

M&T Bank Corporation Announces First Quarter Results

BUFFALO, N.Y., April 20, 2022 /PRNewswire/ -- M&T Bank Corporation ("M&T") (NYSE: MTB) today reported its results of operations for the quarter ended March 31, 2022.

GAAP Results of Operations Diluted earnings per common share measured in accordance with generally accepted accounting principles ("GAAP") were \$2.62 in the first quarter of 2022, compared with \$3.33 in the year-earlier quarter and \$3.37 in the fourth quarter of 2021. GAAP-basis net income was \$362 million in the recent quarter, \$447 million in the first quarter of 2021 and \$458 million in the final 2021 quarter. GAAP-basis net income in the initial quarter of 2022 expressed as an annualized rate of return on average assets and average common shareholders' equity was .97% and 8.55%, respectively, compared with 1.22% and 11.57%, respectively, in the similar 2021 period and 1.15% and 10.91%, respectively, in the fourth quarter of 2021. Included in noninterest expenses in the recent quarter were merger-related expenses associated with M&T's acquisition of People's United Financial, Inc. ("People's United") of \$17 million (\$13 million after-tax effect, or \$.10 of diluted earnings per common share), compared with \$10 million (\$8 million after-tax effect, or \$.06 of diluted earnings per common share) in the year-earlier quarter and \$21 million (\$16 million after-tax effect, or \$.12 of diluted earnings per share) in the fourth quarter of 2021.

On March 4, 2022, M&T received Federal Reserve approval to acquire People's United and on April 1, 2022 closed the acquisition. Pursuant to the terms of the merger agreement, People's United shareholders received consideration valued at .118 of an M&T common share in exchange for each common share of People's United. Additionally, People's United outstanding preferred stock was converted into shares of Series H preferred stock of M&T (NYSE: MTBPrH). The purchase price totaled approximately \$8.4 billion (with the price based on M&T's close price of \$164.66 per share as of April 1, 2022). Excluding the impact of acquisition accounting adjustments, as of March 31, 2022 People's United reported total assets of approximately \$63.0 billion, total liabilities of approximately \$55.5 billion and total shareholders' equity of approximately \$7.5 billion.

Darren J. King, Chief Financial Officer, commented on M&T's results, "The first quarter results continue to reflect M&T's strong credit underwriting as evidenced by historically low charge-offs for the quarter and a stable allowance for credit losses. Revenues were in line with expectations and expenses, which include the usual seasonal increase in salaries and employee benefits expense, were prudently managed. Our capital position remains very strong with an estimated Common Equity Tier 1 ratio of 11.6%, compared with 11.4% at last year's end. We were excited to close the People's United merger and look forward to working together with our new colleagues to expand our premier banking franchise."

Earnings Highlights

| (\$ in millions, except per share data) | 1Q22 | 1Q21 | 4Q21 | Change 1Q22 vs. | |
|---|---------|---------|---------|-----------------|-------|
| | | | | 1Q21 | 4Q21 |
| Net income | \$ 362 | \$ 447 | \$ 458 | -19 % | -21 % |
| Net income available to common shareholders – diluted | \$ 340 | \$ 428 | \$ 434 | -21 % | -22 % |
| Diluted earnings per common share | \$ 2.62 | \$ 3.33 | \$ 3.37 | -21 % | -22 % |
| Annualized return on average assets | .97 % | 1.22 % | 1.15 % | | |
| Annualized return on average common equity | 8.55 % | 11.57 % | 10.91 % | | |

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 \$2.73 in the first quarter of 2022, compared with \$3.41 in the year-earlier quarter and \$3.50 in the fourth quarter of 2021. Net operating income aggregated \$376 million in the recent quarter, \$457 million in the first quarter of 2021 and \$475 million in 2021's fourth quarter. Expressed as an annualized rate of return on average tangible assets and average tangible common shareholders' equity, net operating income in the first quarter of 2022 was 1.04% and 12.44%, respectively, 1.29% and 17.05%, respectively, in the similar quarter of 2021 and 1.23% and 15.98%, respectively, in the fourth quarter of 2021.

Taxable-equivalent Net Interest Income Net interest income expressed on a taxable-equivalent basis totaled \$907 million in the recent quarter, compared with \$985 million in the first quarter of 2021 and \$937 million in the fourth quarter of 2021. The decrease compared with the earlier quarters reflects lower outstanding average loan balances, including significantly reduced balances of loans made under the Paycheck Protection Program ("PPP"). Two fewer days in the recent quarter also contributed to the reduced net interest income as compared with 2021's fourth quarter. Average loans outstanding and the net interest margin were \$92.2 billion and 2.65%, respectively, in the first quarter of 2022, compared with \$99.4 billion and 2.97%, respectively, in the year earlier quarter and \$93.3 billion and 2.58%, respectively, in the fourth quarter of 2021. Outstanding PPP loans averaged \$870 million in 2022's first quarter, compared with \$5.73 billion in the first quarter of 2021 and \$1.65 billion in the fourth quarter of 2021.

Taxable-equivalent Net Interest Income

| (\$ in millions) | 1Q22 | | | 1Q21 | | | 4Q21 | | | Change 1Q22 vs. | |
|--|------|---------|--------|------|---------|--------|------|---------|--------|-----------------|------|
| | | | | | | | | | | | |
| Average earning assets | \$ | 138,624 | | \$ | 134,355 | | \$ | 144,420 | | 3 % | -4 % |
| Net interest income – taxable-equivalent | \$ | 907 | | \$ | 985 | | \$ | 937 | | -8 % | -3 % |
| Net interest margin | | | 2.65 % | | | 2.97 % | | | 2.58 % | | |

Provision for Credit Losses/Asset Quality. The provision for credit losses was \$10 million in the recent quarter, compared with provision recaptures of \$25 million and \$15 million recorded in the first and fourth quarters of 2021, respectively. Net loan charge-offs were \$7 million in the first quarter of 2022, greatly improved from \$75 million in the first quarter of 2021 and \$31 million in 2021's final quarter. Expressed as an annualized percentage of average loans outstanding, net charge-offs were .03% and .31% in the first quarters of 2022 and 2021, respectively, and .13% in the fourth quarter of 2021.

