

M&T Bank Corporation Announces Third Quarter Results

BUFFALO, N.Y., Oct. 22, 2020 -- M&T Bank Corporation ("M&T") (NYSE: MTB) today reported its results of operations for the quarter ended September 30, 2020.

GAAP Results of Operations. Diluted earnings per common share measured in accordance with generally accepted accounting principles ("GAAP") were \$2.75 in the third quarter of 2020, compared with \$3.47 in the year-earlier quarter and \$1.74 in the second quarter of 2020. GAAP-basis net income was \$372 million in the recent quarter, \$480 million in the third quarter of 2019 and \$241 million in the second 2020 quarter. GAAP-basis net income in the third quarter of 2020 expressed as an annualized rate of return on average assets and average common shareholders' equity was 1.06% and 9.53%, respectively, compared with 1.58% and 12.73%, respectively, in the similar 2019 period and .71% and 6.13%, respectively, in the second quarter of 2020.

Darren J. King, Executive Vice President and Chief Financial Officer, commented on M&T's third quarter results, "Our results for the recent quarter reflect an uptick in economic activity across large portions of our customer base that contributed significantly to higher transaction levels and robust mortgage banking revenues. Coupled with well-controlled expenses that were in line with our expectations and prudent loan loss provisioning, M&T remains well-positioned as we enter the final quarter of 2020."

Earnings Highlights

| (\$ in millions, except per share data) | 3Q20 | | 3Q19 | | 2Q20 | | Change 3Q20 vs. | |
|-------------------------------------------------------|---------|---------|---------|------|-------|------|-----------------|------|
| | 3Q20 | 3Q19 | 3Q19 | 2Q20 | 3Q19 | 2Q20 | 3Q20 | 2Q20 |
| Net income | \$ 372 | \$ 480 | \$ 241 | | -22 % | 54 % | | |
| Net income available to common shareholders – diluted | \$ 353 | \$ 461 | \$ 223 | | -23 % | 58 % | | |
| Diluted earnings per common share | \$ 2.75 | \$ 3.47 | \$ 1.74 | | -21 % | 58 % | | |
| Annualized return on average assets | 1.06 % | 1.58 % | .71 % | | | | | |
| Annualized return on average common equity | 9.53 % | 12.73 % | 6.13 % | | | | | |

For the first nine months of 2020 and 2019, diluted earnings per common share were \$6.42 and \$10.16, respectively. GAAP-basis net income for the nine-month period ended September 30, 2020 totaled \$882 million, compared with \$1.44 billion in the year-earlier period. Expressed as an annualized rate of return on average assets and average common shareholders' equity, GAAP-basis net income during the nine-month period ended September 30, 2020 was .89% and 7.57%, respectively, and was 1.62% and 12.85%, 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 \$2.77 in the third quarter of 2020, \$3.50 in the third quarter of 2019 and \$1.76 in the second quarter of 2020. Net operating income in 2020's third quarter was \$375 million, compared with \$484 million in the third quarter of 2019 and \$244 million in the second quarter of 2020. Expressed as an annualized rate of return on average tangible assets and average tangible common shareholders' equity, net operating income in the recent quarter was 1.10% and 13.94%, respectively, 1.66% and 18.85%, respectively, in the corresponding quarter of 2019 and .74% and 9.04%, respectively, in the second quarter of 2020.

Diluted net operating earnings per common share during the first nine months of 2020 and 2019 were \$6.49 and \$10.24, respectively. Net operating income during the nine-month period ended September 30, 2020 was \$891 million, compared with \$1.45 billion in the similar 2019 period. Net operating income expressed as an annualized rate of return on average tangible assets and average tangible common shareholders' equity was .93% and 11.15%, respectively, in the initial nine months of 2020 and was 1.70% and 19.07%, respectively, in the year-earlier period.

Taxable-equivalent Net Interest Income. Net interest income expressed on a taxable-equivalent basis totaled \$947 million in the recent quarter, compared with \$1.04 billion in the third quarter of 2019. That decline resulted from an 83 basis point narrowing of the net interest margin, to 2.95% in the third quarter of 2020 from 3.78% in the year-earlier quarter, that was partially offset by the impact of a \$19.1 billion or 18% increase in average earning assets to \$127.7 billion in the recent quarter from \$108.6 billion in the third quarter of 2019. In the second quarter of 2020, taxable-equivalent net interest income was \$961 million, the net interest margin was 3.13% and average earning assets were \$123.5 billion. Included in average earning assets in the third and second quarters of 2020 were \$6.5 billion and \$4.8 billion, respectively, of balances associated with the Paycheck Protection Program ("PPP") loans originated by M&T during 2020. As compared with the third quarter of 2019, the recent quarter's narrowing of the net interest margin resulted largely from lower yields on loans and deposits held at the Federal Reserve Bank of New York, while the rise in average earning assets reflected higher balances of those same asset types. The narrowing of the net interest margin from the second quarter to the third quarter of 2020 resulted from lower yields on loans and investment securities and the impact of a \$4.4 billion rise in average balances of short-term earning assets, which earn a significantly lower yield than loans and investment securities.

Taxable-equivalent Net Interest Income

| (\$ in millions) | 3Q20 | | 3Q19 | | 2Q20 | | Change 3Q20 vs. | |
|------------------------------------------|------------|------------|------------|------|------|------|-----------------|------|
| | 3Q20 | 3Q19 | 3Q19 | 2Q20 | 3Q19 | 2Q20 | 3Q20 | 2Q20 |
| Average earning assets | \$ 127,689 | \$ 108,643 | \$ 123,492 | | 18 % | 3 % | | |
| Net interest income – taxable-equivalent | \$ 947 | \$ 1,035 | \$ 961 | | -9 % | -1 % | | |
| Net interest margin | 2.95 % | 3.78 % | 3.13 % | | | | | |

Provision for Credit Losses/Asset Quality. The provision for credit losses totaled \$150 million in the third quarter of 2020, up from \$45 million in the year-earlier quarter, but down from \$325 million in 2020's second quarter. The significantly higher level of the provision in the 2020 quarters reflected projections of expected credit losses under the provisions of new accounting guidance that became effective on January 1, 2020. Those projections included estimates of the impact of the COVID-19 pandemic. Prior to 2020, the provision for credit losses reflected incurred losses only. Net loan charge-offs were \$30 million during the recent quarter, compared with \$36 million in the similar quarter of 2019 and \$71 million in the second quarter of 2020. Expressed as an annualized percentage of average loans outstanding, net charge-offs were .12% and .16% during the three-month periods ended September 30, 2020 and 2019, respectively, and .29% in the second quarter of 2020.

