

# Barclays Global Financial Services Conference

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*September 12, 2018*

**M&T** Bank Corporation

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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 \$118 billion at June 30, 2018
- 17,100 employees across 766 domestic branches in eight states and Washington DC
- 3.8 million customers representing 5.9 million accounts
- \$89 billion of assets under management<sup>(1)</sup>
- 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 – 168 quarters

# Key Ratios

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2Q'17</u>	<u>1Q'18</u>	<u>2Q'18</u>
<b>Superior Pre-Credit Earnings</b>									
<b>Net Interest Margin</b>	3.73%	3.65%	3.31%	3.14%	3.11%	3.47%	3.45%	3.71%	3.83%
<b>Efficiency Ratio – Operating <sup>(1)</sup></b>	55.28%	55.98%	59.29%	57.98%	56.10%	55.07%	52.74%	63.98%	52.42%
<b>PPNR <sup>(1)</sup></b>	1,796	1,951	1,766	1,845	2,248	2,492	648	501	690
<b>PPNR to RWA <sup>(1)(3)</sup></b>	2.43%	2.61%	2.35%	2.14%	2.29%	2.53%	2.63%	2.09%	2.86%
<b>Strong Credit Metrics</b>									
<b>Allowance to Loans (As At)</b>	1.39%	1.43%	1.38%	1.09%	1.09%	1.16%	1.13%	1.16%	1.16%
<b>Net Charge-Offs to Loans</b>	0.30%	0.28%	0.19%	0.19%	0.18%	0.16%	0.20%	0.19%	0.16%
<b>Focused on Returns</b>									
<b>Net Operating Return on:</b>									
<b>Tangible Assets <sup>(1)(2)</sup></b>	1.40%	1.47%	1.23%	1.18%	1.14%	1.23%	1.33%	1.28%	1.79%
<b>Tangible Common Equity <sup>(1)(2)</sup></b>	19.42%	17.79%	13.76%	13.00%	12.25%	13.00%	14.18%	13.51%	19.91%
<b>Consistent Capital Generation</b>									
<b>Tangible Common Equity to Tangible Assets</b>	7.20%	8.39%	8.11%	8.69%	8.92%	9.10%	8.95%	8.63%	8.53%
<b>Common Equity Tier 1 Ratio</b>	7.57%	9.22%	9.83%	11.08%	10.70%	10.99%	10.81%	10.59%	10.52%
<b>Tier 1 Capital Ratio</b>	10.22%	12.00%	12.47%	12.68%	11.92%	12.26%	12.07%	11.86%	11.79%
<b>Balance Sheet (As At)</b>									
<b>Loans to Deposits</b>	101.46%	95.46%	90.60%	95.14%	95.14%	95.19%	95.23%	96.44%	98.35%
<b>Securities to Assets</b>	7.32%	10.33%	13.44%	12.75%	13.16%	12.37%	13.08%	11.86%	11.22%

**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).

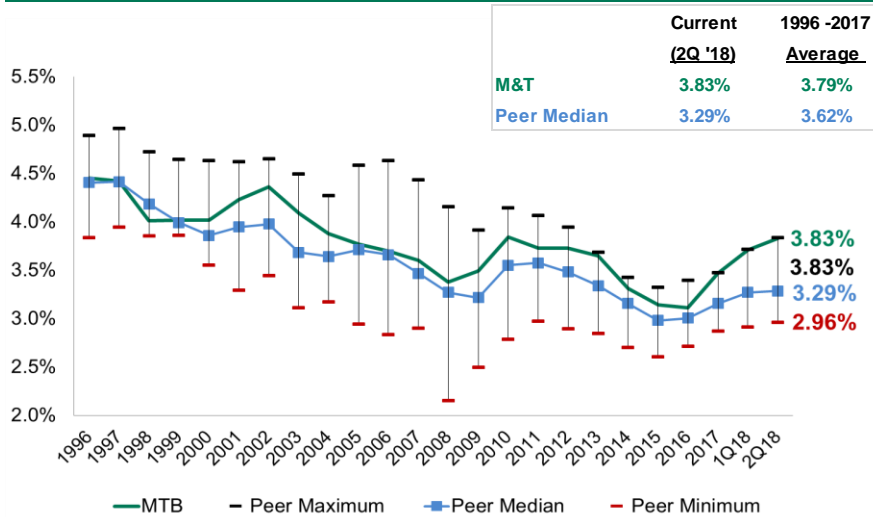
(2) Excludes merger-related gains and expenses and amortization expense associated with intangible assets.

