

# **First Quarter 2024**

# **The Bank of N.T. Butterfield & Son**

# **Limited**

Earnings Presentation  
April 24, 2024



## **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 intention to make share repurchases and 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 (including economic growth and general business conditions) and fluctuations of interest rates, inflation, a decline in Bermuda's sovereign credit rating, any sudden liquidity crisis, the successful completion and integration of acquisitions (including our integration of the trust assets acquired from Credit Suisse) or the realization of the anticipated benefits of such acquisitions in the expected time-frames or at all, success in business retention (including the retention of relationships associated with our Credit Suisse acquisition) and obtaining new business, potential impacts of climate change, the success of our updated systems and platforms 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 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 Securities and Exchange Commission ("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

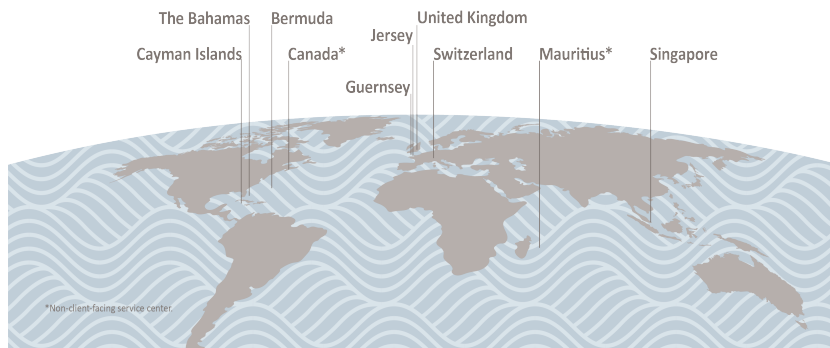
## Agenda

- Overview
- First Quarter 2024 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



## ESG Membership

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



## Awards



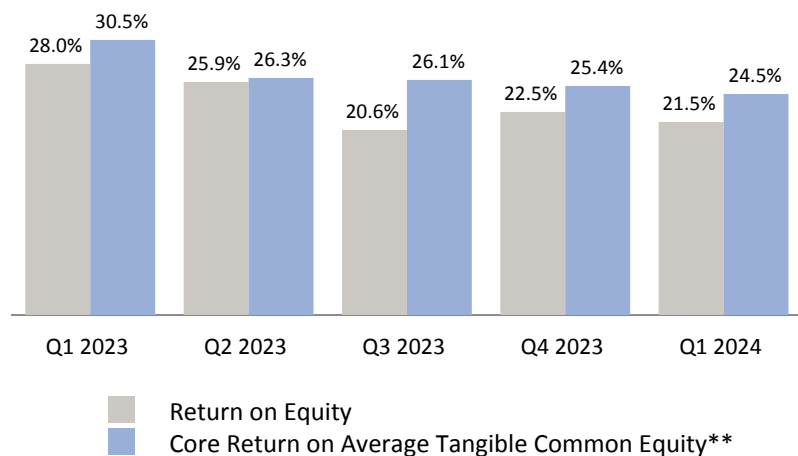
# First Quarter 2024 Highlights



- Net income of \$53.4 million, or \$1.13 per share
- Core net income\*\* of \$55.0 million, or \$1.17 per share
- Return on average common equity of 21.5%; core return on average tangible common equity\*\* of 24.5%
- Net Interest Margin of 2.68%, cost of deposits of 1.78%
- Cash dividend rate of \$0.44 per common share during the quarter
- Repurchases of 1.2 million shares at an average price of \$30.40 per share
- Appointment of new General Counsel & Group Chief Legal Officer Simon Des-Etages

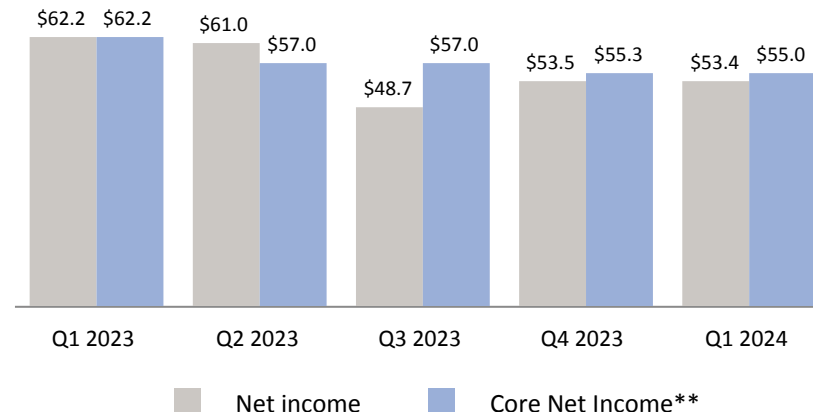
(In US\$ millions)	vs. Q4 2023			vs. Q1 2023	
	Q1 2024	\$	%	\$	%
Net Interest Income	\$ 87.1	\$ 0.1		\$ (10.3)	
Non-Interest Income	55.1	(4.9)		4.9	
Provision for Credit Losses	0.4	2.1		1.1	
Non-Interest Expenses*	(89.4)	2.0		(4.6)	
Other Gains (Losses)	0.2	0.6		0.1	
<b>Net Income</b>	<b>\$ 53.4</b>	<b>\$ (0.1)</b>	<b>(0.2)%</b>	<b>\$ (8.8)</b>	<b>(14.1)%</b>
Non-Core Items**	1.6	0.2		1.5	
<b>Core Net Income**</b>	<b>\$ 55.0</b>	<b>\$ (0.3)</b>	<b>(0.5)%</b>	<b>\$ (7.2)</b>	<b>(11.6)%</b>

Return on Equity



Net Income

(In US\$ millions)



\* Includes income taxes

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

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Financials

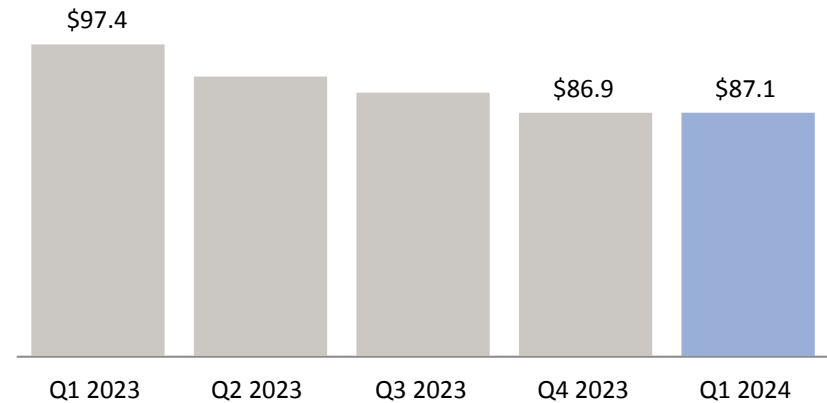
### Net Interest Margin & Yields

(In US\$ millions)

	Q1 2024		vs. Q4 2023	
	Avg. Balance	Yield	Avg. Balance	Yield
Cash, S/T Inv. & Repos	\$ 3,138.3	4.71 %	\$ 534.6	(0.01)%
Investments	5,204.2	2.23 %	(86.3)	0.07 %
Loans (net)	4,689.5	6.58 %	(43.0)	(0.10)%
Interest Earning Assets	13,031.9	4.39 %	405.4	— %
Interest Bearing Liabilities	9,689.7	(2.30)%	378.0	(0.06)%
<b>Net Interest Margin</b>		<b>2.68 %</b>		<b>(0.05)%</b>

### Net Interest Income before Provision for Credit Losses -Trend

(In US\$ millions)



- Net interest income (“NII”) was relatively flat versus the prior quarter primarily due to an increased volume of interest earning assets, that was offset by a lower NIM and day count
- Net interest margin (“NIM”) decreased by 5 basis points to 2.68% due to continued mix shift and higher cost from term deposit repricing
- Average interest earning assets increased by \$405.4 million due to higher average deposit volumes. Investment volumes were lower due to net paydowns and maturities. The decrease in loan volume was the result of net repayments during the quarter

