BofA SECURITIES

M&T Bank

Consistent execution should pay off: CFO meeting takeaways

Maintain Rating: BUY | PO: 157.00 USD | Price: 133.33 USD

Proactive actions reduce risk of negative surprises

Last week we hosted investor meetings with M&T Bank-MTB CFO Daryl Bible amid renewed concerns around commercial real estate (CRE) exposure across the banking industry. Our meetings highlighted M&T's consistent approach starting from client selection, to identifying borrower stress (reflected in elevated level of criticized assets), to working with customers in nonperforming status. While this approach does not eliminate the potential for higher losses, these actions combined with years of Fed stress testing (assumed ~40% drop in CRE prices), reduce the risk of negative surprises.

Balance sheet optionality significant

M&T is operating with significant excess capital, CET1 capital ratio at 11% (10.8% adj. for MTM bond losses) vs. 8.5% regulatory minimum, above peer average. Strong capital position combined with superior profitability should allow M&T to absorb higher than expected credit losses with FY24 net charge-off guidance implying losses of ~$550mn vs. $3.8bn in pre-provision net revenue, BofA/consensus forecast. Our forecast assumes modest level of share buybacks for 2H24 as mgmt. awaits increased visibility on the macro backdrop, results from the annual Fed stress test (in June).

Fewer rate cuts a positive

While higher for longer rates are likely to heighten investor concern tied to CRE repricing risk, fewer rate cuts should lead to a better net interest income (NII) outlook for M&T (higher end of $6.7-$6.8bn guidance range assuming three rate cuts). A gradual decline in interest rates combined with a steepening yield curve should allow mgmt. increased flexibility to neutralize balance sheet asset sensitivity. M&T is also well-positioned as it pertains to balance sheet liquidity with cash holdings at 16% of average earning assets (vs. 8% pre-pandemic) and a loan-to-deposit ratio of 81% (vs. 93%).

How to think about the stock?

At 9.9x 2024e P/E and 1.3x YE24e TBV, valuation stacks up favorably vs. 10x P/E and 1.4x P/TBV medians for super regional peers, when considering M&T's conservative underwriting culture, superior capital/liquidity position and profitability. Assuming BofA Economics team's base case expectations (4-6 rate-cuts over the next year, no hard landing) hold, we see the stock as offering an attractive risk/reward. However, we recognize the potential for CRE overhang to persist in the near term, that may temper investor appetite and keep shares range-bound. Maintain Buy rating.

Estimates (Dec) (US$)	**2022A**	**2023A**	**2024E**	**2025E**	**2026E**
EPS	12.45	15.72	13.53	15.75	15.65
GAAP EPS	10.16	15.79	13.53	15.75	15.65
EPS Change (YoY)	-10.3%	26.3%	-13.9%	16.4%	-0.6%
Consensus EPS (Bloomberg)			14.11	16.15	18.93
DPS	4.80	5.20	5.40	5.67	5.95
Valuation (Dec)					
P/E	10.7x	8.5x	9.9x	8.5x	8.5x
GAAP P/E	13.1x	8.4x	9.9x	8.5x	8.5x
Dividend Yield	3.6%	3.9%	4.1%	4.3%	4.5%

12 February 2024

Equity

Ebrahim H. Poonawala
Research Analyst
BofAS
+1 646 743 0490
ebrahim.poonawala@bofa.com

Brandon Berman
Research Analyst
BofAS
+1 646 855 3933
brandon.berman@bofa.com

Christian Panebianco
Research Analyst
BofAS
+1 646 855 3912
christian.panebianco@bofa.com

Isiah Austin
Research Analyst
BofAS
+1 646 855 0472
isiah.austin@bofa.com

Gabriel Angelini
Research Analyst
BofAS
+1 646 855 3081
gabriel.angelini@bofa.com

Stock Data

Price	133.33 USD
Price Objective	157.00 USD
Date Established	14-Dec-2023
Investment Opinion	B-1-7
52-Week Range	108.53 USD -161.99 USD
Mrkt Val / Shares Out (mn)	21,279 USD / 159.6
Free Float	98.4%
Average Daily Value	170.15 USD
BofA Ticker / Exchange	MTB / NYS
Bloomberg / Reuters	MTB US / MTB.N
ROE (2024E)	8.8%
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

