

Business Economic Outlook Survey Q4 2017

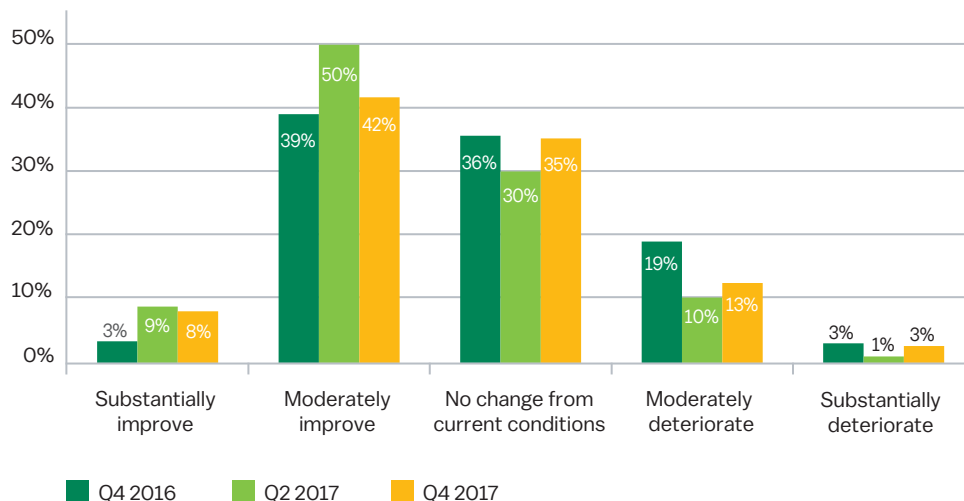
In November 2017 we reached out to a group of Business Banking clients to obtain feedback on the current and near-term outlook for their industries and the overall economy. In this edition of the Business Economic Outlook Survey, we are happy to share a summary of those findings.

Key findings:

- Most business owners still plan to increase wages and salary, with 70% of business owners planning to increase wages and salary in the next year
 - However, finding qualified and experienced applicants is a current challenge for businesses. 62% of respondents noted that they are experiencing difficulty finding qualified applicants,¹ with half of these respondents citing the reason being the lack of applicants with the necessary experience or skills required²
 - Additionally, 24% of respondents noted “Hiring and Retaining Qualified Employees” as the most significant challenge for their business
- Respondents continue to have a confident outlook for the near future. 50% expect the economy to improve in the next six months and 55% of the business owners expect business tax reform to have a positive impact on their business performance
 - Despite the optimism, most business owners currently do not have any intentions to change capital expenditures within the next six months

Survey highlights

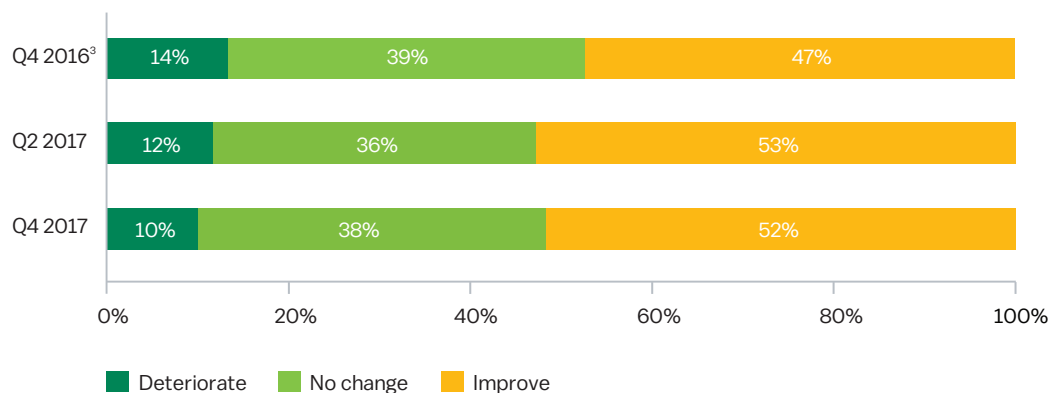
How do you expect the U.S. economy to perform during the next six months?