# Income Statement



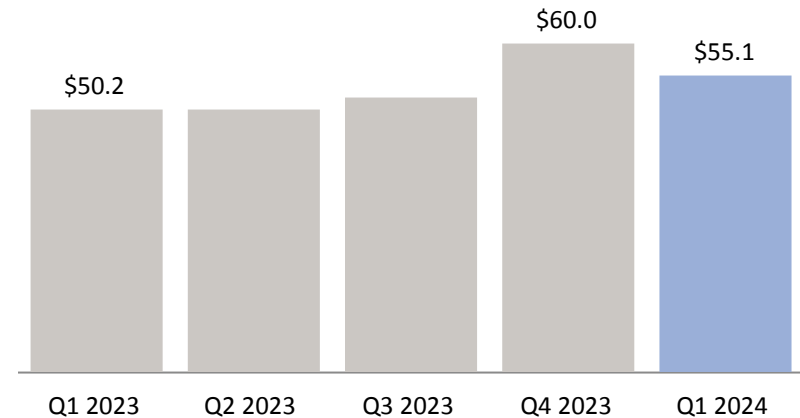
## Non-Interest Income

(In US\$ millions)

	Q1 2024	vs. Q4 2023
Asset management	\$ 8.8	\$ 0.5
Banking	14.3	(4.3)
Foreign exchange revenue	13.2	0.4
Trust	15.0	(1.0)
Custody and other	3.3	—
Other	0.4	(0.5)
<b>Total Non-Interest Income</b>	<b>\$ 55.1</b>	<b>\$ (4.9)</b>

### Non-Interest Income Trend

(In US\$ millions)



- Total non-interest income was down \$4.9 million versus the prior quarter, primarily due to decreased banking income due to prior period seasonality and trust fees due to lower activity-based fees
- The fee income ratio was 38.6% in the first quarter of 2024 which compares favorably to the peer average\* and the 41.3% in the prior quarter

\* Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks. Q4 2023 comparative data is used as Q1 2024 peer information was not widely available at time of publication.



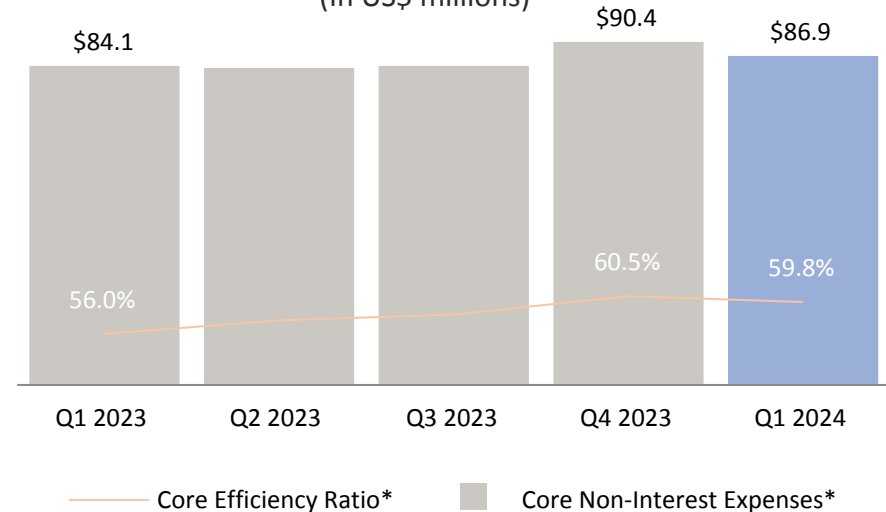
### Core Non-Interest Expenses\*

(In US\$ millions)

	vs. Q4 2023		
	Q1 2024	\$	%
Salaries & Benefits**	\$ 42.5	\$ (3.7)	(8.0)%
Technology & Comm.	16.1	(1.1)	(6.2)%
Professional & O/S Services	5.2	0.3	6.1 %
Property	8.7	—	0.4 %
Indirect Taxes	6.3	1.3	24.9 %
Marketing	1.3	(0.4)	(23.8)%
Intangible Amortization	1.9	0.5	34.5 %
Other	4.9	(0.4)	(7.0)%
<b>Total Core Non-Interest Expenses*</b>	<b>\$ 86.9</b>	<b>\$ (3.5)</b>	<b>(3.8)%</b>
Non-Core Expenses*	1.6	(0.1)	(8.5)%
<b>Non-Interest Expenses</b>	<b>\$ 88.5</b>	<b>\$ (3.6)</b>	<b>(3.9)%</b>

### Core Non-Interest Expense\* Trend

(In US\$ millions)



- Core non-interest expenses\* were lower than the prior quarter primarily due to the following:
  - Decreased salaries and benefits expenses primarily driven by lower head-count and the timing of performance-based incentive accruals
  - Lower technology and communications costs resulting from lower corporate travel and other costs associated with the core banking system upgrade which went live in Cayman in the previous quarter
- Core efficiency ratio\* of 59.8% was lower than the prior quarter. Butterfield continues to target a through-cycle core efficiency ratio of 60%

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

\*\* Includes Non-Service Employee Benefits Expense

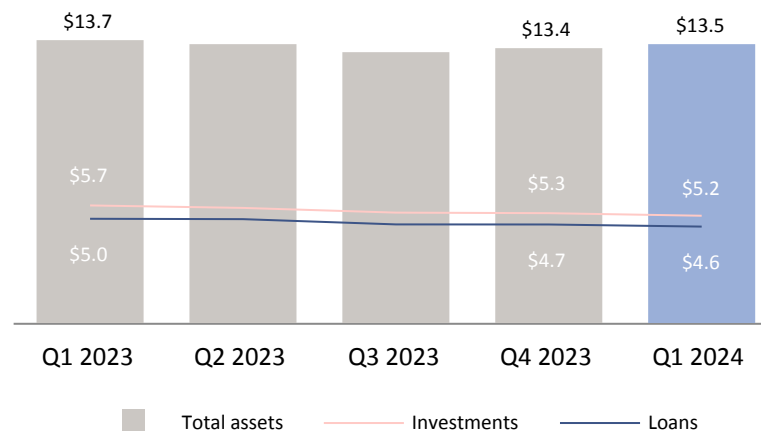


# Balance Sheet

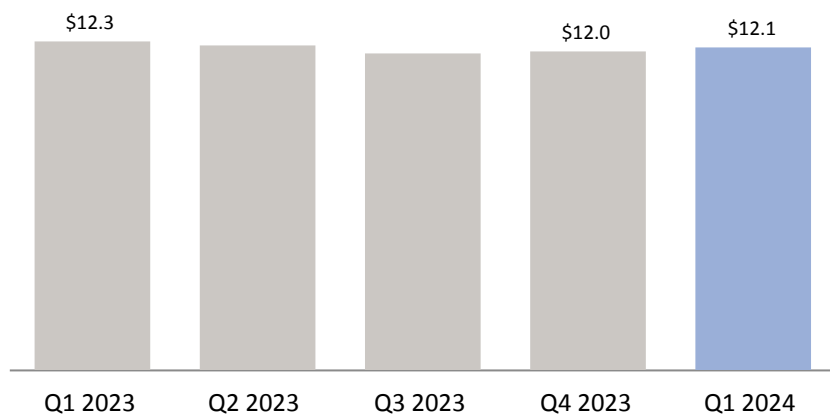


			vs Q4 2023		
(In US\$ millions)	Q1 2024		Q4 2023	%	
Cash and cash equivalents	\$	1,746	\$	1,647	6 %
Reverse Repos & S/T Investments		1,480		1,225	21 %
Investments		5,168		5,292	(2)%
Loans (net)		4,644		4,746	(2)%
Other Assets		490		464	6 %
Total Assets	\$	13,528	\$	13,374	1 %
Int. Bearing Deposits	\$	9,570	\$	9,330	3 %
Non-Int. Bearing Deposits		2,560		2,657	(4)%
Other Liabilities		402		384	5 %
Shareholders' Equity		995		1,004	(1)%
Total Liab. & Equity	\$	13,528	\$	13,374	1 %

Total Assets  
(In US\$ billions)