Refer to important disclosures on page 16 to 18. Analyst Certification on page 13. Price Objective Basis/Risk on page 13. **12658318**

Timestamp: 12 February 2024 05:00AM EST

iQprofile[SM] M&T Bank

Income Statement Data (Dec)

(US$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Income	5,861	7,170	6,728	6,900	6,741
% change	52.7%	22.3%	-6.2%	2.6%	-2.3%
Net Fee Income	NA	NA	NA	NA	NA
Securities Gains / (Losses)	(6)	5	0	0	0
Total Operating Income	8,188	9,698	9,107	9,437	9,341
Operating Expenses	(4,521)	(5,121)	(5,199)	(5,281)	(5,360)
% change	27.1%	13.3%	1.5%	1.6%	1.5%
Provisions Expense	(518)	(645)	(675)	(550)	(550)
% change	NA	24.4%	4.7%	-18.5%	0%
Operating Pre-Tax Income	3,148	3,932	3,233	3,606	3,430
Operating Net Income to Comm S/Hold.	1,985	2,563	2,188	2,488	2,355
GAAP Net Income	1,985	2,563	2,296	2,604	2,471

Balance Sheet Data (Dec)

(US$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Assets	200,730	208,264	211,769	212,657	210,786
Average Interest Earning Assets	172,669	186,990	190,080	193,089	192,597
Total Gross Customer Loans	131,564	134,068	136,459	134,278	132,406
% change	41.6%	1.9%	1.8%	-1.6%	-1.4%
Total Customer Deposits	163,515	163,274	165,585	169,657	172,647
% change	24.3%	-0.1%	1.4%	2.5%	1.8%
Tangible Equity	14,659	16,371	17,454	17,777	17,682
Common Shareholders' Equity	23,307	24,946	26,013	26,298	26,166

Key Metrics (Dec)

(US$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Margin	3.39%	3.83%	3.54%	3.57%	3.50%
Effective Tax Rate	25.4%	23.3%	25.7%	25.7%	25.7%
Loan / Deposit Ratio	80.5%	82.1%	82.4%	79.1%	76.7%
Tangible Common Equity / Assets	7.3%	7.9%	8.2%	8.4%	8.4%
ROA	1.1%	1.3%	1.1%	1.2%	1.1%
ROE	9.4%	11.0%	8.8%	9.7%	9.1%
RoTE	15.6%	16.9%	13.3%	14.3%	13.5%
Dividend Payout Ratio	38.6%	33.1%	39.9%	36.0%	38.0%
Efficiency Ratio (Cost / Income Ratio)	55.2%	52.8%	57.1%	56.0%	57.4%

Quality of Earnings (Dec)

(US$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Non-Interest Inc / Operating Inc	28.4%	26.1%	26.1%	26.9%	27.8%
NPLs plus Foreclosed Real Estate / Loans	1.9%	1.6%	2.0%	2.5%	3.2%
Loan Loss Reserves / NPLs	78.96%	98.29%	83.04%	64.95%	50.79%
Loan Loss Reserves / Total Loans	1.46%	1.59%	1.66%	1.65%	1.64%

Company Sector

Banks-US Regionals

Company Description

MTB is based in Buffalo, NY, with $200 billion in total assets and a branch network that spans the Mid-Atlantic. The company's lending portfolio focuses primarily on Commercial RE, residential real estate, and C&I.

Investment Rationale

M&T not immune to the EPS headwinds faced by the industry, but mgmt. operating from a position of strength. Credit defensibility combined with potential for market share gains (organic and M&A) should drive superior EPS growth and stock outperformance.