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

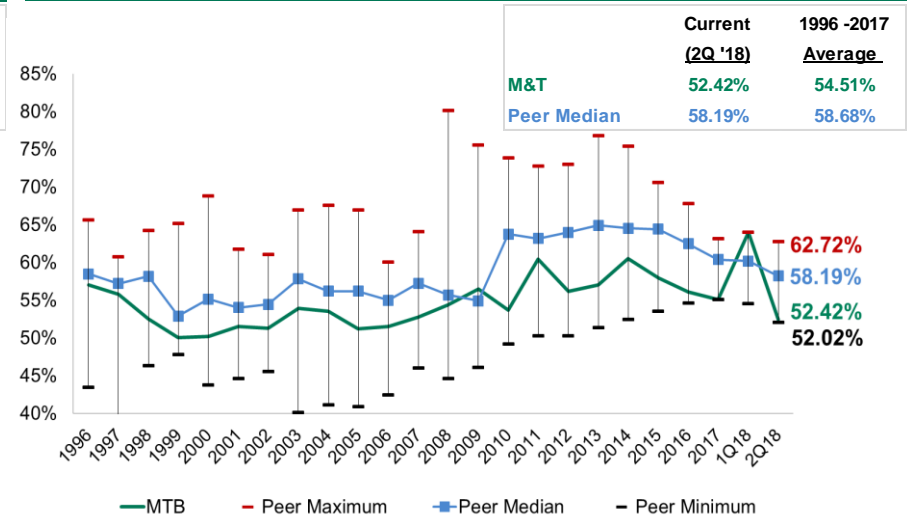
4 (4) For periods prior to 2016, reflects Tier 1 Common ratios under Basel I standards.