Loans classified as nonaccrual totaled \$1.24 billion or 1.26% of total loans outstanding at September 30, 2020, compared with \$1.16 billion or 1.18% of total loans at June 30, 2020. Nonaccrual loans outstanding at September 30, 2019 were \$1.01 billion or 1.12% of total loans. The adoption of the new accounting guidance previously mentioned resulted in an increase in nonaccrual loans odayuary 1, 2020 of \$171 million. Assets taken in foreclosure of defaulted loans were \$50 million at September 30, 2020, compared with \$80 million and \$67 million at September 30, 2019 and June 30, 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 \$1.76 billion or 1.79% of loans outstanding at September 30, 2020, compared with \$1.04 billion or 1.16% at September 30, 2019, \$1.64 billion or 1.68% at June 30, 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 September 30, 2020 and June 30, 2020 represented 1.91% and 1.79%, respectively, of total loans on those dates, excluding outstanding balances of PPP loans.

Asset Quality Metrics

Change 3Q20 vs.

| (\$ in millions) | 3Q20 | 3Q19 | 2Q20 | 3Q19 | 2Q20 |
|-------------------------------------------------------|----------|----------|----------|-------|-------|
| At end of quarter | | | | | |
| Nonaccrual loans | \$ 1,240 | \$ 1,005 | \$ 1,157 | 23 % | 7 % |
| Real estate and other foreclosed assets | \$ 50 | \$ 80 | \$ 67 | -37 % | -25 % |
| Total nonperforming assets | \$ 1,290 | \$ 1,085 | \$ 1,224 | 19 % | 5 % |
| Accruing loans past due 90 days or more (1) | \$ 527 | \$ 461 | \$ 536 | 14 % | -2 % |
| Nonaccrual loans as % of loans outstanding | 1.26 % | 1.12 % | 1.18 % | | |
| Allowance for credit losses | \$ 1,759 | \$ 1,038 | \$ 1,638 | 69 % | 7 % |
| Allowance for credit losses as % of loans outstanding | 1.79 % | 1.16 % | 1.68 % | | |
| For the period | | | | | |
| Provision for credit losses | \$ 150 | \$ 45 | \$ 325 | 233 % | -54 % |
| Net charge-offs | \$ 30 | \$ 36 | \$ 71 | -18 % | -58 % |
| Net charge-offs as % of average loans (annualized) | .12 % | .16 % | .29 % | | |

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

Noninterest Income and Expense. Noninterest income was \$521 million in the recent quarter, \$528 million in the year-earlier quarter and \$487 million in the second quarter of 2020. As compared with the third quarter of 2019, the recent quarter's higher residential mortgage banking revenues and trust income were more than offset by lower service charges on deposit accounts and trading account and foreign exchange gains. The recent quarter's improvement as compared with the second quarter of 2020 predominantly reflects higher service charges on deposit accounts, residential mortgage banking revenues and merchant discount and credit card fees.

Noninterest Income

| (\$ in millions) | 3Q20 | 3Q19 | 2Q20 | 3Q19 | 2Q20 | Change 3Q20 vs. |
|--------------------------------------------|---------------|---------------|---------------|-------------|------------|-----------------|
| Mortgage banking revenues | \$ 153 | \$ 137 | \$ 145 | 12 % | 6 % | |
| Service charges on deposit accounts | 91 | 111 | 78 | -18 % | 18 % | |
| Trust income | 150 | 144 | 152 | 4 % | -1 % | |
| Brokerage services income | 12 | 12 | 10 | -4 % | 11 % | |
| Trading account and foreign exchange gains | 4 | 16 | 8 | -75 % | -51 % | |
| Gain on bank investment securities | 3 | 4 | 7 | -26 % | -60 % | |
| Other revenues from operations | 108 | 104 | 87 | 4 % | 23 % | |
| Total | \$ 521 | \$ 528 | \$ 487 | -1 % | 7 % | |

Noninterest expense totaled \$827 million in the third quarter of 2020, compared with \$878 million in the corresponding quarter of 2019 and \$807 million in the second quarter of 2020. Excluding expenses considered to be nonoperating in nature, such as amortization of core deposit and other intangible assets, noninterest operating expenses were \$823 million in the recent quarter, \$873 million in the third quarter of 2019 and \$803 million in 2020's second quarter. Contributing to the decreased level of noninterest expenses in the recent quarter as compared with the year-earlier quarter were lower costs for professional and outside services, advertising and marketing, and travel and entertainment. Additionally, the third quarter of 2019 included a \$14 million addition to the valuation allowance for capitalized mortgage servicing rights, reflecting the impact of lower interest rates at that time on the valuation of such servicing rights. There was no similar increase to the valuation allowance in the recent quarter. As compared with the second 2020 quarter, higher costs for salaries and employee benefits in the recent quarter, reflective of improving business activity and one additional day, were partially offset by the impact of a \$10 million addition to the valuation allowance for capitalized mortgage servicing rights recognized in the second quarter of 2020.

Noninterest Expense

| (\$ in millions) | 3Q20 | 3Q19 | 2Q20 | 3Q19 | 2Q20 | Change 3Q20 vs. |
|----------------------------------------------------------|---------------|---------------|---------------|-------------|------------|-----------------|
| Salaries and employee benefits | \$ 479 | \$ 477 | \$ 459 | — | 4 % | |
| Equipment and net occupancy | 81 | 83 | 77 | -2 % | 5 % | |
| Outside data processing and software | 65 | 60 | 61 | 7 % | 5 % | |
| FDIC assessments | 12 | 10 | 14 | 22 % | -15 % | |
| Advertising and marketing | 12 | 22 | 10 | -46 % | 20 % | |
| Printing, postage and supplies | 9 | 10 | 11 | -8 % | -16 % | |
| Amortization of core deposit and other intangible assets | 4 | 5 | 4 | -23 % | — | |
| Other costs of operations | 165 | 211 | 171 | -22 % | -3 % | |
| Total | \$ 827 | \$ 878 | \$ 807 | -6 % | 2 % | |

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 56.2% in the third quarter of 2020, 56.0% in the year-earlier quarter and 55.7% in the second quarter of 2020.