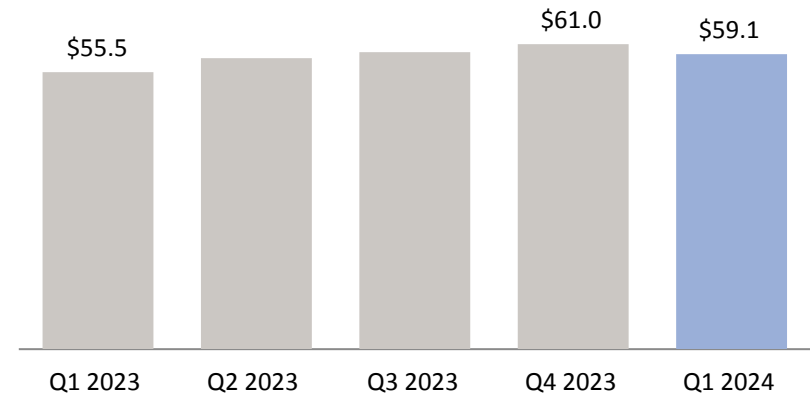
Total Deposits  
(In US\$ billions)



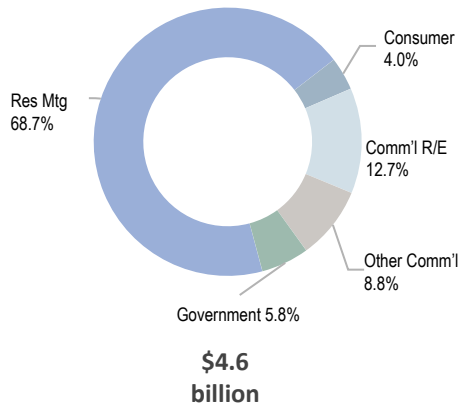
- Period end deposit balances increased by \$0.1 billion to \$12.1 billion compared to December 31, 2023
- Average deposit balances increased \$0.4 billion over the fourth quarter of 2023 to \$12.2 billion from \$11.8 billion
- Butterfield's balance sheet remained low in risk density (risk weighted assets/total assets) at 34.4%

## Non-Accrual Loans

(In US\$ millions)

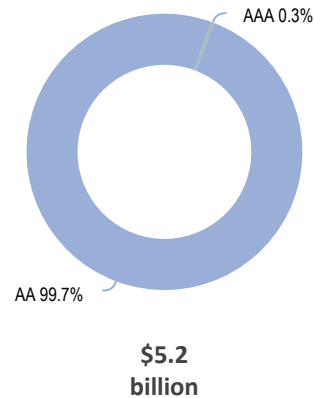


## Loan Distribution

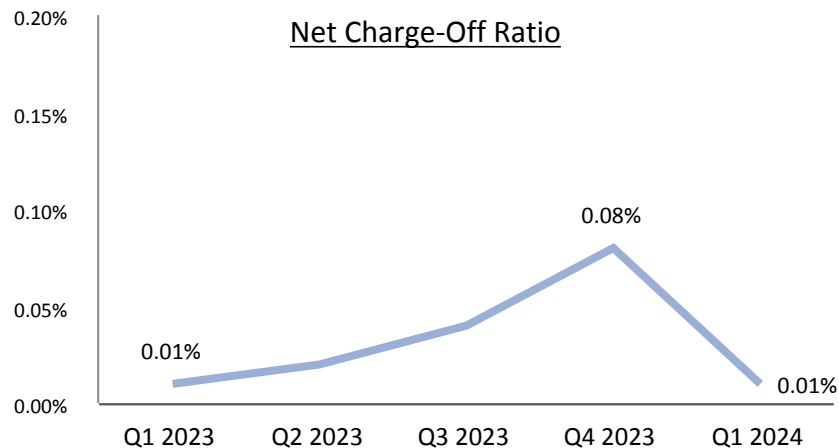


## Investment Portfolio

### Rating Distribution



## Net Charge-Off Ratio

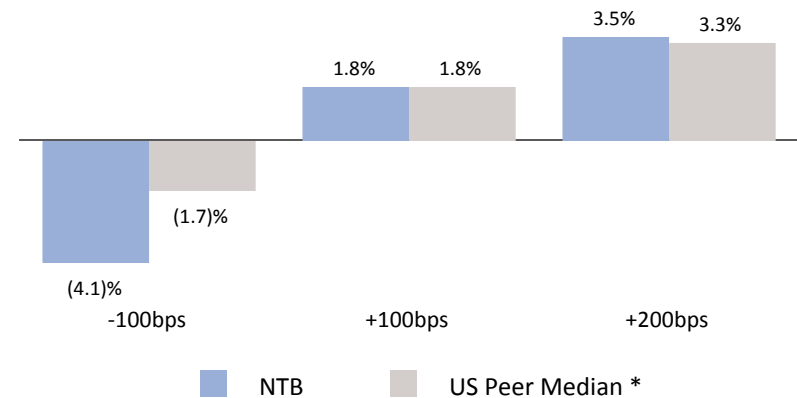


- Investment portfolio continues to be of very high credit quality with 100% comprised of AA or higher rated securities, primarily US Government guaranteed mortgage backed securities and treasuries
- Non-accrual loans remained at 1.3% of gross loans, consistent with the prior quarter
- Allowance for credit losses at \$24.8 million represented an ACL/Total loans ratio of 0.5%
- The net charge-off ratio continues to be low at 0.01% of total gross loans

## Average Balance - Balance Sheet

	Average Balances (US\$Mil)		Duration	vs. Q4 2023	Weighted Average Life
	Q1 2024	vs. Q4 2023			
Cash & Reverse Repos & S/T Invest.	\$ 3,138.3	\$ 534.6	0.2	—	N/A
AFS	1,766.3	(32.5)	3.4	0.1	4.3
HTM**	3,437.9	(53.8)	6.5	—	8.7
<b>Total</b>	<b>\$ 8,342.5</b>	<b>\$ 448.3</b>			

## Interest Rate Sensitivity



- Total investment portfolio duration remained flat at 5.3 years compared to the prior quarter
- Interest rate sensitivity increased in the first quarter due to lower asset duration, resulting from higher cash & cash equivalents, as well as investments and fixed-rate loan durations trending down
- Unrealized losses on AFS securities increased by \$14.3 million during the quarter. As of March 31, 2024, the Bank had \$178.2 million in net unrealized losses in the AFS portfolio, compared with net unrealized losses of \$163.9 million as at the end of the fourth quarter of 2023

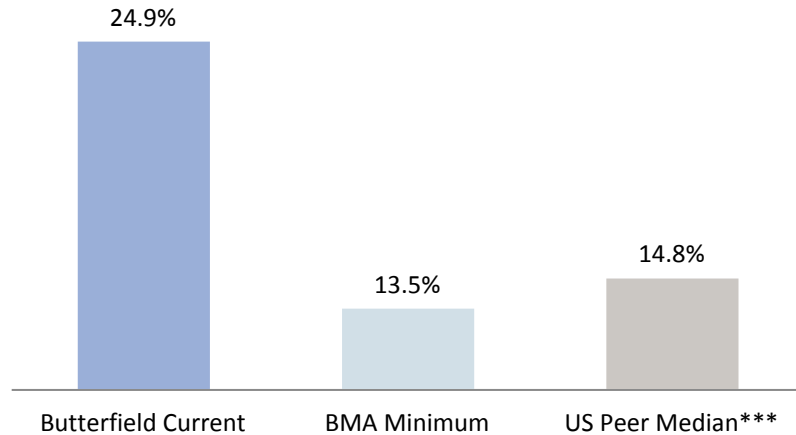
\* Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks. Q4 2023 comparative data is used as Q1 2024 peer information was not widely available at time of publication.