# M&T's Business Model – a Historical Perspective

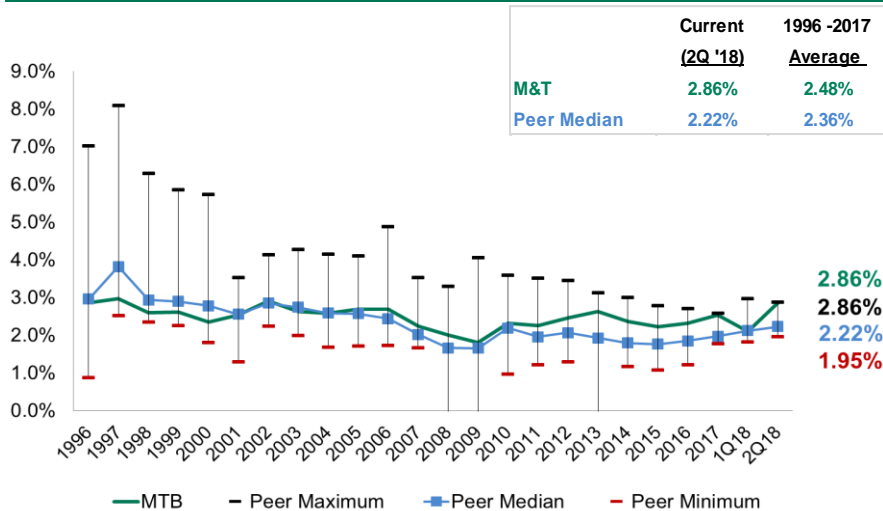
## Net Interest Margin



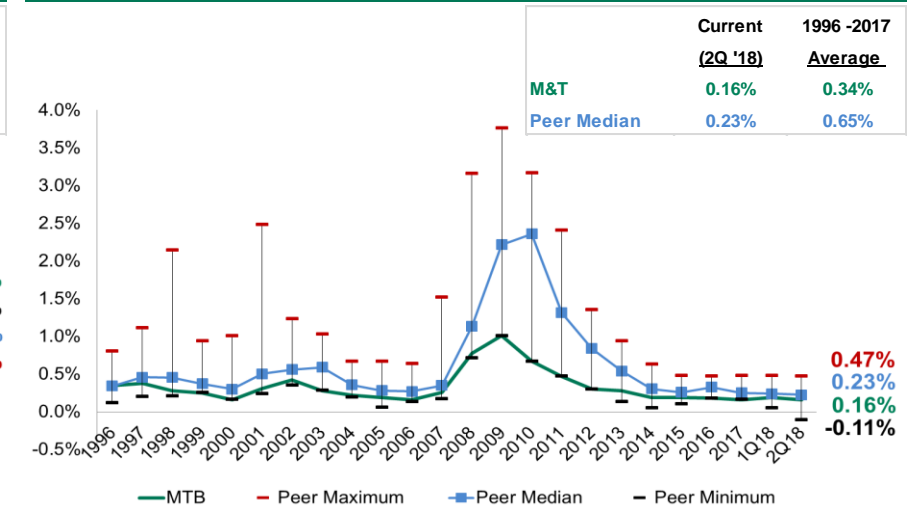
## Operating Efficiency Ratio



## PPNR / RWA

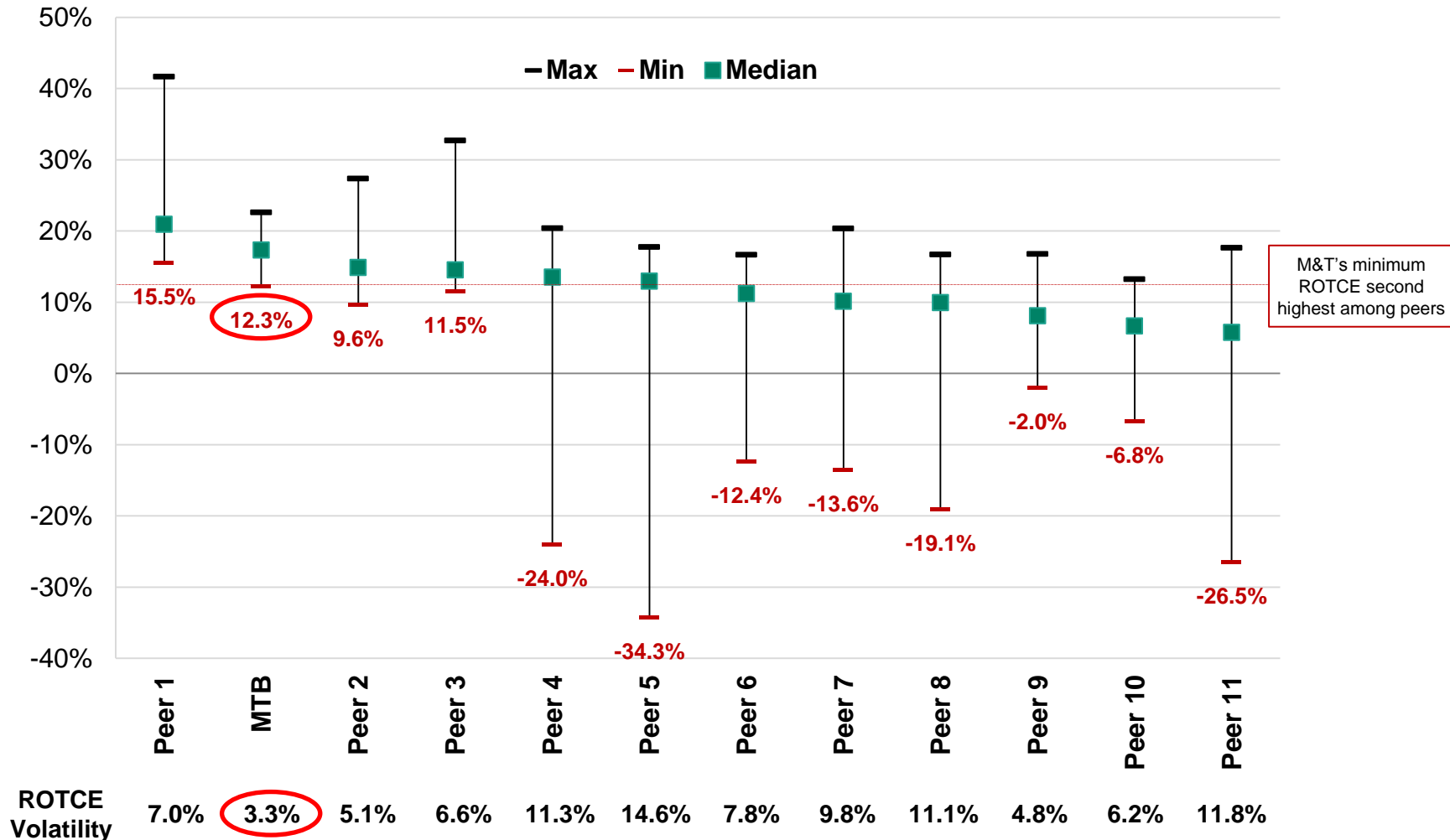


## NCO / Average Loans



# Consistently Profitable with Narrowest ROTCE Volatility

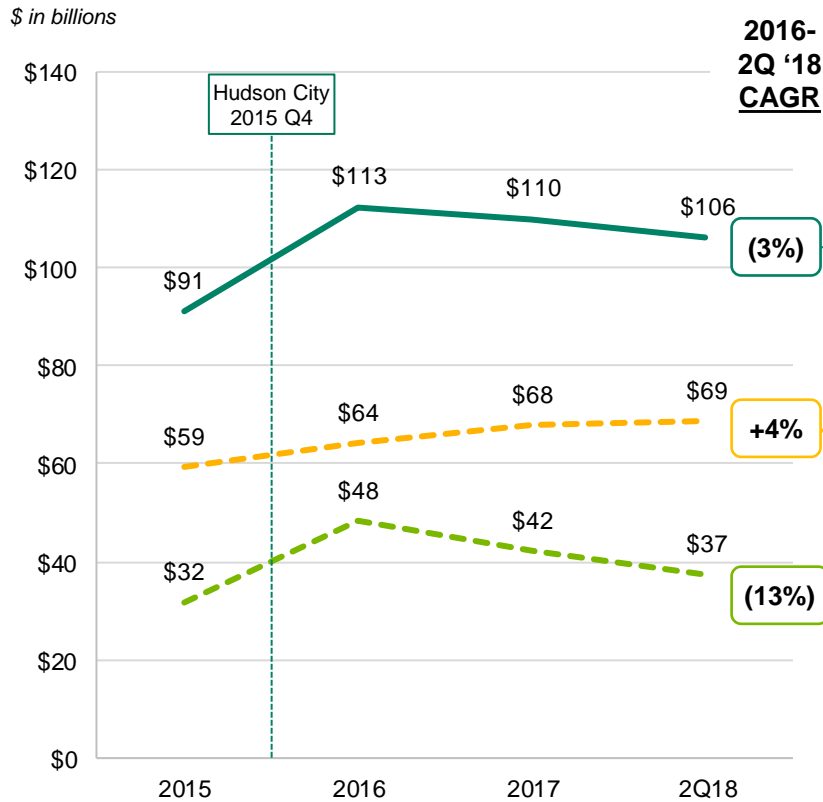
## Operating Return on Tangible Common Equity: 2007 – 2Q 2018



