

BancAnalysts Association of Boston Conference Presentation

November 9, 2018

M&T Bank Corporation

Disclaimer

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Annualized, pro forma, projected and estimated numbers are used for illustrative purposes only, are not forecasts and may not reflect actual results.

Who is M&T Bank Corporation?

- Top 20 US-based, commercial bank holding company
- Substantial growth from \$2 billion in assets in 1983 to \$117 billion at September 30, 2018
- 17,140 employees across 754 domestic branches in eight states and Washington DC
- 3.8 million customers representing 6.0 million accounts
- \$93 billion of assets under management⁽¹⁾
- Lowest percentage credit losses among the large money-center / superregional banks through the financial crisis
 - 1 of only 2 commercial banks (out of 20) in S&P 500 not to reduce dividend
- M&T has not posted a loss going back to 1976 – 169 quarters

Key Ratios

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>3Q'17</u>	<u>2Q'18</u>	<u>3Q '18</u>
Superior Pre-Credit Earnings									
Net Interest Margin	3.73%	3.65%	3.31%	3.14%	3.11%	3.47%	3.53%	3.83%	3.88%
Efficiency Ratio – Operating ⁽¹⁾	55.28%	55.98%	59.29%	57.98%	56.10%	55.07%	56.00%	52.42%	51.41%
PPNR ⁽¹⁾	1,796	1,951	1,766	1,845	2,248	2,492	611	690	712
PPNR to RWA ⁽¹⁾⁽³⁾⁽⁵⁾	2.43%	2.61%	2.35%	2.14%	2.29%	2.53%	2.48%	2.86%	2.93%
Strong Credit Metrics									
Allowance to Loans (As At)	1.39%	1.43%	1.38%	1.09%	1.09%	1.16%	1.15%	1.16%	1.18%
Net Charge-Offs to Loans	0.30%	0.28%	0.19%	0.19%	0.18%	0.16%	0.11%	0.16%	0.07%
Focused on Returns									
Net Operating Return on:									
Tangible Assets ⁽¹⁾⁽²⁾	1.40%	1.47%	1.23%	1.18%	1.14%	1.23%	1.25%	1.79%	1.89%
Tangible Common Equity ⁽¹⁾⁽²⁾	19.42%	17.79%	13.76%	13.00%	12.25%	13.00%	13.03%	19.91%	21.00%
Consistent Capital Generation									
Tangible Common Equity to Tangible Assets	7.20%	8.39%	8.11%	8.69%	8.92%	9.10%	9.02%	8.53%	8.53%
Common Equity Tier 1 Ratio ⁽⁴⁾⁽⁵⁾	7.57%	9.22%	9.83%	11.08%	10.70%	10.99%	10.98%	10.52%	10.46%
Tier 1 Capital Ratio ⁽⁵⁾	10.22%	12.00%	12.47%	12.68%	11.92%	12.26%	12.25%	11.79%	11.75%
Balance Sheet (As At)									
Loans to Deposits	101.46%	95.46%	90.60%	95.14%	95.14%	95.19%	94.02%	98.35%	97.24%
Securities to Assets	7.32%	10.33%	13.44%	12.75%	13.16%	12.37%	12.52%	11.22%	11.19%

Notes:

(1) The Efficiency Ratio and Pre-provision Net Revenue are non-GAAP financial measures. A reconciliation of GAAP to non-GAAP financial measures is available in the appendix. The Efficiency Ratio reflects non-interest expense (excluding amortization expense associated with intangible assets and merger-related expenses) as a percentage of fully taxable equivalent net interest income and non-interest revenues (excluding gains or losses from securities transactions and merger-related gains).

(2) Excludes merger-related gains and expenses and amortization expense associated with intangible assets.

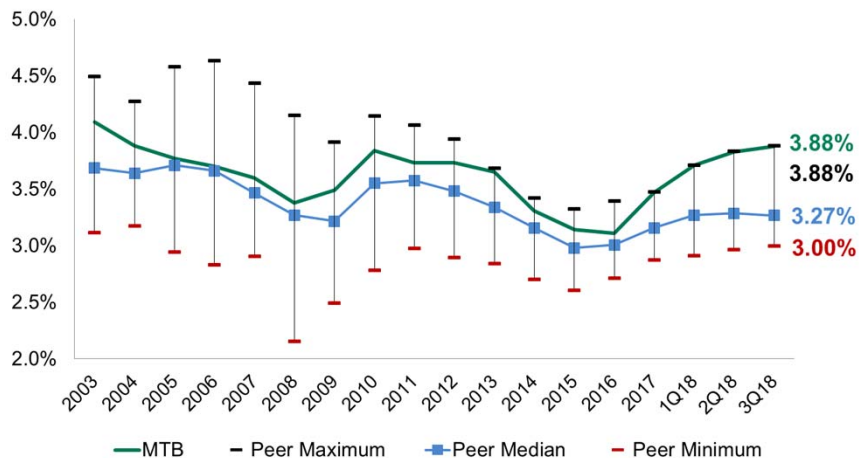
(3) Annual and quarterly PPNR to Risk Weighted Assets calculated using average of quarterly reported RWA balances for 2017 and 2018. Average RWA is calculated using the average of year end balances for 2012-2016.

(4) For periods prior to 2015, reflects Tier 1 Common ratios under Basel I standards.

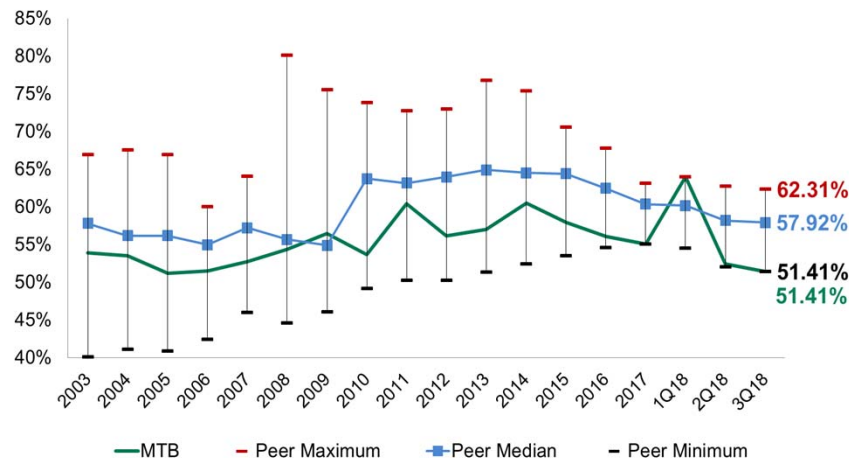
(5) 3Q '18 RWA uses preliminary disclosed balances with estimated average RWA balances.