Balance Sheet. M&T had total assets of \$138.6 billion at September 30, 2020, compared with \$125.5 billion and \$139.5 billion at September 30, 2019 and June 30, 2020, respectively. Loans and leases, net of unearned discount, were \$98.4 billion at September 30, 2020, up from \$89.8 billion at September 30, 2019 and \$97.8 billion at June 30, 2020. The increase in total loans and leases at the recent quarter-end as compared with the third quarter of 2019 was driven largely by growth in commercial loans of \$4.7 billion and commercial real estate loans of \$2.6 billion. The commercial loan growth reflects loans originated as part of the PPP, which totaled \$6.5 billion at September 30, 2020. Total deposits rose to \$115.2 billion at the recent quarter-end, compared with \$95.1 billion at September 30, 2019 and \$115.0 billion at June 30, 2020. The higher levels of deposits at the two most recent quarter-ends as compared with September 30, 2019 reflect both increased commercial and consumer deposits, as well as higher deposits associated with residential mortgage servicing activities.

Total shareholders' equity was \$16.1 billion, or 11.61% of total assets at September 30, 2020, compared with \$15.8 billion, or 12.57% at September 30, 2019 and \$15.9 billion, or 11.43% at June 30, 2020. Common shareholders' equity was \$14.9 billion, or \$15.75 per share, at September 30, 2020, up from \$14.5 billion, or \$109.84 per share, a year-earlier and \$14.7 billion, or \$114.54 per share, at June 30, 2020. Tangible equity per common share was \$79.85 at September 30, 2020, \$74.93 at September 30, 2019 and \$78.62 at June 30, 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 9.81% at September 30, 2020, up from 9.50% three months earlier.

Conference Call. Investors will have an opportunity to listen to M&T's conference call to discuss third quarter financial results today at 1:00 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 #1169149. 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, October 29, 2020 by calling (800) 585-8367, or (404) 537-3406 for international participants, and by making reference to ID #1169149. 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 and related conference call may contain 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.

M&T provides further detail regarding these risks and uncertainties in its 2019 Form 10-K and subsequent Form 10-Qs, including in the respective Risk Factors sections of such reports, as well as in subsequent SEC filings. Forward-looking statements speak only as of the date made, and M&T does not assume any duty and does not undertake to update forward-looking statements.

Financial Highlights

| Amounts in thousands, except per share | Three months ended | | | Nine months ended | | |
|---------------------------------------------|--------------------|-----------|--------|-------------------|-----------|--------|
| | September 30 | | Change | September 30 | | Change |
| | 2020 | 2019 | | 2020 | 2019 | |
| Performance | | | | | | |
| Net income | \$ 372,136 | 480,081 | -22 % | \$ 882,012 | 1,436,083 | -39 % |
| Net income available to common shareholders | 353,400 | 461,410 | -23 % | 827,204 | 1,376,129 | -40 % |
| Per common share: | | | | | | |
| Basic earnings | \$ 2.75 | 3.47 | -21 % | \$ 6.42 | 10.16 | -37 % |
| Diluted earnings | 2.75 | 3.47 | -21 % | 6.42 | 10.16 | -37 % |
| Cash dividends | \$ 1.10 | 1.00 | 10 % | \$ 3.30 | 3.00 | 10 % |
| Common shares outstanding: | | | | | | |
| Average - diluted (1) | 128,355 | 132,999 | -3 % | 128,813 | 135,443 | -5 % |
| Period end (2) | 128,303 | 132,277 | -3 % | 128,303 | 132,277 | -3 % |
| Return on (annualized): | | | | | | |
| Average total assets | 1.06 % | 1.58 % | | .89 % | 1.62 % | |
| Average common shareholders' equity | 9.53 % | 12.73 % | | 7.57 % | 12.85 % | |
| Taxable-equivalent net interest income | \$ 947,114 | 1,035,469 | -9 % | \$ 2,890,353 | 3,138,902 | -8 % |
| Yield on average earning assets | 3.13 % | 4.51 % | | 3.53 % | 4.62 % | |
| Cost of interest-bearing liabilities | .30 % | 1.10 % | | .50 % | 1.09 % | |

| | | | | |
|--------------------------------------------------------------------|--------------|-------------|---------------|----------------------------|
| Net interest spread | 2.83 % | 3.41 % | 3.03 % | 3.53 % |
| Contribution of interest-free funds | .12 % | .37 % | .19 % | .38 % |
| Net interest margin | 2.95 % | 3.78 % | 3.22 % | 3.91 % |
| Net charge-offs to average total net loans (annualized) | .12 % | .16 % | .21 % | .15 % |
| <u>Net operating results (3)</u> | | | | |
| Net operating income | \$ 375,029 | 483,830 | -22 % | \$ 890,692 1,447,271 -38 % |
| Diluted net operating earnings per common share | 2.77 | 3.50 | -21 % | 6.49 10.24 -37 % |
| Return on (annualized): | | | | |
| Average tangible assets | 1.10 % | 1.66 % | .93 % | 1.70 % |
| Average tangible common equity | 13.94 % | 18.85 % | 11.15 % | 19.07 % |
| Efficiency ratio | 56.17 % | 55.95 % | 56.97 % | 56.49 % |
| At September 30 | | | | |
| <u>Loan quality</u> | 2020 | 2019 | Change | |
| Nonaccrual loans | \$ 1,239,972 | 1,005,249 | 23 % | |
| Real estate and other foreclosed assets | 49,872 | 79,735 | -37 % | |
| Total nonperforming assets | \$ 1,289,844 | 1,084,984 | 19 % | |
| Accruing loans past due 90 days or more (4) | \$ 527,258 | 461,162 | 14 % | |
| Government guaranteed loans included in totals above: | | | | |
| Nonaccrual loans | \$ 45,975 | 43,144 | 7 % | |
| Accruing loans past due 90 days or more | 505,446 | 434,132 | 16 % | |
| Renegotiated loans | \$ 242,581 | 240,781 | 1 % | |
| Accruing loans acquired at a discount past due 90 days or more (5) | N/A | 40,733 | — | |
| Purchased impaired loans (6): | | | | |
| Outstanding customer balance | N/A | 453,382 | — | |
| Carrying amount | N/A | 253,496 | — | |
| Nonaccrual loans to total net loans | 1.26 % | 1.12 % | | |
| Allowance for credit losses to total loans | 1.79 % | 1.16 % | | |