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

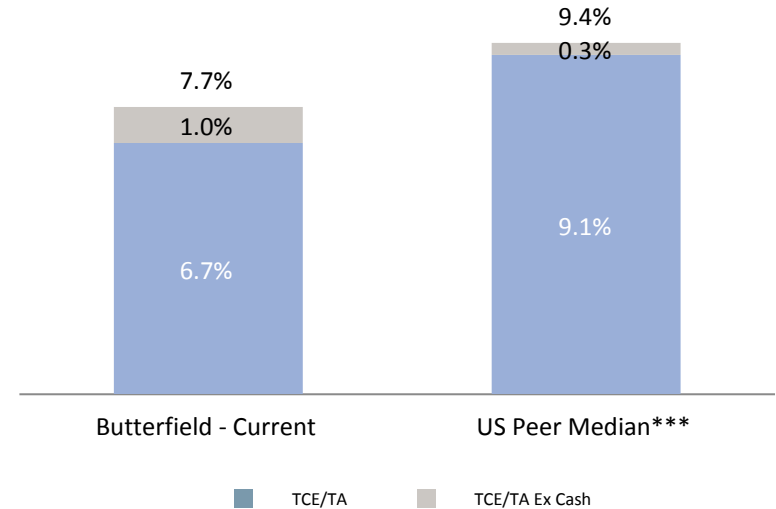
# Capital Requirements and Dividend Return



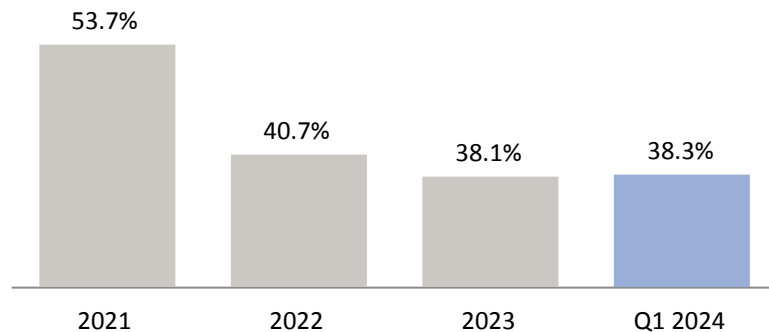
## Regulatory Capital (Basel III) - Total Capital Ratio\*



## Leverage Capital



## Dividend Payout Ratio



- Regulatory capital levels remain conservatively above minimum requirements
- Quarterly dividend rate continues at \$0.44 per common share
- TCE/TA ratio of 6.7% is in-line with the prior quarter
- TCE/TA ex-cash and ex-OCI are 7.7% and 9.1%, 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.

\*\* 2024 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 2023 comparative data is used as Q1 2024 peer information was not widely available at time of publication.

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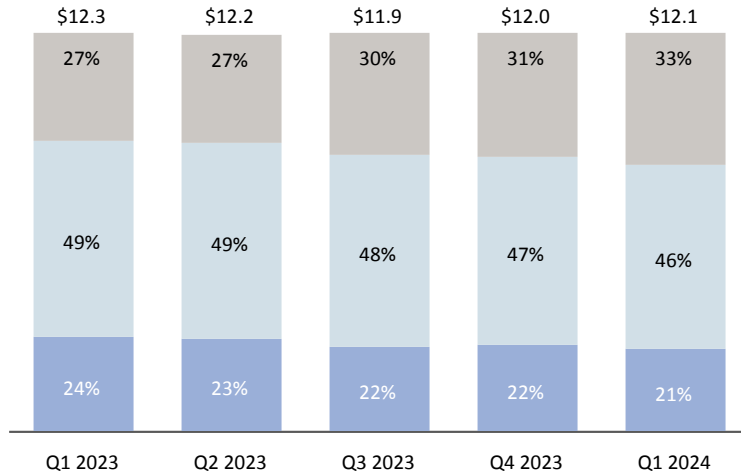
# Appendix

# Deposit Composition by Segment

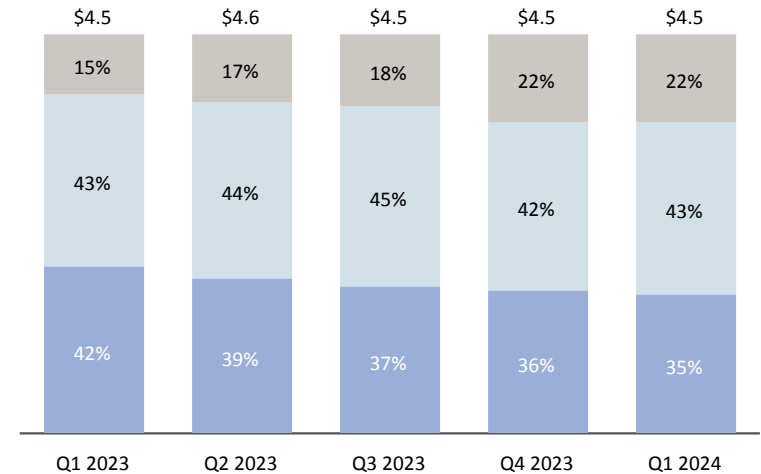


■ Non-interest bearing demand deposits ■ Interest bearing demand deposits ■ Term deposits

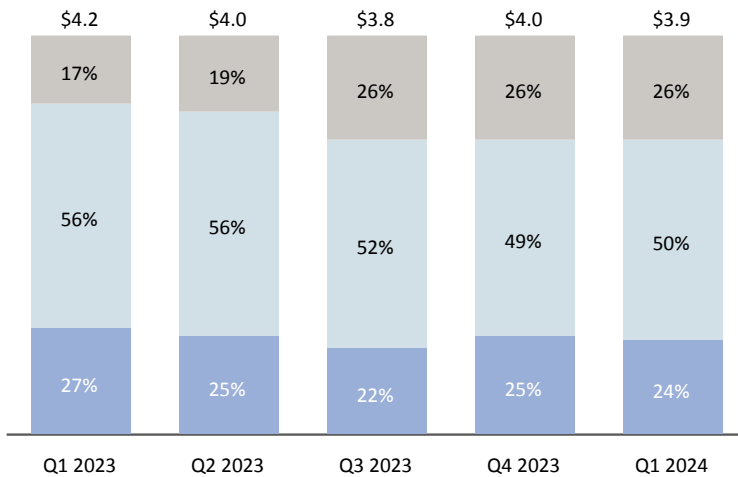
Group (US\$ Billions)



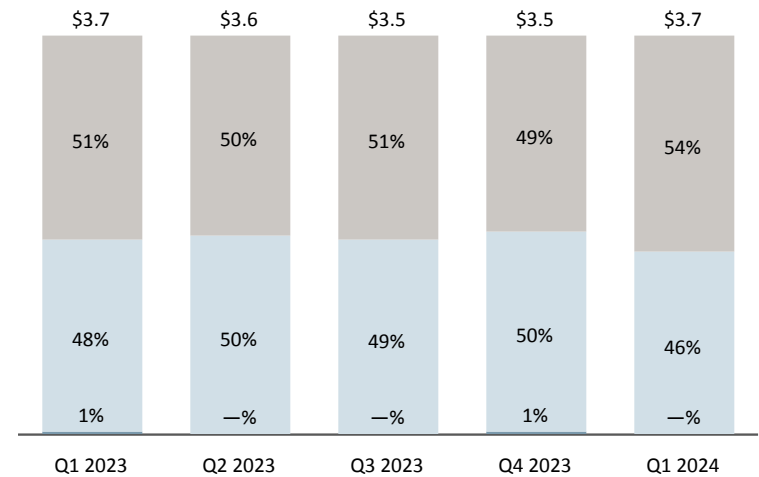
Bermuda (US\$ Billions)



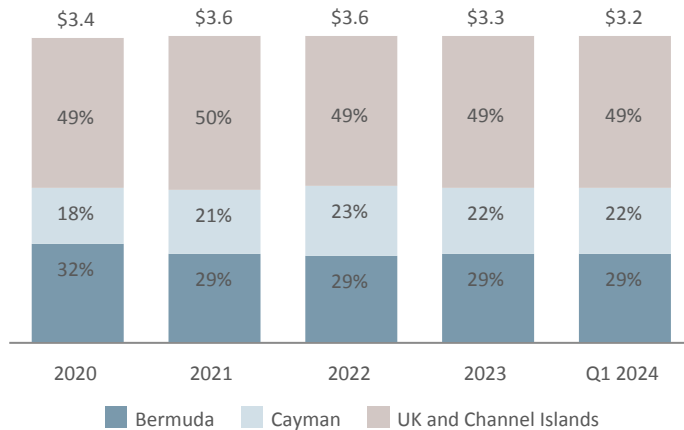
Cayman (US\$ Billions)



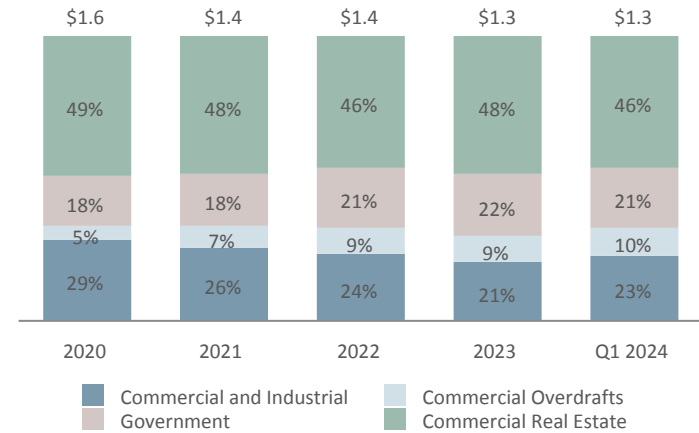
Channel Islands (US\$ Billions)