Stock Data

Average Daily Volume	1,291,480

Quarterly Earnings Estimates

	2023	2024
Q1	4.01A	3.07E
Q2	4.11A	3.26E
Q3	3.98A	3.46E
Q4	3.62A	3.75E

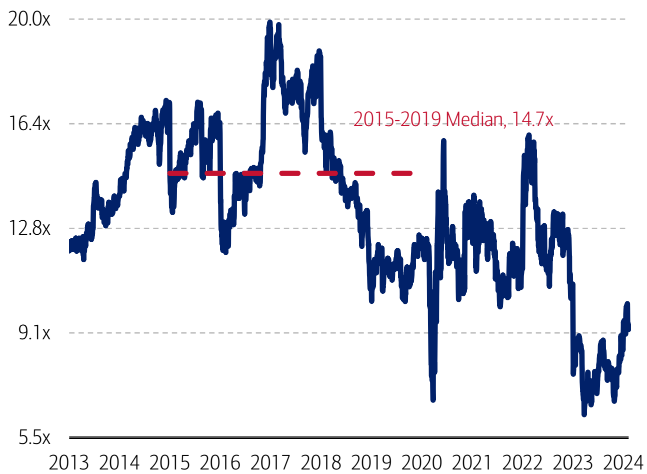
Consistent execution should pay off

At 9.9x 2024e P/E and 1.3x YE24e TBV, valuation stacks up favorably vs. 10x P/E and 1.4x P/TBV medians for super regional peers, when considering M&T's conservative underwriting culture, superior capital/liquidity position and profitability. Assuming BofA Economics team's base case expectations (4-6 rate-cuts over the next year, no hard landing) hold, we see the stock as offering an attractive risk/reward. However, we recognize the potential for CRE overhang to persist in the near term, that may temper investor appetite and keep shares range-bound.

Shares are trading at 9.9x/8.5x 2024e/25e P/E vs 14.7x 5-year pre-pandemic median; 1.3x YE24e TBV vs our ~14% 2024e/25e return on tangible common equity (ROTCE) forecast.

Relevant research: MTB: Operating from a position of strength 19 Jan 2024 / MTB: Playing the long game: CEO meeting takeaways 18 May 2023

Exhibit 1: Stock trading at a discounted P/E vs. historical...
MTB P/E



Source: BofA Global Research, Bloomberg

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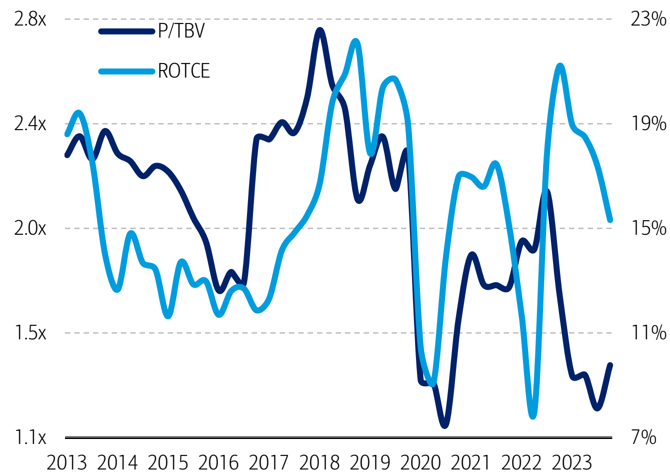
Exhibit 2: ... and discounted P/TBV vs. ROTCE outlook, capital position
MTB P/TBV vs. ROTCE



Source: BofA Global Research, Bloomberg, Company filings

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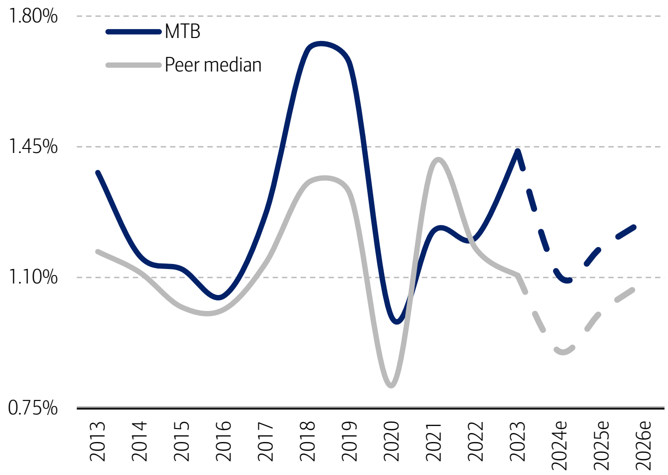
History of superior profitability driven by strong expense/capital management, conservative underwriting culture, steady growth, and opportunistic M&A.