Loans classified as nonaccrual totaled \$2.13 billion at March 31, 2022, up from \$1.96 billion at March 31, 2021 and \$2.06 billion at December 31, 2021. Nonaccrual loans as a percentage of total loans were 2.32% at the recent quarter-end, compared with 1.97% a year earlier and 2.22% at December 31, 2021. Assets taken in foreclosure of defaulted loans were \$24 million at each of March 31, 2022 and December 31, 2021, compared with \$30 million at March 31, 2021.

Allowance for Credit Losses. M&T regularly performs comprehensive analyses of its loan portfolios and assesses forecasted economic conditions for purposes of determining the adequacy of the allowance for credit losses. As a result of those procedures, the allowance for credit losses totaled \$1.47 billion or 1.60% of loans outstanding at March 31, 2022, compared with \$1.64 billion or 1.65% at March 31, 2021 and \$1.47 billion or 1.58% at December 31, 2021. The allowance at March 31, 2022, March 31, 2021, and December 31, 2021 represented 1.61%, 1.75%, and 1.60%, respectively, of total loans on those dates, excluding outstanding balances of PPP loans.

Asset Quality Metrics

| (\$ in millions) | 1Q22 | 1Q21 | 4Q21 | Change 1Q22 vs. | |
|---|----------|----------|----------|-----------------|-------|
| | | | | 1Q21 | 4Q21 |
| <u>At end of quarter</u> | | | | | |
| Nonaccrual loans | \$ 2,134 | \$ 1,957 | \$ 2,060 | 9 % | 4 % |
| Real estate and other foreclosed assets | \$ 24 | \$ 30 | \$ 24 | -21 % | -2 % |
| Total nonperforming assets | \$ 2,158 | \$ 1,987 | \$ 2,084 | 9 % | 4 % |
| Accruing loans past due 90 days or more (1) | \$ 777 | \$ 1,085 | \$ 963 | -28 % | -19 % |
| Nonaccrual loans as % of loans outstanding | 2.32 % | 1.97 % | 2.22 % | | |
| Allowance for credit losses | \$ 1,472 | \$ 1,636 | \$ 1,469 | -10 % | — |
| Allowance for credit losses as % of loans outstanding | 1.60 % | 1.65 % | 1.58 % | | |
| <u>For the period</u> | | | | | |
| Provision for credit losses | \$ 10 | \$ (25) | \$ (15) | — | — |
| Net charge-offs | \$ 7 | \$ 75 | \$ 31 | -91 % | -78 % |
| Net charge-offs as % of average loans (annualized) | .03 % | .31 % | .13 % | | |

(1) Predominantly government-guaranteed residential real estate loans.

Noninterest Income and Expense. Noninterest income totaled \$541 million in the first quarter of 2022, up from \$506 million in the year-earlier quarter. That increase was reflective of higher trust income, service charges on deposit accounts, brokerage services income, as well as a \$30 million distribution from Bayview Lending Group LLC, partially offset by decreased mortgage banking revenues that reflect the impact of M&T's decision to retain recently originated mortgage loans in portfolio rather than sell such loans. Noninterest income was \$579 million in last year's fourth quarter. The comparative decline in the recent quarter was predominantly the result of the decreased mortgage banking revenues.

Noninterest Income

| (\$ in millions) | 1Q22 | 1Q21 | 4Q21 | Change 1Q22 vs. | |
|------------------|------|------|------|-----------------|------|
| | 1Q21 | 4Q21 | | 1Q21 | 4Q21 |

| | | | | | |
|--|---------------|---------------|---------------|------------|-------------|
| Mortgage banking revenues | \$ 109 | \$ 139 | \$ 139 | -21 % | -22 % |
| Service charges on deposit accounts | 102 | 93 | 105 | 9 % | -4 % |
| Trust income | 169 | 156 | 169 | 8 % | — |
| Brokerage services income | 20 | 13 | 19 | 54 % | 7 % |
| Trading account and foreign exchange gains | 5 | 6 | 6 | -15 % | -11 % |
| Gain (loss) on bank investment securities | (1) | (12) | 2 | — | — |
| Other revenues from operations | 137 | 111 | 139 | 23 % | -2 % |
| Total | \$ 541 | \$ 506 | \$ 579 | 7 % | -7 % |

Noninterest expense totaled \$960 million in the first quarter of 2022, compared with \$919 million in the similar quarter of 2021 and \$928 million in the fourth quarter of 2021. Excluding expenses considered to be nonoperating in nature, such as amortization of core deposit and other intangible assets and merger-related expenses, noninterest operating expenses were \$941 million in the recent quarter, \$907 million in the first quarter of 2021 and \$904 million in 2021's fourth quarter. Factors contributing to the increase in noninterest operating expenses in the recent quarter as compared with the year-earlier quarter were higher costs for salaries and employee benefits (including increased incentive compensation expenses), outside data processing and software, offset by lower pension-related expenses. As compared with the fourth quarter of 2021, the increased level of noninterest operating expenses in the recent quarter resulted largely from seasonally higher salaries and employee benefits, including increased stock-based compensation, payroll-related taxes and other employee benefits, partially offset by lower pension-related and professional services costs.