Notes: ROTCE range is from 2007-2017 annuals and YTD 2018 and 2017 Metrics are adjusted for tax-reform related items. Volatility is calculated as standard deviation of ROTCE.  
Source: S&P Global Market Intelligence.

# Focus on Growing Profitable Assets

## Earning Assets – Average Balances



## Earning Asset Yields – Annualized

	2016	2017	2Q '18	2016-2Q '18 Chg.
Total Earning Assets	3.49%	3.82%	4.28%	+79 bps
Commercial and Consumer Loans	3.98%	4.34%	4.88%	+90 bps
Residential Mortgages, Cash, and Securities	2.83%	2.98%	3.19%	+36 bps

## Capital Ratios and Payout

CET1 Ratio	11.08%	10.70%	10.99%	10.52%
YoY Chg.	+125 bps	-38 bps	+29 bps	-47 bps <sup>(1)</sup>
Total Payout	35%	85%	123%	174% <sup>(1)</sup>

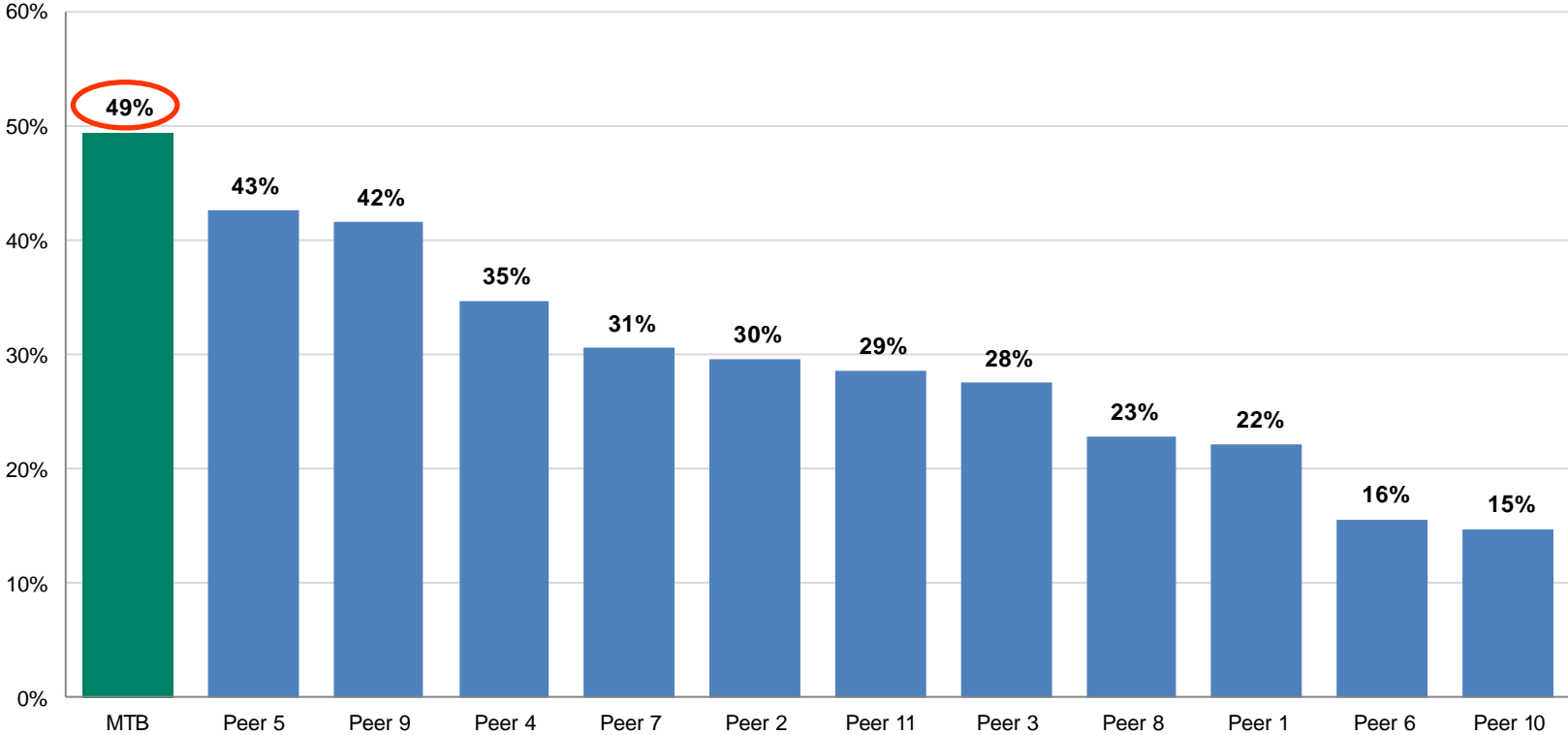
Notes:

