

M&T Bank Corporation Announces First Quarter Results

BUFFALO, N.Y., April 20, 2020 -- M&T Bank Corporation ("M&T") (NYSE: MTB) today reported its results of operations for the quarter ended March 31, 2020.

GAAP Results of Operations. Diluted earnings per common share measured in accordance with generally accepted accounting principles ("GAAP") were \$1.93 in the first quarter of 2020, compared with \$3.35 in the initial 2019 quarter. GAAP-basis net income in the recent quarter was \$269 million, compared with \$483 million in the year-earlier quarter. Diluted earnings per share and GAAP-basis net income were \$3.60 and \$493 million, respectively, in the fourth quarter of 2019. GAAP-basis net income for the first quarter of 2020 expressed as an annualized rate of return on average assets and average common shareholders' equity was .90% and 7.00%, respectively, compared with 1.68% and 13.14%, respectively, in the similar 2019 period and 1.60% and 12.95%, respectively, in the final quarter of 2019.

Darren J. King, Executive Vice President and Chief Financial Officer of M&T, commented, "I am extremely proud of the way the M&T team has responded to the COVID-19 crisis. From tellers and relationship bankers to operational teams and head office staff, the efforts of our colleagues to ensure that customers are receiving relief and outstanding service when they need it most have been extraordinary. During difficult times M&T has always been a steady and reliable source of strength."

Effective January 1, 2020, M&T adopted amended accounting guidance for the measurement of credit losses on financial instruments. That guidance requires an allowance for credit losses to be deducted from the amortized cost basis of financial assets to present the net carrying value that is expected to be collected over the contractual term of the assets considering relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amount. The new accounting guidance replaces the previous incurred loss model for determining the allowance for credit losses. The adoption of the amended guidance resulted in a \$132 million increase in the allowance for credit losses as of January 1, 2020.

M&T's first quarter 2020 results were adversely impacted by the Coronavirus Disease 2019 ("COVID-19") pandemic, as the United States operates under a state of emergency. Economic forecasts of the impact of COVID-19 as of the end of the recent quarter resulted in higher estimates of expected credit losses in M&T's loan portfolio as compared with that estimated as of January 1, 2020. While the full impact of COVID-19 on M&T's future financial results is uncertain and not currently estimable, M&T believes that impact could be material. A provision for credit losses of \$250 million was recorded in the first quarter of 2020.

On March 27, 2020, the CARES Act was signed into law. Among other things, the CARES Act provides relief to borrowers, including the opportunity to defer loan payments while not negatively affecting their credit standing, and also provides funding opportunities for small businesses under the Paycheck Protection Program ("PPP") from approved Small Business Administration ("SBA") lenders, including M&T Bank, which is one of the top ten SBA lenders in the country. For commercial and consumer customers, M&T has provided a host of relief options, including loan maturity extensions, payment deferrals, fee waivers and low interest rate loan products. On April 6, 2020, M&T provided an online application solution for small business customers and began accepting loan applications under the PPP.

Earnings Highlights

| (\$ in millions, except per share data) | 1Q20 | 1Q19 | 4Q19 | Change 1Q20 vs. | |
|---|---------|---------|---------|-----------------|-------|
| | | | | 1Q19 | 4Q19 |
| Net income | \$ 269 | \$ 483 | \$ 493 | -44 % | -45 % |
| Net income available to common shareholders – diluted | \$ 251 | \$ 462 | \$ 473 | -46 % | -47 % |
| Diluted earnings per common share | \$ 1.93 | \$ 3.35 | \$ 3.60 | -42 % | -46 % |
| Annualized return on average assets | .90 % | 1.68 % | 1.60 % | | |
| Annualized return on average common equity | 7.00 % | 13.14 % | 12.95 % | | |

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, core deposit intangible and other intangible asset balances, net of applicable deferred tax amounts) and expenses associated with merging acquired operations into M&T, since such items are considered by management to be "nonoperating" in nature. The amounts of such "nonoperating" expenses are presented in the tables that accompany this release. Although "net operating income" as defined by M&T is not a GAAP measure, M&T's management believes that this information helps investors understand the effect of acquisition activity in reported results.

Diluted net operating earnings per common share were \$1.95 in the first quarter of 2020, compared with \$3.38 in the year-earlier quarter and \$3.62 in the fourth quarter of 2019. Net operating income in 2020's initial quarter was \$272 million, compared with \$486 million in the first quarter of 2019 and \$496 million in the final quarter of 2019. 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 .94% and 10.39%, respectively, compared with 1.76% and 19.56%, respectively, in the corresponding 2019 quarter and 1.67% and 19.08%, respectively, in the fourth quarter of 2019.

Taxable-equivalent Net Interest Income. Net interest income expressed on a taxable-equivalent basis totaled \$982 million in the recent quarter, compared with \$1.06 billion in the first quarter of 2019. That decline resulted from a 39 basis point narrowing of the net interest margin, to 3.65% in the first three months of 2020 from 4.04% in the first quarter of 2019, that was partially offset by the impact of a \$2.1 billion or 2% increase in average earning assets. The narrowing of the net interest margin resulted largely from lower yields on loans, while the rise in average earning assets reflected higher balances of loans and deposits at the Federal Reserve Bank of New York, offset, in part, by lower average balances of investment securities. In the final quarter of 2019, taxable-equivalent net interest income was \$1.01 billion, the net interest margin was 3.64% and average earning assets were \$110.6 billion.