Exhibit 3: Superior profitability evident in ROA outlook
Return on Assets (ROA)



Source: BofA Global Research, S&P Capital IQ Pro, Company filings

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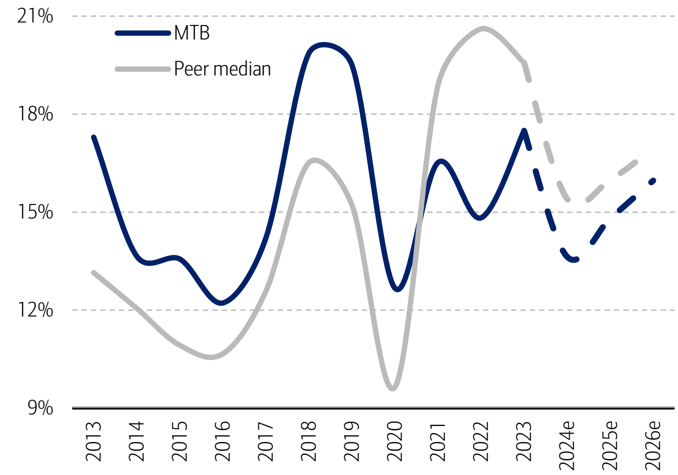
Exhibit 4: Superior TCE/TA weighing on ROTCE vs. peers
Return on tangible common equity (ROTCE)



Source: BofA Global Research, S&P Capital IQ Pro, Company filings

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Mgmt's FY24 guidance implies relative stability across balance sheet and P&L line items with fewer rate cuts seen as pushing net interest income towards higher end of guidance.

Exhibit 5: Estimates are expecting share repurchases to resume in 2024
BofA vs consensus estimates

	FY24 Guidance	BofAe	Cons	vs. BofAe	vs. Cons
Net interest income	$6.7-6.8bn	$6,728.4	$6,764.4	-0.3%	0.2%
Fee income	$2.3-2.4bn	$2,378.6	$2,352.3	1.2%	0.1%
GAAP expense	$5.25-5.30bn	$5,252.3	$5,276.8	-0.4%	0.0%
Net charge-offs	~40bp	0.40	0.41	0bp	1bp
Tax rate	24.5% +/- 50bp	24.5%	24.2%	0bp	-25bp
Average loans	$134-136bn	$135,045.0	$134,799.0	0.0%	-0.1%
Average deposits	$163-165bn	$165,105.5	$164,475.4	0.7%	0.3%
Share repurchases	Currently paused	$279.3	$847.8	-	-

Source: BofA Global Research estimates, Visible Alpha, Company filings

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Management meeting takeaways

#1 Macro outlook remains biased towards soft landing

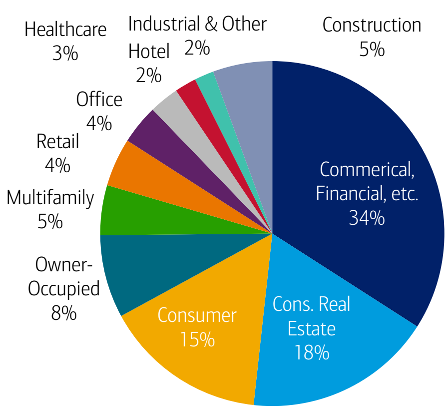
Although mgmt. sees soft landing as the most likely outcome for the US economy, it is prepared for a potential recession and views the bank as well-positioned for either scenario. Mgmt. is maintaining a conservative posture, sticking to its disciplined underwriting approach as it pertains to new lending relationships. Loan growth should trend in-line with Fed H.8 trends (-0.4% YTD). Commercial clients are generally more cautious. Trucking is an area of the economy that is facing headwinds. Job gains and above inflation wage growth has helped drive consumer spending. Prime consumers are still relatively strong but non-prime is facing stress with high interest rates and credit card debt.