Payout ratios in relation to net income excluding merger-related charges and intangible amortization on an after-tax basis.

(1) The Common Equity Tier 1 (CET1) ratio decline of 47 bps and total payout of 174% are for 2018 year-to-date.

# Leading Deposit Market Share in Core Markets

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



**YoY Δ Deposit Cost (bps)**



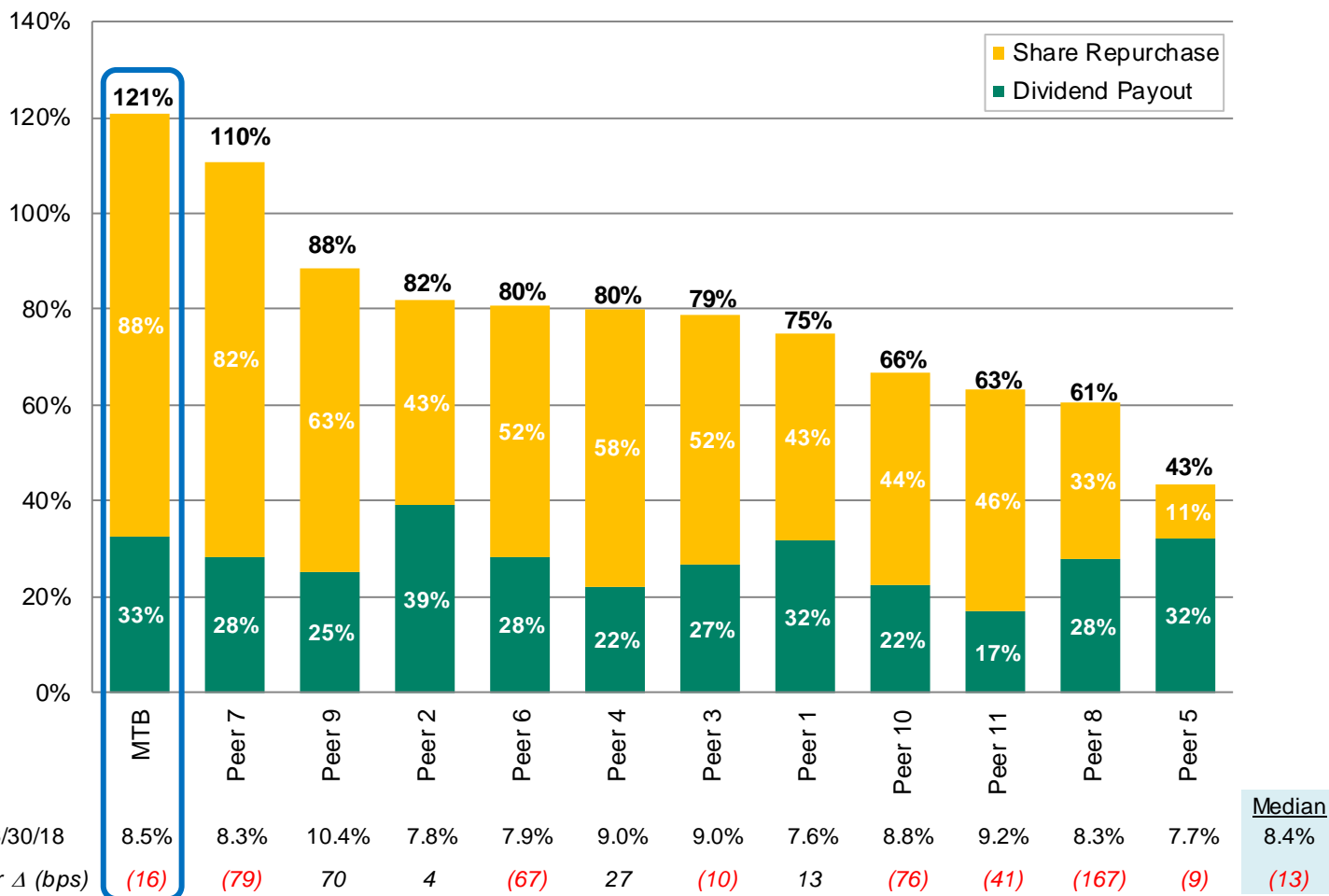
Source: S&P Global Market Intelligence  
 Note: Retail deposits cap branch level deposits at \$1B; YoY Deposit Cost represents change in cost of total deposits from Q2 2017 to Q2 2018