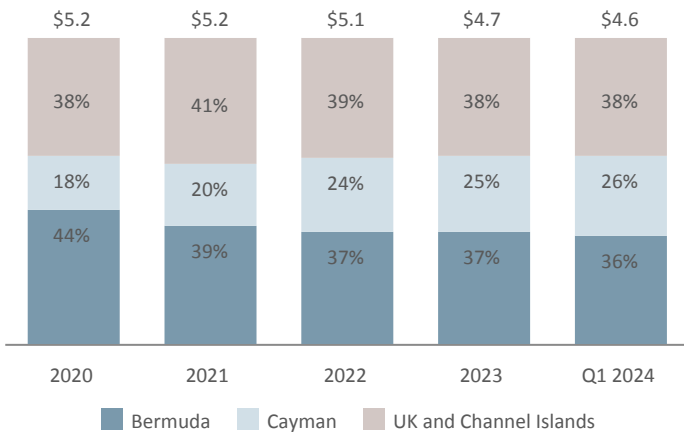
## Residential Mortgage Loans (US\$ Billions)



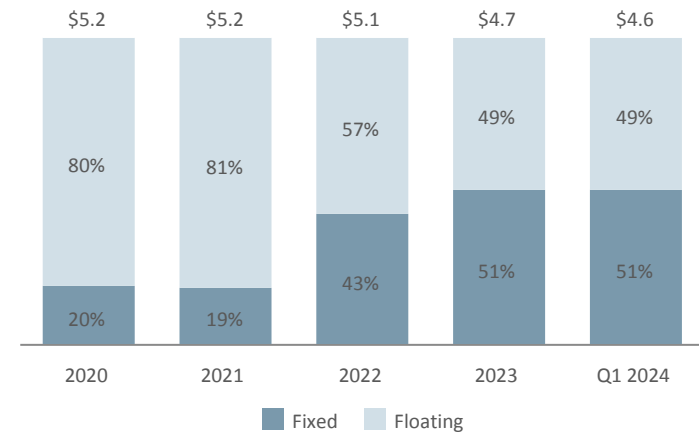
## Commercial Loans (US\$ Billions)



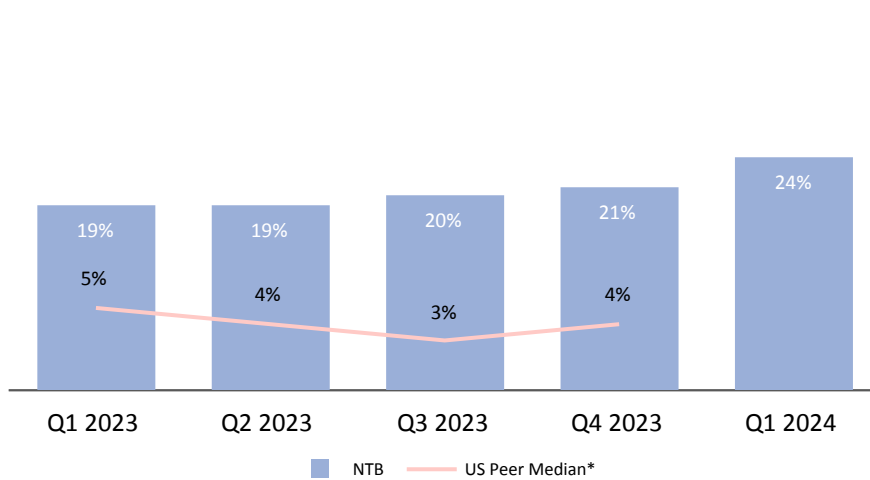
## Loan Portfolio Composition by Originating Segment (US\$ Billions)



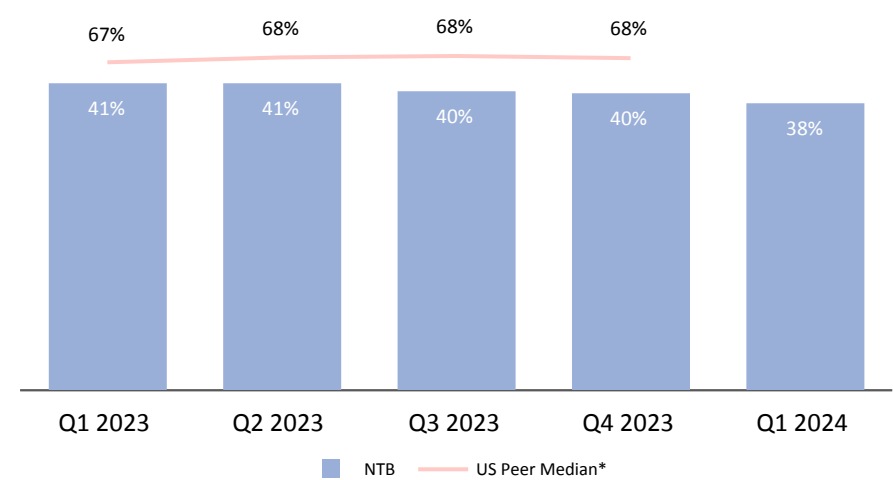
## Fixed vs. Floating Rate Loans (US\$ Billions)



## Liquidity: Cash & Cash Equivalents\*\* to Total Assets



## Loan-to-Deposit Ratio



- Butterfield takes a conservative approach to managing the liquidity and funding risk profile of its balance sheet. This involves the retention of a significant liquidity holding of cash or cash equivalent balances, comprised of interbank deposits and short-dated sovereign Canadian, UK and US Treasury Bills, as well as maintaining significant liquidity facilities with correspondent banks
- Butterfield also maintains capital, liquidity and funding buffers conservatively in excess of regulatory requirements

\* Includes US banks identified by management as a peer group. Please see the Appendix for a list of these banks. Q1 2024 peer information was not widely available at time of publication and therefore not included.

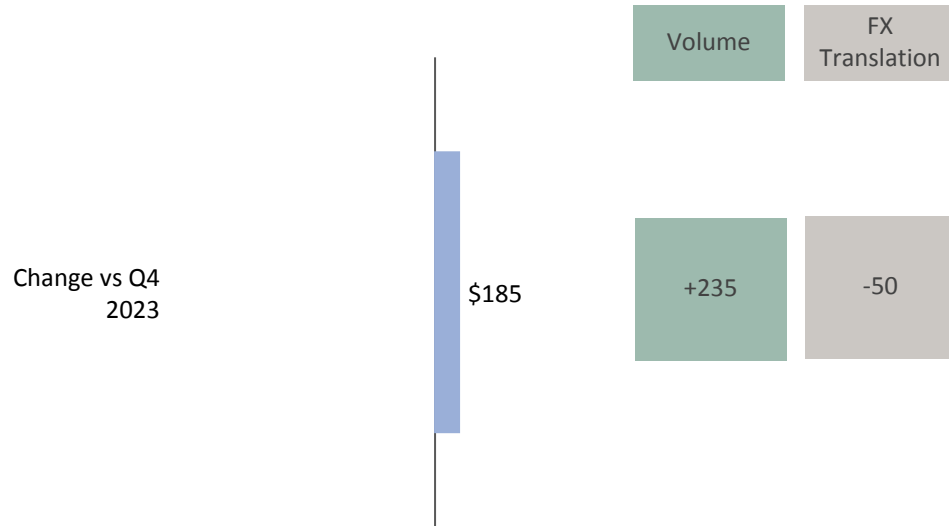
\*\* Includes securities purchased under agreements to resell and short-term investments.