Taxable-equivalent Net Interest Income

| (\$ in millions) | 1Q20 | 1Q19 | 4Q19 | Change 1Q20 vs. | |
|--|------------|------------|------------|-----------------|------|
| | | | | 1Q19 | 4Q19 |
| Average earning assets | \$ 108,226 | \$ 106,096 | \$ 110,581 | 2 % | -2 % |
| Net interest income – taxable-equivalent | \$ 982 | \$ 1,056 | \$ 1,014 | -7 % | -3 % |
| Net interest margin | 3.65 % | 4.04 % | 3.64 % | | |

Provision for Credit Losses/Asset Quality. The provision for credit losses was \$250 million in the first quarter of 2020, compared with \$22 million in the year-earlier quarter and \$54 million in 2019's final quarter. As noted earlier, the significant increase in the provision in the recent quarter as compared with the prior quarters follows the adoption of new accounting guidance on January 1, 2020 and reflects updated assumptions and projections as a result of COVID-19. Net loan charge-offs were \$49 million during the recent quarter, compared with \$22 million in the initial quarter of 2019 and \$41 million in the fourth quarter of 2019. Expressed as an annualized percentage of average loans outstanding, net charge-offs were .22% and .10% in the three-month periods ended March 31, 2020 and 2019, respectively, and .18% in the fourth quarter of 2019.

Loans classified as nonaccrual totaled \$1.06 billion or 1.13% of total loans outstanding at March 31, 2020, improved from \$1.13 billion or 1.25% at January 1, 2020. The adoption of the new accounting guidance previously mentioned resulted in an increase in nonaccrual loans on January 1, 2020 of \$171 million. Nonaccrual loans outstanding at December 31, 2019 were \$963 million or 1.06% of total loans and at March 31, 2019 were \$882 million or .99%. Assets taken in foreclosure of defaulted loans were \$84 million at March 31, 2020, compared with \$81 million and \$86 million at March 31, 2019 and December 31, 2019, 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 \$1.38 billion or 1.47% of loans outstanding at March 31, 2020, compared with \$1.02 billion or 1.15% at March 31, 2019, \$1.05 billion or 1.16% at December 31, 2019 and \$1.18 billion or 1.30% as of January 1, 2020 following adoption of the current expected credit loss accounting rules. As noted earlier, the adoption of amended accounting guidance resulted in an increase to the allowance of \$132 million on January 1, 2020.

Asset Quality Metrics

| (\$ in millions) | Change 1Q20 vs. | | | | |
|---|-----------------|----------|----------|--------|-------|
| | 1Q20 | 1Q19 | 4Q19 | 1Q19 | 4Q19 |
| At end of quarter | | | | | |
| Nonaccrual loans | \$ 1,062 | \$ 882 | \$ 963 | 20 % | 10 % |
| Real estate and other foreclosed assets | \$ 84 | \$ 81 | \$ 86 | 3 % | -2 % |
| Total nonperforming assets | \$ 1,146 | \$ 963 | \$ 1,049 | 19 % | 9 % |
| Accruing loans past due 90 days or more (1) | \$ 530 | \$ 244 | \$ 519 | 117 % | 2 % |
| Nonaccrual loans as % of loans outstanding | 1.13 % | .99 % | 1.06 % | | |
| Allowance for credit losses | \$ 1,384 | \$ 1,019 | \$ 1,051 | 36 % | 32 % |
| Allowance for credit losses as % of loans outstanding | 1.47 % | 1.15 % | 1.16 % | | |
| For the period | | | | | |
| Provision for credit losses | \$ 250 | \$ 22 | \$ 54 | 1036 % | 363 % |
| Net charge-offs | \$ 49 | \$ 22 | \$ 41 | 122 % | 19 % |
| Net charge-offs as % of average loans (annualized) | .22 % | .10 % | .18 % | | |

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

Noninterest Income and Expense. Noninterest income increased 6% to \$529 million in the recent quarter from \$501 million in the year-earlier quarter. That improvement resulted from higher residential mortgage banking revenues, trust income and trading account and foreign exchange gains, partially offset by unrealized losses on investment securities and a reduction in distributed income from Bayview Lending Group LLC ("BLG") of \$14 million. During the fourth quarter of 2019, noninterest income totaled \$521 million. The increase in such income in the recent quarter as compared with 2019's final quarter reflected higher income from BLG of \$23 million and increased mortgage banking revenues that were partially offset by unrealized losses on investment securities and a decline in loan syndication and other credit-related fees of \$11 million.

Noninterest Income

| (\$ in millions) | Change 1Q20 vs. | | | | |
|--|-----------------|--------|--------|------|------|
| | 1Q20 | 1Q19 | 4Q19 | 1Q19 | 4Q19 |
| Mortgage banking revenues | \$ 128 | \$ 95 | \$ 118 | 34 % | 8 % |
| Service charges on deposit accounts | 106 | 103 | 111 | 3 % | -4 % |
| Trust income | 149 | 133 | 151 | 12 % | -2 % |
| Brokerage services income | 13 | 12 | 12 | 5 % | 10 % |
| Trading account and foreign exchange gains | 21 | 11 | 17 | 95 % | 26 % |
| Gain (loss) on bank investment securities | (21) | 12 | (6) | — | — |
| Other revenues from operations | 133 | 135 | 118 | -1 % | 13 % |
| Total | \$ 529 | \$ 501 | \$ 521 | 6 % | 2 % |