M&T's Business Model – a Historical Perspective

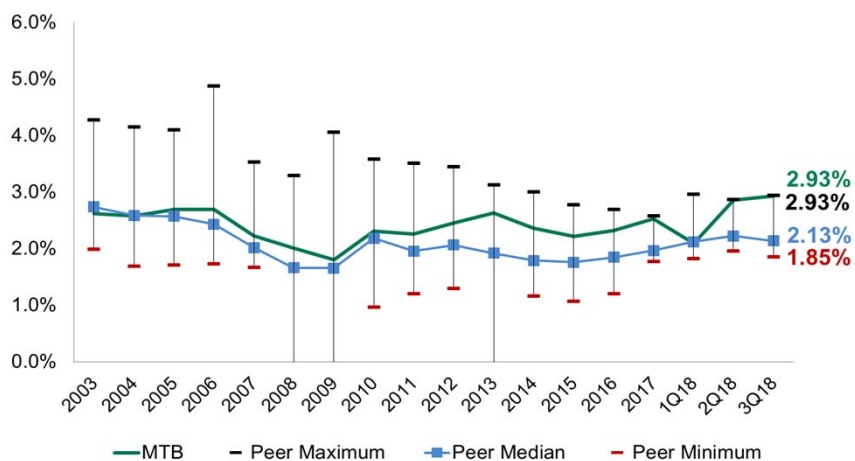
Net Interest Margin



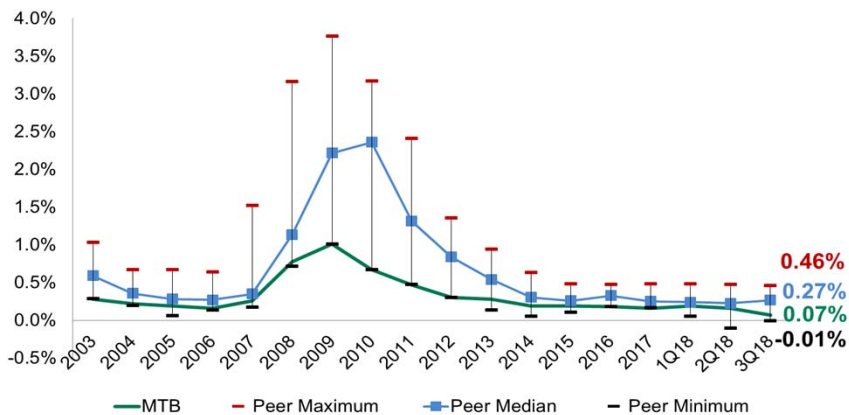
Operating Efficiency Ratio



PPNR / RWA



NCO / Average Loans



Note: The Efficiency Ratio and Pre-provision Net Revenue (PPNR) are non-GAAP financial measures. A reconciliation of GAAP to non-GAAP financial measures is available in the appendix. 3Q '18 RWA uses preliminary disclosed balances with estimated average RWA balances. Source: S&P Global Market Intelligence.

Today's Discussion Topics

M&T's Operating Model

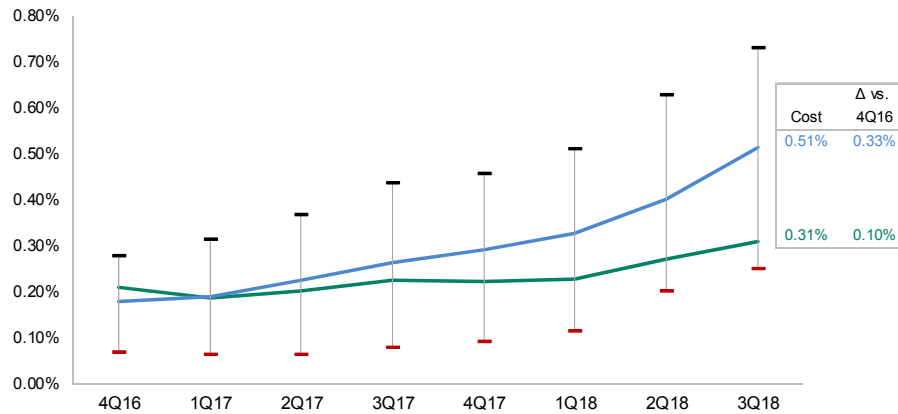
- Leading deposit share in primary markets
- Lending discipline guided by focus on returns
- Superior capital generation

Results

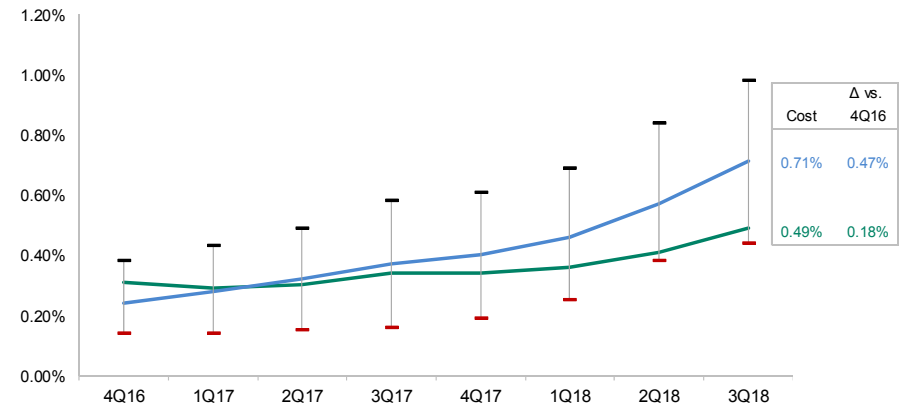
- Stable, low-cost core deposit funding advantage
- Maintaining profitability in competitive environment
- Flexible capital allocation throughout long-term cycles