Noninterest Expense

| (\$ in millions) | 1Q22 | 1Q21 | 4Q21 | Change 1Q22 vs. | |
|--|---------------|---------------|---------------|-----------------|------------|
| | | | | 1Q21 | 4Q21 |
| Salaries and employee benefits | \$ 578 | \$ 541 | \$ 515 | 7 % | 12 % |
| Equipment and net occupancy | 86 | 82 | 83 | 4 % | 4 % |
| Outside data processing and software | 80 | 66 | 79 | 21 % | 1 % |
| FDIC assessments | 16 | 14 | 19 | 10 % | -17 % |
| Advertising and marketing | 16 | 15 | 21 | 10 % | -25 % |
| Printing, postage and supplies | 10 | 9 | 8 | 9 % | 25 % |
| Amortization of core deposit and other intangible assets | 1 | 3 | 2 | -54 % | -36 % |
| Other costs of operations | 173 | 189 | 201 | -8 % | -14 % |
| Total | \$ 960 | \$ 919 | \$ 928 | 4 % | 3 % |

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 64.9% in the first quarter of 2022, 60.3% in the year-earlier quarter and 59.7% in the fourth quarter of 2021.

Balance Sheet. M&T had total assets of \$149.9 billion at March 31, 2022, compared with \$150.5 billion and \$155.1 billion at March 31, 2021 and December 31, 2021, respectively. Loans and leases, net of unearned discount, were \$91.8 billion at March 31, 2022, compared with \$99.3 billion at March 31, 2021 and \$92.9 billion at December 31, 2021. The lower level of loans and leases at the recent quarter-end as compared with the earlier dates noted is largely a reflection of declines in balances of PPP loans outstanding. PPP loans totaled \$592 million at March 31, 2022, down from \$6.2 billion at March 31, 2021 and \$1.2 billion at December 31, 2021. Total deposits were \$126.3 billion at the recent quarter-end, \$128.5 billion a year earlier and \$131.5 billion at December 31, 2021.

Total shareholders' equity was \$17.9 billion at each of March 31, 2022 and December 31, 2021, or 11.93% and 11.54% of total assets, respectively, and \$16.4 billion, or 10.93% at March 31, 2021. Common shareholders' equity was \$16.1 billion, or \$124.93 per share, at March 31, 2022, compared with \$15.2 billion, or \$118.12 per share, a year-earlier and \$16.2 billion, or \$125.51 per share, at December 31, 2021. Tangible equity per common share was \$89.33 at March 31, 2022, \$82.35 at March 31, 2021 and \$89.80 at December 31, 2021. 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 11.6% at March 31, 2022, up from 11.4% three months earlier and 10.4% at March 31, 2021.

Conference Call. Investors will have an opportunity to listen to M&T's conference call to discuss first quarter financial results today at 1:00 a.m. Eastern Time. Those wishing to participate in the call may dial (866) 342-8591. International participants, using any applicable international calling codes, may dial (203) 518-9713. Callers should reference M&T Bank Corporation or the conference ID #MTBQ122. 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 Wednesday April 27, 2022 by calling (800) 723-0389, or (402) 220-2647 for international participants. No conference ID is required. 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>.

About M&T. M&T is a financial holding company headquartered in Buffalo, New York. On April 1, M&T successfully completed the acquisition of People's United. The combined company employs more than 22,000 people and has a network of over 1,000 branches and 2,200 ATMs. M&T's principal banking subsidiary, M&T Bank, operates banking offices in 12 states across the eastern U.S. from Maine to Virginia and Washington, D.C. Trust-related services are provided by M&T's Wilmington Trust-affiliated companies in select markets in the U.S. and abroad and by M&T Bank. For more information on M&T Bank, visit www.mtb.com.

In February, M&T Bank received 29 regional and national Greenwich Excellence awards and six Greenwich Best Brand awards, continuing its streak as one of the nation's highest rated banks for the customer experience it provides to businesses. M&T Bank earned the most awards of any bank in the country for small business banking and its combined total across small business and middle market categories also led the nation.

Forward-Looking Statements. This news release and related conference call may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the rules and regulations of the SEC. Any statement that does not describe historical or current facts is a forward-looking statement, including statements based on current expectations, estimates and projections about M&T's business, and management's beliefs and assumptions.

Statements regarding the potential effects of the war in Ukraine, the COVID-19 pandemic and other notable national and global current events 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.

Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "target," "estimate," "continue," or "potential," by future conditional verbs such as "will," "would," "should," "could," or "may," or by variations of such words or by similar expressions. 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. Also as described further below, statements regarding M&T's expectations or predictions regarding the acquisition of People's United are forward-looking statements, including statements regarding the expected financial results, prospects, targets, goals and outlook.

Future factors include the impact of the People's United transaction (as described in the next paragraph); the impact of the war in Ukraine; the impact of the COVID-19 pandemic; economic conditions including inflation; 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; the impact of changes in market values on trust-related revenues; legislation or regulations affecting the financial services industry and/or M&T and its subsidiaries individually or collectively, including tax policy; regulatory supervision and oversight, including monetary policy and capital requirements; governmental and public policy changes; the outcome of pending and future litigation and governmental proceedings, including tax-related examinations and other matters; changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board, regulatory agencies or legislation; increasing price, product and 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 and services; containing costs and expenses; protection and validity of intellectual property rights; reliance on large customers; technological, implementation and cost/financial risks in large, multi-year contracts; 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.