Noninterest expense totaled \$906 million in the initial quarter of 2020, \$894 million in the corresponding quarter of 2019 and \$824 million in the fourth quarter of 2019. Excluding expenses considered to be nonoperating in nature, such as amortization of core deposit and other intangible assets, noninterest operating expenses aggregated \$903 million in the recent quarter, \$889 million in the first quarter of 2019 and \$819 million in 2019's fourth quarter. Factors contributing to the higher level of noninterest expenses in the recent quarter as compared with the year-earlier quarter were increased costs for salaries and employee benefits, outside data processing and software and a \$10 million increase to the valuation allowance for capitalized residential mortgage servicing rights, partially offset by lower costs of \$60 million for legal-related matters and professional and outside services. As compared with the fourth quarter of 2019, the higher level of noninterest expenses in the first quarter of 2020 was largely attributable to higher costs for salaries and employee benefits, reflecting seasonally higher stock-based compensation and employee benefits expenses during the recent quarter that totaled \$67 million, and changes in the valuation allowance for capitalized residential mortgage servicing rights. That allowance was increased by \$10 million during the recent quarter, compared with a reduction of \$16 million in the fourth quarter of 2019.

Noninterest Expense

| (\$ in millions) | Change 1Q20 vs. | | | | |
|--------------------------------------|-----------------|--------|--------|------|------|
| | 1Q20 | 1Q19 | 4Q19 | 1Q19 | 4Q19 |
| Salaries and employee benefits | \$ 537 | \$ 499 | \$ 469 | 8 % | 14 % |
| Equipment and net occupancy | 80 | 79 | 83 | — | -4 % |
| Outside data processing and software | 64 | 52 | 62 | 23 % | 4 % |
| FDIC assessments | 12 | 10 | 12 | 30 % | -1 % |

| | | | | | |
|--|--------|--------|--------|-------|-------|
| Advertising and marketing | 22 | 20 | 27 | 10 % | -17 % |
| Printing, postage and supplies | 11 | 10 | 10 | 10 % | 14 % |
| Amortization of core deposit and other intangible assets | 4 | 5 | 4 | -22 % | -9 % |
| Other costs of operations | 176 | 219 | 157 | -20 % | 12 % |
| Total | \$ 906 | \$ 894 | \$ 824 | 1 % | 10 % |

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 58.9% in the first quarter of 2020, 57.6% in the year-earlier quarter and 53.1% in the final three months of 2019.

Balance Sheet. M&T had total assets of \$124.6 billion at March 31, 2020, up from \$120.0 billion and \$119.9 billion at March 31, 2019 and December 31, 2019, respectively. Loans and leases, net of unearned discount, were \$94.1 billion at March 31, 2020, \$88.6 billion at March 31, 2019 and \$90.9 billion at December 31, 2019. The increase in total loans and leases at the recent quarter-end as compared with the end of 2019 was driven largely by growth in commercial loans of \$2.4 billion and commercial real estate loans of \$1.1 billion. Total deposits rose to \$100.2 billion at the recent quarter end, compared with \$90.5 billion at March 31, 2019 and \$94.8 billion at December 31, 2019. The higher level of deposits at the recent quarter-end as compared with the prior dates reflects increased deposits associated with residential mortgage servicing activities, as well as higher levels of commercial and trust demand deposits. Much of the commercial loan and deposit growth occurred in March as commercial customers drew down previously approved lines of credit.

Total shareholders' equity was \$15.8 billion, or 12.70% of total assets at March 31, 2020, compared with \$15.6 billion, or 12.99% at March 31, 2019 and \$15.7 billion, or 13.11% at December 31, 2019. Common shareholders' equity was \$14.6 billion, or \$113.54 per share, at March 31, 2020, compared with \$14.4 billion, or \$105.04 per share, a year-earlier and \$14.5 billion, or \$110.78 per share, at December 31, 2019. Tangible equity per common share was \$77.60 at March 31, 2020, compared with \$71.19 at March 31, 2019 and \$75.44 at December 31, 2019. 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 9.20% at March 31, 2020.

In accordance with its capital plan, M&T repurchased 2,577,000 shares of its common stock during the recent quarter at a total cost of \$374 million.

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 (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 #5263538. 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 Monday, April 27, 2020 by calling (800) 585-8367, or (404) 537-3406 for international participants, and by making reference to ID #5263538. The event will also be archived and available by 3:00 p.m. today on M&T's website at <https://ir.mtb.com/events-presentations>.

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

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

Future Factors include changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity; prepayment speeds, loan originations, credit losses and market values on loans, collateral securing loans, and other assets; sources of liquidity; common shares outstanding; common stock price volatility; fair value of and number of stock-based compensation awards to be issued in future periods; risks and uncertainties relating to the impact of the COVID-19 pandemic; the impact of changes in market values on trust-related revenues; legislation affecting the financial services industry as a whole, and M&T and its subsidiaries individually or collectively, including tax legislation; 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 our control, including the scope and duration of the pandemic, actions taken by governmental authorities in response to the pandemic, and the direct and indirect impact of the pandemic on customers, clients, third parties and M&T.