Stable, Low-Cost Deposit Funding

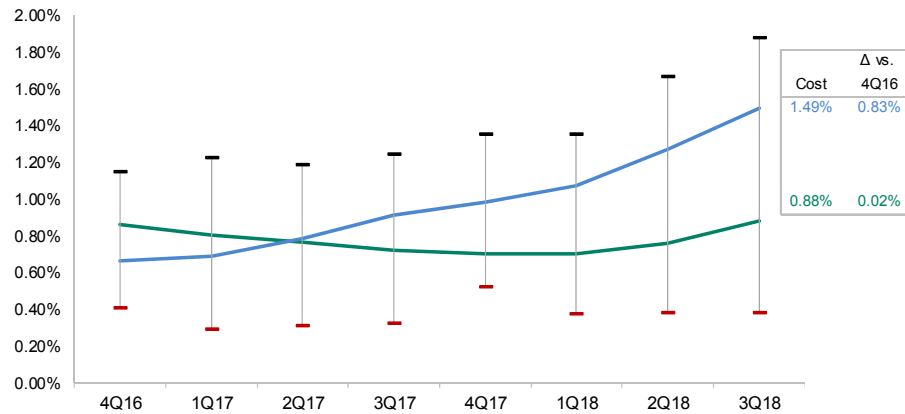
Total Deposit Cost



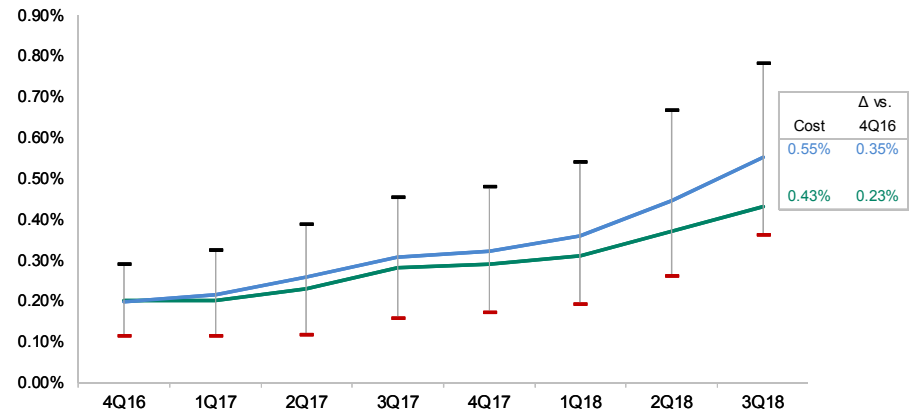
Interest-Bearing Deposit Cost



Time Deposit Cost



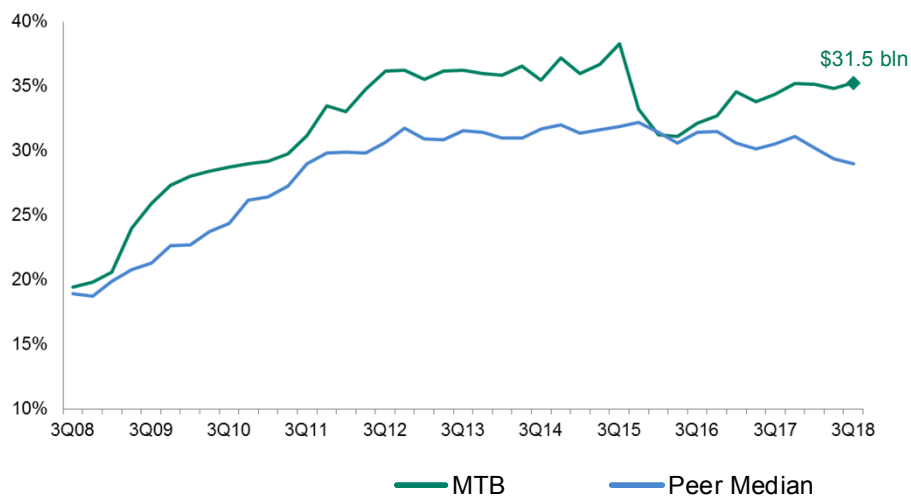
Savings, MMDA, and Interest Checking Cost



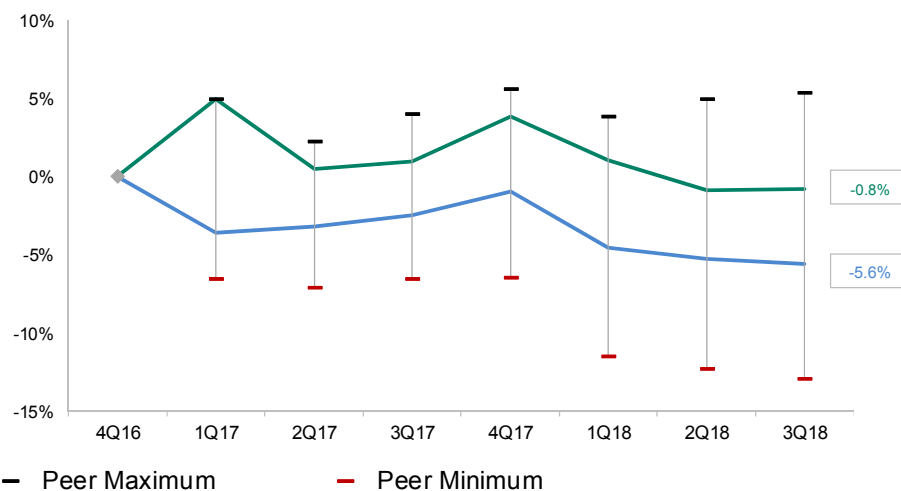
— Peer Maximum — Peer Minimum — MTB — Peer Median

Non-Interest Bearing Deposits Provide Sustainable Advantage

Average Non-Interest Deposits / Total Deposits



Average Non-Interest Deposits – Δ Since 4Q16¹



Commercial / Small Business

Consumer

Runoff Mitigants

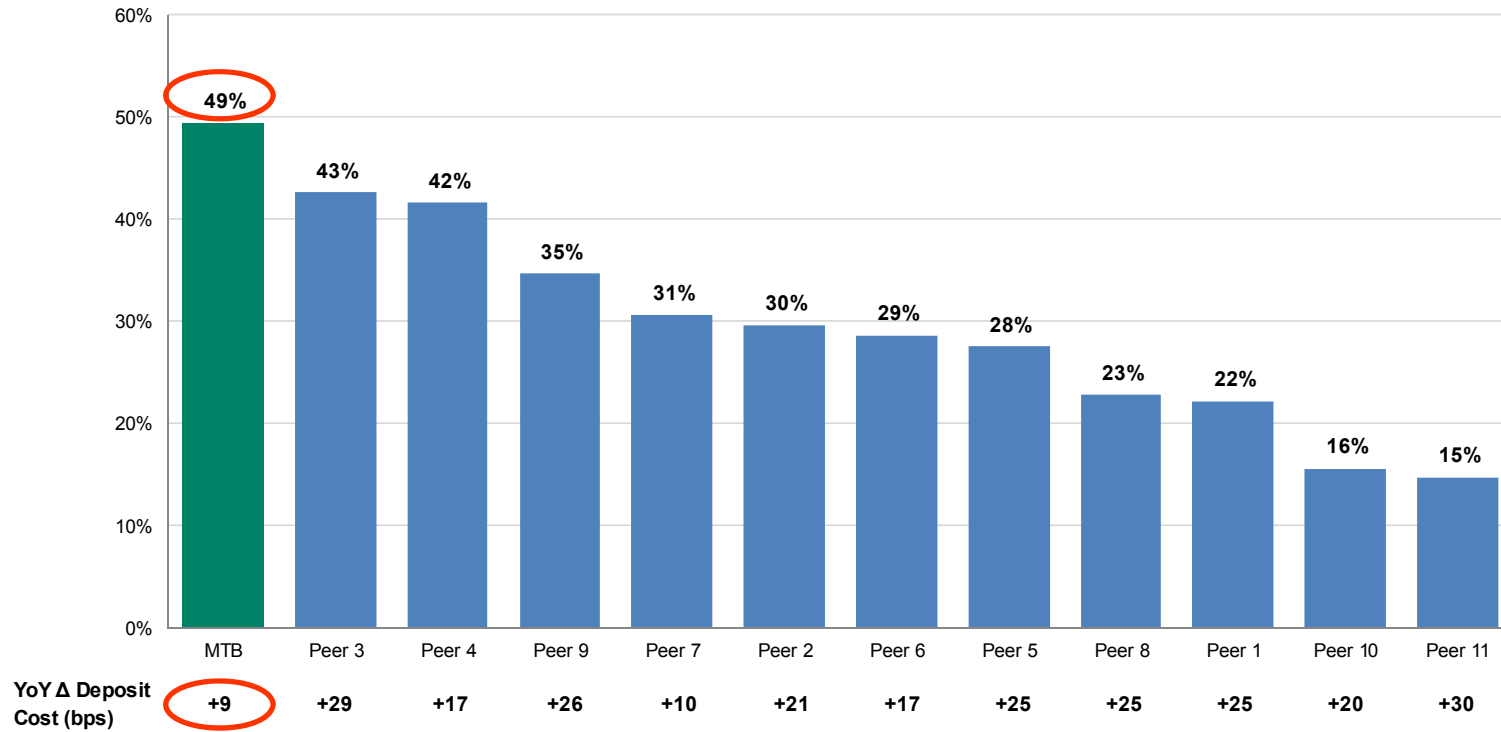
- Operational deposits from small and middle-market business
- Granular portfolio, limited concentration
- Acquired Wilmington Trust
 - Trust demand balances averaged ~\$4 billion YTD
- Above average mix of active checking clients
- Added wealth clients with Wilmington Trust acquisition
- Leading deposit share in core markets