In addition, future factors related to the acquisition of People's United include, among others: the outcome of any legal proceedings that may be instituted against M&T; the possibility that the anticipated benefits of the transaction will not be realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where M&T does business; the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; diversion of management's attention from ongoing business operations and opportunities; potential adverse reactions or changes to business or employee relationships; M&T's success in executing its business plans and strategies and managing the risks involved in the foregoing; the business, economic and political conditions in the markets in which M&T operates; and other factors that may affect future results of M&T.

Future factors related to the acquisition also include risks, such as, among others: that there could be an adverse effect on M&T's ability to retain customers and retain or hire key personnel and maintain relationships with customers; that integration efforts may be more difficult or time-consuming than anticipated, including in areas such as sales force, cost containment, asset realization, systems integration and other key strategies; that profitability following the combination may be lower than expected including for possible reasons such as lower than expected revenues or higher or unexpected costs, charges or expenses resulting from the transaction; unforeseen risks relating to liabilities of M&T or People's United that may exist; and other factors that may affect future results of M&T.

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.

M&T provides further detail regarding these risks and uncertainties in its Form 10-K for the year-ended December 31, 2021, including in the Risk Factors section of such report, as well as in other 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.

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Financial Highlights

| | Three months ended March 31 | | |
|---|--------------------------------|---------|--------|
| Amounts in thousands, except per share | 2022 | 2021 | Change |
| <u>Performance</u> | | | |
| Net income | \$ 362,174 | 447,249 | -19 % |
| Net income available to common shareholders | 339,590 | 428,093 | -21 % |
| Per common share: | | | |
| Basic earnings | \$ 2.63 | 3.33 | -21 % |
| Diluted earnings | 2.62 | 3.33 | -21 % |
| Cash dividends | \$ 1.20 | 1.10 | 9 % |
| Common shares outstanding: | | | |
| Average - diluted (1) | 129,416 | 128,669 | 1 % |
| Period end (2) | 129,080 | 128,658 | — |
| Return on (annualized): | | | |
| Average total assets | .97 % | 1.22 % | |
| Average common shareholders' equity | 8.55 % | 11.57 % | |
| Taxable-equivalent net interest income | \$ 907,408 | 985,128 | -8 % |
| Yield on average earning assets | 2.72 % | 3.08 % | |
| Cost of interest-bearing liabilities | .13 % | .18 % | |
| Net interest spread | 2.59 % | 2.90 % | |
| Contribution of interest-free funds | .06 % | .07 % | |
| Net interest margin | 2.65 % | 2.97 % | |
| Net charge-offs to average total net loans (annualized) | .03 % | .31 % | |
| <u>Net operating results (3)</u> | | | |
| Net operating income | \$ 375,999 | 457,372 | -18 % |
| Diluted net operating earnings per common share | 2.73 | 3.41 | -20 % |
| Return on (annualized): | | | |
| Average tangible assets | 1.04 % | 1.29 % | |
| Average tangible common equity | 12.44 % | 17.05 % | |

| | | |
|------------------|--------|--------|
| Efficiency ratio | 64.9 % | 60.3 % |
|------------------|--------|--------|

| | At March 31 | | |
|---|--------------|-----------|--------|
| <u>Loan quality</u> | 2022 | 2021 | Change |
| Nonaccrual loans | \$ 2,134,231 | 1,957,106 | 9 % |
| Real estate and other foreclosed assets | 23,524 | 29,797 | -21 % |
| Total nonperforming assets | \$ 2,157,755 | 1,986,903 | 9 % |
| Accruing loans past due 90 days or more (4) | \$ 776,751 | 1,084,553 | -28 % |
| Government guaranteed loans included in totals above: | | | |
| Nonaccrual loans | \$ 46,151 | 51,668 | -11 % |
| Accruing loans past due 90 days or more | 689,831 | 1,044,599 | -34 % |
| Renegotiated loans | \$ 242,108 | 242,121 | — |
| Nonaccrual loans to total net loans | | 2.32 % | 1.97 % |
| Allowance for credit losses to total loans | | 1.60 % | 1.65 % |

(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.

Financial Highlights, Five Quarter Trend

| | Three months ended | | | | |
|---|--------------------|--------------|---------------|----------|-----------|
| | March 31, | December 31, | September 30, | June 30, | March 31, |
| Amounts in thousands, except per share | 2022 | 2021 | 2021 | 2021 | 2021 |
| Performance | | | | | |
| Net income | \$ 362,174 | 457,968 | 495,460 | 458,069 | 447,249 |
| Net income available to common shareholders | 339,590 | 434,171 | 475,961 | 438,759 | 428,093 |
| Per common share: | | | | | |
| Basic earnings | \$ 2.63 | 3.37 | 3.70 | 3.41 | 3.33 |
| Diluted earnings | 2.62 | 3.37 | 3.69 | 3.41 | 3.33 |
| Cash dividends | \$ 1.20 | 1.20 | 1.10 | 1.10 | 1.10 |
| Common shares outstanding: | | | | | |
| Average - diluted (1) | 129,416 | 128,888 | 128,844 | 128,842 | 128,669 |
| Period end (2) | 129,080 | 128,705 | 128,699 | 128,686 | 128,658 |
| Return on (annualized): | | | | | |
| Average total assets | .97 % | 1.15 % | 1.28 % | 1.22 % | 1.22 % |
| Average common shareholders' equity | 8.55 % | 10.91 % | 12.16 % | 11.55 % | 11.57 % |

