

M&T Bank Corporation Announces Second Quarter Results

BUFFALO, N.Y., July 23, 2020 -- M&T Bank Corporation ("M&T") (NYSE: MTB) today reported its results of operations for the quarter ended June 30, 2020.

GAAP Results of Operations. Diluted earnings per common share measured in accordance with generally accepted accounting principles ("GAAP") were \$1.74 in the second quarter of 2020, compared with \$3.34 in the year-earlier quarter and \$1.93 in the initial 2020 quarter. GAAP-basis net income in the recent quarter was \$241 million, compared with \$473 million in the second quarter of 2019 and \$269 million in the first quarter of 2020. GAAP-basis net income for the second quarter of 2020 expressed as an annualized rate of return on average assets and average common shareholders' equity was .71% and 6.13%, respectively, compared with 1.60% and 12.68%, respectively, in the corresponding 2019 period and .90% and 7.00%, respectively, in the initial quarter of 2020.

Commenting on M&T's second quarter results, Darren J. King, Executive Vice President and Chief Financial Officer, noted, "While the low interest rate environment resulted in a decline in our net interest income, it also led to a 13% improvement in mortgage banking revenue compared with the first quarter. During the quarter we added to our provision for credit losses and at the same time grew our Common Equity Tier 1 ratio to 9.51%. M&T's conservatively positioned balance sheet continues to be strong, with substantial liquidity and sufficient capital to meet the needs of our customers and communities."

Financial results for the second quarter of 2020 were adversely impacted by the COVID-19 pandemic. The economic outlook at June 30 deteriorated as compared with what had been assumed as of the end of the first quarter of 2020, with considerable uncertainty existing about the length and extent of the pandemic's impact on the nation's economy. The provision for credit losses in the recent quarter rose to \$325 million from \$250 million in the initial 2020 quarter and \$55 million in the second quarter of 2019. The 2020 periods reflect the adoption of new accounting guidance for the measurement of expected credit losses on financial instruments that became effective on January 1, 2020. Spurred by the COVID-19 pandemic, the low interest rate environment resulted in decreased taxable-equivalent net interest income, while waivers and reduced customer transaction activity led to lower fees earned on deposit accounts.

Earnings Highlights

| (\$ in millions, except per share data) | | | | Change 2Q20 vs. | |
|------------------------------------------------------|---------|---------|---------|-----------------|-------|
| | 2Q20 | 2Q19 | 1Q20 | 2Q19 | 1Q20 |
| Net income | \$ 241 | \$ 473 | \$ 269 | -49 % | -10 % |
| Net income available to common shareholders— diluted | \$ 223 | \$ 453 | \$ 251 | -51 % | -11 % |
| Diluted earnings per common share | \$ 1.74 | \$ 3.34 | \$ 1.93 | -48 % | -10 % |
| Annualized return on average assets | .71 % | 1.60 % | .90 % | | |
| Annualized return on average common equity | 6.13 % | 12.68 % | 7.00 % | | |

For the first six-months of 2020, diluted earnings per common share were \$3.67, compared with \$6.69 in the year-earlier period. GAAP-basis net income for the first half of 2020 totaled \$510 million, compared with \$956 million in the corresponding 2019 period. Expressed as an annualized rate of return on average assets and average common shareholders' equity, GAAP-basis net income in the six-month period ended June 30, 2020 was .80% and 6.56%, respectively, compared with 1.64% and 12.91%, respectively, in the similar 2019 period.

Supplemental Reporting of Non-GAAP Results of Operations. M&T consistently provides supplemental reporting of its results on a "net operating" or "tangible" basis, from which M&T excludes the after-tax effect of amortization of core deposit and other intangible assets (and the related goodwill and core deposit and other intangible asset balances, net of applicable deferred tax amounts) and expenses associated with merging acquired operations into M&T (when incurred), since such items are considered by management to be "nonoperating" in nature. The amounts of such "nonoperating" expenses are presented in the tables that accompany this release. Although "net operating income" as defined by M&T is not a GAAP measure, M&T's management believes that this information helps investors understand the effect of acquisition activity in reported results.

Diluted net operating earnings per common share were \$1.76 in the second quarter of 2020, compared with \$3.37 in the year-earlier quarter and \$1.95 in the first quarter of 2020. Net operating income in 2020's second quarter was \$244 million, compared with \$477 million in the second quarter of 2019 and \$272 million in the first quarter of 2020. Expressed as an annualized rate of return on average tangible assets and average common shareholders' equity, net operating income in the recent quarter was .74% and 9.04%, respectively, compared with 1.68% and 18.83%, respectively, in the corresponding 2019 quarter and .94% and 10.39%, respectively, in the first quarter of 2020.

Diluted net operating earnings per common share in the first six months of 2020 were \$3.71, compared with \$6.74 in the similar 2019 period. Net operating income during the first half of 2020 was \$516 million, compared with \$963 million in the six-month period ended June 30, 2019. Net operating income expressed as an annualized rate of return on average tangible assets and average common shareholders' equity was .84% and 9.71%, respectively, in the initial six months of 2020, compared with 1.72% and 19.19% respectively, in the corresponding 2019 period.

Taxable-equivalent Net Interest Income. Net interest income expressed on a taxable-equivalent basis totaled \$961 million in the recent quarter, compared with \$1.05 billion in the second quarter of 2019. That decline resulted from a 78 basis point narrowing of the net interest margin, to 3.13% in the second quarter of 2020 from 3.91% in the second quarter of 2019, that was partially offset by the impact of a \$16.0 billion or 15% increase in average earning assets to \$123.5 billion in the second quarter of 2020 from \$107.5 billion in the year-earlier quarter. Included in average earning assets in the recent quarter were \$4.8 billion of average loan balances associated with the Paycheck Protection Program ("PPP") that were funded during the quarter. In total, \$6.5 billion of PPP loans originated by M&T were outstanding at June 30, 2020. In the first quarter of 2020, taxable-equivalent net interest income was \$982 million, the net interest margin was 3.65% and average earning assets were \$108.2 billion. As compared with the year-earlier quarter and the initial 2020 quarter, the recent quarter's narrowing of the net interest margin resulted largely from lower yields on loans and deposits at the Federal Reserve Bank of New York, while the rise in average earning assets reflected higher balances in each of those asset types.

Taxable-equivalent Net Interest Income

| (\$ in millions) | | | | Change 2Q20 vs. | |
|-----------------------------------------|------------|------------|------------|-----------------|------|
| | 2Q20 | 2Q19 | 1Q20 | 2Q19 | 1Q20 |
| Average earning assets | \$ 123,492 | \$ 107,511 | \$ 108,226 | 15 % | 14 % |
| Net interest income— taxable-equivalent | \$ 961 | \$ 1,047 | \$ 982 | -8 % | -2 % |
| Net interest margin | 3.13 % | 3.91 % | 3.65 % | | |

Provision for Credit Losses/Asset Quality. The provision for credit losses was \$325 million in the second quarter of 2020, compared with \$55 million in the year-earlier quarter and \$250 million in 2020's initial quarter. The significant increases in the provision in the two most recent quarters as compared with the second quarter of 2019 follow the adoption of new accounting guidance on January 1, 2020 and reflect updated economic assumptions and projections of expected credit losses as of the end of each of the first two quarters of 2020 that include estimates of the impact of the COVID-19 pandemic. Net loan charge-offs were \$71 million during the recent quarter, compared with \$44 million in the corresponding quarter of 2019 and \$49 million in the first quarter of 2020. Expressed as an annualized percentage of average loans outstanding, net charge-offs were .29% and .20% during the three-month periods ended June 30, 2020 and 2019, respectively, and .22% in the first quarter of 2020. Net charge-offs were .31% of average loans in the recent quarter, excluding the impact of PPP loans.