(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 appears 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 | | | | |
|---------------------------------------------|--------------------|----------|-----------|--------------|---------------|
| | September 30, | June 30, | March 31, | December 31, | September 30, |
| Amounts in thousands, except per share | 2020 | 2020 | 2020 | 2019 | 2019 |
| <u>Performance</u> | | | | | |
| Net income | \$ 372,136 | 241,054 | 268,822 | 493,066 | 480,081 |
| Net income available to common shareholders | 353,400 | 223,099 | 250,701 | 473,372 | 461,410 |
| Per common share: | | | | | |
| Basic earnings | \$ 2.75 | 1.74 | 1.93 | 3.60 | 3.47 |
| Diluted earnings | 2.75 | 1.74 | 1.93 | 3.60 | 3.47 |

| | | | | | |
|----------------------------------------------------------------------------------------------------------|--------------|-----------|-----------|-----------|-----------|
| Cash dividends | \$ 1.10 | 1.10 | 1.10 | 1.10 | 1.00 |
| Common shares outstanding: | | | | | |
| Average - diluted (1) | 128,355 | 128,333 | 129,755 | 131,549 | 132,999 |
| Period end (2) | 128,303 | 128,294 | 128,282 | 130,589 | 132,277 |
| Return on (annualized): | | | | | |
| Average total assets | 1.06 % | .71 % | .90 % | 1.60 % | 1.58 % |
| Average common shareholders' equity | 9.53 % | 6.13 % | 7.00 % | 12.95 % | 12.73 % |
| Taxable-equivalent net interest income | \$ 947,114 | 961,371 | 981,868 | 1,014,225 | 1,035,469 |
| Yield on average earning assets | 3.13 % | 3.38 % | 4.18 % | 4.27 % | 4.51 % |
| Cost of interest-bearing liabilities | .30 % | .40 % | .83 % | .97 % | 1.10 % |
| Net interest spread | 2.83 % | 2.98 % | 3.35 % | 3.30 % | 3.41 % |
| Contribution of interest-free funds | .12 % | .15 % | .30 % | .34 % | .37 % |
| Net interest margin | 2.95 % | 3.13 % | 3.65 % | 3.64 % | 3.78 % |
| Net charge-offs to average total net loans (annualized) | .12 % | .29 % | .22 % | .18 % | .16 % |
| <u>Net operating results (3)</u> | | | | | |
| Net operating income | \$ 375,029 | 243,958 | 271,705 | 496,237 | 483,830 |
| Diluted net operating earnings per common share | 2.77 | 1.76 | 1.95 | 3.62 | 3.50 |
| Return on (annualized): | | | | | |
| Average tangible assets | 1.10 % | .74 % | .94 % | 1.67 % | 1.66 % |
| Average tangible common equity | 13.94 % | 9.04 % | 10.39 % | 19.08 % | 18.85 % |
| Efficiency ratio | 56.17 % | 55.71 % | 58.91 % | 53.15 % | 55.95 % |
| | | | | | |
| September 30, 2020 June 30, 2020 March 31, 2020 December 31, 2019 September 30, 2019 | | | | | |
| <u>Loan quality</u> | | | | | |
| Nonaccrual loans | \$ 1,239,972 | 1,156,650 | 1,061,748 | 963,112 | 1,005,249 |
| Real estate and other foreclosed assets | 49,872 | 66,763 | 83,605 | 85,646 | 79,735 |
| Total nonperforming assets | \$ 1,289,844 | 1,223,413 | 1,145,353 | 1,048,758 | 1,084,984 |
| Accruing loans past due 90 days or more (4) | \$ 527,258 | 535,755 | 530,317 | 518,728 | 461,162 |
| Government guaranteed loans included in totals above: | | | | | |
| Nonaccrual loans | \$ 45,975 | 51,165 | 50,561 | 50,891 | 43,144 |
| Accruing loans past due 90 days or more | 505,446 | 454,269 | 464,243 | 479,829 | 434,132 |
| Renegotiated loans | \$ 242,581 | 234,768 | 232,439 | 234,424 | 240,781 |
| Accruing loans acquired at a discount past due 90 days or | | | | | |
| more (5) | N/A | N/A | N/A | 39,632 | 40,733 |
| Purchased impaired loans (6): | | | | | |
| Outstanding customer balance | N/A | N/A | N/A | 415,413 | 453,382 |
| Carrying amount | N/A | N/A | N/A | 227,545 | 253,496 |
| Nonaccrual loans to total net loans | 1.26 % | 1.18 % | 1.13 % | 1.06 % | 1.12 % |
| Allowance for credit losses to total loans | 1.79 % | 1.68 % | 1.47 % | 1.16 % | 1.16 % |