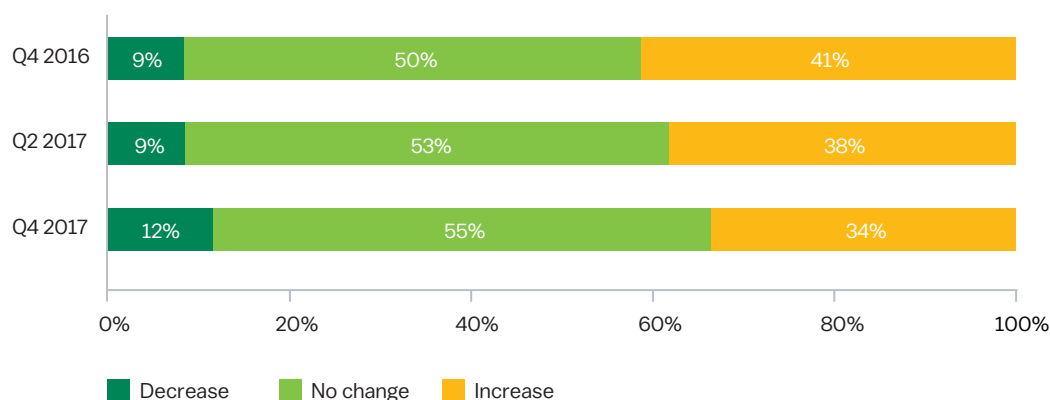
52%
expect their
industry to
improve over the
next six months,
similar to 53%
in Q2 2017

55%
of business
owners expect
business tax
reform to have a
positive impact
on their business
performance

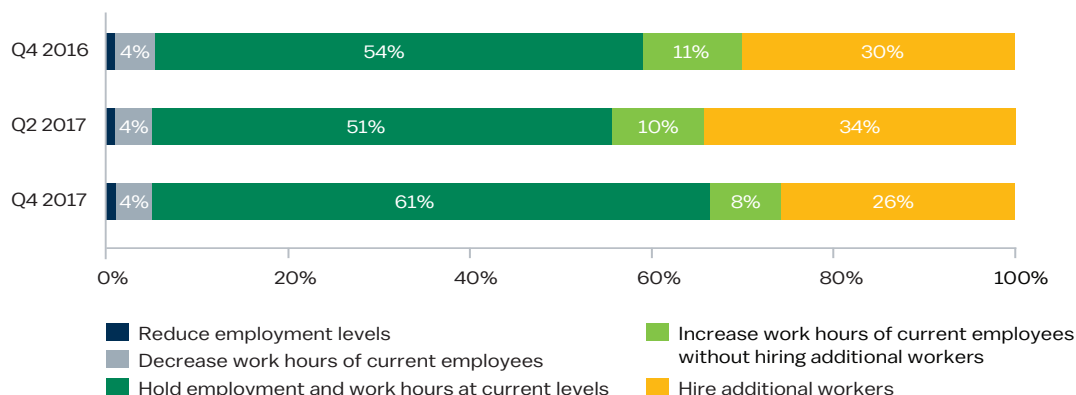
What are your expectations for your own industry over the next six months?



What are your plans for capital expenditures over the next six months?



Which of the following best describes your company's employment plans for the next six months?



55%

of business owners **do not plan to change capital expenditures** over the next six months, compared to 53% in Q2 2017

61%

plan to hold employment and work hours at current levels, up from 51% in Q2 2017

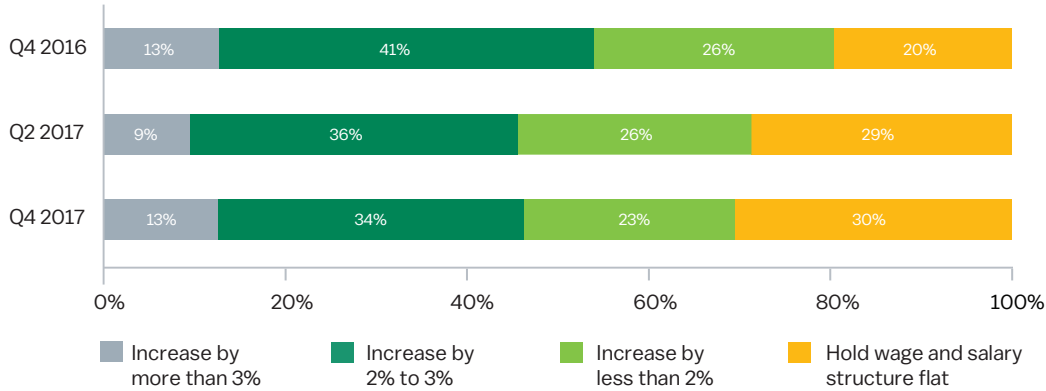


Equal Housing Lender.