Loans classified as nonaccrual totaled \$1.16 billion or 1.18% of total loans outstanding at June 30, 2020. Nonaccrual loans outstanding at March 31, 2020 were \$1.06 billion or 1.13% of total loans and at June 30, 2019 were \$865 million or .96%. The adoption of the new accounting guidance previously mentioned resulted in an increase in nonaccrual loans on January 1, 2020 of \$171 million. Assets taken in foreclosure of defaulted loans were \$67 million at June 30, 2020, compared with \$73 million and \$84 million at June 30, 2019 and

March 31, 2020, respectively.

Allowance for Credit Losses. M&T regularly performs detailed analyses of individual borrowers and portfolios for purposes of assessing the adequacy of the allowance for credit losses. As a result of those analyses, the allowance for credit losses totaled \$1.64 billion or 1.68% of loans outstanding at June 30, 2020, compared with \$1.03 billion or 1.15% at June 30, 2019, \$1.38 billion or 1.47% at March 31, 2020 and \$1.18 billion or 1.30% as of January 1, 2020 following adoption of the current expected credit loss accounting rules. The adoption of the amended accounting guidance resulted in an increase to the allowance of \$132 million on January 1, 2020. The allowance at June 30, 2020 represented 1.79% of total loans, excluding outstanding balances of PPP loans.

Asset Quality Metrics

| | Change 2Q20 vs. | | | | |
|-------------------------------------------------------|-----------------|----------|----------|-------|-------|
| (\$ in millions) | 2Q20 | 2Q19 | 1Q20 | 2Q19 | 1Q20 |
| <u>At end of quarter</u> | | | | | |
| Nonaccrual loans | \$ 1,157 | \$ 865 | \$ 1,062 | 34 % | 9 % |
| Real estate and other foreclosed assets | \$ 67 | \$ 73 | \$ 84 | -8 % | -20 % |
| Total nonperforming assets | \$ 1,224 | \$ 938 | \$ 1,146 | 30 % | 7 % |
| Accruing loans past due 90 days or more (1) | \$ 536 | \$ 349 | \$ 530 | 54 % | 1 % |
| Nonaccrual loans as % of loans outstanding | 1.18 % | .96 % | 1.13 % | | |
| | | | | | |
| Allowance for credit losses | \$ 1,638 | \$ 1,030 | \$ 1,384 | 59 % | 18 % |
| Allowance for credit losses as % of loans outstanding | 1.68 % | 1.15 % | 1.47 % | | |
| <u>For the period</u> | | | | | |
| Provision for credit losses | \$ 325 | \$ 55 | \$ 250 | 491 % | 30 % |
| Net charge-offs | \$ 71 | \$ 44 | \$ 49 | 60 % | 45 % |
| Net charge-offs as % of average loans (annualized) | .29 % | .20 % | .22 % | | |

(1) Predominantly residential real estate loans. Prior to 2020, excludes loans acquired at a discount.

Noninterest Income and Expense. Noninterest income was \$487 million in the recent quarter, compared with \$512 million in the year-earlier quarter and \$529 million in the first quarter of 2020. The lower level of noninterest income in the second quarter of 2020 as compared with those prior periods largely resulted from declines in service charges on deposit accounts, trading account and foreign exchange gains, merchant discount and credit card fees, and loan syndication fees, partially offset by higher residential mortgage banking revenues and trust income. In addition, income from Bayview Lending Group LLC of \$23 million received in 2020's initial quarter was predominantly offset by unrealized losses on investment securities of \$21 million during that quarter.

Noninterest Income

| (\$ in millions) | 2Q20 | 2Q19 | 1Q20 | Change 2Q20 vs. | |
|--------------------------------------------|--------|--------|--------|-----------------|-------|
| | | | | 2Q19 | 1Q20 |
| Mortgage banking revenues | \$ 145 | \$ 107 | \$ 128 | 35 % | 13 % |
| Service charges on deposit accounts | 78 | 108 | 106 | -28 % | -27 % |
| Trust income | 152 | 145 | 149 | 5 % | 2 % |
| Brokerage services income | 10 | 12 | 13 | -16 % | -20 % |
| Trading account and foreign exchange gains | 8 | 18 | 21 | -55 % | -61 % |
| Gain (loss) on bank investment securities | 7 | 9 | (21) | -22 % | — |
| Other revenues from operations | 87 | 113 | 133 | -23 % | -35 % |
| Total | \$ 487 | \$ 512 | \$ 529 | -5 % | -8 % |

Noninterest expense totaled \$807 million in the second quarter of 2020, down from \$873 million in the corresponding quarter of 2019 and \$906 million in the first quarter of 2020. Excluding expenses considered to be nonoperating in nature, such as amortization of core deposit and other intangible assets, noninterest operating expenses aggregated \$803 million in the recent quarter, \$868 million in the second quarter of 2019 and \$903 million in 2020's first quarter. Factors contributing to the lower level of noninterest expenses in the recent quarter as compared with the year-earlier quarter were lower costs for professional and outside services and advertising and marketing, and a \$48 million charge associated with an equity investment in an asset manager recorded in the second quarter of 2019. As compared with the initial 2020 quarter, the lower level of noninterest expenses in the recent quarter was largely attributable to a decline in expenses for salaries and employee benefits, reflecting decreased incentive compensation costs and seasonally higher stock-based compensation and employee benefits expenses during the first quarter, and lower advertising and marketing costs.

Noninterest Expense

| (\$ in millions) | 2Q20 | 2Q19 | 1Q20 | Change 2Q20 vs. | |
|--------------------------------------|--------|--------|--------|-----------------|-------|
| | | | | 2Q19 | 1Q20 |
| Salaries and employee benefits | \$ 459 | \$ 456 | \$ 537 | 1 % | -15 % |
| Equipment and net occupancy | 77 | 79 | 80 | -3 % | -3 % |
| Outside data processing and software | 61 | 55 | 64 | 11 % | -5 % |

| | | | | | |
|----------------------------------------------------------|--------|--------|--------|-------|-------|
| FDIC assessments | 14 | 10 | 12 | 45 % | 16 % |
| Advertising and marketing | 10 | 24 | 22 | -59 % | -56 % |
| Printing, postage and supplies | 11 | 10 | 11 | 9 % | 4 % |
| Amortization of core deposit and other intangible assets | 4 | 5 | 4 | -23 % | — |
| Other costs of operations | 171 | 234 | 176 | -27 % | -3 % |
| Total | \$ 807 | \$ 873 | \$ 906 | -8 % | -11 % |

The efficiency ratio, or noninterest operating expenses divided by the sum of taxable-equivalent net interest income and noninterest income (exclusive of gains and losses from bank investment securities), measures the relationship of operating expenses to revenues. M&T's efficiency ratio was 55.7% in the second quarter of 2020, 56.0% in the year-earlier quarter and 58.9% in the first three months of 2020.