(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 appears 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 | | | Nine months ended | | |
|----------------------------------------------------------|--------------------|-----------|--------|-------------------|-----------|--------|
| | September 30 | | | September 30 | | |
| | 2020 | 2019 | Change | 2020 | 2019 | Change |
| Interest income | \$ 1,001,161 | 1,229,469 | -19 % | \$ 3,153,822 | 3,693,691 | -15 % |
| Interest expense | 58,066 | 199,579 | -71 | 276,785 | 572,260 | -52 |
| Net interest income | 943,095 | 1,029,890 | -8 | 2,877,037 | 3,121,431 | -8 |
| Provision for credit losses | 150,000 | 45,000 | 233 | 725,000 | 122,000 | 494 |
| Net interest income after provision for credit losses | 793,095 | 984,890 | -19 | 2,152,037 | 2,999,431 | -28 |
| Other income | | | | | | |
| Mortgage banking revenues | 153,267 | 137,004 | 12 | 426,200 | 339,636 | 25 |
| Service charges on deposit accounts | 91,355 | 111,092 | -18 | 274,971 | 321,991 | -15 |
| Trust income | 149,937 | 143,915 | 4 | 450,570 | 421,083 | 7 |
| Brokerage services income | 11,602 | 12,077 | -4 | 35,194 | 37,031 | -5 |
| Trading account and foreign exchange gains | 4,026 | 16,072 | -75 | 33,332 | 45,327 | -26 |
| Gain (loss) on bank investment securities | 2,773 | 3,737 | -26 | (11,040) | 24,489 | — |
| Other revenues from operations | 107,601 | 103,882 | 4 | 327,967 | 351,082 | -7 |
| Total other income | 520,561 | 527,779 | -1 | 1,537,194 | 1,540,639 | — |
| Other expense | | | | | | |
| Salaries and employee benefits | 478,897 | 476,780 | — | 1,474,582 | 1,431,717 | 3 |
| Equipment and net occupancy | 81,080 | 82,690 | -2 | 237,809 | 241,187 | -1 |
| Outside data processing and software | 64,660 | 60,360 | 7 | 190,446 | 168,011 | 13 |
| FDIC assessments | 12,121 | 9,906 | 22 | 38,599 | 29,104 | 33 |
| Advertising and marketing | 11,855 | 22,088 | -46 | 44,072 | 66,409 | -34 |
| Printing, postage and supplies | 9,422 | 10,201 | -8 | 31,534 | 30,380 | 4 |
| Amortization of core deposit and other intangible assets | 3,914 | 5,088 | -23 | 11,740 | 15,185 | -23 |
| Other costs of operations | 164,825 | 210,506 | -22 | 511,450 | 663,006 | -23 |
| Total other expense | 826,774 | 877,619 | -6 | 2,540,232 | 2,644,999 | -4 |
| Income before income taxes | 486,882 | 635,050 | -23 | 1,148,999 | 1,895,071 | -39 |
| Applicable income taxes | 114,746 | 154,969 | -26 | 266,987 | 458,988 | -42 |
| Net income | \$ 372,136 | 480,081 | -22 % | \$ 882,012 | 1,436,083 | -39 % |

Condensed Consolidated Statement of Income, Five Quarter Trend

| Dollars in thousands | Three months ended | | | | |
|-------------------------------------------------------|--------------------|-----------|-----------|-----------|--------------|
| | September 30, | | June 30, | March 31, | December 31, |
| | 2020 | 2020 | 2020 | 2019 | 2019 |
| Interest income | \$ 1,001,161 | 1,032,242 | 1,120,419 | 1,185,902 | 1,229,469 |
| Interest expense | 58,066 | 75,105 | 143,614 | 177,069 | 199,579 |
| Net interest income | 943,095 | 957,137 | 976,805 | 1,008,833 | 1,029,890 |
| Provision for credit losses | 150,000 | 325,000 | 250,000 | 54,000 | 45,000 |
| Net interest income after provision for credit losses | 793,095 | 632,137 | 726,805 | 954,833 | 984,890 |
| Other income | | | | | |
| Mortgage banking revenues | 153,267 | 145,024 | 127,909 | 118,134 | 137,004 |
| Service charges on deposit accounts | 91,355 | 77,455 | 106,161 | 110,987 | 111,092 |
| Trust income | 149,937 | 151,882 | 148,751 | 151,525 | 143,915 |
| Brokerage services income | 11,602 | 10,463 | 13,129 | 11,891 | 12,077 |

| | | | | | |
|----------------------------------------------------------|-------------------|----------------|----------------|----------------|----------------|
| | 4,026 | 8,290 | 21,016 | 16,717 | 16,072 |
| Trading account and foreign exchange gains | | | | | |
| Gain (loss) on bank investment securities | 2,773 | 6,969 | (20,782) | (6,452) | 3,737 |
| Other revenues from operations | 107,601 | 87,190 | 133,176 | 118,238 | 103,882 |
| Total other income | 520,561 | 487,273 | 529,360 | 521,040 | 527,779 |
| Other expense | | | | | |
| Salaries and employee benefits | 478,897 | 458,842 | 536,843 | 469,080 | 476,780 |
| Equipment and net occupancy | 81,080 | 77,089 | 79,640 | 82,892 | 82,690 |
| Outside data processing and software | 64,660 | 61,376 | 64,410 | 61,720 | 60,360 |
| FDIC assessments | 12,121 | 14,207 | 12,271 | 12,431 | 9,906 |
| Advertising and marketing | 11,855 | 9,842 | 22,375 | 27,063 | 22,088 |
| Printing, postage and supplies | 9,422 | 11,260 | 10,852 | 9,513 | 10,201 |
| Amortization of core deposit and other intangible assets | 3,914 | 3,913 | 3,913 | 4,305 | 5,088 |
| Other costs of operations | 164,825 | 170,513 | 176,112 | 156,679 | 210,506 |
| Total other expense | 826,774 | 807,042 | 906,416 | 823,683 | 877,619 |
| Income before income taxes | 486,882 | 312,368 | 349,749 | 652,190 | 635,050 |
| Applicable income taxes | 114,746 | 71,314 | 80,927 | 159,124 | 154,969 |
| Net income | \$ 372,136 | 241,054 | 268,822 | 493,066 | 480,081 |