Current Strategies

- Interest checking
- Earnings credit rates
- Proactive dialogue with long-term customers
- Cash bonuses
- Bonus yields

Leading Deposit Market Share in Core Markets

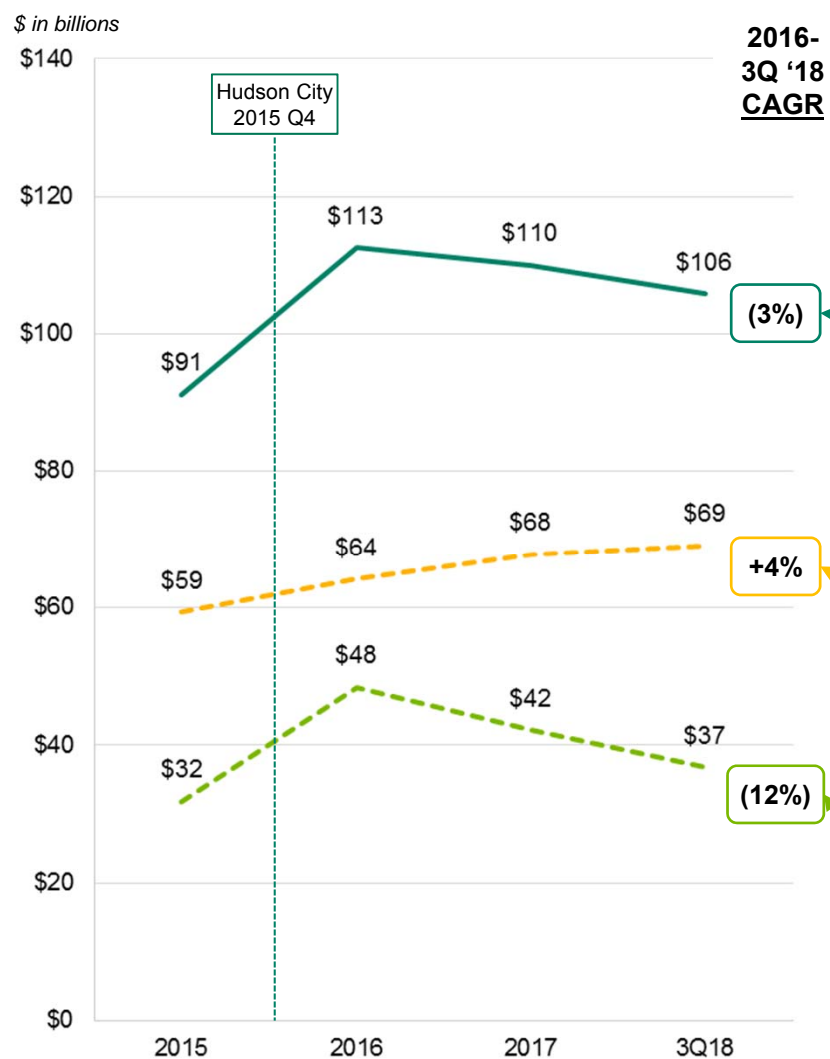
% of Retail Deposits in MSAs with Market Share > 15%



Note: Retail deposits cap branch level deposits at \$1B; YoY Deposit Cost represents change in cost of total deposits from Q3 2017 to Q3 2018
 Source: S&P Global Market Intelligence

Focus on Growing Profitable Assets

Earning Assets – Average Balances

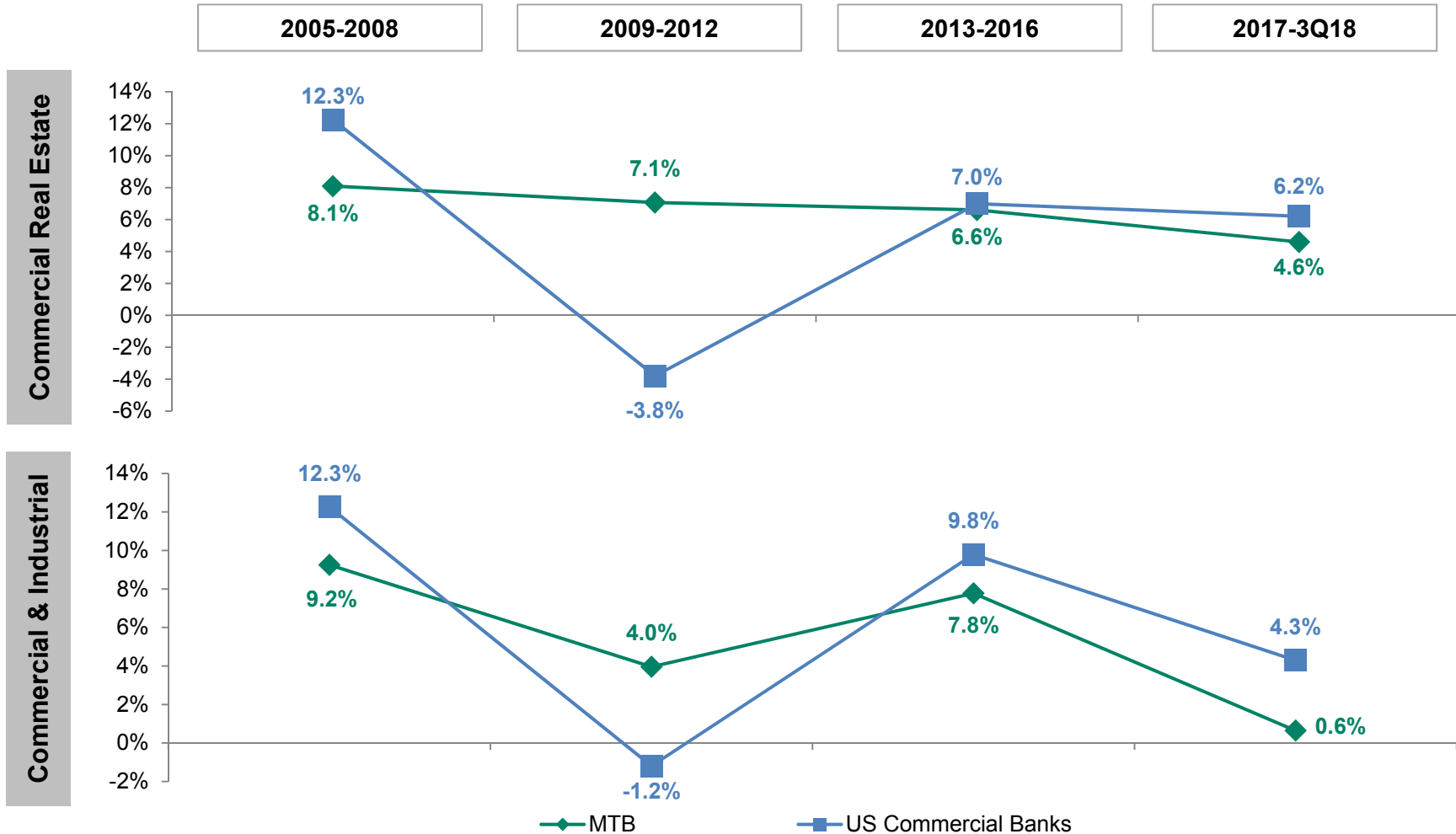


Earning Asset Yields – Annualized

	2016	2017	3Q '18	2016-3Q '18 Chg.
Total Earning Assets	3.49%	3.82%	4.40%	+91 bps
Commercial and Consumer Loans	3.98%	4.34%	5.00%	+102 bps
Residential Mortgages, Cash, and Securities	2.83%	2.98%	3.22%	+39 bps