Balance Sheet. M&T had total assets of \$139.5 billion at June 30, 2020, up from \$121.6 billion and \$124.6 billion at June 30, 2019 and March 31, 2020, respectively. Loans and leases, net of unearned discount, were \$97.8 billion at June 30, 2020, \$89.9 billion at June 30, 2019 and \$94.1 billion at March 31, 2020. The increase in total loans and leases at the recent quarter-end as compared with the second quarter of 2019 was driven largely by growth in commercial loans of \$5.8 billion and commercial real estate loans of \$2.0 billion. The commercial loan growth reflects loans originated as part of the PPP, which totaled \$6.5 billion at June 30, 2020. Total deposits rose to \$115.0 billion at the recent quarter-end, compared with \$91.7 billion at June 30, 2019 and \$100.2 billion at March 31, 2020. The higher level of deposits at the recent quarter-end as compared with the prior dates reflects both increased commercial and consumer deposits, as well as higher levels of deposits associated with residential mortgage servicing activities.

Total shareholders' equity was \$15.9 billion, or 11.43% of total assets at June 30, 2020, compared with \$15.7 billion, or 12.91% at June 30, 2019 and \$15.8 billion, or 12.70% at March 31, 2020. Common shareholders' equity was \$14.7 billion, or \$114.54 per share, at June 30, 2020, compared with \$14.5 billion, or \$107.73 per share, a year-earlier and \$14.6 billion, or \$113.54 per share, at March 31, 2020. Tangible equity per common share was \$78.62 at June 30, 2020, compared with \$73.29 at June 30, 2019 and \$77.60 at March 31, 2020. In the calculation of tangible equity per common share, common shareholders' equity is reduced by the carrying values of goodwill and core deposit and other intangible assets, net of applicable deferred tax balances. M&T estimates that the ratio of Common Equity Tier 1 to risk-weighted assets under regulatory capital rules was approximately 9.51% at June 30, 2020, up from 9.19% three months earlier.

Conference Call. Investors will have an opportunity to listen to M&T's conference call to discuss second quarter financial results today at 11:00 a.m. Eastern Time. Those wishing to participate in the call may dial (877) 780-2276. International participants, using any applicable international calling codes, may dial (973) 582-2700. Callers should reference M&T Bank Corporation or the conference ID #9253404. The conference call will be webcast live through M&T's website at <https://ir.mtb.com/events-presentations>. A replay of the call will be available through Thursday, July 30, 2020 by calling (800) 585-8367, or (404) 537-3406 for international participants, and by making reference to ID #9253404. The event will also be archived and available by 3:00 p.m. today on M&T's website at <https://ir.mtb.com/events-presentations>.

M&T is a financial holding company headquartered in Buffalo, New York. M&T's principal banking subsidiary, M&T Bank, operates banking offices in New York, Maryland, New Jersey, Pennsylvania, Delaware, Connecticut, Virginia, West Virginia and the District of Columbia. Trust-related services are provided by M&T's Wilmington Trust-affiliated companies and by M&T Bank.

Forward-Looking Statements. This news release contains forward-looking statements that are based on current expectations, estimates and projections about M&T's business, management's beliefs and assumptions made by management. Any statement that does not describe historical or current facts is a forward-looking statement, including statements regarding the potential effects of the Coronavirus Disease 2019 ("COVID-19") pandemic on M&T's business, financial condition, liquidity and results of operations. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Future Factors") which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements.

Future Factors include changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity; prepayment speeds, loan originations, credit losses and market values on loans, collateral securing loans, and other assets; sources of liquidity; common shares outstanding; common stock price volatility; fair value of and number of stock-based compensation awards to be issued in future periods; risks and uncertainties relating to the impact of the COVID-19 pandemic; the impact of changes in market values on trust-related revenues; legislation affecting the financial services industry as a whole, and M&T and its subsidiaries individually or collectively, including tax legislation or regulation; regulatory supervision and oversight, including monetary policy and capital requirements; changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board, regulatory agencies or legislation; increasing price and product/service competition by competitors, including new entrants; rapid technological developments and changes; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; the mix of products/services; containing costs and expenses; governmental and public policy changes; protection and validity of intellectual property rights; reliance on large customers; technological, implementation and cost/financial risks in large, multi-year contracts; the outcome of pending and future litigation and governmental proceedings, including tax-related examinations and other matters; continued availability of financing; financial resources in the amounts, at the times and on the terms required to support M&T and its subsidiaries' future businesses; and material differences in the actual financial results of merger, acquisition and investment activities compared with M&T's initial expectations, including the full realization of anticipated cost savings and revenue enhancements.

These are representative of the Future Factors that could affect the outcome of the forward-looking statements. In addition, such statements could be affected by general industry and market conditions and growth rates, general economic and political conditions, either nationally or in the states in which M&T and its subsidiaries do business, including interest rate and currency exchange rate fluctuations, changes and trends in the securities markets, and other Future Factors.

Further, statements about the potential effects of the COVID-19 pandemic on M&T's business, financial condition, liquidity and results of operations may constitute forward-looking statements and are subject to the risk that the actual effects may differ, possibly materially, from what is reflected in those forward-looking statements due to factors and future developments that are uncertain, unpredictable and in many cases beyond M&T's control, including the scope and duration of the pandemic, actions taken by governmental authorities in response to the pandemic, and the direct and indirect impact of the pandemic on customers, clients, third parties and M&T.

Financial Highlights

| | Three months ended | | | Six months ended | | |
|---------------------------------------------|--------------------|---------|--------|------------------|---------|--------|
| | June 30 | | | June 30 | | |
| Amounts in thousands, except per share | 2020 | 2019 | Change | 2020 | 2019 | Change |
| Performance | | | | | | |
| Net income | \$ 241,054 | 473,260 | -49 % | \$ 509,876 | 956,002 | -47 |
| Net income available to common shareholders | 223,099 | 452,633 | -51 % | 473,795 | 914,719 | -48 |
| Per common share: | | | | | | |
| Basic earnings | \$ 1.74 | 3.34 | -48 % | \$ 3.67 | 6.69 | -45 |
| Diluted earnings | 1.74 | 3.34 | -48 % | 3.67 | 6.69 | -45 |
| Cash dividends | \$ 1.10 | 1.00 | 10 % | \$ 2.20 | 2.00 | 10 |
| Common shares outstanding: | | | | | | |
| Average - diluted (1) | 128,333 | 135,464 | -5 % | 129,044 | 136,685 | -6 |

| | | | | | | |
|---------------------------------------------------------|------------|-----------|------|--------------|-----------|----|
| Period end (2) | 128,294 | 134,200 | -4 % | 128,294 | 134,200 | -4 |
| Return on (annualized): | | | | | | |
| Average total assets | .71 % | 1.60 % | | .80 % | 1.64 % | |
| Average common shareholders' equity | 6.13 % | 12.68 % | | 6.56 % | 12.91 % | |
| Taxable-equivalent net interest income | \$ 961,371 | 1,047,406 | -8 % | \$ 1,943,239 | 2,103,433 | -8 |
| Yield on average earning assets | 3.38 % | 4.64 % | | 3.75 % | 4.68 % | |
| Cost of interest-bearing liabilities | .40 % | 1.11 % | | .60 % | 1.08 % | |
| Net interest spread | 2.98 % | 3.53 % | | 3.15 % | 3.60 % | |
| Contribution of interest-free funds | .15 % | .38 % | | .22 % | .37 % | |
| Net interest margin | 3.13 % | 3.91 % | | 3.37 % | 3.97 % | |
| Net charge-offs to average total net loans (annualized) | .29 % | .20 % | | .26 % | .15 % | |