| | | | | | |
|---|-------------------|----------------------|-----------------------|------------------|-------------------|
| Taxable-equivalent net interest income | \$ 907,408 | 937,356 | 970,953 | 946,072 | 985,128 |
| Yield on average earning assets | 2.72 % | 2.64 % | 2.82 % | 2.85 % | 3.08 % |
| Cost of interest-bearing liabilities | .13 % | .12 % | .14 % | .14 % | .18 % |
| Net interest spread | 2.59 % | 2.52 % | 2.68 % | 2.71 % | 2.90 % |
| Contribution of interest-free funds | .06 % | .06 % | .06 % | .06 % | .07 % |
| Net interest margin | 2.65 % | 2.58 % | 2.74 % | 2.77 % | 2.97 % |
| Net charge-offs to average total net loans (annualized) | .03 % | .13 % | .17 % | .19 % | .31 % |
| <u>Net operating results (3)</u> | | | | | |
| Net operating income | \$ 375,999 | 475,477 | 504,030 | 462,959 | 457,372 |
| Diluted net operating earnings per common share | 2.73 | 3.50 | 3.76 | 3.45 | 3.41 |
| Return on (annualized): | | | | | |
| Average tangible assets | 1.04 % | 1.23 % | 1.34 % | 1.27 % | 1.29 % |
| Average tangible common equity | 12.44 % | 15.98 % | 17.54 % | 16.68 % | 17.05 % |
| Efficiency ratio | 64.9 % | 59.7 % | 57.7 % | 58.4 % | 60.3 % |
| | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 | March 31, 2021 |
| <u>Loan quality</u> | | | | | |
| Nonaccrual loans | \$ 2,134,231 | 2,060,083 | 2,242,263 | 2,242,057 | 1,957,106 |
| Real estate and other foreclosed assets | 23,524 | 23,901 | 24,786 | 27,902 | 29,797 |
| Total nonperforming assets | \$ 2,157,755 | 2,083,984 | 2,267,049 | 2,269,959 | 1,986,903 |
| Accruing loans past due 90 days or more (4) | \$ 776,751 | 963,399 | 1,026,080 | 1,077,227 | 1,084,553 |
| Government guaranteed loans included in totals above: | | | | | |
| Nonaccrual loans | \$ 46,151 | 51,429 | 47,358 | 49,796 | 51,668 |
| Accruing loans past due 90 days or more | 689,831 | 927,788 | 947,091 | 1,029,331 | 1,044,599 |
| Renegotiated loans | \$ 242,108 | 230,408 | 242,955 | 236,377 | 242,121 |
| Nonaccrual loans to total net loans | 2.32 % | 2.22 % | 2.40 % | 2.31 % | 1.97 % |
| Allowance for credit losses to total loans | 1.60 % | 1.58 % | 1.62 % | 1.62 % | 1.65 % |

(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.

Condensed Consolidated Statement of Income

| Dollars in thousands | Three months ended March 31 | |
|----------------------|--------------------------------|--------|
| | 2022 | 2021 |
| | | Change |

| | | | |
|--|------------|-----------|-------|
| Interest income | \$ 928,256 | 1,016,962 | -9 % |
| Interest expense | 24,082 | 35,567 | -32 |
| Net interest income | 904,174 | 981,395 | -8 |
| Provision for credit losses | 10,000 | (25,000) | — |
| Net interest income after provision for credit losses | 894,174 | 1,006,395 | -11 |
| Other income | | | |
| Mortgage banking revenues | 109,148 | 138,754 | -21 |
| Service charges on deposit accounts | 101,507 | 92,777 | 9 |
| Trust income | 169,213 | 156,022 | 8 |
| Brokerage services income | 20,190 | 13,113 | 54 |
| Trading account and foreign exchange gains | 5,369 | 6,284 | -15 |
| Gain (loss) on bank investment securities | (743) | (12,282) | — |
| Other revenues from operations | 136,203 | 110,930 | 23 |
| Total other income | 540,887 | 505,598 | 7 |
| Other expense | | | |
| Salaries and employee benefits | 577,520 | 541,078 | 7 |
| Equipment and net occupancy | 85,812 | 82,471 | 4 |
| Outside data processing and software | 79,719 | 65,751 | 21 |
| FDIC assessments | 15,576 | 14,188 | 10 |
| Advertising and marketing | 16,024 | 14,628 | 10 |
| Printing, postage and supplies | 10,150 | 9,317 | 9 |
| Amortization of core deposit and other intangible assets | 1,256 | 2,738 | -54 |
| Other costs of operations | 173,684 | 189,273 | -8 |
| Total other expense | 959,741 | 919,444 | 4 |
| Income before income taxes | 475,320 | 592,549 | -20 |
| Applicable income taxes | 113,146 | 145,300 | -22 |
| Net income | \$ 362,174 | 447,249 | -19 % |

Condensed Consolidated Statement of Income, Five Quarter Trend

| | Three months ended | | | | |
|----------------------|--------------------|--------------|---------------|----------|-----------|
| | March 31, | December 31, | September 30, | June 30, | March 31, |
| Dollars in thousands | 2022 | 2021 | 2021 | 2021 | 2021 |
| Interest income | \$ 928,256 | 958,518 | 992,946 | 970,358 | 1,016,962 |
| Interest expense | 24,082 | 24,725 | 25,696 | 28,018 | 35,567 |
| Net interest income | 904,174 | 933,793 | 967,250 | 942,340 | 981,395 |