# Prudent Capital Management

## Total Payout Ratio – 2016 to 2Q 2018

- M&T's TCE / TA continues to exceed the peer median even with the highest total payout ratio among peers since 2016



Notes: Payout ratios in relation to net income excluding merger-related charges and intangible amortization on an after-tax basis

Refer to the appendix for the list of peers

Source: Company reports and S&P Global Market Intelligence

# M&T Outlook Summary for 2018

## Earning Asset / Loan Growth

- Average loan growth for FY2018 approximately flat
- Low single-digit growth in commercial and consumer loans offset by continued residential mortgage runoff
- Expect usual seasonal pressures on floor plan balances in 3Q18

## Net Interest Income / Margin

- Fed rate actions over 2018 drive margin expansion and mid-single digit year-over-year growth in net interest income

## Fee Income / Expenses

- Higher interest rates challenge residential mortgage loan originations
- Growth in the low to mid-single digit range for the remaining fee businesses; trust revenues could exceed that pace
- Nominal growth in 2018 operating expenses over 2017 level, excl. \$135 million 1Q18 legal accrual

## Credit

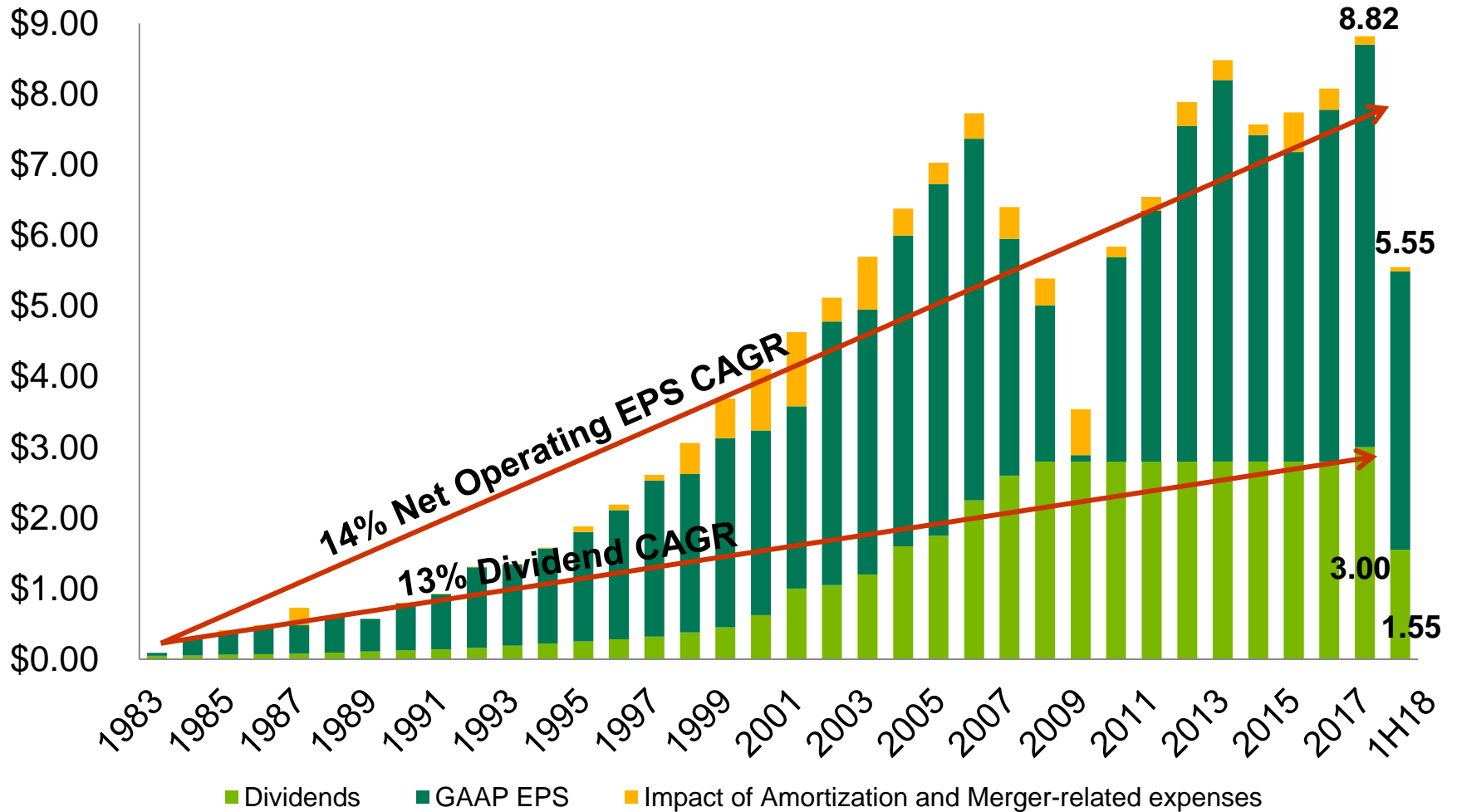
- Credit conditions and near-term loss outlook remain stable