Net operating results (3)

| | | | | | | |
|-------------------------------------------------|------------|---------|-------|------------|---------|-----|
| Net operating income | \$ 243,958 | 477,001 | -49 % | \$ 515,663 | 963,441 | -46 |
| Diluted net operating earnings per common share | 1.76 | 3.37 | -48 % | 3.71 | 6.74 | -45 |
| Return on (annualized): | | | | | | |
| Average tangible assets | .74 % | 1.68 % | | .84 % | 1.72 % | |
| Average tangible common equity | 9.04 % | 18.83 % | | 9.71 % | 19.19 % | |
| Efficiency ratio | 55.71 % | 55.98 % | | 57.36 % | 56.77 % | |

At June 30

| <u>Loan quality</u> | 2020 | 2019 | Change |
|--------------------------------------------------------------------|--------------|---------|--------|
| Nonaccrual loans | \$ 1,156,650 | 865,384 | 34 % |
| Real estate and other foreclosed assets | 66,763 | 72,907 | -8 % |
| Total nonperforming assets | \$ 1,223,413 | 938,291 | 30 % |
| Accruing loans past due 90 days or more (4) | \$ 535,755 | 348,725 | 54 % |
| Government guaranteed loans included in totals above: | | | |
| Nonaccrual loans | \$ 51,165 | 36,765 | 39 % |
| Accruing loans past due 90 days or more | 454,269 | 320,305 | 42 % |
| Renegotiated loans | \$ 234,768 | 254,332 | -8 % |
| Accruing loans acquired at a discount past due 90 days or more (5) | N/A | 43,079 | — |
| Purchased impaired loans (6): | | | |
| Outstanding customer balance | N/A | 473,834 | — |
| Carrying amount | N/A | 263,025 | — |
| Nonaccrual loans to total net loans | 1.18 % | .96 % | |
| Allowance for credit losses to total loans | 1.68 % | 1.15 % | |

(1) Includes common stock equivalents.

(2) Includes common stock issuable under deferred compensation plans.

(3) Excludes amortization and balances related to goodwill and core deposit and other intangible assets and merger-related expenses which, except in the calculation of the efficiency ratio, are net of applicable income tax effects. Reconciliations of net income with net operating income appear herein.

(4) Predominantly residential real estate loans. Prior to 2020, excludes loans acquired at a discount.

(5) Prior to 2020, loans acquired at a discount that were recorded at fair value at acquisition date. This category does not include purchased impaired loans that are presented separately.

(6) Prior to 2020, accruing loans acquired at a discount that were impaired at acquisition date and recorded at fair value.

Financial Highlights, Five Quarter Trend

| | Three months ended | | | | |
|----------------------------------------|--------------------|-----------|--------------|---------------|----------|
| | June 30, | March 31, | December 31, | September 30, | June 30, |
| Amounts in thousands, except per share | 2020 | 2020 | 2019 | 2019 | 2019 |

Performance

| | | | | | | |
|-----------------------------------------------------------|----|-----------|-----------|--------------|---------------|-----------|
| Net income | \$ | 241,054 | 268,822 | 493,066 | 480,081 | 473,260 |
| Net income available to common shareholders | | 223,099 | 250,701 | 473,372 | 461,410 | 452,633 |
| Per common share: | | | | | | |
| Basic earnings | \$ | 1.74 | 1.93 | 3.60 | 3.47 | 3.34 |
| Diluted earnings | | 1.74 | 1.93 | 3.60 | 3.47 | 3.34 |
| Cash dividends | \$ | 1.10 | 1.10 | 1.10 | 1.00 | 1.00 |
| Common shares outstanding: | | | | | | |
| Average - diluted (1) | | 128,333 | 129,755 | 131,549 | 132,999 | 135,464 |
| Period end (2) | | 128,294 | 128,282 | 130,589 | 132,277 | 134,200 |
| Return on (annualized): | | | | | | |
| Average total assets | | .71 % | .90 % | 1.60 % | 1.58 % | 1.60 % |
| Average common shareholders' equity | | 6.13 % | 7.00 % | 12.95 % | 12.73 % | 12.68 % |
| Taxable-equivalent net interest income | \$ | 961,371 | 981,868 | 1,014,225 | 1,035,469 | 1,047,406 |
| Yield on average earning assets | | 3.38 % | 4.18 % | 4.27 % | 4.51 % | 4.64 % |
| Cost of interest-bearing liabilities | | .40 % | .83 % | .97 % | 1.10 % | 1.11 % |
| Net interest spread | | 2.98 % | 3.35 % | 3.30 % | 3.41 % | 3.53 % |
| Contribution of interest-free funds | | .15 % | .30 % | .34 % | .37 % | .38 % |
| Net interest margin | | 3.13 % | 3.65 % | 3.64 % | 3.78 % | 3.91 % |
| Net charge-offs to average total net loans (annualized) | | .29 % | .22 % | .18 % | .16 % | .20 % |
| Net operating results (3) | | | | | | |
| Net operating income | \$ | 243,958 | 271,705 | 496,237 | 483,830 | 477,001 |
| Diluted net operating earnings per common share | | 1.76 | 1.95 | 3.62 | 3.50 | 3.37 |
| Return on (annualized): | | | | | | |
| Average tangible assets | | .74 % | .94 % | 1.67 % | 1.66 % | 1.68 % |
| Average tangible common equity | | 9.04 % | 10.39 % | 19.08 % | 18.85 % | 18.83 % |
| Efficiency ratio | | 55.71 % | 58.91 % | 53.15 % | 55.95 % | 55.98 % |
| | | | | | | |
| | | June 30, | March 31, | December 31, | September 30, | June 30, |
| Loan quality | | 2020 | 2020 | 2019 | 2019 | 2019 |
| Nonaccrual loans | \$ | 1,156,650 | 1,061,748 | 963,112 | 1,005,249 | 865,384 |
| Real estate and other foreclosed assets | | 66,763 | 83,605 | 85,646 | 79,735 | 72,907 |
| Total nonperforming assets | \$ | 1,223,413 | 1,145,353 | 1,048,758 | 1,084,984 | 938,291 |
| Accruing loans past due 90 days or more (4) | \$ | 535,755 | 530,317 | 518,728 | 461,162 | 348,725 |
| Government guaranteed loans included in totals above: | | | | | | |
| Nonaccrual loans | \$ | 51,165 | 50,561 | 50,891 | 43,144 | 36,765 |
| Accruing loans past due 90 days or more | | 454,269 | 464,243 | 479,829 | 434,132 | 320,305 |
| Renegotiated loans | \$ | 234,768 | 232,439 | 234,424 | 240,781 | 254,332 |
| Accruing loans acquired at a discount past due 90 days or | | | | | | |
| more (5) | | N/A | N/A | 39,632 | 40,733 | 43,079 |
| Purchased impaired loans (6): | | | | | | |
| Outstanding customer balance | | N/A | N/A | 415,413 | 453,382 | 473,834 |
| Carrying amount | | N/A | N/A | 227,545 | 253,496 | 263,025 |
| Nonaccrual loans to total net loans | | 1.18 % | 1.13 % | 1.06 % | 1.12 % | .96 % |
| Allowance for credit losses to total loans | | 1.68 % | 1.47 % | 1.16 % | 1.16 % | 1.15 % |