| | | | | | |
|--|------------|----------|----------|----------|-----------|
| Provision for credit losses | 10,000 | (15,000) | (20,000) | (15,000) | (25,000) |
| Net interest income after provision for credit losses | 894,174 | 948,793 | 987,250 | 957,340 | 1,006,395 |
| Other income | | | | | |
| Mortgage banking revenues | 109,148 | 139,267 | 159,995 | 133,313 | 138,754 |
| Service charges on deposit accounts | 101,507 | 105,392 | 105,426 | 98,518 | 92,777 |
| Trust income | 169,213 | 168,827 | 156,876 | 162,991 | 156,022 |
| Brokerage services income | 20,190 | 18,923 | 20,490 | 10,265 | 13,113 |
| Trading account and foreign exchange gains | 5,369 | 6,027 | 5,563 | 6,502 | 6,284 |
| Gain (loss) on bank investment securities | (743) | 1,426 | 291 | (10,655) | (12,282) |
| Other revenues from operations | 136,203 | 138,775 | 120,485 | 112,699 | 110,930 |
| Total other income | 540,887 | 578,637 | 569,126 | 513,633 | 505,598 |
| Other expense | | | | | |
| Salaries and employee benefits | 577,520 | 515,043 | 510,422 | 479,134 | 541,078 |
| Equipment and net occupancy | 85,812 | 82,641 | 80,738 | 80,848 | 82,471 |
| Outside data processing and software | 79,719 | 78,814 | 72,782 | 74,492 | 65,751 |
| FDIC assessments | 15,576 | 18,830 | 18,810 | 17,876 | 14,188 |
| Advertising and marketing | 16,024 | 21,228 | 15,208 | 13,364 | 14,628 |
| Printing, postage and supplies | 10,150 | 8,140 | 7,917 | 11,133 | 9,317 |
| Amortization of core deposit and other intangible assets | 1,256 | 1,954 | 2,738 | 2,737 | 2,738 |
| Other costs of operations | 173,684 | 200,850 | 190,719 | 185,761 | 189,273 |
| Total other expense | 959,741 | 927,500 | 899,334 | 865,345 | 919,444 |
| Income before income taxes | 475,320 | 599,930 | 657,042 | 605,628 | 592,549 |
| Applicable income taxes | 113,146 | 141,962 | 161,582 | 147,559 | 145,300 |
| Net income | \$ 362,174 | 457,968 | 495,460 | 458,069 | 447,249 |

Condensed Consolidated Balance Sheet

| | March 31 | | |
|------------------------------------|--------------|------------|--------|
| Dollars in thousands | 2022 | 2021 | Change |
| ASSETS | | | |
| Cash and due from banks | \$ 1,411,460 | 1,258,989 | 12 % |
| Interest-bearing deposits at banks | 36,025,382 | 31,407,227 | 15 |
| Federal funds sold | — | 1,000 | -100 |
| Trading account | 197,558 | 687,359 | -71 |
| Investment securities | 9,356,832 | 6,610,667 | 42 |
| Loans and leases: | | | |
| Commercial, financial, etc. | 23,496,017 | 27,811,190 | -16 |

| | | | |
|--|----------------|-------------|------|
| Real estate - commercial | 34,553,558 | 37,425,974 | -8 |
| Real estate - consumer | 15,595,879 | 17,349,683 | -10 |
| Consumer | 18,162,938 | 16,712,233 | 9 |
| Total loans and leases, net of unearned discount | 91,808,392 | 99,299,080 | -8 |
| Less: allowance for credit losses | 1,472,359 | 1,636,206 | -10 |
| Net loans and leases | 90,336,033 | 97,662,874 | -8 |
| Goodwill | 4,593,112 | 4,593,112 | — |
| Core deposit and other intangible assets | 2,742 | 11,427 | -76 |
| Other assets | 7,940,433 | 8,248,405 | -4 |
| Total assets | \$ 149,863,552 | 150,481,060 | — % |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Noninterest-bearing deposits | \$ 58,520,366 | 53,641,419 | 9 % |
| Interest-bearing deposits | 67,798,347 | 74,193,255 | -9 |
| Deposits at Cayman Islands office | — | 641,691 | -100 |
| Total deposits | 126,318,713 | 128,476,365 | -2 |
| Short-term borrowings | 50,307 | 58,957 | -15 |
| Accrued interest and other liabilities | 2,174,925 | 2,000,727 | 9 |
| Long-term borrowings | 3,443,587 | 3,498,503 | -2 |
| Total liabilities | 131,987,532 | 134,034,552 | -2 |
| Shareholders' equity: | | | |
| Preferred | 1,750,000 | 1,250,000 | 40 |
| Common | 16,126,020 | 15,196,508 | 6 |
| Total shareholders' equity | 17,876,020 | 16,446,508 | 9 |
| Total liabilities and shareholders' equity | \$ 149,863,552 | 150,481,060 | — % |

Condensed Consolidated Balance Sheet, Five Quarter Trend

| | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 | March 31, 2021 |
|------------------------------------|-------------------|----------------------|-----------------------|------------------|-------------------|
| Dollars in thousands | | | | | |
| ASSETS | | | | | |
| Cash and due from banks | \$ 1,411,460 | 1,337,577 | 1,479,712 | 1,410,468 | 1,258,989 |
| Interest-bearing deposits at banks | 36,025,382 | 41,872,304 | 38,445,788 | 33,864,824 | 31,407,227 |
| Federal funds sold | — | — | — | — | 1,000 |
| Trading account | 197,558 | 468,031 | 624,556 | 712,558 | 687,359 |
| Investment securities | 9,356,832 | 7,155,860 | 6,447,622 | 6,143,177 | 6,610,667 |
| Loans and leases: | | | | | |
| Commercial, financial, etc. | 23,496,017 | 23,473,324 | 22,514,940 | 25,409,291 | 27,811,190 |