Less Volatile Loan Growth Through Credit Cycles

Loan Growth (Annualized) – M&T¹ vs. US Commercial Banks

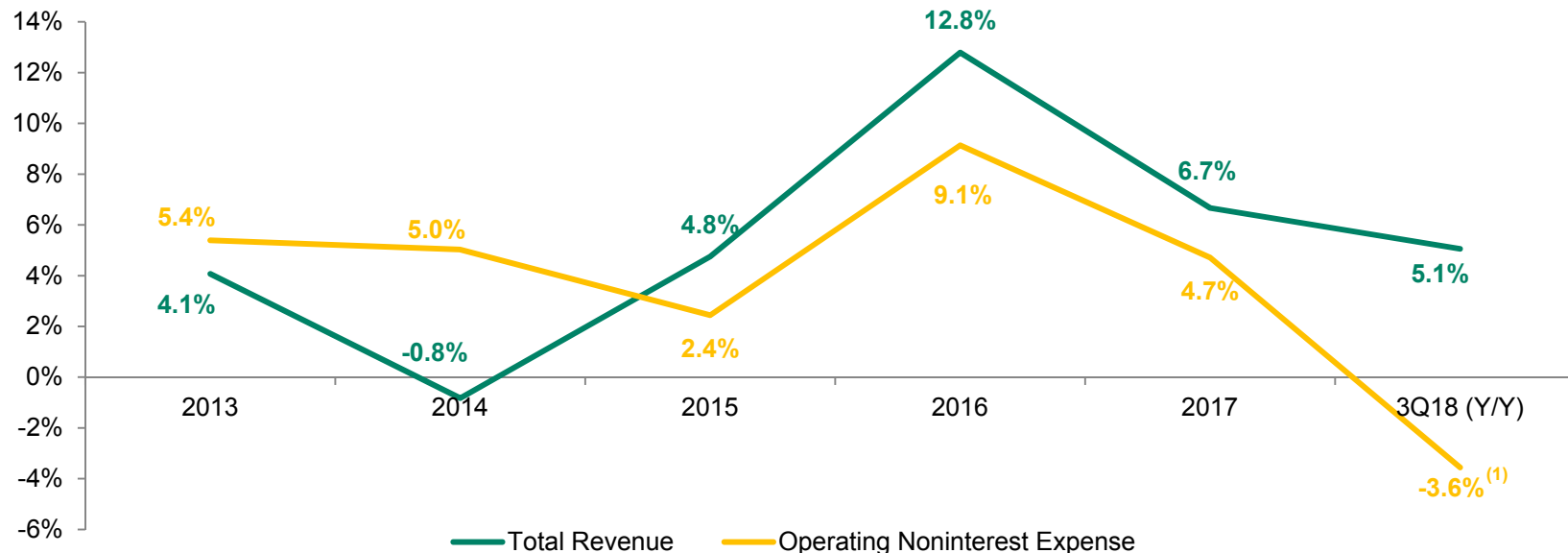


Note: (1) M&T's loan growth is based on average loans and is adjusted for acquisitions
 Source: S&P Global Market Intelligence and Federal Reserve H8 data

Investments Aligned with Revenue Growth

Operating Leverage

- Revenue growth and lower regulatory expenses support funding strategic initiatives while improving overall profitability



Operating Leverage (bps)	(132)	(585)	231	366	196	861
Operating Efficiency Ratio	56.0%	59.3%	58.0%	56.1%	55.1%	51.4%

Notes:

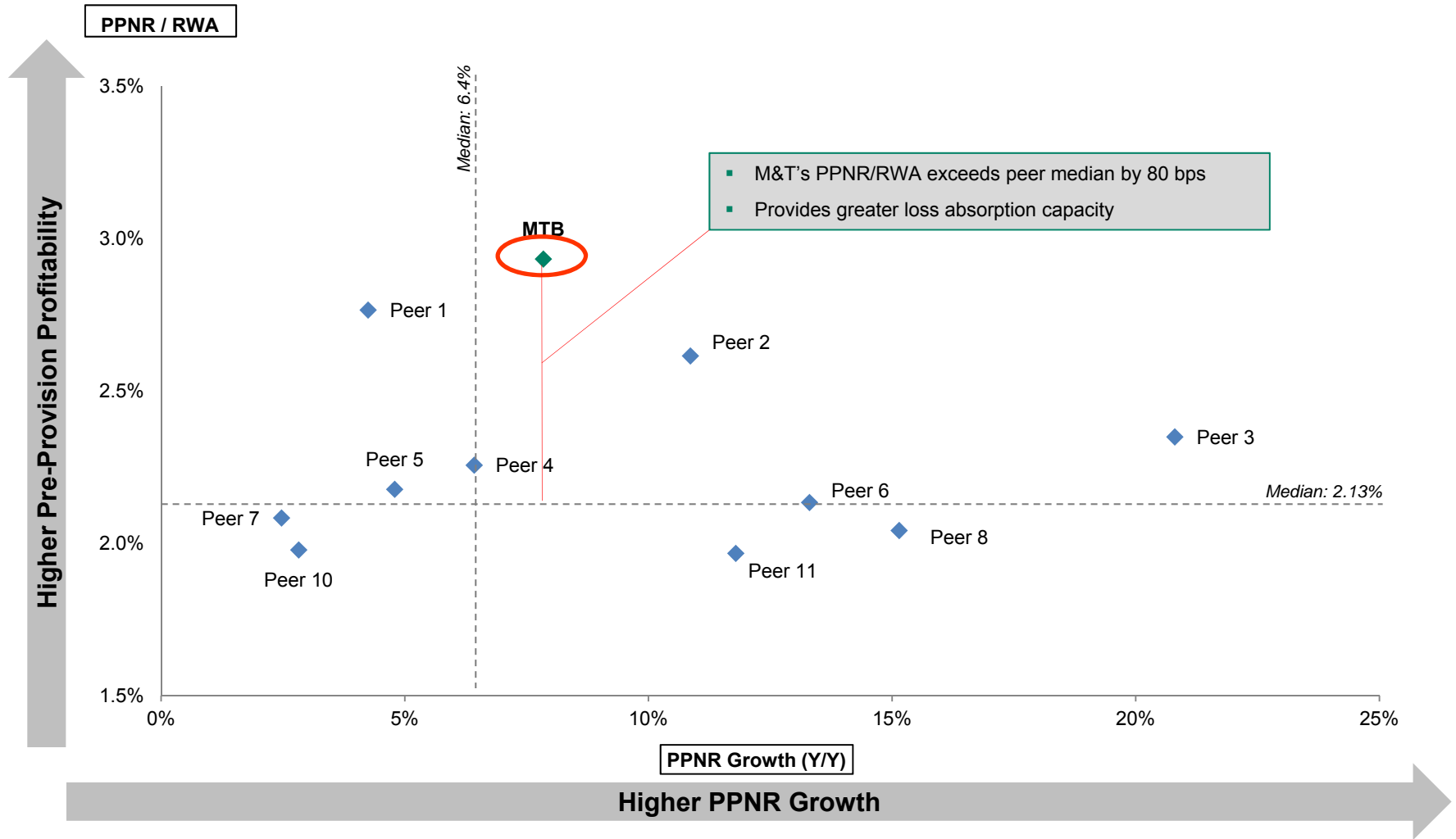
Noninterest operating expenses and the operating efficiency ratio are non-GAAP financial measures. The calculation of total revenue excludes securities gains/losses, and merger-related gains. This is consistent with the denominator calculation in our defined operating efficiency ratio calculation. A reconciliation of GAAP to non-GAAP financial measures is available in the appendix.