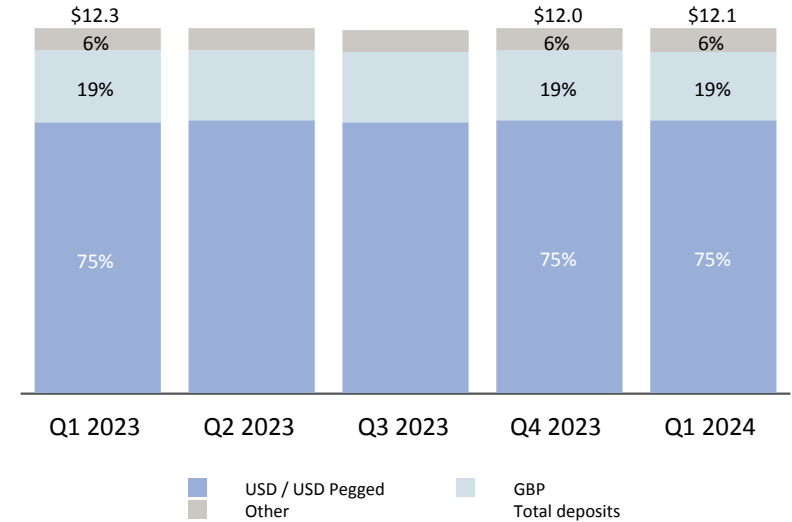
# Balance Sheet Movements



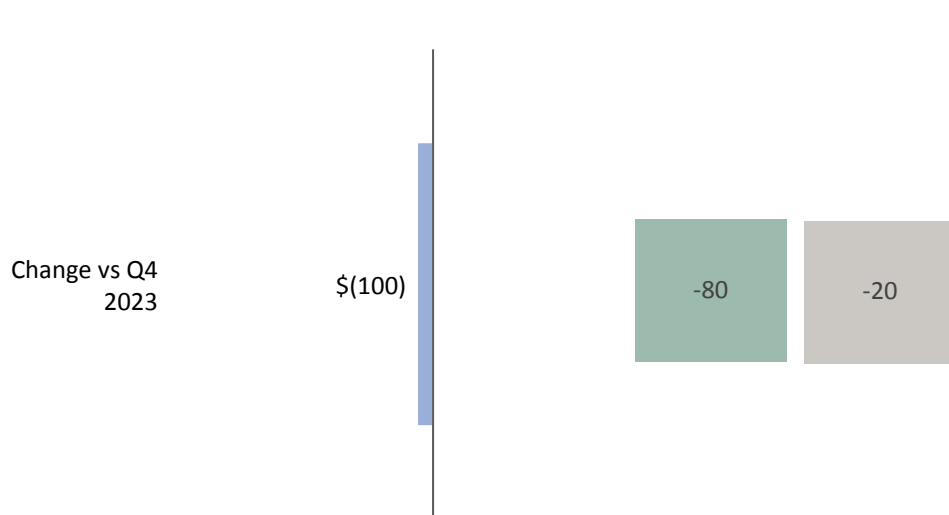
Deposit Movements (US\$ millions)



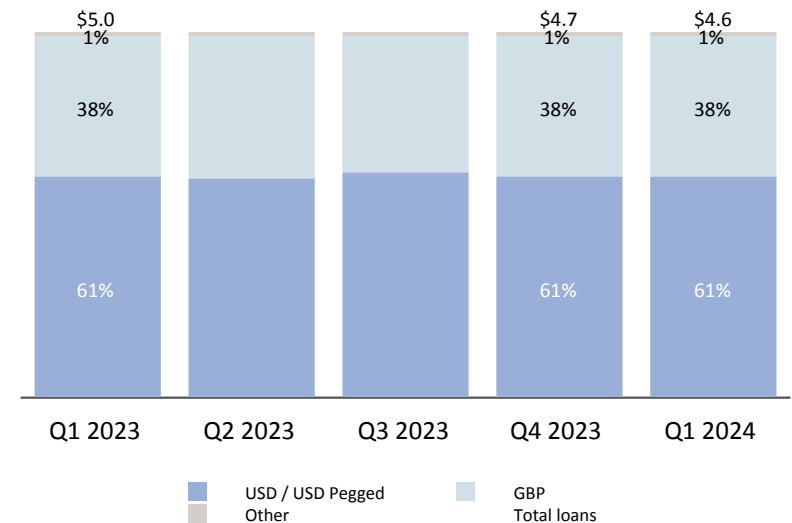
Deposit Composition by Currency (US\$ billions)



Loan Movements (US\$ millions)



Loan Composition by Currency (US\$ billions)



# Balance Sheet Trends



(in millions of US Dollars, unless otherwise indicated)

	2024	2023				2022			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Assets</b>									
Cash and cash equivalents	\$ 1,746	\$ 1,647	\$ 1,750	\$ 1,795	\$ 1,345	\$ 2,101	\$ 1,485	\$ 1,340	\$ 2,103
Reverse Repos & S/T Investments	1,480	1,225	893	729	1,263	944	995	1,516	1,601
Investments	5,168	5,292	5,319	5,546	5,665	5,727	5,805	5,970	6,111
Loans, Net	4,644	4,746	4,750	5,003	5,022	5,096	4,992	5,139	5,068
Other Assets	490	464	468	435	438	437	422	386	383
<b>Total Assets</b>	<b>\$ 13,528</b>	<b>\$ 13,374</b>	<b>\$ 13,180</b>	<b>\$ 13,510</b>	<b>\$ 13,733</b>	<b>\$ 14,306</b>	<b>\$ 13,699</b>	<b>\$ 14,350</b>	<b>\$ 15,266</b>
<b>Liabilities and Equity</b>									
Total Deposits	\$ 12,131	\$ 11,987	\$ 11,861	\$ 12,192	\$ 12,348	\$ 12,991	\$ 12,461	\$ 13,075	\$ 13,933
Long-Term Debt	99	98	98	98	172	172	172	172	172
Other Liabilities	304	285	297	269	275	278	311	300	319
<b>Total Liabilities</b>	<b>\$ 12,533</b>	<b>\$ 12,370</b>	<b>\$ 12,257</b>	<b>\$ 12,559</b>	<b>\$ 12,796</b>	<b>\$ 13,441</b>	<b>\$ 12,944</b>	<b>\$ 13,547</b>	<b>\$ 14,424</b>
Common Equity	\$ 995	\$ 1,004	\$ 923	\$ 950	\$ 937	\$ 865	\$ 755	\$ 802	\$ 842
<b>Total Equity</b>	<b>\$ 995</b>	<b>\$ 1,004</b>	<b>\$ 923</b>	<b>\$ 950</b>	<b>\$ 937</b>	<b>\$ 865</b>	<b>\$ 755</b>	<b>\$ 802</b>	<b>\$ 842</b>
<b>Total Liabilities and Equity</b>	<b>\$ 13,528</b>	<b>\$ 13,374</b>	<b>\$ 13,180</b>	<b>\$ 13,510</b>	<b>\$ 13,733</b>	<b>\$ 14,306</b>	<b>\$ 13,699</b>	<b>\$ 14,350</b>	<b>\$ 15,266</b>
<b>Key Metrics</b>									
CET 1 Ratio	22.6 %	23.0 %	23.4 %	22.7 %	22.2 %	20.3 %	18.9 %	17.7 %	17.3 %
Total Tier 1 Capital Ratio	22.6 %	23.0 %	23.4 %	22.7 %	22.2 %	20.3 %	18.9 %	17.7 %	17.3 %
Total Capital Ratio	24.9 %	25.4 %	25.8 %	25.1 %	26.2 %	24.1 %	22.7 %	21.4 %	20.9 %
Leverage ratio	7.5 %	7.6 %	7.8 %	7.6 %	7.2 %	6.7 %	6.4 %	5.8 %	5.5 %
Risk-Weighted Assets (in \$ millions)	4,648	4,541	4,522	4,628	4,604	4,843	4,780	4,854	5,043
Risk-Weighted Assets / total assets	34.4 %	34.0 %	34.3 %	34.3 %	33.5 %	33.9 %	34.9 %	33.8 %	33.0 %
Tangible common equity ratio	6.7 %	6.8 %	6.5 %	6.5 %	6.3 %	5.6 %	5.0 %	5.1 %	5.0 %
Book value per common share (in \$)	21.53	21.39	19.20	19.34	18.80	17.42	15.21	16.17	16.97
Tangible book value per share (in \$)	19.45	19.29	17.73	17.83	17.32	15.92	13.76	14.61	15.30
Non-accrual loans/gross loans	1.3 %	1.3 %	1.2 %	1.2 %	1.1 %	1.2 %	1.2 %	1.2 %	1.2 %
Non-performing assets/total assets	1.2 %	1.0 %	0.8 %	0.7 %	0.6 %	0.5 %	0.5 %	0.5 %	0.5 %
Allowance for credit losses/total loans	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %

