted	A/H	0.89	0.84	0.80	0.79	0.83	
Non-core items per share	D/H	0.01	—	—	0.01	—	
Core earnings per common share fully diluted	E/H	0.90	0.84	0.80	0.80	0.83	
Core return on average tangible assets							
Total average assets	I	\$ 15,449.0	\$ 15,180.6	\$ 15,599.0	\$ 15,371.6	\$ 14,900.2	
Less: average goodwill and intangible assets		(84.7)	(86.6)	(89.1)	(91.4)	(92.4)	
Average tangible assets	J	\$ 15,364.3	\$ 15,094.0	\$ 15,509.9	\$ 15,280.2	\$ 14,807.7	
Return on average assets	A/I	1.2 %	1.1 %	1.0 %	1.0 %	1.1 %	
Core return on average tangible assets	E/J	1.2 %	1.1 %	1.0 %	1.1 %	1.1 %	

Appendix

Non-GAAP Reconciliation (cont'd)

(in millions of US Dollars, unless otherwise indicated)

		2022	2021				
		Q1	Q4	Q3	Q2	Q1	
Tangible equity to tangible assets							
Shareholders' equity	K	\$ 841.8	\$ 977.5	\$ 973.9	\$ 966.6	\$ 936.5	
Less: goodwill and intangible assets		(82.9)	(86.1)	(87.3)	(90.2)	(91.5)	
Tangible common equity	L	758.9	891.4	886.6	876.4	844.9	
Total assets	M	15,266.0	15,335.2	15,332.2	15,664.8	14,804.8	
Less: goodwill and intangible assets		(82.9)	(86.1)	(87.3)	(90.2)	(91.5)	
Tangible assets	N	\$ 15,183.1	\$ 15,249.1	\$ 15,244.9	\$ 15,574.6	\$ 14,713.2	
Tangible common equity to tangible assets	L/N	5.0 %	5.8 %	5.8 %	5.6 %	5.7 %	
Tangible book value per share							
Basic participating shares outstanding (in millions)	O	49.6	49.3	49.5	49.6	49.7	
Tangible book value per common share	L/O	15.30	18.08	17.92	17.67	17.00	
Efficiency ratio							
Non-interest expenses		\$ 82.0	\$ 83.8	\$ 84.4	\$ 84.8	\$ 80.9	
Less: Amortization of intangibles		(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	
Non-interest expenses before amortization of intangibles	P	80.5	82.3	82.9	83.2	79.4	
Non-interest income		49.9	52.7	49.0	48.8	47.6	
Net interest income before provision for credit losses		75.9	74.5	75.7	74.7	74.9	
Net revenue before provision for credit losses and other gains/losses	Q	\$ 125.8	\$ 127.2	\$ 124.7	\$ 123.5	\$ 122.5	
Efficiency ratio	P/Q	64.0 %	64.7 %	66.5 %	67.4 %	64.8 %	
Core efficiency ratio							
Non-interest expenses		\$ 82.0	\$ 83.8	\$ 84.4	\$ 84.8	\$ 80.9	
Less: non-core expenses	(C)	(0.3)	(0.1)	(0.2)	(1.4)	—	
Less: amortization of intangibles		(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	
Core non-interest expenses before amortization of intangibles	R	80.1	82.2	82.7	81.9	79.4	
Net revenue before provision for credit losses and other gains/losses	Q	125.8	127.2	124.7	123.5	122.5	
Core efficiency ratio	R/Q	63.7 %	64.7 %	66.3 %	66.3 %	64.8 %	

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)
- 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)
- First Financial Bankshares, Inc. (FFIN)
- Westamerica Bancorporation (WABC)