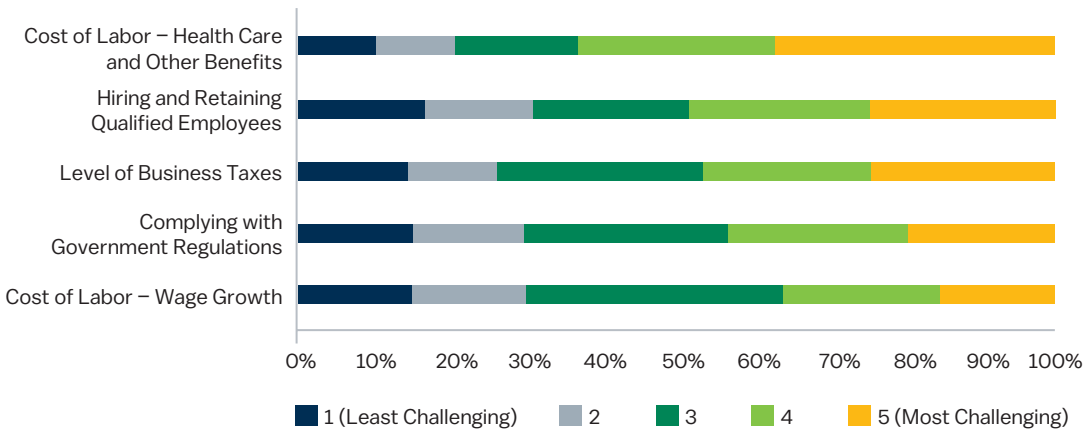
³ Q4 2016 results for this question amended since Q2 2017 release.

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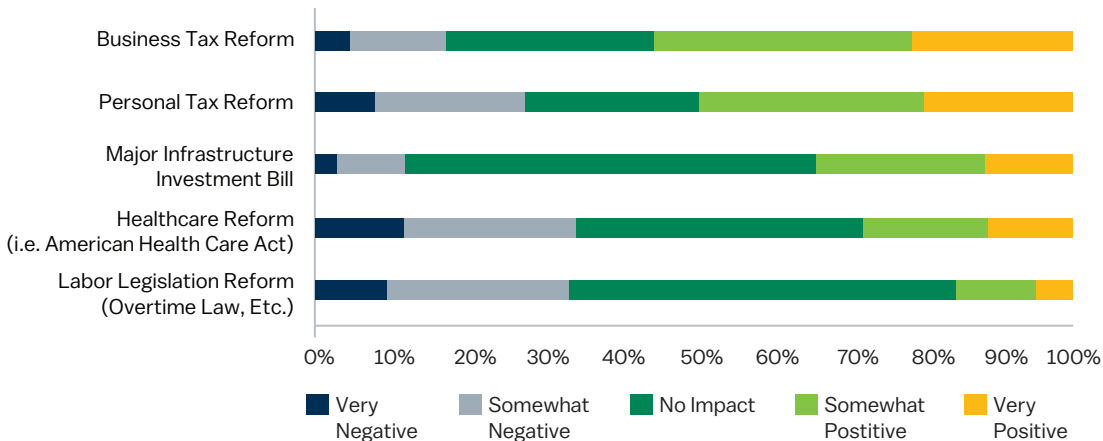
In general, what are your plans for managing employee wage and salary increases over the next year?



How significant are the following challenges for your business today?



If the following legislative changes are enacted within the next 12-18 months, what impact do you believe it will have on your business performance?



47%
of business owners plan on increasing wages by 2% or more next year, versus 45% in Q2 2017

37%
of business owners noted cost of healthcare and other benefits as the most significant challenge for their business



Equal Housing Lender.

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SURVEY METHODOLOGY: An Internet survey was conducted by M&T during November 2017 among senior managers and owners of small to mid-sized businesses located throughout the Bank's geographic footprint. A total of 495 responses were received.

DISCLAIMER: The survey results have been prepared by the Business Banking Division of M&T Bank and are not a product of any of M&T's other affiliates, including any of its registered investment advisors. The views herein are provided for informational purposes only and may differ from those of other departments or divisions of M&T Bank and its affiliates. The information is not intended as specific advice or recommendations and should be viewed as merely representative of a broad range of possible outcomes.

Please note that in Q4 2017, the survey population expanded to include additional clients. Responses did not vary by customer type. ©2018 M&T Bank. Member FDIC. CS17163 (1/18) mtb.com

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