(1) Includes common stock equivalents.

(2) Includes common stock issuable under deferred compensation plans.

(3) Excludes amortization and balances related to goodwill and core deposit and other intangible assets and merger-related expenses which, except in the calculation of the efficiency ratio, are net of applicable income tax effects. Reconciliations of net income with net operating income appear herein.

(4) Predominantly residential real estate loans. Prior to 2020, excludes loans acquired at a discount.

(5) Prior to 2020, loans acquired at a discount that were recorded at fair value at acquisition date. This category does not include purchased impaired loans that are presented separately.

(6) Prior to 2020, accruing loans acquired at a discount that were impaired at acquisition date and recorded at fair value.

Condensed Consolidated Statement of Income

| Dollars in thousands | Three months ended | | | Six months ended | | |
|----------------------------------------------------------|--------------------|-----------|--------|------------------|-----------|--------|
| | June 30 | | | June 30 | | |
| | 2020 | 2019 | Change | 2020 | 2019 | Change |
| Interest income | \$ 1,032,242 | 1,237,913 | -17 % | \$ 2,152,661 | 2,464,222 | -13 % |
| Interest expense | 75,105 | 196,432 | -62 | 218,719 | 372,681 | -41 |
| Net interest income | 957,137 | 1,041,481 | -8 | 1,933,942 | 2,091,541 | -8 |
| Provision for credit losses | 325,000 | 55,000 | 491 | 575,000 | 77,000 | 647 |
| Net interest income after provision for credit losses | 632,137 | 986,481 | -36 | 1,358,942 | 2,014,541 | -33 |
| Other income | | | | | | |
| Mortgage banking revenues | 145,024 | 107,321 | 35 | 272,933 | 202,632 | 35 |
| Service charges on deposit accounts | 77,455 | 107,787 | -28 | 183,616 | 210,899 | -13 |
| Trust income | 151,882 | 144,382 | 5 | 300,633 | 277,168 | 8 |
| Brokerage services income | 10,463 | 12,478 | -16 | 23,592 | 24,954 | -5 |
| Trading account and foreign exchange gains | 8,290 | 18,453 | -55 | 29,306 | 29,255 | — |
| Gain (loss) on bank investment securities | 6,969 | 8,911 | -22 | (13,813) | 20,752 | — |
| Other revenues from operations | 87,190 | 112,763 | -23 | 220,366 | 247,200 | -11 |
| Total other income | 487,273 | 512,095 | -5 | 1,016,633 | 1,012,860 | — |
| Other expense | | | | | | |
| Salaries and employee benefits | 458,842 | 455,737 | 1 | 995,685 | 954,937 | 4 |
| Equipment and net occupancy | 77,089 | 79,150 | -3 | 156,729 | 158,497 | -1 |
| Outside data processing and software | 61,376 | 55,234 | 11 | 125,786 | 107,651 | 17 |
| FDIC assessments | 14,207 | 9,772 | 45 | 26,478 | 19,198 | 38 |
| Advertising and marketing | 9,842 | 24,046 | -59 | 32,217 | 44,321 | -27 |
| Printing, postage and supplies | 11,260 | 10,324 | 9 | 22,112 | 20,179 | 10 |
| Amortization of core deposit and other intangible assets | 3,913 | 5,077 | -23 | 7,826 | 10,097 | -22 |
| Other costs of operations | 170,513 | 233,692 | -27 | 346,625 | 452,500 | -23 |
| Total other expense | 807,042 | 873,032 | -8 | 1,713,458 | 1,767,380 | -3 |
| Income before income taxes | 312,368 | 625,544 | -50 | 662,117 | 1,260,021 | -47 |
| Applicable income taxes | 71,314 | 152,284 | -53 | 152,241 | 304,019 | -50 |
| Net income | \$ 241,054 | 473,260 | -49 % | \$ 509,876 | 956,002 | -47 % |

Condensed Consolidated Statement of Income, Five Quarter Trend

| Dollars in thousands | Three months ended | | | | |
|-------------------------------------------------------|--------------------|-----------|--------------|---------------|-----------|
| | June 30, | March 31, | December 31, | September 30, | June 30, |
| | 2020 | 2020 | 2019 | 2019 | 2019 |
| Interest income | \$ 1,032,242 | 1,120,419 | 1,185,902 | 1,229,469 | 1,237,913 |
| Interest expense | 75,105 | 143,614 | 177,069 | 199,579 | 196,432 |
| Net interest income | 957,137 | 976,805 | 1,008,833 | 1,029,890 | 1,041,481 |
| Provision for credit losses | 325,000 | 250,000 | 54,000 | 45,000 | 55,000 |
| Net interest income after provision for credit losses | 632,137 | 726,805 | 954,833 | 984,890 | 986,481 |
| Other income | | | | | |
| Mortgage banking revenues | 145,024 | 127,909 | 118,134 | 137,004 | 107,321 |