Financial Highlights

| | Three months ended | | |
|---|--------------------|---------|--------|
| | March 31 | | |
| Amounts in thousands, except per share | 2020 | 2019 | Change |
| Performance | | | |
| Net income | \$ 268,822 | 482,742 | -44 % |
| Net income available to common shareholders | 250,701 | 462,086 | -46 % |
| Per common share: | | | |
| Basic earnings | \$ 1.93 | 3.35 | -42 % |
| Diluted earnings | 1.93 | 3.35 | -42 % |
| Cash dividends | \$ 1.10 | 1.00 | 10 % |
| Common shares outstanding: | | | |
| Average - diluted (1) | 129,755 | 137,920 | -6 % |
| Period end (2) | 128,282 | 136,637 | -6 % |

Return on (annualized):

| | | | | |
|---|----|---------|-----------|------|
| Average total assets | | .90 % | 1.68 % | |
| Average common shareholders' equity | | 7.00 % | 13.14 % | |
| Taxable-equivalent net interest income | \$ | 981,868 | 1,056,027 | -7 % |
| Yield on average earning assets | | 4.18 % | 4.71 % | |
| Cost of interest-bearing liabilities | | .83 % | 1.04 % | |
| Net interest spread | | 3.35 % | 3.67 % | |
| Contribution of interest-free funds | | .30 % | .37 % | |
| Net interest margin | | 3.65 % | 4.04 % | |
| Net charge-offs to average total net loans (annualized) | | .22 % | .10 % | |

Net operating results (3)

| | | | | |
|---|----|---------|---------|-------|
| Net operating income | \$ | 271,705 | 486,440 | -44 % |
| Diluted net operating earnings per common share | | 1.95 | 3.38 | -42 % |

Return on (annualized):

| | | | | |
|--------------------------------|--|---------|---------|--|
| Average tangible assets | | .94 % | 1.76 % | |
| Average tangible common equity | | 10.39 % | 19.56 % | |
| Efficiency ratio | | 58.91 % | 57.56 % | |

At March 31

| Loan quality | 2020 | 2019 | Change |
|--|--------------|---------|--------|
| Nonaccrual loans | \$ 1,061,748 | 881,611 | 20 % |
| Real estate and other foreclosed assets | 83,605 | 81,335 | 3 % |
| Total nonperforming assets | \$ 1,145,353 | 962,946 | 19 % |
| Accruing loans past due 90 days or more (4) | \$ 530,317 | 244,257 | 117 % |
| Government guaranteed loans included in totals above: | | | |
| Nonaccrual loans | \$ 50,561 | 35,481 | 43 % |
| Accruing loans past due 90 days or more | 464,243 | 194,510 | 139 % |
| Renegotiated loans | \$ 232,439 | 267,952 | -13 % |
| Accruing loans acquired at a discount past due 90 days or more (5) | N/A | 43,995 | — |
| Purchased impaired loans (6): | | | |
| Outstanding customer balance | N/A | 495,163 | — |
| Carrying amount | N/A | 278,783 | — |
| Nonaccrual loans to total net loans | 1.13 % | .99 % | |
| Allowance for credit losses to total loans | 1.47 % | 1.15 % | |

(1) Includes common stock equivalents.

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

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

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

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

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

| | Three months ended | | | | |
|---|--------------------|--------------|---------------|-----------|-----------|
| | March 31, | December 31, | September 30, | June 30, | March 31, |
| | 2020 | 2019 | 2019 | 2019 | 2019 |
| Amounts in thousands, except per share | | | | | |
| Performance | | | | | |
| Net income | \$ 268,822 | 493,066 | 480,081 | 473,260 | 482,742 |
| Net income available to common shareholders | 250,701 | 473,372 | 461,410 | 452,633 | 462,086 |
| Per common share: | | | | | |
| Basic earnings | \$ 1.93 | 3.60 | 3.47 | 3.34 | 3.35 |
| Diluted earnings | 1.93 | 3.60 | 3.47 | 3.34 | 3.35 |
| Cash dividends | \$ 1.10 | 1.10 | 1.00 | 1.00 | 1.00 |
| Common shares outstanding: | | | | | |
| Average - diluted (1) | 129,755 | 131,549 | 132,999 | 135,464 | 137,920 |
| Period end (2) | 128,282 | 130,589 | 132,277 | 134,200 | 136,637 |
| Return on (annualized): | | | | | |
| Average total assets | .90 % | 1.60 % | 1.58 % | 1.60 % | 1.68 % |
| Average common shareholders' equity | 7.00 % | 12.95 % | 12.73 % | 12.68 % | 13.14 % |
| Taxable-equivalent net interest income | \$ 981,868 | 1,014,225 | 1,035,469 | 1,047,406 | 1,056,027 |
| Yield on average earning assets | 4.18 % | 4.27 % | 4.51 % | 4.64 % | 4.71 % |
| Cost of interest-bearing liabilities | .83 % | .97 % | 1.10 % | 1.11 % | 1.04 % |
| Net interest spread | 3.35 % | 3.30 % | 3.41 % | 3.53 % | 3.67 % |
| Contribution of interest-free funds | .30 % | .34 % | .37 % | .38 % | .37 % |
| Net interest margin | 3.65 % | 3.64 % | 3.78 % | 3.91 % | 4.04 % |
| Net charge-offs to average total net loans (annualized) | .22 % | .18 % | .16 % | .20 % | .10 % |
| Net operating results (3) | | | | | |
| Net operating income | \$ 271,705 | 496,237 | 483,830 | 477,001 | 486,440 |
| Diluted net operating earnings per common share | 1.95 | 3.62 | 3.50 | 3.37 | 3.38 |
| Return on (annualized): | | | | | |
| Average tangible assets | .94 % | 1.67 % | 1.66 % | 1.68 % | 1.76 % |
| Average tangible common equity | 10.39 % | 19.08 % | 18.85 % | 18.83 % | 19.56 % |
| Efficiency ratio | 58.91 % | 53.15 % | 55.95 % | 55.98 % | 57.56 % |
| | | | | | |
| | March 31, | December 31, | September 30, | June 30, | March 31, |
| | 2020 | 2019 | 2019 | 2019 | 2019 |
| Loan quality | | | | | |
| Nonaccrual loans | \$ 1,061,748 | 963,112 | 1,005,249 | 865,384 | 881,611 |
| Real estate and other foreclosed assets | 83,605 | 85,646 | 79,735 | 72,907 | 81,335 |
| Total nonperforming assets | \$ 1,145,353 | 1,048,758 | 1,084,984 | 938,291 | 962,946 |
| Accruing loans past due 90 days or more (4) | \$ 530,317 | 518,728 | 461,162 | 348,725 | 244,257 |
| Government guaranteed loans included in totals above: | | | | | |
| Nonaccrual loans | \$ 50,561 | 50,891 | 43,144 | 36,765 | 35,481 |
| Accruing loans past due 90 days or more | 464,243 | 479,829 | 434,132 | 320,305 | 194,510 |
| Renegotiated loans | \$ 232,439 | 234,424 | 240,781 | 254,332 | 267,952 |
| Accruing loans acquired at a discount past due 90 days or | | | | | |
| more (5) | N/A | 39,632 | 40,733 | 43,079 | 43,995 |
| Purchased impaired loans (6): | | | | | |
| Outstanding customer balance | N/A | 415,413 | 453,382 | 473,834 | 495,163 |
| Carrying amount | N/A | 227,545 | 253,496 | 263,025 | 278,783 |
| Nonaccrual loans to total net loans | 1.13 % | 1.06 % | 1.12 % | .96 % | .99 % |