## Capital

- Strong, high quality capital generation
- Capital levels declining, but still exceed lower end of peer range

# Appendix and GAAP Reconciliations

# Earnings & Dividend Growth: 1983 – 1H 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 1<sup>st</sup> in stock price growth

Rank	Company Name	Ticker	Closing Price at		Stock Return CAGR (%)
			6/30/2018 (\$)	3/31/1983 (\$) <sup>1</sup>	
1	<b>M&amp;T Bank Corporation</b>	<b>MTB</b>	<b>170.15</b>	<b>1.34</b>	<b>14.7</b>
2	State Street Corporation	STT	93.09	1.06	13.5
3	Northern Trust Corporation	NTRS	102.89	1.51	12.7
4	U.S. Bancorp	USB	50.02	0.92	12.0
5	Commerce Bancshares, Inc.	CBSH	64.71	1.27	11.8
23	_____		—	—	4.9
<b>Median</b>			<b>—</b>	<b>—</b>	<b>9.2</b>
<b>MTB Price @ Median Growth Rate</b>			<b>29.68</b>	<b>1.34</b>	<b>9.2</b>

# M&T Bank Corporation...a solid investment

18.6% Annual rate of return since 1980<sup>1</sup>

In the top 30 of the entire universe<sup>2</sup> of U.S. based stocks traded publicly since 1980

Rank	Company Name	Industry	Annual Return
1	Eaton Vance Corp.	Financials	23.0
2	TJX Companies Inc	Consumer Discretionary	22.9
3	Stryker Corporation	Health Care	22.1
4	Progressive Corporation	Financials	21.4
5	Hasbro, Inc.	Consumer Discretionary	21.3
6	Gap, Inc.	Consumer Discretionary	20.2
7	HollyFrontier Corporation	Energy	20.0
8	Sherwin-Williams Company	Materials	19.8
9	Walmart Inc.	Consumer Staples	19.6
10	Danaher Corporation	Health Care	19.5
11	State Street Corporation	Financials	19.5
12	L Brands, Inc.	Consumer Discretionary	19.5
13	Berkshire Hathaway Inc. Class A	Financials	19.3
14	Graco Inc.	Industrials	19.2
15	Robert Half International Inc.	Industrials	19.2
16	Mylan N.V.	Health Care	19.1
17	Constellation Brands, Inc. Class B	Consumer Staples	19.0
18	V.F. Corporation	Consumer Discretionary	18.7
19	Equifax Inc.	Industrials	18.7
<b>20</b>	<b>M&amp;T Bank Corporation</b>	<b>Financials</b>	<b>18.6</b>
21	Aflac Incorporated	Financials	18.6
22	Lowe's Companies, Inc.	Consumer Discretionary	18.6
23	Flowers Foods, Inc.	Consumer Staples	18.2
24	Raven Industries, Inc.	Industrials	18.2
25	Astronics Corporation	Industrials	18.1
26	Sysco Corporation	Consumer Staples	18.0
27	Church & Dwight Co., Inc.	Consumer Staples	17.9
28	Applied Materials, Inc.	Information Technology	17.8
29	RLI Corp.	Financials	17.7
30	HEICO Corporation	Industrials	17.7