Operating leverage is measured as the change in total revenue minus the change in noninterest operating expense.

(1) Operating noninterest expenses includes \$50 million in legal related expenses in 3Q17. Excluding the \$50 million in 3Q17 operating results would result in a 2.9% increase in operating noninterest expense and 217 basis points in positive operating leverage for 3Q18 Y/Y.

Top Quartile Pre-Provision Profitability

PPNR/RWA Growth vs. Pre-Provision Profitability Δ - 3Q '18



Note: 3Q '18 RWA uses preliminary disclosed balances with estimated average RWA balances. PPNR is a non-GAAP figure. Refer to appendix for M&T's calculation. M&T excludes \$50 mln legal-related expense in 3Q '17.

Source: S&P Global Market Intelligence

Key Metrics Relative to Peers

	M&T	M&T vs. Peer Median		
	Q3 '18	Q3 '18	15 Year Average ⁽²⁾	Better than Long-Term Average
Pre-Provision Net Revenue				
Net Interest Margin	3.88%	61 bps	21 bps	✓
Operating Efficiency Ratio ⁽¹⁾	51.41%	(733) bps	(563) bps	✓
PPNR / RWA ⁽¹⁾⁽²⁾⁽³⁾	2.93%	80 bps	29 bps	✓
Credit				
NCO / Average Loans	0.07%	(19) bps	(36) bps	
Returns				
Net Operating Return on Tangible Assets ⁽¹⁾⁽²⁾	1.89%	39 bps	27 bps	✓
Common Equity Tier 1 Ratio ⁽³⁾	10.46%	26 bps	(102) bps	
Net Operating Return on Tangible Common Equity ⁽¹⁾⁽²⁾	21.00%	349 bps	653 bps	

Notes:

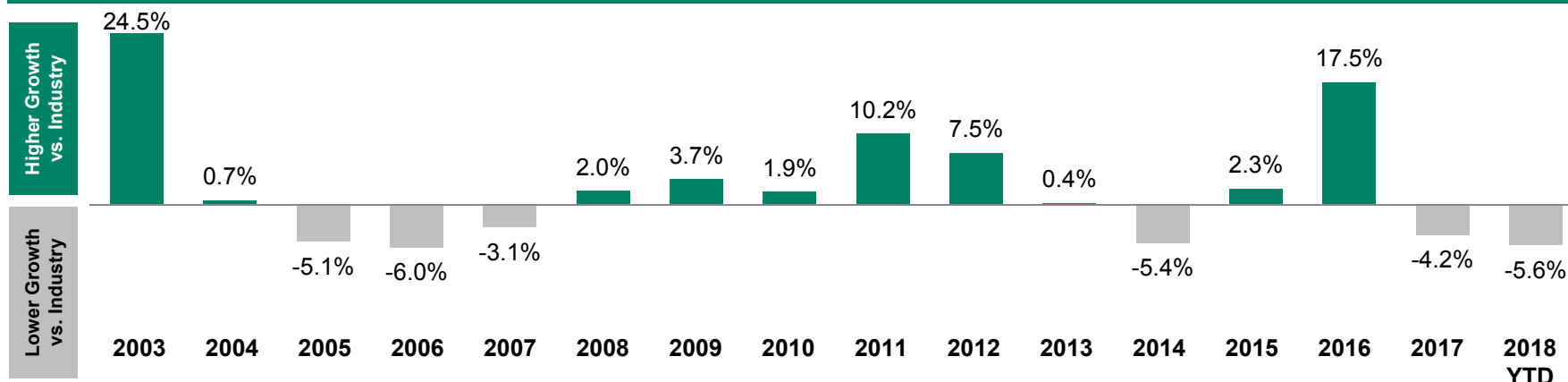
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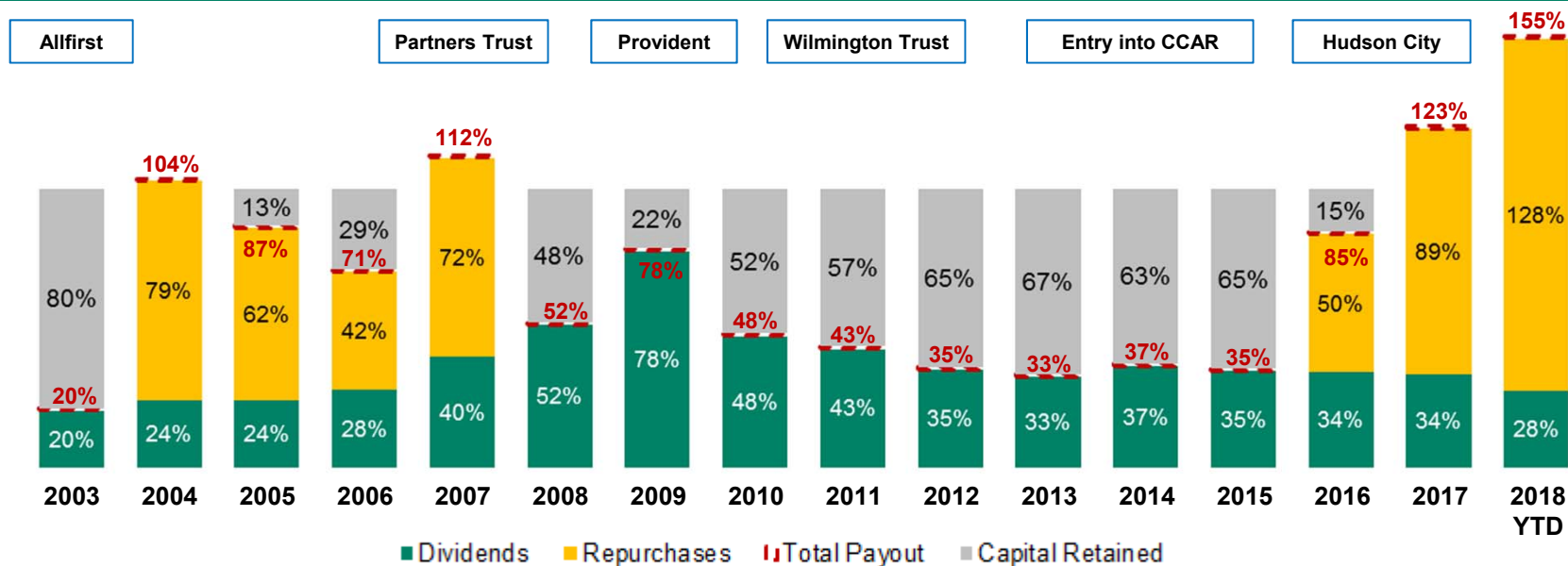
(3) Risk-Weighted Assets for 3Q '18 are preliminary.