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Allowance for credit losses to total loans | 1.47 % | 1.16 % | 1.16 % | 1.15 % | 1.15 % |
|--|--------|--------|--------|--------|--------|

(1) Includes common stock equivalents.

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

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

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

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

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

Condensed Consolidated Statement of Income

| Dollars in thousands | Three months ended | | |
|--|--------------------|-----------|--------|
| | March 31 | | |
| | 2020 | 2019 | Change |
| Interest income | \$ 1,120,419 | 1,226,309 | -9 % |
| Interest expense | 143,614 | 176,249 | -19 |
| Net interest income | 976,805 | 1,050,060 | -7 |
| Provision for credit losses | 250,000 | 22,000 | 1036 |
| Net interest income after provision for credit losses | 726,805 | 1,028,060 | -29 |
| Other income | | | |
| Mortgage banking revenues | 127,909 | 95,311 | 34 |
| Service charges on deposit accounts | 106,161 | 103,112 | 3 |
| Trust income | 148,751 | 132,786 | 12 |
| Brokerage services income | 13,129 | 12,476 | 5 |
| Trading account and foreign exchange gains | 21,016 | 10,802 | 95 |
| Gain (loss) on bank investment securities | (20,782) | 11,841 | — |
| Other revenues from operations | 133,176 | 134,437 | -1 |
| Total other income | 529,360 | 500,765 | 6 |
| Other expense | | | |
| Salaries and employee benefits | 536,843 | 499,200 | 8 |
| Equipment and net occupancy | 79,640 | 79,347 | — |
| Outside data processing and software | 64,410 | 52,417 | 23 |
| FDIC assessments | 12,271 | 9,426 | 30 |
| Advertising and marketing | 22,375 | 20,275 | 10 |
| Printing, postage and supplies | 10,852 | 9,855 | 10 |
| Amortization of core deposit and other intangible assets | 3,913 | 5,020 | -22 |
| Other costs of operations | 176,112 | 218,808 | -20 |
| Total other expense | 906,416 | 894,348 | 1 |
| Income before income taxes | 349,749 | 634,477 | -45 |
| Applicable income taxes | 80,927 | 151,735 | -47 |
| Net income | \$ 268,822 | 482,742 | -44 % |

Condensed Consolidated Statement of Income, Five Quarter Trend

| | Three months ended | | |
|--|--------------------|--|--|
|--|--------------------|--|--|

| | March 31, | December 31, | September 30, | June 30, | March 31, |
|--|--------------|--------------|---------------|-----------|-----------|
| Dollars in thousands | 2020 | 2019 | 2019 | 2019 | 2019 |
| Interest income | \$ 1,120,419 | 1,185,902 | 1,229,469 | 1,237,913 | 1,226,309 |
| Interest expense | 143,614 | 177,069 | 199,579 | 196,432 | 176,249 |
| Net interest income | 976,805 | 1,008,833 | 1,029,890 | 1,041,481 | 1,050,060 |
| Provision for credit losses | 250,000 | 54,000 | 45,000 | 55,000 | 22,000 |
| Net interest income after provision for credit losses | 726,805 | 954,833 | 984,890 | 986,481 | 1,028,060 |
| Other income | | | | | |
| Mortgage banking revenues | 127,909 | 118,134 | 137,004 | 107,321 | 95,311 |
| Service charges on deposit accounts | 106,161 | 110,987 | 111,092 | 107,787 | 103,112 |
| Trust income | 148,751 | 151,525 | 143,915 | 144,382 | 132,786 |
| Brokerage services income | 13,129 | 11,891 | 12,077 | 12,478 | 12,476 |
| Trading account and foreign exchange gains | 21,016 | 16,717 | 16,072 | 18,453 | 10,802 |
| Gain (loss) on bank investment securities | (20,782) | (6,452) | 3,737 | 8,911 | 11,841 |
| Other revenues from operations | 133,176 | 118,238 | 103,882 | 112,763 | 134,437 |
| Total other income | 529,360 | 521,040 | 527,779 | 512,095 | 500,765 |
| Other expense | | | | | |
| Salaries and employee benefits | 536,843 | 469,080 | 476,780 | 455,737 | 499,200 |
| Equipment and net occupancy | 79,640 | 82,892 | 82,690 | 79,150 | 79,347 |
| Outside data processing and software | 64,410 | 61,720 | 60,360 | 55,234 | 52,417 |
| FDIC assessments | 12,271 | 12,431 | 9,906 | 9,772 | 9,426 |
| Advertising and marketing | 22,375 | 27,063 | 22,088 | 24,046 | 20,275 |
| Printing, postage and supplies | 10,852 | 9,513 | 10,201 | 10,324 | 9,855 |
| Amortization of core deposit and other intangible assets | 3,913 | 4,305 | 5,088 | 5,077 | 5,020 |
| Other costs of operations | 176,112 | 156,679 | 210,506 | 233,692 | 218,808 |
| Total other expense | 906,416 | 823,683 | 877,619 | 873,032 | 894,348 |
| Income before income taxes | 349,749 | 652,190 | 635,050 | 625,544 | 634,477 |
| Applicable income taxes | 80,927 | 159,124 | 154,969 | 152,284 | 151,735 |
| Net income | \$ 268,822 | 493,066 | 480,081 | 473,260 | 482,742 |