| | | | | | |
|----------------------------------------------------------|------------|----------|---------|---------|---------|
| Service charges on deposit accounts | 77,455 | 106,161 | 110,987 | 111,092 | 107,787 |
| Trust income | 151,882 | 148,751 | 151,525 | 143,915 | 144,382 |
| Brokerage services income | 10,463 | 13,129 | 11,891 | 12,077 | 12,478 |
| Trading account and foreign exchange gains | 8,290 | 21,016 | 16,717 | 16,072 | 18,453 |
| Gain (loss) on bank investment securities | 6,969 | (20,782) | (6,452) | 3,737 | 8,911 |
| Other revenues from operations | 87,190 | 133,176 | 118,238 | 103,882 | 112,763 |
| Total other income | 487,273 | 529,360 | 521,040 | 527,779 | 512,095 |
| Other expense | | | | | |
| Salaries and employee benefits | 458,842 | 536,843 | 469,080 | 476,780 | 455,737 |
| Equipment and net occupancy | 77,089 | 79,640 | 82,892 | 82,690 | 79,150 |
| Outside data processing and software | 61,376 | 64,410 | 61,720 | 60,360 | 55,234 |
| FDIC assessments | 14,207 | 12,271 | 12,431 | 9,906 | 9,772 |
| Advertising and marketing | 9,842 | 22,375 | 27,063 | 22,088 | 24,046 |
| Printing, postage and supplies | 11,260 | 10,852 | 9,513 | 10,201 | 10,324 |
| Amortization of core deposit and other intangible assets | 3,913 | 3,913 | 4,305 | 5,088 | 5,077 |
| Other costs of operations | 170,513 | 176,112 | 156,679 | 210,506 | 233,692 |
| Total other expense | 807,042 | 906,416 | 823,683 | 877,619 | 873,032 |
| Income before income taxes | 312,368 | 349,749 | 652,190 | 635,050 | 625,544 |
| Applicable income taxes | 71,314 | 80,927 | 159,124 | 154,969 | 152,284 |
| Net income | \$ 241,054 | 268,822 | 493,066 | 480,081 | 473,260 |

Condensed Consolidated Balance Sheet

| | June 30 | | |
|--------------------------------------------------|----------------|-------------|--------|
| | 2020 | 2019 | Change |
| Dollars in thousands | | | |
| ASSETS | | | |
| Cash and due from banks | \$ 1,354,815 | 1,271,611 | 7 % |
| Interest-bearing deposits at banks | 20,888,341 | 8,791,753 | 138 |
| Trading account | 1,293,534 | 479,403 | 170 |
| Investment securities | 8,454,344 | 11,580,249 | -27 |
| Loans and leases: | | | |
| Commercial, financial, etc. | 29,203,862 | 23,431,408 | 25 |
| Real estate - commercial | 37,159,451 | 35,194,375 | 6 |
| Real estate - consumer | 15,611,462 | 16,693,737 | -6 |
| Consumer | 15,782,773 | 14,558,538 | 8 |
| Total loans and leases, net of unearned discount | 97,757,548 | 89,878,058 | 9 |
| Less: allowance for credit losses | 1,638,236 | 1,029,867 | 59 |
| Net loans and leases | 96,119,312 | 88,848,191 | 8 |
| Goodwill | 4,593,112 | 4,593,112 | — |
| Core deposit and other intangible assets | 21,208 | 38,428 | -45 |
| Other assets | 6,812,303 | 5,952,148 | 14 |
| Total assets | \$ 139,536,969 | 121,554,895 | 15 % |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Noninterest-bearing deposits | \$ 45,397,843 | 30,747,946 | 48 % |
| Interest-bearing deposits | 68,701,832 | 59,568,223 | 15 |
| Deposits at Cayman Islands office | 868,284 | 1,364,855 | -36 |
| Total deposits | 114,967,959 | 91,681,024 | 25 |
| Short-term borrowings | 52,298 | 4,611,390 | -99 |

| | | | |
|--------------------------------------------|----------------|-------------|------|
| Accrued interest and other liabilities | 2,250,316 | 1,915,147 | 18 |
| Long-term borrowings | 6,321,291 | 7,655,507 | -17 |
| Total liabilities | 123,591,864 | 105,863,068 | 17 |
| Shareholders' equity: | | | |
| Preferred | 1,250,000 | 1,231,500 | 2 |
| Common | 14,695,105 | 14,460,327 | 2 |
| Total shareholders' equity | 15,945,105 | 15,691,827 | 2 |
| Total liabilities and shareholders' equity | \$ 139,536,969 | 121,554,895 | 15 % |

Condensed Consolidated Balance Sheet, Five Quarter Trend

| | June 30, | March 31, | December 31, | September 30, | June 30, |
|--------------------------------------------------|----------------|-------------|--------------|---------------|-------------|
| Dollars in thousands | 2020 | 2020 | 2019 | 2019 | 2019 |
| ASSETS | | | | | |
| Cash and due from banks | \$ 1,354,815 | 1,298,192 | 1,432,805 | 1,818,861 | 1,271,611 |
| Interest-bearing deposits at banks | 20,888,341 | 8,896,307 | 7,190,154 | 12,495,524 | 8,791,753 |
| Federal funds sold | — | — | 3,500 | 200 | — |
| Trading account | 1,293,534 | 1,224,291 | 470,129 | 614,256 | 479,403 |
| Investment securities | 8,454,344 | 8,956,590 | 9,497,251 | 10,677,583 | 11,580,249 |
| Loans and leases: | | | | | |
| Commercial, financial, etc. | 29,203,862 | 26,243,648 | 23,838,168 | 23,201,372 | 23,431,408 |
| Real estate - commercial | 37,159,451 | 36,684,106 | 35,541,914 | 34,945,231 | 35,194,375 |
| Real estate - consumer | 15,611,462 | 15,643,014 | 16,156,094 | 16,500,955 | 16,693,737 |
| Consumer | 15,782,773 | 15,571,507 | 15,386,693 | 15,175,635 | 14,558,538 |
| Total loans and leases, net of unearned discount | 97,757,548 | 94,142,275 | 90,922,869 | 89,823,193 | 89,878,058 |
| Less: allowance for credit losses | 1,638,236 | 1,384,366 | 1,051,071 | 1,038,437 | 1,029,867 |
| Net loans and leases | 96,119,312 | 92,757,909 | 89,871,798 | 88,784,756 | 88,848,191 |
| Goodwill | 4,593,112 | 4,593,112 | 4,593,112 | 4,593,112 | 4,593,112 |
| Core deposit and other intangible assets | 21,208 | 25,121 | 29,034 | 33,339 | 38,428 |
| Other assets | 6,812,303 | 6,826,311 | 6,784,974 | 6,483,295 | 5,952,148 |
| Total assets | \$ 139,536,969 | 124,577,833 | 119,872,757 | 125,500,926 | 121,554,895 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Noninterest-bearing deposits | \$ 45,397,843 | 35,554,715 | 32,396,407 | 31,766,724 | 30,747,946 |
| Interest-bearing deposits | 68,701,832 | 63,410,672 | 60,689,618 | 61,785,212 | 59,568,223 |
| Deposits at Cayman Islands office | 868,284 | 1,217,921 | 1,684,044 | 1,561,997 | 1,364,855 |
| Total deposits | 114,967,959 | 100,183,308 | 94,770,069 | 95,113,933 | 91,681,024 |
| Short-term borrowings | 52,298 | 59,180 | 62,363 | 5,513,896 | 4,611,390 |
| Accrued interest and other liabilities | 2,250,316 | 2,198,116 | 2,337,490 | 2,090,762 | 1,915,147 |
| Long-term borrowings | 6,321,291 | 6,321,435 | 6,986,186 | 7,002,524 | 7,655,507 |
| Total liabilities | 123,591,864 | 108,762,039 | 104,156,108 | 109,721,115 | 105,863,068 |
| Shareholders' equity: | | | | | |
| Preferred | 1,250,000 | 1,250,000 | 1,250,000 | 1,250,000 | 1,231,500 |
| Common | 14,695,105 | 14,565,794 | 14,466,649 | 14,529,811 | 14,460,327 |
| Total shareholders' equity | 15,945,105 | 15,815,794 | 15,716,649 | 15,779,811 | 15,691,827 |
| Total liabilities and shareholders' equity | \$ 139,536,969 | 124,577,833 | 119,872,757 | 125,500,926 | 121,554,895 |