Deploying Capital Where and When it Makes Sense

M&T Loan Growth vs. Industry (Difference in Average Growth Rates)



Cumulative Capital Retained, Dividends and Share Repurchases



Note: Calculated using Net Operating Income, less preferred dividends and discount amortization – see appendix
Source: Federal Reserve

Today's Discussion Topics

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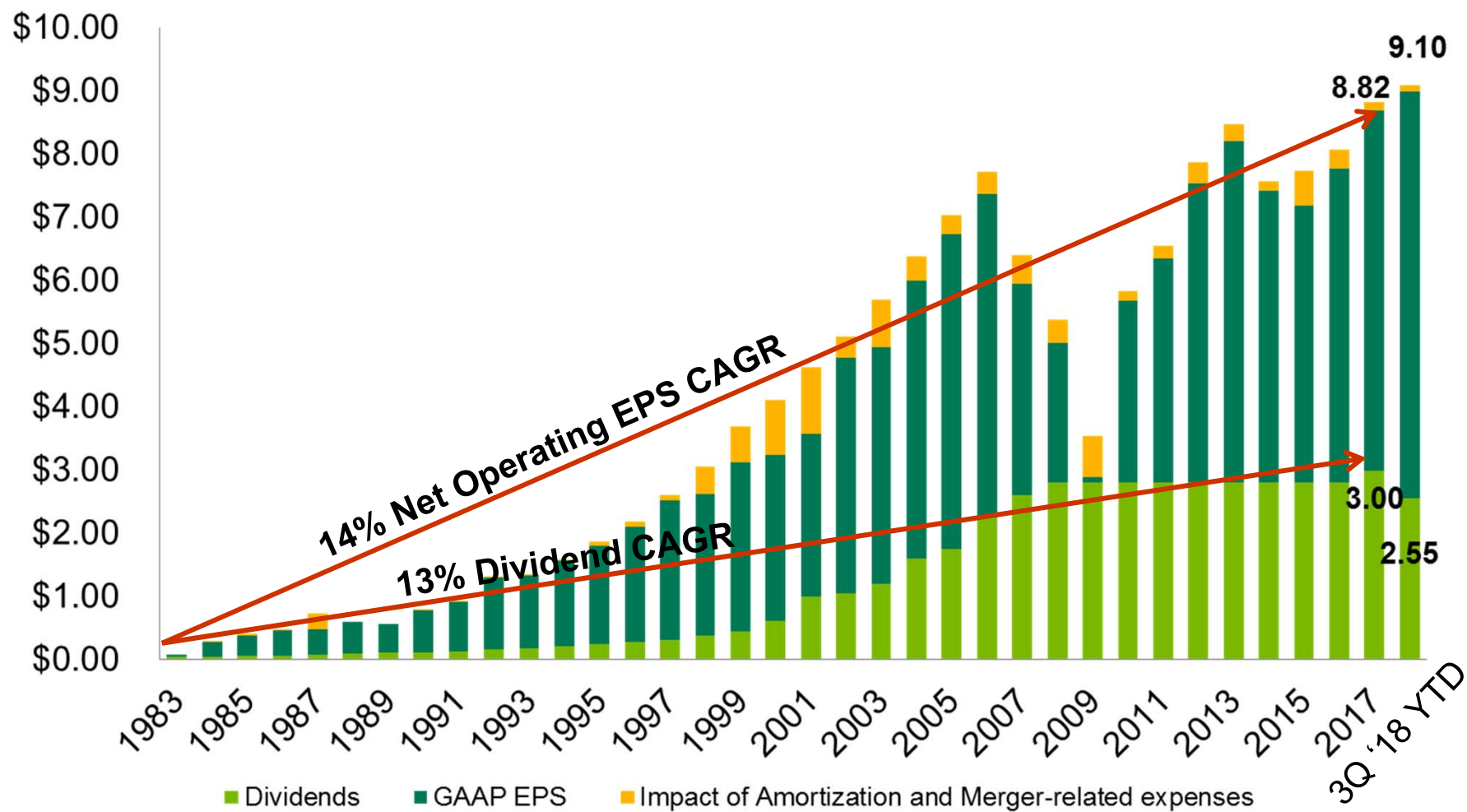
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Appendix and GAAP Reconciliations

Earnings & Dividend Growth: 1983 – Q3 2018



M&T Bank Corporation...a solid investment

Of the largest 100 banks operating in 1983, only 23 remain today.

Among the remaining, M&T ranks 1st in stock price growth

Rank	Company Name	Ticker	Closing Price at		Stock Return CAGR (%)
			9/30/2018 (\$)	3/31/1983 (\$) ¹	
1	<i>M&T Bank Corporation</i>	<i>MTB</i>	<i>164.54</i>	<i>1.34</i>	<i>14.5</i>
2	State Street Corporation	STT	83.78	1.06	13.1
3	Northern Trust Corporation	NTRS	102.13	1.51	12.6
4	U.S. Bancorp	USB	52.81	0.92	12.1
5	Commerce Bancshares, Inc.	CBSH	66.02	1.27	11.8
23	_____		—	—	5.0
Median			—	—	9.0
MTB Price @ Median Growth Rate			28.07	1.34	9.0

M&T Bank Corporation...a solid investment

18.4% Annual rate of return since 1980¹

In the top 30 of the entire universe² of U.S. based stocks traded publicly since 1980

Rank	Company Name	Industry	Annual Return
1	TJX Companies Inc	Consumer Discretionary	23.2
2	Eaton Vance Corp.	Financials	22.9
3	Stryker Corporation	Health Care	22.1
4	Progressive Corporation	Financials	21.8
5	Hasbro, Inc.	Consumer Discretionary	21.6
6	Sherwin-Williams Company	Materials	20.0
7	HollyFrontier Corporation	Energy	20.0
8	Walmart Inc.	Consumer Staples	19.8
9	Gap, Inc.	Consumer Discretionary	19.8
10	Danaher Corporation	Health Care	19.7
11	Berkshire Hathaway Inc. Class A	Financials	19.5
12	Robert Half International Inc.	Industrials	19.3
13	Graco Inc.	Industrials	19.2
14	State Street Corporation	Financials	19.1
15	Lowe's Companies, Inc.	Consumer Discretionary	19.0
16	V.F. Corporation	Consumer Discretionary	19.0
17	Mylan N.V.	Health Care	19.0
18	Constellation Brands, Inc. Class B	Consumer Staples	18.9
19	L Brands, Inc.	Consumer Discretionary	18.8
20	Aflac Incorporated	Financials	18.7
21	Equifax Inc.	Industrials	18.7
22	Astronics Corporation	Industrials	18.6
23	Raven Industries, Inc.	Industrials	18.6
24	M&T Bank Corporation	Financials	18.4
25	HEICO Corporation	Industrials	18.3
26	Church & Dwight Co., Inc.	Consumer Staples	18.2
27	RLI Corp.	Financials	18.1
28	Sysco Corporation	Consumer Staples	18.1
29	Flowers Foods, Inc.	Consumer Staples	17.7
30	Walgreens Boots Alliance Inc	Consumer Staples	17.6