Condensed Consolidated Balance Sheet

| | March 31 | | |
|--|--------------|------------|--------|
| Dollars in thousands | 2020 | 2019 | Change |
| ASSETS | | | |
| Cash and due from banks | \$ 1,298,192 | 1,267,260 | 2 % |
| Interest-bearing deposits at banks | 8,896,307 | 7,602,897 | 17 |
| Trading account | 1,224,291 | 276,322 | 343 |
| Investment securities | 8,956,590 | 12,536,840 | -29 |
| Loans and leases: | | | |
| Commercial, financial, etc. | 26,243,648 | 23,090,204 | 14 |
| Real estate - commercial | 36,684,106 | 34,690,930 | 6 |
| Real estate - consumer | 15,643,014 | 16,769,933 | -7 |
| Consumer | 15,571,507 | 14,088,816 | 11 |
| Total loans and leases, net of unearned discount | 94,142,275 | 88,639,883 | 6 |
| Less: allowance for credit losses | 1,384,366 | 1,019,337 | 36 |
| Net loans and leases | 92,757,909 | 87,620,546 | 6 |

| | | | | |
|---|----|-------------|-------------|------|
| Goodwill | | 4,593,112 | 4,593,112 | — |
| Core deposit and other intangible assets | | 25,121 | 43,947 | -43 |
| Other assets | | 6,826,311 | 6,084,281 | 12 |
| Total assets | \$ | 124,577,833 | 120,025,205 | 4 % |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| Noninterest-bearing deposits | \$ | 35,554,715 | 29,966,753 | 19 % |
| Interest-bearing deposits | | 63,410,672 | 59,433,806 | 7 |
| Deposits at Cayman Islands office | | 1,217,921 | 1,069,191 | 14 |
| Total deposits | | 100,183,308 | 90,469,750 | 11 |
| Short-term borrowings | | 59,180 | 3,602,566 | -98 |
| Accrued interest and other liabilities | | 2,198,116 | 1,889,336 | 16 |
| Long-term borrowings | | 6,321,435 | 8,476,024 | -25 |
| Total liabilities | | 108,762,039 | 104,437,676 | 4 |
| Shareholders' equity: | | | | |
| Preferred | | 1,250,000 | 1,231,500 | 2 |
| Common | | 14,565,794 | 14,356,029 | 1 |
| Total shareholders' equity | | 15,815,794 | 15,587,529 | 1 |
| Total liabilities and shareholders' equity | \$ | 124,577,833 | 120,025,205 | 4 % |

Condensed Consolidated Balance Sheet, Five Quarter Trend

| | March 31, | December 31, | September 30, | June 30, | March 31, |
|--|----------------|--------------|---------------|-------------|-------------|
| Dollars in thousands | 2020 | 2019 | 2019 | 2019 | 2019 |
| ASSETS | | | | | |
| Cash and due from banks | \$ 1,298,192 | 1,432,805 | 1,818,861 | 1,271,611 | 1,267,260 |
| Interest-bearing deposits at banks | 8,896,307 | 7,190,154 | 12,495,524 | 8,791,753 | 7,602,897 |
| Federal funds sold | — | 3,500 | 200 | — | — |
| Trading account | 1,224,291 | 470,129 | 614,256 | 479,403 | 276,322 |
| Investment securities | 8,956,590 | 9,497,251 | 10,677,583 | 11,580,249 | 12,536,840 |
| Loans and leases: | | | | | |
| Commercial, financial, etc. | 26,243,648 | 23,838,168 | 23,201,372 | 23,431,408 | 23,090,204 |
| Real estate - commercial | 36,684,106 | 35,541,914 | 34,945,231 | 35,194,375 | 34,690,930 |
| Real estate - consumer | 15,643,014 | 16,156,094 | 16,500,955 | 16,693,737 | 16,769,933 |
| Consumer | 15,571,507 | 15,386,693 | 15,175,635 | 14,558,538 | 14,088,816 |
| Total loans and leases, net of unearned discount | 94,142,275 | 90,922,869 | 89,823,193 | 89,878,058 | 88,639,883 |
| Less: allowance for credit losses | 1,384,366 | 1,051,071 | 1,038,437 | 1,029,867 | 1,019,337 |
| Net loans and leases | 92,757,909 | 89,871,798 | 88,784,756 | 88,848,191 | 87,620,546 |
| Goodwill | 4,593,112 | 4,593,112 | 4,593,112 | 4,593,112 | 4,593,112 |
| Core deposit and other intangible assets | 25,121 | 29,034 | 33,339 | 38,428 | 43,947 |
| Other assets | 6,826,311 | 6,784,974 | 6,483,295 | 5,952,148 | 6,084,281 |
| Total assets | \$ 124,577,833 | 119,872,757 | 125,500,926 | 121,554,895 | 120,025,205 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Noninterest-bearing deposits | \$ 35,554,715 | 32,396,407 | 31,766,724 | 30,747,946 | 29,966,753 |
| Interest-bearing deposits | 63,410,672 | 60,689,618 | 61,785,212 | 59,568,223 | 59,433,806 |
| Deposits at Cayman Islands office | 1,217,921 | 1,684,044 | 1,561,997 | 1,364,855 | 1,069,191 |
| Total deposits | 100,183,308 | 94,770,069 | 95,113,933 | 91,681,024 | 90,469,750 |