\$1,217 invested in M&T in 1980 would be worth \$1 million as of today

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

(2) Includes 548 U.S. based publically traded stocks

# Reconciliation of GAAP and Non-GAAP Measures

<b>Net Income</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2Q17</b>	<b>1Q18</b>	<b>2Q18</b>
<b><i>\$ in millions</i></b>									
Net income	\$ 1,029.5	\$ 1,138.5	\$ 1,066.2	\$ 1,079.7	\$ 1,315.1	\$ 1,408.3	\$ 381.1	\$ 352.6	\$ 493.2
Intangible amortization*	37.0	28.6	20.7	16.2	25.9	19.0	4.9	4.9	4.7
Merger-related items*	6.0	7.5	-	60.8	21.7	-	-	-	-
Net operating income	<u>\$ 1,072.5</u>	<u>\$ 1,174.6</u>	<u>\$ 1,086.9</u>	<u>\$ 1,156.6</u>	<u>\$ 1,362.7</u>	<u>\$ 1,427.3</u>	<u>\$ 386.0</u>	<u>\$ 357.5</u>	<u>\$ 497.9</u>
<b>PPNR</b>									
Net Income for EPS	\$ 953.4	\$ 1,062.5	\$ 978.6	\$ 987.7	\$ 1,223.5	\$ 1,327.5	\$ 360.7	\$ 332.7	\$ 472.6
Preferred Div., Amort. of Pref. Stock & Unvested Stock Awards	76.1	75.9	87.7	92.0	91.7	80.8	20.4	19.9	20.6
Income Taxes	562.5	627.1	576.0	595.0	743.3	915.6	215.3	105.3	161.5
GAAP Pre-tax Income	1,592.0	1,765.6	1,642.2	1,674.7	2,058.4	2,323.9	596.4	457.9	654.6
Provision for credit losses	204.0	185.0	124.0	170.0	190.0	168.0	52.0	43.0	35.0
Pre-Tax, Pre-Provision Net Revenue	<u>\$ 1,796.0</u>	<u>\$ 1,950.6</u>	<u>\$ 1,766.2</u>	<u>\$ 1,844.7</u>	<u>\$ 2,248.4</u>	<u>\$ 2,491.9</u>	<u>\$ 648.4</u>	<u>\$ 500.9</u>	<u>\$ 689.6</u>
<b>Earnings Per Share</b>									
Diluted earnings per share	\$ 7.54	\$ 8.20	\$ 7.42	\$ 7.18	\$ 7.78	\$ 8.70	\$ 2.35	\$ 2.23	\$ 3.26
Intangible amortization*	0.29	0.22	0.15	0.12	0.16	0.12	0.03	0.03	0.03
Merger-related items*	0.05	0.06	-	0.44	0.14	-	-	-	-
Diluted net operating earnings per share	<u>\$ 7.88</u>	<u>\$ 8.48</u>	<u>\$ 7.57</u>	<u>\$ 7.74</u>	<u>\$ 8.08</u>	<u>\$ 8.82</u>	<u>\$ 2.38</u>	<u>\$ 2.26</u>	<u>\$ 3.29</u>
<b>Efficiency Ratio</b>									
<b><i>\$ in millions</i></b>									
Non-interest expenses	\$ 2,469.8	\$ 2,587.9	\$ 2,689.5	\$ 2,822.9	\$ 3,047.5	\$ 3,140.3	\$ 750.6	\$ 933.3	\$ 776.6
less: intangible amortization	60.6	46.9	33.8	26.4	42.6	31.4	8.1	6.6	6.4
less: merger-related expenses	9.9	12.4	-	76.0	35.8	-	-	-	-
Non-interest operating expenses	<u>\$ 2,399.2</u>	<u>\$ 2,528.6</u>	<u>\$ 2,655.7</u>	<u>\$ 2,720.5</u>	<u>\$ 2,969.1</u>	<u>\$ 3,109.0</u>	<u>\$ 742.5</u>	<u>\$ 926.7</u>	<u>\$ 770.2</u>
Tax equivalent revenues	\$ 4,292.2	\$ 4,563.4	\$ 4,479.4	\$ 4,692.1	\$ 5,322.8	\$ 5,666.8	\$ 1,407.8	\$ 1,439.0	\$ 1,471.6
less: gain/(loss) on sale of securities	0.0	56.5	-	(0.1)	30.3	21.3	(0.0)	(9.4)	2.3
less: net OTTI losses recognized	(47.8)	(9.8)	-	-	-	-	-	-	-
less: merger-related gains	-	-	-	-	-	-	-	-	-
Denominator for efficiency ratio	<u>\$ 4,340.0</u>	<u>\$ 4,516.7</u>	<u>\$ 4,479.4</u>	<u>\$ 4,692.2</u>	<u>\$ 5,292.5</u>	<u>\$ 5,645.5</u>	<u>\$ 1,407.8</u>	<u>\$ 1,448.5</u>	<u>\$ 1,469.3</u>
Net operating efficiency ratio	55.3%	56.0%	59.3%	58.0%	56.1%	55.1%	52.7%	64.0%	52.4%

\*Net of tax

# Reconciliation of GAAP and Non-GAAP Measures

## Average Assets

### *\$ in millions*

	2012	2013	2014	2015	2016	2017	2Q17	1Q18	2Q18
Average assets	\$ 79,983	\$ 83,662	\$ 92,143	\$ 101,780	\$ 124,340	\$ 120,860	\$ 120,765	\$ 117,684	\$ 116,413
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)	(90)	(68)	(62)
Deferred taxes	42	27	15	16	46	33	35	18	17
Average tangible assets	\$ 76,356	\$ 80,074	\$ 88,583	\$ 98,057	\$ 119,676	\$ 116,214	\$ 116,117	\$ 113,041	\$ 111,775

## Average Common Equity

### *\$ in millions*

Average common equity	\$ 8,834	\$ 9,844	\$ 10,905	\$ 11,996	\$ 15,122	\$ 15,063	\$ 15,053	\$ 14,827	\$ 14,301
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)	(90)	(68)	(62)
Deferred taxes	42	27	15	16	46	33	35	18	17
Average tangible common equity	\$ 5,207	\$ 6,256	\$ 7,345	\$ 8,273	\$ 10,458	\$ 10,417	\$ 10,405	\$ 10,184	\$ 9,663



## 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