Condensed Consolidated Balance Sheet

| | September 30 | | |
|--------------------------------------------------|-----------------------|--------------------|-------------|
| Dollars in thousands | 2020 | 2019 | Change |
| ASSETS | | | |
| Cash and due from banks | \$ 1,489,232 | 1,818,861 | -18 % |
| Interest-bearing deposits at banks | 20,197,937 | 12,495,524 | 62 |
| Federal funds sold | — | 200 | — |
| Trading account | 1,215,573 | 614,256 | 98 |
| Investment securities | 7,723,004 | 10,677,583 | -28 |
| Loans and leases: | | | |
| Commercial, financial, etc. | 27,891,648 | 23,201,372 | 20 |
| Real estate - commercial | 37,582,084 | 34,945,231 | 8 |
| Real estate - consumer | 16,663,708 | 16,500,955 | 1 |
| Consumer | 16,309,608 | 15,175,635 | 7 |
| Total loans and leases, net of unearned discount | 98,447,048 | 89,823,193 | 10 |
| Less: allowance for credit losses | 1,758,505 | 1,038,437 | 69 |
| Net loans and leases | 96,688,543 | 88,784,756 | 9 |
| Goodwill | 4,593,112 | 4,593,112 | — |
| Core deposit and other intangible assets | 17,294 | 33,339 | -48 |
| Other assets | 6,702,048 | 6,483,295 | 3 |
| Total assets | \$ 138,626,743 | 125,500,926 | 10 % |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Noninterest-bearing deposits | \$ 44,201,670 | 31,766,724 | 39 % |
| Interest-bearing deposits | 70,061,680 | 61,785,212 | 13 |
| Deposits at Cayman Islands office | 899,989 | 1,561,997 | -42 |
| Total deposits | 115,163,339 | 95,113,933 | 21 |
| Short-term borrowings | 46,123 | 5,513,896 | -99 |
| Accrued interest and other liabilities | 1,857,383 | 2,090,762 | -11 |

| | | | |
|--------------------------------------------|----------------|-------------|------|
| Long-term borrowings | 5,458,885 | 7,002,524 | -22 |
| Total liabilities | 122,525,730 | 109,721,115 | 12 |
| Shareholders' equity: | | | |
| Preferred | 1,250,000 | 1,250,000 | — |
| Common | 14,851,013 | 14,529,811 | 2 |
| Total shareholders' equity | 16,101,013 | 15,779,811 | 2 |
| Total liabilities and shareholders' equity | \$ 138,626,743 | 125,500,926 | 10 % |

Condensed Consolidated Balance Sheet, Five Quarter Trend

| | September 30, 2020 | June 30, 2020 | March 31, 2020 | December 31, 2019 | September 30, 2019 |
|---------------------------------------------------|-----------------------|--------------------|--------------------|----------------------|-----------------------|
| Dollars in thousands | | | | | |
| ASSETS | | | | | |
| Cash and due from banks | \$ 1,489,232 | 1,354,815 | 1,298,192 | 1,432,805 | 1,818,861 |
| Interest-bearing deposits at banks | 20,197,937 | 20,888,341 | 8,896,307 | 7,190,154 | 12,495,524 |
| Federal funds sold | — | — | — | 3,500 | 200 |
| Trading account | 1,215,573 | 1,293,534 | 1,224,291 | 470,129 | 614,256 |
| Investment securities | 7,723,004 | 8,454,344 | 8,956,590 | 9,497,251 | 10,677,583 |
| Loans and leases: | | | | | |
| Commercial, financial, etc. | 27,891,648 | 29,203,862 | 26,243,648 | 23,838,168 | 23,201,372 |
| Real estate - commercial | 37,582,084 | 37,159,451 | 36,684,106 | 35,541,914 | 34,945,231 |
| Real estate - consumer | 16,663,708 | 15,611,462 | 15,643,014 | 16,156,094 | 16,500,955 |
| Consumer | 16,309,608 | 15,782,773 | 15,571,507 | 15,386,693 | 15,175,635 |
| Total loans and leases, net of unearned discount | 98,447,048 | 97,757,548 | 94,142,275 | 90,922,869 | 89,823,193 |
| Less: allowance for credit losses | 1,758,505 | 1,638,236 | 1,384,366 | 1,051,071 | 1,038,437 |
| Net loans and leases | 96,688,543 | 96,119,312 | 92,757,909 | 89,871,798 | 88,784,756 |
| Goodwill | 4,593,112 | 4,593,112 | 4,593,112 | 4,593,112 | 4,593,112 |
| Core deposit and other intangible assets | 17,294 | 21,208 | 25,121 | 29,034 | 33,339 |
| Other assets | 6,702,048 | 6,812,303 | 6,826,311 | 6,784,974 | 6,483,295 |
| Total assets | \$ 138,626,743 | 139,536,969 | 124,577,833 | 119,872,757 | 125,500,926 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Noninterest-bearing deposits | \$ 44,201,670 | 45,397,843 | 35,554,715 | 32,396,407 | 31,766,724 |
| Interest-bearing deposits | 70,061,680 | 68,701,832 | 63,410,672 | 60,689,618 | 61,785,212 |
| Deposits at Cayman Islands office | 899,989 | 868,284 | 1,217,921 | 1,684,044 | 1,561,997 |
| Total deposits | 115,163,339 | 114,967,959 | 100,183,308 | 94,770,069 | 95,113,933 |
| Short-term borrowings | 46,123 | 52,298 | 59,180 | 62,363 | 5,513,896 |
| Accrued interest and other liabilities | 1,857,383 | 2,250,316 | 2,198,116 | 2,337,490 | 2,090,762 |
| Long-term borrowings | 5,458,885 | 6,321,291 | 6,321,435 | 6,986,186 | 7,002,524 |
| Total liabilities | 122,525,730 | 123,591,864 | 108,762,039 | 104,156,108 | 109,721,115 |
| Shareholders' equity: | | | | | |
| Preferred | 1,250,000 | 1,250,000 | 1,250,000 | 1,250,000 | 1,250,000 |
| Common | 14,851,013 | 14,695,105 | 14,565,794 | 14,466,649 | 14,529,811 |
| Total shareholders' equity | 16,101,013 | 15,945,105 | 15,815,794 | 15,716,649 | 15,779,811 |
| Total liabilities and shareholders' equity | \$ 138,626,743 | 139,536,969 | 124,577,833 | 119,872,757 | 125,500,926 |