| | | | | | |
|--|----------------|-------------|-------------|-------------|-------------|
| Short-term borrowings | 59,180 | 62,363 | 5,513,896 | 4,611,390 | 3,602,566 |
| Accrued interest and other liabilities | 2,198,116 | 2,337,490 | 2,090,762 | 1,915,147 | 1,889,336 |
| Long-term borrowings | 6,321,435 | 6,986,186 | 7,002,524 | 7,655,507 | 8,476,024 |
| Total liabilities | 108,762,039 | 104,156,108 | 109,721,115 | 105,863,068 | 104,437,676 |
| Shareholders' equity: | | | | | |
| Preferred | 1,250,000 | 1,250,000 | 1,250,000 | 1,231,500 | 1,231,500 |
| Common | 14,565,794 | 14,466,649 | 14,529,811 | 14,460,327 | 14,356,029 |
| Total shareholders' equity | 15,815,794 | 15,716,649 | 15,779,811 | 15,691,827 | 15,587,529 |
| Total liabilities and shareholders' equity | \$ 124,577,833 | 119,872,757 | 125,500,926 | 121,554,895 | 120,025,205 |

Condensed Consolidated Average Balance Sheet and Annualized Taxable-equivalent Rates

| Dollars in millions | Three months ended | | | | | | Change in balance | | |
|---|--------------------|--------|-----------|--------|--------------|--------|---------------------|--------------|--|
| | March 31, | | March 31, | | December 31, | | March 31, 2020 from | | |
| | 2020 | | 2019 | | 2019 | | March 31, | December 31, | |
| | Balance | Rate | Balance | Rate | Balance | Rate | 2019 | 2019 | |
| ASSETS | | | | | | | | | |
| Interest-bearing deposits at banks | \$ 6,130 | 1.24 % | 4,605 | 2.41 % | 8,944 | 1.65 % | 33 % | -31 % | |
| Federal funds sold and agreements | | | | | | | | | |
| to resell securities | 1,224 | 1.34 | — | — | 1,279 | 1.68 | — | -4 | |
| Trading account | 64 | 2.64 | 65 | 3.40 | 70 | 4.36 | -3 | -10 | |
| Investment securities | 9,102 | 2.22 | 12,949 | 2.52 | 10,044 | 2.51 | -30 | -9 | |
| Loans and leases, net of unearned discount | | | | | | | | | |
| Commercial, financial, etc. | 24,290 | 4.10 | 23,010 | 5.07 | 23,548 | 4.36 | 6 | 3 | |
| Real estate - commercial | 36,034 | 4.83 | 34,524 | 5.34 | 35,039 | 5.06 | 4 | 3 | |
| Real estate - consumer | 15,931 | 4.03 | 16,939 | 4.37 | 16,330 | 4.15 | -6 | -2 | |
| Consumer | 15,451 | 5.30 | 14,004 | 5.51 | 15,327 | 5.26 | 10 | 1 | |
| Total loans and leases, net | 91,706 | 4.61 | 88,477 | 5.15 | 90,244 | 4.77 | 4 | 2 | |
| Total earning assets | 108,226 | 4.18 | 106,096 | 4.71 | 110,581 | 4.27 | 2 | -2 | |
| Goodwill | 4,593 | | 4,593 | | 4,593 | | — | — | |
| Core deposit and other intangible | | | | | | | | | |
| assets | 27 | | 45 | | 31 | | -40 | -13 | |
| Other assets | 7,739 | | 6,105 | | 7,349 | | 27 | 5 | |
| Total assets | \$ 120,585 | | 116,839 | | 122,554 | | 3 % | -2 % | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | |
| Interest-bearing deposits | | | | | | | | | |
| Savings and interest-checking | | | | | | | | | |
| deposits | \$ 56,366 | .56 | 52,095 | .59 | 57,103 | .66 | 8 % | -1 % | |
| Time deposits | 5,672 | 1.55 | 6,351 | 1.35 | 6,015 | 1.58 | -11 | -6 | |
| Deposits at Cayman Islands | | | | | | | | | |
| office | 1,672 | .82 | 972 | 1.98 | 1,716 | 1.14 | 72 | -3 | |
| Total interest-bearing | | | | | | | | | |
| deposits | 63,710 | .65 | 59,418 | .70 | 64,834 | .76 | 7 | -2 | |
| Short-term borrowings | 58 | .16 | 1,091 | 2.49 | 675 | 1.86 | -95 | -91 | |
| Long-term borrowings | 6,240 | 2.60 | 8,494 | 3.23 | 6,941 | 2.83 | -27 | -10 | |
| Total interest-bearing liabilities | 70,008 | .83 | 69,003 | 1.04 | 72,450 | .97 | 1 | -3 | |

| | | | | | |
|--|------------|---------|---------|-----|------|
| Noninterest-bearing deposits | 32,456 | 30,315 | 32,069 | 7 | 1 |
| Other liabilities | 2,401 | 1,952 | 2,203 | 23 | 9 |
| Total liabilities | 104,865 | 101,270 | 106,722 | 4 | -2 |
| Shareholders' equity | 15,720 | 15,569 | 15,832 | 1 | -1 |
| Total liabilities and shareholders' equity | \$ 120,585 | 116,839 | 122,554 | 3 % | -2 % |
| Net interest spread | 3.35 | 3.67 | 3.30 | | |
| Contribution of interest-free funds | .30 | .37 | .34 | | |
| Net interest margin | 3.65 % | 4.04 % | 3.64 % | | |