# Average Balance Sheet Trends



(in millions of US Dollars, unless otherwise indicated)

	Q1 2024			Q4 2023			Q1 2023		
	Average balance (\$)	Interest (\$)	Average rate (%)	Average balance (\$)	Interest (\$)	Average rate (%)	Average balance (\$)	Interest (\$)	Average rate (%)
<b>Assets</b>									
Cash and cash equivalents, reverse repurchase agreements and short-term investments	\$ 3,138.3	\$ 36.8	4.71 %	\$ 2,603.6	\$ 31.0	4.72 %	\$ 2,943.9	\$ 27.1	3.74 %
Investment in securities	5,204.2	28.9	2.23 %	5,290.5	28.9	2.16 %	5,720.2	29.8	2.12 %
AFS	1,766.3	9.6	2.17 %	1,798.8	9.1	2.01 %	2,005.6	8.9	1.80 %
HTM	3,437.9	19.3	2.25 %	3,491.7	19.7	2.24 %	3,714.6	20.9	2.28 %
Loans	4,689.5	77.0	6.58 %	4,732.5	79.7	6.68 %	5,040.7	77.5	6.23 %
Commercial	1,381.4	23.7	6.88 %	1,374.1	24.4	7.03 %	1,409.8	22.6	6.51 %
Consumer	3,308.1	53.3	6.46 %	3,358.3	55.4	6.54 %	3,630.9	54.9	6.13 %
Total interest earning assets	13,031.9	142.7	4.39 %	12,626.6	139.6	4.39 %	13,704.7	134.5	3.98 %
Other assets	412.0			421.6			395.9		
<b>Total assets</b>	<b>\$ 13,444.0</b>			<b>\$ 13,048.1</b>			<b>\$ 14,100.7</b>		
<b>Liabilities</b>									
Deposits - interest bearing	\$ 9,586.5	\$ (54.2)	(2.27)%	\$ 9,208.6	\$ (51.2)	(2.21)%	\$ 9,786.5	\$ (34.7)	(1.44)%
Securities sold under agreement to repurchase	4.6	(0.1)	(4.69)%	4.7	(0.1)	(5.64)%	0.4	—	(4.50)%
Long-term debt	98.5	(1.4)	(5.58)%	98.5	(1.4)	(5.53)%	172.3	(2.4)	(5.65)%
Interest bearing liabilities	9,689.7	(55.6)	(2.30)%	9,311.7	(52.6)	(2.24)%	9,959.2	(37.1)	(1.51)%
Non-interest bearing customer deposits	2,603.5			2,618.5			2,993.5		
Other liabilities	250.0			228.9			241.1		
<b>Total liabilities</b>	<b>\$ 12,543.2</b>			<b>\$ 12,159.2</b>			<b>\$ 13,193.7</b>		
Shareholders' equity	900.8			889.0			906.9		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 13,444.0</b>			<b>\$ 13,048.1</b>			<b>\$ 14,100.7</b>		
Non-interest bearing funds net of non-interest earning assets (free balance)	\$ 3,342.3			\$ 3,314.9			\$ 3,745.6		
<b>Net interest margin</b>		<b>\$ 87.1</b>	<b>2.68 %</b>		<b>\$ 86.9</b>	<b>2.73 %</b>		<b>\$ 97.4</b>	<b>2.88 %</b>

# Income Statement Trends



(in millions of US Dollars, unless otherwise indicated)

	2024	2023				2022			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Interest Income	\$ 87.1	\$ 86.9	\$ 90.2	\$ 92.5	\$ 97.4	\$ 94.6	\$ 91.2	\$ 82.0	\$ 75.9
Non-Interest Income	55.1	60.0	52.0	50.2	50.2	54.9	49.9	51.8	49.9
Prov. for Credit (Losses) Recovery	0.4	(1.7)	(0.5)	(1.5)	(0.7)	(1.6)	(0.8)	(0.7)	0.7
Non-Interest Expenses*	89.4	91.4	92.9	84.1	84.8	85.4	82.9	84.0	82.9
Other Gains (Losses)	0.2	(0.3)	—	4.0	0.1	0.6	0.1	0.1	0.8
Net Income	\$ 53.4	\$ 53.5	\$ 48.7	\$ 61.0	\$ 62.2	\$ 63.1	\$ 57.4	\$ 49.1	\$ 44.4
Non-Core Items**	\$ 1.6	\$ 1.8	\$ 8.2	\$ (4.0)	\$ —	\$ 0.1	\$ 0.2	\$ 1.1	\$ 0.3
Core Net Income**	\$ 55.0	\$ 55.3	\$ 57.0	\$ 57.0	\$ 62.2	\$ 63.2	\$ 57.6	\$ 50.2	\$ 44.7

## Key Metrics

Loan Yield	6.58 %	6.68 %	6.51 %	6.42 %	6.23 %	5.79 %	5.05 %	4.48 %	4.26 %
Securities Yield	2.23	2.16	2.06	2.07	2.12	2.03	1.94	1.89	1.79
Cost of Deposits	1.78	1.72	1.52	1.27	1.10	0.78	0.34	0.16	0.12
Net Interest Margin	2.68	2.73	2.76	2.83	2.88	2.79	2.59	2.26	2.03
Core Efficiency Ratio**	59.8	60.5	58.3	57.6	56.0	55.6	57.0	60.2	63.7
Core ROATCE**	24.5	25.4	26.1	26.3	30.5	34.9	31.6	27.8	21.9
Fee Income Ratio	38.6	41.3	36.7	35.5	34.2	37.1	35.6	38.9	39.5
Fully Diluted Share Count (in millions of common shares)	47.2	48.1	49.1	49.9	50.1	50.0	49.8	49.8	49.8

\* Includes income taxes

\*\* See the reconciliation of non-GAAP measures on pages 23-24

# Non-Interest Income & Expense Trends



(in millions of US Dollars, unless otherwise indicated)

	2024	2023					2022			
	Q1	Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
<b>Non-Interest Income</b>										
Asset Management	\$ 8.8	\$ 8.3	\$ 8.0	\$ 8.2	\$ 7.9	\$ 7.4	\$ 7.4	\$ 7.4	\$ 7.5	
Banking	14.3	18.6	14.1	12.6	13.6	17.5	14.1	12.9	12.7	
FX Revenue	13.2	12.8	11.4	11.3	10.7	11.5	11.8	12.0	12.4	
Trust	15.0	16.0	14.7	14.3	12.8	13.7	12.6	13.3	12.7	
Custody & Other Admin.	3.3	3.3	3.3	3.3	3.3	3.4	3.3	3.3	3.6	
Other	0.4	1.0	0.6	0.5	1.8	1.4	0.7	2.8	1.0	
<b>Total Non-Interest Income</b>	<b>\$ 55.1</b>	<b>\$ 60.0</b>	<b>\$ 52.0</b>	<b>\$ 50.2</b>	<b>\$ 50.2</b>	<b>\$ 54.9</b>	<b>\$ 49.9</b>	<b>\$ 51.8</b>	<b>\$ 49.9</b>	
<b>Non-Interest Expense</b>										
Salaries & Benefits*	\$ 43.8	\$ 45.9	\$ 51.3	\$ 42.6	\$ 43.7	\$ 44.7	\$ 42.0	\$ 42.3	\$ 41.0	
Technology & Comm.	16.1	17.2	16.0	14.9	13.9	14.3	14.3	14.0	14.1	
Professional & O/S Services	5.5	7.0	4.3	4.8	5.0	4.3	4.8	5.4	5.1	
Property	8.7	8.7	7.7	7.5	7.4	8.0	7.9	7.6	7.9	
Indirect Taxes	6.3	5.0	5.4	5.3	5.7	5.4	5.2	5.5	5.9	
Marketing	1.3	1.7	1.5	1.7	1.5	1.8	1.5	1.6	1.5	
Intangible Amortization	1.9	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	
Other	4.9	5.2	4.8	5.4	5.3	4.7	4.9	5.2	5.0	
<b>Total Non-Interest Expense</b>	<b>\$ 88.5</b>	<b>\$ 92.2</b>	<b>\$ 92.5</b>	<b>\$ 83.5</b>	<b>\$ 84.1</b>	<b>\$ 84.7</b>	<b>\$ 82.0</b>	<b>\$ 83.0</b>	<b>\$ 82.0</b>	
Income Taxes	0.9	(0.8)	0.4	0.5	0.7	0.7	0.9	1.1	1.0	
<b>Total Expense incld. Taxes</b>	<b>\$ 89.4</b>	<b>\$ 91.4</b>	<b>\$ 92.9</b>	<b>\$ 84.1</b>	<b>\$ 84.8</b>	<b>\$ 85.4</b>	<b>\$ 82.9</b>	<b>\$ 84.0</b>	<b>\$ 82.9</b>	