\$1,199 invested in M&T in 1980 would be worth \$1 million as of today

(1) CAGR calculated assuming reinvestment of dividends through September 30, 2018

(2) Includes 543 U.S. based publically traded stocks

Reconciliation of GAAP and Non-GAAP Measures

Net Income

\$ in millions

	2012	2013	2014	2015	2016	2017
Net income	\$ 1,029.5	\$ 1,138.5	\$ 1,066.2	\$ 1,079.7	\$ 1,315.1	\$ 1,408.3
Intangible amortization*	37.0	28.6	20.7	16.2	25.9	19.0
Merger-related items*	6.0	7.5	-	60.8	21.7	-
Net operating income	\$ 1,072.5	\$ 1,174.6	\$ 1,086.9	\$ 1,156.6	\$ 1,362.7	\$ 1,427.3

PPNR

Net Income for EPS	\$ 953.4	\$ 1,062.5	\$ 978.6	\$ 987.7	\$ 1,223.5	\$ 1,327.5
Preferred Div., Amort. of Pref. Stock & Unvested Stock Awards	76.1	75.9	87.7	92.0	91.7	80.8
Income Taxes	562.5	627.1	576.0	595.0	743.3	915.6
GAAP Pre-tax Income	1,592.0	1,765.6	1,642.2	1,674.7	2,058.4	2,323.9
Provision for credit losses	204.0	185.0	124.0	170.0	190.0	168.0
Pre-Tax, Pre-Provision Net Revenue	\$ 1,796.0	\$ 1,950.6	\$ 1,766.2	\$ 1,844.7	\$ 2,248.4	\$ 2,491.9

Earnings Per Share

Diluted earnings per share	\$ 7.54	\$ 8.20	\$ 7.42	\$ 7.18	\$ 7.78	\$ 8.70
Intangible amortization*	0.29	0.22	0.15	0.12	0.16	0.12
Merger-related items*	0.05	0.06	-	0.44	0.14	-
Diluted net operating earnings per share	\$ 7.88	\$ 8.48	\$ 7.57	\$ 7.74	\$ 8.08	\$ 8.82

Efficiency Ratio

\$ in millions

Non-interest expenses	\$ 2,469.8	\$ 2,587.9	\$ 2,689.5	\$ 2,822.9	\$ 3,047.5	\$ 3,140.3
less: intangible amortization	60.6	46.9	33.8	26.4	42.6	31.4
less: merger-related expenses	9.9	12.4	-	76.0	35.8	-
Non-interest operating expenses	\$ 2,399.2	\$ 2,528.6	\$ 2,655.7	\$ 2,720.5	\$ 2,969.1	\$ 3,109.0

Tax equivalent revenues	\$ 4,292.2	\$ 4,563.4	\$ 4,479.4	\$ 4,692.1	\$ 5,322.8	\$ 5,666.8
less: gain/(loss) on sale of securities	0.0	56.5	-	(0.1)	30.3	21.3
less: net OTTI losses recognized	(47.8)	(9.8)	-	-	-	-
less: merger-related gains	-	-	-	-	-	-
Denominator for efficiency ratio	\$ 4,340.0	\$ 4,516.7	\$ 4,479.4	\$ 4,692.2	\$ 5,292.5	\$ 5,645.5

Net operating efficiency ratio	55.3%	56.0%	59.3%	58.0%	56.1%	55.1%
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	3Q17	2Q18	3Q18
Net income	\$ 355.9	\$ 493.2	\$ 526.1
Intangible amortization*	4.7	4.7	4.5
Merger-related items*	-	-	-
Net operating income	\$ 360.7	\$ 497.9	\$ 530.6
Net Income for EPS	\$ 335.8	\$ 472.6	\$ 505.4
Preferred Div., Amort. of Pref. Stock & Unvested Stock Awards	20.1	20.6	20.7
Income Taxes	224.6	161.5	170.3
GAAP Pre-tax Income	580.5	654.6	696.4
Provision for credit losses	30.0	35.0	16.0
Pre-Tax, Pre-Provision Net Revenue	\$ 610.5	\$ 689.6	\$ 712.4
Diluted earnings per share	\$ 2.21	\$ 3.26	\$ 3.53
Intangible amortization*	0.03	0.03	0.03
Merger-related items*	-	-	-
Diluted net operating earnings per share	\$ 2.24	\$ 3.29	\$ 3.56
Non-interest expenses	\$ 806.0	\$ 776.6	\$ 776.0
less: intangible amortization	7.8	6.4	6.2
less: merger-related expenses	-	-	-
Non-interest operating expenses	\$ 798.2	\$ 770.2	\$ 769.8
Tax equivalent revenues	\$ 1,425.4	\$ 1,471.6	\$ 1,494.1
less: gain/(loss) on sale of securities	-	2.3	(3.4)
less: net OTTI losses recognized	-	-	-
less: merger-related gains	-	-	-
Denominator for efficiency ratio	\$ 1,425.4	\$ 1,469.3	\$ 1,497.5
Net operating efficiency ratio	56.0%	52.4%	51.4%

Reconciliation of GAAP and Non-GAAP Measures

Average Assets	2012	2013	2014	2015	2016	2017	3Q17	2Q18	3Q18
\$ in millions									
Average assets	\$ 79,983	\$ 83,662	\$ 92,143	\$ 101,780	\$ 124,340	\$ 120,860	\$ 119,515	\$ 116,413	\$ 115,997
Goodwill	(3,525)	(3,525)	(3,525)	(3,694)	(4,593)	(4,593)	(4,593)	(4,593)	(4,593)
Core deposit and other intangible assets	(144)	(90)	(50)	(45)	(117)	(86)	(82)	(62)	(55)
Deferred taxes	42	27	15	16	46	33	32	17	14
Average tangible assets	\$ 76,356	\$ 80,074	\$ 88,583	\$ 98,057	\$ 119,676	\$ 116,214	\$ 114,872	\$ 111,775	\$ 111,363
Average Common Equity									
\$ in millions									
Average common equity	\$ 8,834	\$ 9,844	\$ 10,905	\$ 11,996	\$ 15,122	\$ 15,063	\$ 15,069	\$ 14,301	\$ 14,317
Goodwill	(3,525)	(3,525)	(3,525)	(3,694)	(4,593)	(4,593)	(4,593)	(4,593)	(4,593)
Core deposit and other intangible assets	(144)	(90)	(50)	(45)	(117)	(86)	(82)	(62)	(55)
Deferred taxes	42	27	15	16	46	33	32	17	14
Average tangible common equity	\$ 5,207	\$ 6,256	\$ 7,345	\$ 8,273	\$ 10,458	\$ 10,417	\$ 10,426	\$ 9,663	\$ 9,683

M&T Peer Group

BB&T Corporation

Citizens Financial Group, Inc.

Comerica Incorporated

Fifth Third Bancorp

Huntington Bancshares Incorporated

KeyCorp

M&T Bank Corporation

PNC Financial Services Group, Inc.

Regions Financial Corporation

SunTrust Banks, Inc.

U.S. Bancorp

Zions Bancorporation, N.A.