| Dollars in millions | Three months ended | | | | | | Change in balance | | | Nine months ended | |
|--------------------------------------------------------|--------------------|------------|--------------------|-------------|----------------|------------|-------------------------|------------|--------------------|-------------------|--|
| | September 30, 2020 | | September 30, 2019 | | June 30, 2020 | | September 30, 2020 from | | September 30, 2020 | | |
| | Balance | Rate | Balance | Rate | Balance | Rate | 2019 | 2020 | Balance | Rate | |
| ASSETS | | | | | | | | | | | |
| Interest-bearing deposits at banks | \$ 16,440 | .10 % | 7,405 | 2.16 % | 16,454 | .10 % | 122 % | — % | \$ 13,021 | .28 % | |
| Federal funds sold and agreements to resell securities | 5,113 | .13 | 18 | 2.01 | 692 | .11 | — | 639 | 2,353 | .33 | |
| Trading account | 50 | 1.62 | 67 | .89 | 49 | 2.04 | -26 | 2 | 54 | 2.15 | |
| Investment securities | 7,876 | 1.95 | 11,075 | 2.48 | 8,500 | 2.24 | -29 | -7 | 8,490 | 2.14 | |
| Loans and leases, net of unearned discount | | | | | | | | | | | |
| Commercial, financial, etc. | 28,333 | 3.05 | 23,326 | 4.82 | 29,733 | 3.10 | 21 | -5 | 27,455 | 3.37 | |
| Real estate - commercial | 37,243 | 4.19 | 35,200 | 5.14 | 36,947 | 4.42 | 6 | 1 | 36,743 | 4.47 | |
| Real estate - consumer | 16,558 | 3.69 | 16,673 | 4.20 | 15,599 | 4.00 | -1 | 6 | 16,032 | 3.90 | |
| Consumer | 16,076 | 4.76 | 14,879 | 5.44 | 15,518 | 4.85 | 8 | 4 | 15,683 | 4.96 | |
| Total loans and leases, net | 98,210 | 3.89 | 90,078 | 4.96 | 97,797 | 4.05 | 9 | — | 95,913 | 4.17 | |
| Total earning assets | 127,689 | 3.13 | 108,643 | 4.51 | 123,492 | 3.38 | 18 | 3 | 119,831 | 3.53 | |
| Goodwill | 4,593 | | 4,593 | | 4,593 | | — | — | 4,593 | | |
| Core deposit and other intangible assets | 19 | | 36 | | 23 | | -46 | -17 | 23 | | |
| Other assets | 7,880 | | 7,116 | | 8,338 | | 11 | -5 | 7,983 | | |
| Total assets | \$ 140,181 | | 120,388 | | 136,446 | | 16 % | 3 % | \$ 132,430 | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | | |
| Interest-bearing deposits | | | | | | | | | | | |
| Savings and interest-checking deposits | \$ 65,848 | .14 | 55,680 | .75 | 62,927 | .17 | 18 % | 5 % | \$ 61,729 | .27 | |
| Time deposits | 4,715 | 1.22 | 6,343 | 1.59 | 5,354 | 1.49 | -26 | -12 | 5,245 | 1.43 | |
| Deposits at Cayman Islands office | 957 | .10 | 1,522 | 1.62 | 1,017 | .06 | -37 | -6 | 1,214 | .42 | |
| Total interest-bearing deposits | 71,520 | .21 | 63,545 | .85 | 69,298 | .27 | 13 | 3 | 68,188 | .37 | |
| Short-term borrowings | 62 | .01 | 1,212 | 2.28 | 63 | .01 | -95 | -1 | 61 | .06 | |
| Long-term borrowings | 5,499 | 1.51 | 7,121 | 3.13 | 6,189 | 1.86 | -23 | -11 | 5,974 | 2.01 | |
| Total interest-bearing liabilities | 77,081 | .30 | 71,878 | 1.10 | 75,550 | .40 | 7 | 2 | 74,223 | .50 | |
| Noninterest-bearing deposits | 44,786 | | 30,550 | | 42,497 | | 47 | 5 | 39,931 | | |
| Other liabilities | 2,241 | | 2,123 | | 2,446 | | 6 | -8 | 2,360 | | |
| Total liabilities | 124,108 | | 104,551 | | 120,493 | | 19 | 3 | 116,514 | | |
| Shareholders' equity | 16,073 | | 15,837 | | 15,953 | | 1 | 1 | 15,916 | | |
| Total liabilities and shareholders' equity | \$ 140,181 | | 120,388 | | 136,446 | | 16 % | 3 % | \$ 132,430 | | |
| Net interest spread | 2.83 | | 3.41 | | 2.98 | | | | | 3.03 | |
| Contribution of interest-free funds | .12 | | .37 | | .15 | | | | | .19 | |
| Net interest margin | 2.95 % | | 3.78 % | | 3.13 % | | | | | 3.22 % | |

Reconciliation of Quarterly GAAP to Non-GAAP Measures

Three months ended

Nine months ended

| | September 30 | | September 30 | |
|--------------------------------------------------------------|--------------|-----------|--------------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| <u>Income statement data</u> | | | | |
| In thousands, except per share | | | | |
| Net income | | | | |
| Net income | \$ 372,136 | 480,081 | 882,012 | 1,436,083 |
| Amortization of core deposit and other intangible assets (1) | 2,893 | 3,749 | 8,680 | 11,188 |
| Net operating income | \$ 375,029 | 483,830 | 890,692 | 1,447,271 |
| <u>Earnings per common share</u> | | | | |
| Diluted earnings per common share | \$ 2.75 | 3.47 | 6.42 | 10.16 |
| Amortization of core deposit and other intangible assets (1) | .02 | .03 | .07 | .08 |
| Diluted net operating earnings per common share | \$ 2.77 | 3.50 | 6.49 | 10.24 |
| <u>Other expense</u> | | | | |
| Other expense | \$ 826,774 | 877,619 | 2,540,232 | 2,644,999 |
| Amortization of core deposit and other intangible assets | (3,914) | (5,088) | (11,740) | (15,185) |
| Noninterest operating expense | \$ 822,860 | 872,531 | 2,528,492 | 2,629,814 |
| <u>Efficiency ratio</u> | | | | |
| Noninterest operating expense (numerator) | \$ 822,860 | 872,531 | 2,528,492 | 2,629,814 |
| Taxable-equivalent net interest income | 947,114 | 1,035,469 | 2,890,353 | 3,138,902 |
| Other income | 520,561 | 527,779 | 1,537,194 | 1,540,639 |
| Less: Gain (loss) on bank investment securities | 2,773 | 3,737 | (11,040) | 24,489 |
| Denominator | \$ 1,464,902 | 1,559,511 | 4,438,587 | 4,655,052 |
| Efficiency ratio | 56.17 % | 55.95 % | 56.97 % | 56.49 % |
| <u>Balance sheet data</u> | | | | |
| In millions | | | | |
| <u>Average assets</u> | | | | |
| Average assets | \$ 140,181 | 120,388 | 132,430 | 118,584 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (19) | (36) | (23) | (41) |
| Deferred taxes | 5 | 10 | 6 | 11 |
| Average tangible assets | \$ 135,574 | 115,769 | 127,820 | 113,961 |
| <u>Average common equity</u> | | | | |
| Average total equity | \$ 16,073 | 15,837 | 15,916 | 15,679 |
| Preferred stock | (1,250) | (1,373) | (1,250) | (1,279) |
| Average common equity | 14,823 | 14,464 | 14,666 | 14,400 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (19) | (36) | (23) | (41) |
| Deferred taxes | 5 | 10 | 6 | 11 |
| Average tangible common equity | \$ 10,216 | 9,845 | 10,056 | 9,777 |
| At end of quarter | | | | |
| <u>Total assets</u> | | | | |
| Total assets | \$ 138,627 | 125,501 | | |
| Goodwill | (4,593) | (4,593) | | |
| Core deposit and other intangible assets | (17) | (33) | | |
| Deferred taxes | 4 | 8 | | |
| Total tangible assets | \$ 134,021 | 120,883 | | |
| <u>Total common equity</u> | | | | |