Condensed Consolidated Average Balance Sheet and Annualized Taxable-equivalent Rates

| Three months ended | Change in balance |
|--------------------|-------------------|
|--------------------|-------------------|

| | June 30, | | June 30, | | March 31, | | June 30, 2020 from | | |
|---------------------------------------------|------------|--------|----------|--------|-----------|--------|--------------------|-----------|------------|
| Dollars in millions | 2020 | | 2019 | | 2020 | | June 30, | March 31, | |
| | Balance | Rate | Balance | Rate | Balance | Rate | 2019 | 2020 | Balance |
| ASSETS | | | | | | | | | |
| Interest-bearing deposits at banks | \$ 16,454 | .10 % | 6,122 | 2.38 % | 6,130 | 1.24 % | 169 % | 168 % | \$ 11,295 |
| Federal funds sold and agreements | | | | | | | | | |
| to resell securities | 692 | .11 | 1 | 2.83 | 1,224 | 1.34 | - | -43 | 95 |
| Trading account | 49 | 2.04 | 68 | 2.20 | 64 | 2.64 | -28 | -24 | 5 |
| Investment securities | 8,500 | 2.24 | 12,170 | 2.49 | 9,102 | 2.22 | -30 | -7 | 8,800 |
| Loans and leases, net of unearned discount | | | | | | | | | |
| Commercial, financial, etc. | 29,733 | 3.10 | 23,335 | 4.97 | 24,290 | 4.10 | 27 | 22 | 27,010 |
| Real estate - commercial | 36,947 | 4.42 | 34,768 | 5.30 | 36,034 | 4.83 | 6 | 3 | 36,495 |
| Real estate - consumer | 15,599 | 4.00 | 16,723 | 4.29 | 15,931 | 4.03 | -7 | -2 | 15,760 |
| Consumer | 15,518 | 4.85 | 14,324 | 5.53 | 15,451 | 5.30 | 8 | — | 15,480 |
| Total loans and leases, net | 97,797 | 4.05 | 89,150 | 5.09 | 91,706 | 4.61 | 10 | 7 | 94,750 |
| Total earning assets | 123,492 | 3.38 | 107,511 | 4.64 | 108,226 | 4.18 | 15 | 14 | 115,850 |
| Goodwill | 4,593 | | 4,593 | | 4,593 | | — | — | 4,593 |
| Core deposit and other intangible | | | | | | | | | |
| assets | 23 | | 41 | | 27 | | -44 | -14 | 2 |
| Other assets | 8,338 | | 6,342 | | 7,739 | | 31 | 8 | 8,030 |
| Total assets | \$ 136,446 | | 118,487 | | 120,585 | | 15 % | 13 % | \$ 128,510 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | |
| Interest-bearing deposits | | | | | | | | | |
| Savings and interest-checking | | | | | | | | | |
| deposits | \$ 62,927 | .17 | 53,495 | .69 | 56,366 | .56 | 18 % | 12 % | \$ 59,640 |
| Time deposits | 5,354 | 1.49 | 6,530 | 1.53 | 5,672 | 1.55 | -18 | -6 | 5,510 |
| Deposits at Cayman Islands | | | | | | | | | |
| office | 1,017 | .06 | 1,247 | 1.94 | 1,672 | .82 | -18 | -39 | 1,340 |
| Total interest-bearing | | | | | | | | | |
| deposits | 69,298 | .27 | 61,272 | .80 | 63,710 | .65 | 13 | 9 | 66,500 |
| Short-term borrowings | 63 | .01 | 1,263 | 2.51 | 58 | .16 | -95 | 9 | 6 |
| Long-term borrowings | 6,189 | 1.86 | 8,278 | 3.20 | 6,240 | 2.60 | -25 | -1 | 6,210 |
| Total interest-bearing liabilities | 75,550 | .40 | 70,813 | 1.11 | 70,008 | .83 | 7 | 8 | 72,770 |
| Noninterest-bearing deposits | 42,497 | | 30,099 | | 32,456 | | 41 | 31 | 37,470 |
| Other liabilities | 2,446 | | 1,945 | | 2,401 | | 26 | 2 | 2,420 |
| Total liabilities | 120,493 | | 102,857 | | 104,865 | | 17 | 15 | 112,660 |
| Shareholders' equity | 15,953 | | 15,630 | | 15,720 | | 2 | 1 | 15,850 |
| Total liabilities and | | | | | | | | | |
| shareholders' equity | \$ 136,446 | | 118,487 | | 120,585 | | 15 % | 13 % | \$ 128,510 |
| Net interest spread | | | | | | | | | |
| | | 2.98 | | 3.53 | | 3.35 | | | |
| Contribution of interest-free funds | | | | | | | | | |
| | | .15 | | .38 | | .30 | | | |
| Net interest margin | | | | | | | | | |
| | | 3.13 % | | 3.91 % | | 3.65 % | | | |

Reconciliation of Quarterly GAAP to Non-GAAP Measures

| | Three months ended | | Six months ended | |
|------------------------------|--------------------|------|------------------|------|
| | June 30 | | June 30 | |
| | 2020 | 2019 | 2020 | 2019 |
| Income statement data | | | | |
| | | | | |

In thousands, except per share

Net income

| | | | | | |
|--------------------------------------------------------------|----|---------|---------|---------|---------|
| Net income | \$ | 241,054 | 473,260 | 509,876 | 956,002 |
| Amortization of core deposit and other intangible assets (1) | | 2,904 | 3,741 | 5,787 | 7,439 |
| Net operating income | \$ | 243,958 | 477,001 | 515,663 | 963,441 |

Earnings per common share

| | | | | | |
|--------------------------------------------------------------|----|------|------|------|------|
| Diluted earnings per common share | \$ | 1.74 | 3.34 | 3.67 | 6.69 |
| Amortization of core deposit and other intangible assets (1) | | .02 | .03 | .04 | .05 |
| Diluted net operating earnings per common share | \$ | 1.76 | 3.37 | 3.71 | 6.74 |

Other expense

| | | | | | |
|----------------------------------------------------------|----|---------|---------|-----------|-----------|
| Other expense | \$ | 807,042 | 873,032 | 1,713,458 | 1,767,380 |
| Amortization of core deposit and other intangible assets | | (3,913) | (5,077) | (7,826) | (10,097) |
| Noninterest operating expense | \$ | 803,129 | 867,955 | 1,705,632 | 1,757,283 |