| | | | | | |
|--|----------------|-------------|-------------|-------------|-------------|
| Real estate - commercial | 34,553,558 | 35,389,730 | 37,023,952 | 37,558,775 | 37,425,974 |
| Real estate - consumer | 15,595,879 | 16,074,445 | 16,209,354 | 16,704,951 | 17,349,683 |
| Consumer | 18,162,938 | 17,974,953 | 17,834,648 | 17,440,415 | 16,712,233 |
| Total loans and leases, net of unearned discount | 91,808,392 | 92,912,452 | 93,582,894 | 97,113,432 | 99,299,080 |
| Less: allowance for credit losses | 1,472,359 | 1,469,226 | 1,515,024 | 1,575,128 | 1,636,206 |
| Net loans and leases | 90,336,033 | 91,443,226 | 92,067,870 | 95,538,304 | 97,662,874 |
| Goodwill | 4,593,112 | 4,593,112 | 4,593,112 | 4,593,112 | 4,593,112 |
| Core deposit and other intangible assets | 2,742 | 3,998 | 5,952 | 8,690 | 11,427 |
| Other assets | 7,940,433 | 8,233,052 | 8,236,582 | 8,351,574 | 8,248,405 |
| Total assets | \$ 149,863,552 | 155,107,160 | 151,901,194 | 150,622,707 | 150,481,060 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Noninterest-bearing deposits | \$ 58,520,366 | 60,131,480 | 56,542,309 | 55,621,230 | 53,641,419 |
| Interest-bearing deposits | 67,798,347 | 71,411,929 | 72,158,987 | 72,647,542 | 74,193,255 |
| Deposits at Cayman Islands office | — | — | — | — | 641,691 |
| Total deposits | 126,318,713 | 131,543,409 | 128,701,296 | 128,268,772 | 128,476,365 |
| Short-term borrowings | 50,307 | 47,046 | 103,548 | 91,235 | 58,957 |
| Accrued interest and other liabilities | 2,174,925 | 2,127,931 | 2,067,188 | 2,042,948 | 2,000,727 |
| Long-term borrowings | 3,443,587 | 3,485,369 | 3,500,391 | 3,499,448 | 3,498,503 |
| Total liabilities | 131,987,532 | 137,203,755 | 134,372,423 | 133,902,403 | 134,034,552 |
| Shareholders' equity: | | | | | |
| Preferred | 1,750,000 | 1,750,000 | 1,750,000 | 1,250,000 | 1,250,000 |
| Common | 16,126,020 | 16,153,405 | 15,778,771 | 15,470,304 | 15,196,508 |
| Total shareholders' equity | 17,876,020 | 17,903,405 | 17,528,771 | 16,720,304 | 16,446,508 |
| Total liabilities and shareholders' equity | \$ 149,863,552 | 155,107,160 | 151,901,194 | 150,622,707 | 150,481,060 |

Condensed Consolidated Average Balance Sheet and Annualized Taxable-equivalent Rates

| | | | | | | | | |
|---|------------|--------|---------|--------|---------|--------|------|------|
| Commercial, financial, etc. | 23,305 | 3.61 | 27,723 | 3.53 | 22,330 | 3.65 | -16 | 4 |
| Real estate - commercial | 34,957 | 3.86 | 37,609 | 4.16 | 36,717 | 3.89 | -7 | -5 |
| Real estate - consumer | 15,870 | 3.55 | 17,404 | 3.54 | 16,290 | 3.53 | -9 | -3 |
| Consumer | 18,027 | 4.23 | 16,620 | 4.64 | 17,913 | 4.31 | 8 | 1 |
| Total loans and leases, net | 92,159 | 3.85 | 99,356 | 3.99 | 93,250 | 3.87 | -7 | -1 |
| Total earning assets | 138,624 | 2.72 | 134,355 | 3.08 | 144,420 | 2.64 | 3 | -4 |
| Goodwill | 4,593 | | 4,593 | | 4,593 | | — | — |
| Core deposit and other intangible assets | 3 | | 13 | | 5 | | -74 | -31 |
| Other assets | 8,428 | | 9,196 | | 8,704 | | -8 | -3 |
| Total assets | \$ 151,648 | | 148,157 | | 157,722 | | 2 % | -4 % |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | |
| Interest-bearing deposits | | | | | | | | |
| Savings and interest-checking deposits | \$ 67,267 | .04 | 70,458 | .07 | 70,518 | .04 | -5 % | -5 % |
| Time deposits | 2,647 | .21 | 3,732 | .76 | 2,914 | .40 | -29 | -9 |
| Deposits at Cayman Islands office | — | — | 683 | .11 | — | — | -100 | — |
| Total interest-bearing deposits | 69,914 | .05 | 74,873 | .10 | 73,432 | .05 | -7 | -5 |
| Short-term borrowings | 56 | .01 | 62 | .01 | 58 | .01 | -10 | -4 |
| Long-term borrowings | 3,442 | 1.88 | 3,851 | 1.78 | 3,441 | 1.77 | -11 | — |
| Total interest-bearing liabilities | 73,412 | .13 | 78,786 | .18 | 76,931 | .12 | -7 | -5 |
| Noninterest-bearing deposits | 58,141 | | 50,860 | | 61,012 | | 14 | -5 |
| Other liabilities | 2,201 | | 2,184 | | 2,166 | | 1 | 2 |
| Total liabilities | 133,754 | | 131,830 | | 140,109 | | 1 | -5 |
| Shareholders' equity | 17,894 | | 16,327 | | 17,613 | | 10 | 2 |
| Total liabilities and shareholders' equity | \$ 151,648 | | 148,157 | | 157,722 | | 2 % | -4 % |
| Net interest spread | | 2.59 | | 2.90 | | 2.52 | | |
| Contribution of interest-free funds | | .06 | | .07 | | .06 | | |
| Net interest margin | | 2.65 % | | 2.97 % | | 2.58 % | | |