| | | |
|-----------------------------------------------------------------|-----------|----------|
| Total equity | \$ 16,101 | 15,780 |
| Preferred stock | (1,250) | (1,250) |
| Common equity, net of undeclared cumulative preferred dividends | 14,851 | 14,530 |
| Goodwill | (4,593) | (4,593) |
| Core deposit and other intangible assets | (17) | (33) |
| Deferred taxes | 4 | 8 |
| Total tangible common equity | \$ 10,245 | \$ 9,912 |

(1) After any related tax effect.

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

| | Three months ended | | | | |
|--------------------------------------------------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|
| | September 30, 2020 | June 30, 2020 | March 31, 2020 | December 31, 2019 | September 30, 2019 |
| Income statement data | | | | | |
| In thousands, except per share | | | | | |
| Net income | | | | | |
| Net income | \$ 372,136 | 241,054 | 268,822 | 493,066 | 480,081 |
| Amortization of core deposit and other intangible assets (1) | 2,893 | 2,904 | 2,883 | 3,171 | 3,749 |
| Net operating income | \$ 375,029 | 243,958 | 271,705 | 496,237 | 483,830 |
| Earnings per common share | | | | | |
| Diluted earnings per common share | \$ 2.75 | 1.74 | 1.93 | 3.60 | 3.47 |
| Amortization of core deposit and other intangible assets (1) | .02 | .02 | .02 | .02 | .03 |
| Diluted net operating earnings per common share | \$ 2.77 | 1.76 | 1.95 | 3.62 | 3.50 |
| Other expense | | | | | |
| Other expense | \$ 826,774 | 807,042 | 906,416 | 823,683 | 877,619 |
| Amortization of core deposit and other intangible assets | (3,914) | (3,913) | (3,913) | (4,305) | (5,088) |
| Noninterest operating expense | \$ 822,860 | 803,129 | 902,503 | 819,378 | 872,531 |
| Efficiency ratio | | | | | |
| Noninterest operating expense (numerator) | \$ 822,860 | 803,129 | 902,503 | 819,378 | 872,531 |
| Taxable-equivalent net interest income | 947,114 | 961,371 | 981,868 | 1,014,225 | 1,035,469 |
| Other income | 520,561 | 487,273 | 529,360 | 521,040 | 527,779 |
| Less: Gain (loss) on bank investment securities | 2,773 | 6,969 | (20,782) | (6,452) | 3,737 |
| Denominator | \$ 1,464,902 | 1,441,675 | 1,532,010 | 1,541,717 | 1,559,511 |
| Efficiency ratio | 56.17 % | 55.71 % | 58.91 % | 53.15 % | 55.95 % |
| Balance sheet data | | | | | |
| In millions | | | | | |
| Average assets | | | | | |
| Average assets | \$ 140,181 | 136,446 | 120,585 | 122,554 | 120,388 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (19) | (23) | (27) | (31) | (36) |
| Deferred taxes | 5 | 6 | 7 | 8 | 10 |
| Average tangible assets | \$ 135,574 | 131,836 | 115,972 | 117,938 | 115,769 |
| Average common equity | | | | | |
| Average total equity | \$ 16,073 | 15,953 | 15,720 | 15,832 | 15,837 |

| | | | | | |
|-----------------------------------------------------------------|------------|---------|---------|---------|---------|
| Preferred stock | (1,250) | (1,250) | (1,250) | (1,250) | (1,373) |
| Average common equity | 14,823 | 14,703 | 14,470 | 14,582 | 14,464 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (19) | (23) | (27) | (31) | (36) |
| Deferred taxes | 5 | 6 | 7 | 8 | 10 |
| Average tangible common equity | \$ 10,216 | 10,093 | 9,857 | 9,966 | 9,845 |
| At end of quarter | | | | | |
| Total assets | | | | | |
| Total assets | \$ 138,627 | 139,537 | 124,578 | 119,873 | 125,501 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (17) | (21) | (25) | (29) | (33) |
| Deferred taxes | 4 | 5 | 6 | 7 | 8 |
| Total tangible assets | \$ 134,021 | 134,928 | 119,966 | 115,258 | 120,883 |
| Total common equity | | | | | |
| Total equity | \$ 16,101 | 15,945 | 15,816 | 15,717 | 15,780 |
| Preferred stock | (1,250) | (1,250) | (1,250) | (1,250) | (1,250) |
| Common equity, net of undeclared cumulative preferred dividends | 14,851 | 14,695 | 14,566 | 14,467 | 14,530 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (17) | (21) | (25) | (29) | (33) |
| Deferred taxes | 4 | 5 | 6 | 7 | 8 |
| Total tangible common equity | \$ 10,245 | 10,086 | 9,954 | 9,852 | 9,912 |

(1)

After any related tax effect.

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<https://newsroom.mtb.com/2020-10-22-M-T-Bank-Corporation-Announces-Third-Quarter-Results>