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

| | Three months ended | | | | |
|--|--------------------|--------------|---------------|-----------|-----------|
| | March 31, | December 31, | September 30, | June 30, | March 31, |
| | 2020 | 2019 | 2019 | 2019 | 2019 |
| Income statement data | | | | | |
| In thousands, except per share | | | | | |
| Net income | | | | | |
| Net income | \$ 268,822 | 493,066 | 480,081 | 473,260 | 482,742 |
| Amortization of core deposit and other intangible assets (1) | 2,883 | 3,171 | 3,749 | 3,741 | 3,698 |
| Net operating income | \$ 271,705 | 496,237 | 483,830 | 477,001 | 486,440 |
| Earnings per common share | | | | | |
| Diluted earnings per common share | \$ 1.93 | 3.60 | 3.47 | 3.34 | 3.35 |
| Amortization of core deposit and other intangible assets (1) | .02 | .02 | .03 | .03 | .03 |
| Diluted net operating earnings per common share | \$ 1.95 | 3.62 | 3.50 | 3.37 | 3.38 |
| Other expense | | | | | |
| Other expense | \$ 906,416 | 823,683 | 877,619 | 873,032 | 894,348 |
| Amortization of core deposit and other intangible assets | (3,913) | (4,305) | (5,088) | (5,077) | (5,020) |
| Noninterest operating expense | \$ 902,503 | 819,378 | 872,531 | 867,955 | 889,328 |
| Efficiency ratio | | | | | |
| Noninterest operating expense (numerator) | \$ 902,503 | 819,378 | 872,531 | 867,955 | 889,328 |
| Taxable-equivalent net interest income | 981,868 | 1,014,225 | 1,035,469 | 1,047,406 | 1,056,027 |
| Other income | 529,360 | 521,040 | 527,779 | 512,095 | 500,765 |
| Less: Gain (loss) on bank investment securities | (20,782) | (6,452) | 3,737 | 8,911 | 11,841 |
| Denominator | \$ 1,532,010 | 1,541,717 | 1,559,511 | 1,550,590 | 1,544,951 |
| Efficiency ratio | 58.91 % | 53.15 % | 55.95 % | 55.98 % | 57.56 % |
| Balance sheet data | | | | | |
| In millions | | | | | |
| Average assets | | | | | |
| Average assets | \$ 120,585 | 122,554 | 120,388 | 118,487 | 116,839 |
| Goodwill | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | (27) | (31) | (36) | (41) | (45) |
| Deferred taxes | 7 | 8 | 10 | 11 | 12 |
| Average tangible assets | \$ 115,972 | 117,938 | 115,769 | 113,864 | 112,213 |
| Average common equity | | | | | |

| | | | | | | |
|---|----|---------|---------|---------|---------|---------|
| Average total equity | \$ | 15,720 | 15,832 | 15,837 | 15,630 | 15,569 |
| Preferred stock | | (1,250) | (1,250) | (1,373) | (1,232) | (1,232) |
| Average common equity | | 14,470 | 14,582 | 14,464 | 14,398 | 14,337 |
| Goodwill | | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | | (27) | (31) | (36) | (41) | (45) |
| Deferred taxes | | 7 | 8 | 10 | 11 | 12 |
| Average tangible common equity | \$ | 9,857 | 9,966 | 9,845 | 9,775 | 9,711 |
| At end of quarter | | | | | | |
| Total assets | | | | | | |
| Total assets | \$ | 124,578 | 119,873 | 125,501 | 121,555 | 120,025 |
| Goodwill | | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | | (25) | (29) | (33) | (38) | (44) |
| Deferred taxes | | 6 | 7 | 8 | 10 | 12 |
| Total tangible assets | \$ | 119,966 | 115,258 | 120,883 | 116,934 | 115,400 |
| Total common equity | | | | | | |
| Total equity | \$ | 15,816 | 15,717 | 15,780 | 15,692 | 15,588 |
| Preferred stock | | (1,250) | (1,250) | (1,250) | (1,232) | (1,232) |
| Undeclared dividends - cumulative preferred stock | | — | — | — | (3) | (3) |
| Common equity, net of undeclared cumulative preferred dividends | | 14,566 | 14,467 | 14,530 | 14,457 | 14,353 |
| Goodwill | | (4,593) | (4,593) | (4,593) | (4,593) | (4,593) |
| Core deposit and other intangible assets | | (25) | (29) | (33) | (38) | (44) |
| Deferred taxes | | 6 | 7 | 8 | 10 | 12 |
| Total tangible common equity | \$ | 9,954 | 9,852 | 9,912 | 9,836 | 9,728 |

(1) After any related tax effect.

INVESTOR CONTACT: Donald J. MacLeod
(716) 842-5138

MEDIA CONTACT: C. Michael Zabel
(716) 842-5385