Efficiency ratio

| | | | | | |
|-------------------------------------------------|----|-----------|-----------|-----------|-----------|
| Noninterest operating expense (numerator) | \$ | 803,129 | 867,955 | 1,705,632 | 1,757,283 |
| Taxable-equivalent net interest income | | 961,371 | 1,047,406 | 1,943,239 | 2,103,433 |
| Other income | | 487,273 | 512,095 | 1,016,633 | 1,012,860 |
| Less: Gain (loss) on bank investment securities | | 6,969 | 8,911 | (13,813) | 20,752 |
| Denominator | \$ | 1,441,675 | 1,550,590 | 2,973,685 | 3,095,541 |
| Efficiency ratio | | 55.71 % | 55.98 % | 57.36 % | 56.77 % |

Balance sheet data

In millions

Average assets

| | | | | | |
|------------------------------------------|----|---------|---------|---------|---------|
| Average assets | \$ | 136,446 | 118,487 | 128,513 | 117,667 |
| Goodwill | | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | | (23) | (41) | (25) | (43) |
| Deferred taxes | | 6 | 11 | 7 | 11 |
| Average tangible assets | \$ | 131,836 | 113,864 | 123,902 | 113,042 |

Average common equity

| | | | | | |
|------------------------------------------|----|---------|---------|---------|---------|
| Average total equity | \$ | 15,953 | 15,630 | 15,836 | 15,599 |
| Preferred stock | | (1,250) | (1,232) | (1,250) | (1,232) |
| Average common equity | | 14,703 | 14,398 | 14,586 | 14,367 |
| Goodwill | | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | | (23) | (41) | (25) | (43) |
| Deferred taxes | | 6 | 11 | 7 | 11 |
| Average tangible common equity | \$ | 10,093 | 9,775 | 9,975 | 9,742 |

At end of quarter

Total assets

| | | | | | |
|------------------------------------------|----|---------|---------|--|--|
| Total assets | \$ | 139,537 | 121,555 | | |
| Goodwill | | (4,593) | (4,593) | | |
| Core deposit and other intangible assets | | (21) | (38) | | |
| Deferred taxes | | 5 | 10 | | |
| Total tangible assets | \$ | 134,928 | 116,934 | | |

Total common equity

| | | | | | |
|---------------------------------------------------|----|---------|---------|--|--|
| Total equity | \$ | 15,945 | 15,692 | | |
| Preferred stock | | (1,250) | (1,232) | | |
| Undeclared dividends - cumulative preferred stock | | — | (3) | | |

| | | |
|-----------------------------------------------------------------|-----------|---------|
| Common equity, net of undeclared cumulative preferred dividends | 14,695 | 14,457 |
| Goodwill | (4,593) | (4,593) |
| Core deposit and other intangible assets | (21) | (38) |
| Deferred taxes | 5 | 10 |
| Total tangible common equity | \$ 10,086 | 9,836 |

(1) After any related tax effect.

Reconciliation of Quarterly GAAP to Non-GAAP Measures, Five Quarter Trend

| | Three months ended | | | | |
|--------------------------------------------------------------|--------------------|-----------|--------------|---------------|-----------|
| | June 30, | March 31, | December 31, | September 30, | June 30, |
| | 2020 | 2020 | 2019 | 2019 | 2019 |
| Income statement data | | | | | |
| In thousands, except per share | | | | | |
| Net income | | | | | |
| Net income | \$ 241,054 | 268,822 | 493,066 | 480,081 | 473,260 |
| Amortization of core deposit and other intangible assets (1) | 2,904 | 2,883 | 3,171 | 3,749 | 3,741 |
| Net operating income | \$ 243,958 | 271,705 | 496,237 | 483,830 | 477,001 |
| Earnings per common share | | | | | |
| Diluted earnings per common share | \$ 1.74 | 1.93 | 3.60 | 3.47 | 3.34 |
| Amortization of core deposit and other intangible assets (1) | .02 | .02 | .02 | .03 | .03 |
| Diluted net operating earnings per common share | \$ 1.76 | 1.95 | 3.62 | 3.50 | 3.37 |
| Other expense | | | | | |
| Other expense | \$ 807,042 | 906,416 | 823,683 | 877,619 | 873,032 |
| Amortization of core deposit and other intangible assets | (3,913) | (3,913) | (4,305) | (5,088) | (5,077) |
| Noninterest operating expense | \$ 803,129 | 902,503 | 819,378 | 872,531 | 867,955 |
| Efficiency ratio | | | | | |
| Noninterest operating expense (numerator) | \$ 803,129 | 902,503 | 819,378 | 872,531 | 867,955 |
| Taxable-equivalent net interest income | 961,371 | 981,868 | 1,014,225 | 1,035,469 | 1,047,406 |
| Other income | 487,273 | 529,360 | 521,040 | 527,779 | 512,095 |
| Less: Gain (loss) on bank investment securities | 6,969 | (20,782) | (6,452) | 3,737 | 8,911 |
| Denominator | \$ 1,441,675 | 1,532,010 | 1,541,717 | 1,559,511 | 1,550,590 |
| Efficiency ratio | 55.71 % | 58.91 % | 53.15 % | 55.95 % | 55.98 % |
| Balance sheet data | | | | | |
| In millions | | | | | |
| Average assets | | | | | |
| Average assets | \$ 136,446 | 120,585 | 122,554 | 120,388 | 118,487 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (23) | (27) | (31) | (36) | (41) |
| Deferred taxes | 6 | 7 | 8 | 10 | 11 |
| Average tangible assets | \$ 131,836 | 115,972 | 117,938 | 115,769 | 113,864 |
| Average common equity | | | | | |
| Average total equity | \$ 15,953 | 15,720 | 15,832 | 15,837 | 15,630 |
| Preferred stock | (1,250) | (1,250) | (1,250) | (1,373) | (1,232) |
| Average common equity | 14,703 | 14,470 | 14,582 | 14,464 | 14,398 |

| | | | | | |
|-----------------------------------------------------------------|------------|---------|---------|---------|---------|
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (23) | (27) | (31) | (36) | (41) |
| Deferred taxes | 6 | 7 | 8 | 10 | 11 |
| Average tangible common equity | \$ 10,093 | 9,857 | 9,966 | 9,845 | 9,775 |
| At end of quarter | | | | | |
| Total assets | | | | | |
| Total assets | \$ 139,537 | 124,578 | 119,873 | 125,501 | 121,555 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (21) | (25) | (29) | (33) | (38) |
| Deferred taxes | 5 | 6 | 7 | 8 | 10 |
| Total tangible assets | \$ 134,928 | 119,966 | 115,258 | 120,883 | 116,934 |
| Total common equity | | | | | |
| Total equity | \$ 15,945 | 15,816 | 15,717 | 15,780 | 15,692 |
| Preferred stock | (1,250) | (1,250) | (1,250) | (1,250) | (1,232) |
| Undeclared dividends - cumulative preferred stock | — | — | — | — | (3) |
| Common equity, net of undeclared cumulative preferred dividends | 14,695 | 14,566 | 14,467 | 14,530 | 14,457 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (21) | (25) | (29) | (33) | (38) |
| Deferred taxes | 5 | 6 | 7 | 8 | 10 |
| Total tangible common equity | \$ 10,086 | 9,954 | 9,852 | 9,912 | 9,836 |

(1) After any related tax effect.

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