\*Includes non-service employee benefits

# Core Non-Interest Expense\* Trends



(in millions of US Dollars, unless otherwise indicated)

indicated)		2024	2023					2022								
		Q1	Q4		Q3	Q2	Q1	Q4		Q3	Q2	Q1				
Salaries & Benefits*	\$	42.5	\$	46.2	\$	43.4	\$	42.6	\$	44.7	\$	42.0	\$	41.2	\$	41.0
Technology & Comm.		16.1		17.2		16.0		14.9		14.3		14.3		14.0		14.1
Professional & O/S Services		5.2		4.9		4.3		4.7		4.2		4.7		5.4		4.9
Property		8.7		8.7		7.7		7.5		8.0		7.9		7.6		7.9
Indirect Taxes		6.3		5.0		5.1		5.3		5.4		5.2		5.5		5.9
Marketing		1.3		1.7		1.5		1.7		1.8		1.5		1.6		1.5
Intangible Amortization		1.9		1.4		1.4		1.4		1.4		1.4		1.4		1.5
Other		4.9		5.2		4.8		5.4		4.7		4.9		5.2		4.8
Total Core Non-Interest Expense**	\$	86.9	\$	90.4	\$	84.3	\$	83.6	\$	84.5	\$	81.8	\$	81.9	\$	81.6
Income Taxes		0.9		(0.8)		0.4		0.5		0.7		0.9		1.1		1.0
Total Core Expense incl. Taxes**	\$	87.8	\$	89.6	\$	84.7	\$	84.1	\$	85.3	\$	82.8	\$	83.0	\$	82.6

\* Includes non-service employee benefits

\*\* See the reconciliation of non-GAAP measures on pages 23-24

# Non-GAAP Reconciliation



(in millions of US Dollars, unless otherwise indicated)

(in millions of US Dollars, unless otherwise indicated)		2024	2023				
		Q1	Q4		Q3	Q2	Q1
Net income	A	\$ 53.4	\$ 53.5	\$ 48.7	\$ 61.0	\$ 62.2	
Non-core (gains), losses and expenses							
Non-core (gains) losses							
Liquidation settlement from an investment previously written-off		—	—	—	(4.0)	—	
Total non-core (gains) losses	B	\$ —	\$ —	\$ —	\$ (4.0)	\$ —	
Non-core expenses							
Early retirement program, voluntary separation, redundancies and other non-core compensation costs		1.3	(0.3)	8.2	—	—	
Asset Acquisition costs		—	1.9	—	—	—	
Restructuring charges and related professional service fees		0.3	0.2	—	—	—	
Total non-core expenses	C	\$ 1.6	\$ 1.8	\$ 8.2	\$ —	\$ —	
Total non-core (gains), losses and expenses	D=B+C	1.6	1.8	8.2	(4.0)	—	
Core net income to common shareholders	E=A+D	\$ 55.0	\$ 55.3	\$ 57.0	\$ 57.0	\$ 62.2	
Average shareholders' equity		996.1	943.0	940.2	943.3	902.5	
Average common equity	F	996.1	943.0	940.2	943.3	902.5	
Less: average goodwill and intangible assets		(97.4)	(77.7)	(72.9)	(74.0)	(74.2)	
Average tangible common equity	G	898.7	865.2	867.2	869.3	828.3	
Return on equity	A/F	21.5 %	22.5 %	20.6 %	25.9 %	28.0 %	
Core return on average tangible common equity	E/G	24.5 %	25.4 %	26.1 %	26.3 %	30.5 %	
Core earnings per common share fully diluted							
Adjusted weighted average number of diluted common shares (in thousands)	H	47.2	48.1	49.1	49.9	50.1	
Earnings per common share fully diluted	A/H	1.13	1.11	0.99	1.22	1.24	
Non-core items per share	D/H	0.04	0.04	0.17	(0.08)	—	
Core earnings per common share fully diluted	E/H	1.17	1.15	1.16	1.14	1.24	
Core return on average tangible assets							
Total average assets	I	\$ 13,480.9	\$ 13,157.0	\$ 13,349.0	\$ 13,660.8	\$ 14,115.6	
Less: average goodwill and intangible assets		(97.4)	(77.7)	(72.9)	(74.0)	(74.2)	
Average tangible assets	J	\$ 13,383.5	\$ 13,079.2	\$ 13,276.0	\$ 13,586.8	\$ 14,041.4	
Return on average assets	A/I	1.6 %	1.6 %	1.4 %	1.8 %	1.8 %	
Core return on average tangible assets	E/J	1.6 %	1.7 %	1.7 %	1.7 %	1.8 %	

# Non-GAAP Reconciliation

(continued)



(in millions of US Dollars, unless otherwise indicated)

		2024	2023				
		Q1	Q4	Q3	Q2	Q1	
<b>Tangible equity to tangible assets</b>							
Shareholders' equity	K	\$ 995.1	\$ 1,003.6	\$ 922.9	\$ 950.3	\$ 936.9	
Less: goodwill and intangible assets		(96.3)	(98.9)	(70.6)	(74.0)	(74.1)	
Tangible common equity	L	898.8	904.7	852.3	876.3	862.8	
Total assets	M	13,528.1	13,374.0	13,179.5	13,509.5	13,732.7	
Less: goodwill and intangible assets		(96.3)	(98.9)	(70.6)	(74.0)	(74.1)	
Tangible assets	N	\$ 13,431.8	\$ 13,275.1	\$ 13,108.9	\$ 13,435.5	\$ 13,658.6	
<b>Tangible common equity to tangible assets</b>	<b>L/N</b>	<b>6.7 %</b>	<b>6.8 %</b>	<b>6.5 %</b>	<b>6.5 %</b>	<b>6.3 %</b>	
<b>Tangible book value per share</b>							
Basic participating shares outstanding (in millions)	O	46.2	46.9	48.1	49.1	49.8	
<b>Tangible book value per common share</b>	<b>L/O</b>	<b>19.45</b>	<b>19.29</b>	<b>17.73</b>	<b>17.83</b>	<b>17.32</b>	
<b>Efficiency ratio</b>							
Non-interest expenses		\$ 88.5	\$ 92.2	\$ 92.5	\$ 83.5	\$ 84.1	
Less: Amortization of intangibles		(1.9)	(1.4)	(1.4)	(1.4)	(1.4)	
Non-interest expenses before amortization of intangibles	P	86.6	90.7	91.1	82.1	82.7	
Non-interest income		55.1	60.0	52.0	50.2	50.2	
Net interest income before provision for credit losses		87.1	86.9	90.2	92.5	97.4	
Net revenue before provision for credit losses and other gains/losses	Q	\$ 142.2	\$ 146.9	\$ 142.2	\$ 142.6	\$ 147.5	
<b>Efficiency ratio</b>	<b>P/Q</b>	<b>60.9 %</b>	<b>61.7 %</b>	<b>64.1 %</b>	<b>57.6 %</b>	<b>56.0 %</b>	
<b>Core efficiency ratio</b>							
Non-interest expenses		\$ 88.5	\$ 92.2	\$ 92.5	\$ 83.5	\$ 84.1	
Less: non-core expenses	(C)	(1.6)	(1.8)	(8.2)	—	—	
Less: amortization of intangibles		(1.9)	(1.4)	(1.4)	(1.4)	(1.4)	
Core non-interest expenses before amortization of intangibles	R	85.0	89.0	82.9	82.1	82.7	
Net revenue before provision for credit losses and other gains/losses	Q	142.2	146.9	142.2	142.6	147.5	
<b>Core efficiency ratio</b>	<b>R/Q</b>	<b>59.8 %</b>	<b>60.5 %</b>	<b>58.3 %</b>	<b>57.6 %</b>	<b>56.0 %</b>	





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

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