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

| | Three months ended | | | | |
|--------------------------------|--------------------|--------------|---------------|----------|-----------|
| | March 31, | December 31, | September 30, | June 30, | March 31, |
| | 2022 | 2021 | 2021 | 2021 | 2021 |
| Income statement data | | | | | |
| In thousands, except per share | | | | | |
| Net income | | | | | |
| Net income | \$ 362,174 | 457,968 | 495,460 | 458,069 | 447,249 |

| | | | | | |
|--|--------------|-----------|-----------|-----------|-----------|
| Amortization of core deposit and other intangible assets (1) | 933 | 1,447 | 2,028 | 2,023 | 2,034 |
| Merger-related expenses (1) | 12,892 | 16,062 | 6,542 | 2,867 | 8,089 |
| Net operating income | \$ 375,999 | 475,477 | 504,030 | 462,959 | 457,372 |
| <i>Earnings per common share</i> | | | | | |
| Diluted earnings per common share | \$ 2.62 | 3.37 | 3.69 | 3.41 | 3.33 |
| Amortization of core deposit and other intangible assets (1) | .01 | .01 | .02 | .02 | .02 |
| Merger-related expenses (1) | .10 | .12 | .05 | .02 | .06 |
| Diluted net operating earnings per common share | \$ 2.73 | 3.50 | 3.76 | 3.45 | 3.41 |
| <i>Other expense</i> | | | | | |
| Other expense | \$ 959,741 | 927,500 | 899,334 | 865,345 | 919,444 |
| Amortization of core deposit and other intangible assets | (1,256) | (1,954) | (2,738) | (2,737) | (2,738) |
| Merger-related expenses | (17,372) | (21,190) | (8,826) | (3,893) | (9,951) |
| Noninterest operating expense | \$ 941,113 | 904,356 | 887,770 | 858,715 | 906,755 |
| <i>Merger-related expenses</i> | | | | | |
| Salaries and employee benefits | \$ 87 | 112 | 60 | 4 | — |
| Equipment and net occupancy | 1,807 | 340 | 1 | — | — |
| Outside data processing and software | 252 | 250 | 625 | 244 | — |
| Advertising and marketing | 628 | 337 | 505 | 24 | — |
| Printing, postage and supplies | 722 | 186 | 730 | 2,049 | — |
| Other costs of operations | 13,876 | 19,965 | 6,905 | 1,572 | 9,951 |
| Other expense | \$ 17,372 | 21,190 | 8,826 | 3,893 | 9,951 |
| <i>Efficiency ratio</i> | | | | | |
| Noninterest operating expense (numerator) | \$ 941,113 | 904,356 | 887,770 | 858,715 | 906,755 |
| Taxable-equivalent net interest income | \$ 907,408 | 937,356 | 970,953 | 946,072 | 985,128 |
| Other income | 540,887 | 578,637 | 569,126 | 513,633 | 505,598 |
| Less: Gain (loss) on bank investment securities | (743) | 1,426 | 291 | (10,655) | (12,282) |
| Denominator | \$ 1,449,038 | 1,514,567 | 1,539,788 | 1,470,360 | 1,503,008 |
| Efficiency ratio | 64.9 % | 59.7 % | 57.7 % | 58.4 % | 60.3 % |
| <i>Balance sheet data</i> | | | | | |
| In millions | | | | | |
| <i>Average assets</i> | | | | | |
| Average assets | \$ 151,648 | 157,722 | 154,037 | 150,641 | 148,157 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (3) | (5) | (7) | (10) | (13) |
| Deferred taxes | 1 | 1 | 2 | 3 | 3 |
| Average tangible assets | \$ 147,053 | 153,125 | 149,439 | 146,041 | 143,554 |

| Average common equity | | | | | |
|--|------------|---------|---------|---------|---------|
| Average total equity | \$ 17,894 | 17,613 | 17,109 | 16,571 | 16,327 |
| Preferred stock | (1,750) | (1,750) | (1,495) | (1,250) | (1,250) |
| Average common equity | 16,144 | 15,863 | 15,614 | 15,321 | 15,077 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (3) | (5) | (7) | (10) | (13) |
| Deferred taxes | 1 | 1 | 2 | 3 | 3 |
| Average tangible common equity | \$ 11,549 | 11,266 | 11,016 | 10,721 | 10,474 |
| At end of quarter | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | | | | | |
| Total assets | \$ 149,864 | 155,107 | 151,901 | 150,623 | 150,481 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (3) | (4) | (6) | (9) | (12) |
| Deferred taxes | 1 | 1 | 2 | 2 | 3 |
| Total tangible assets | \$ 145,269 | 150,511 | 147,304 | 146,023 | 145,879 |
| Total common equity | | | | | |
| Total equity | \$ 17,876 | 17,903 | 17,529 | 16,720 | 16,447 |
| Preferred stock | (1,750) | (1,750) | (1,750) | (1,250) | (1,250) |
| Common equity | 16,126 | 16,153 | 15,779 | 15,470 | 15,197 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (3) | (4) | (6) | (9) | (12) |
| Deferred taxes | 1 | 1 | 2 | 2 | 3 |
| Total tangible common equity | \$ 11,531 | 11,557 | 11,182 | 10,870 | 10,595 |

(1) After any related tax effect.

SOURCE M&T Bank Corporation

<https://newsroom.mtb.com/2022-04-20-M-T-Bank-Corporation-Announces-First-Quarter-Results>