#2 Staying proactive in identifying borrower stress

Mgmt. working through reviewing its commercial real estate (CRE) portfolio (~60% reviewed with 2022/2023 appraisals). Around March-April, mgmt. should receive new data on vacancy rates, collateral value, cash flows, tenancy, lease income, and other stats which should provide additional visibility. Mgmt. expressed comfort with 4.4% office reserves (~4% of total loans) reflecting confidence in collateral value. NPLs (1.62% of total loans) is a combination of office and other properties. Mgmt. commented that it is rare a loan would go from performing to NPL immediately, initially criticized. Moreover, given a highly relationship-driven lending culture, M&T has a tendency to exit loans slower vs. peers, contributing to the more elevated level of NPLs.

Mgmt. commented that at the start of 2023, there were 10 loans that were at risk for being troubled loans and have resolved 5-6 of them. These were sponsor or investor-owned. Mgmt. more inclined to be conservative and downgrade a loan vs. upgrade, and the annual review process makes it difficult to upgrade a loan within a year so criticized levels likely to remain elevated (C&I and CRE $12.6bn, 14% of commercial loans at YE23).

Exhibit 6: Investor-owned CRE & construction 25% of total loans
Loan portfolio mix ($132bn as of 3Q23)



Source: BofA Global Research, Company filings

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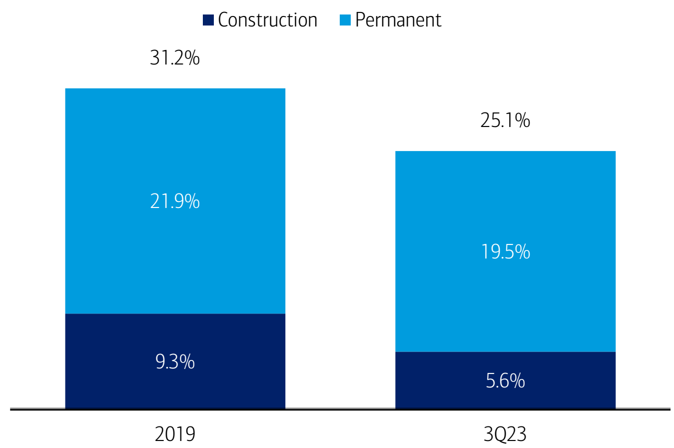
Exhibit 7: CRE exposure in run-off mode since 2019
Investor-Owned Real Estate (IRE) % of Total Loans (as of 3Q23)



Source: BofA Global Research, Company filings

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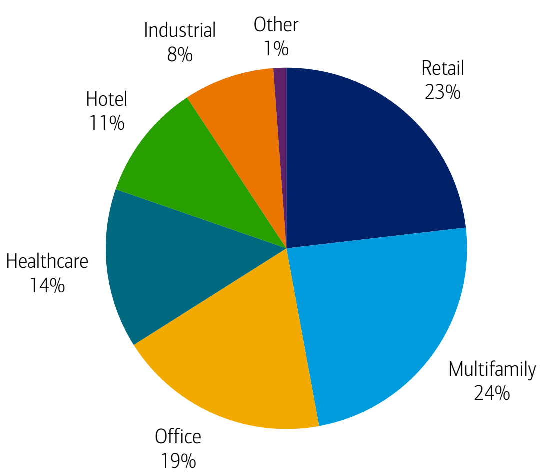
Exhibit 8: Office exposure likely to drive losses within CRE book
Permanent IRE mix



Source: BofA Global Research, Company filings

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Exhibit 9: ~75% of permanent IRE matures 2025 or later
Permanent IRE details ($bn, as of 3Q23)

			% of Loans Maturing		
	Balance	WAVG LTV	2023	2024	2025
Retail	$6.0	53%	8%	13%	18%
Multifamily	$6.2	56%	5%	10%	24%
Office	$4.9	58%	9%	11%	25%
Healthcare	$3.7	59%	15%	24%	15%
Hotel	$2.7	56%	16%	26%	19%
Industrial	$2.1	53%	8%	12%	15%
Other	$0.3	57%	6%	7%	24%
Permanent	$25.9	56%	9%	14%	20%

Source: BofA Global Research, Company filings

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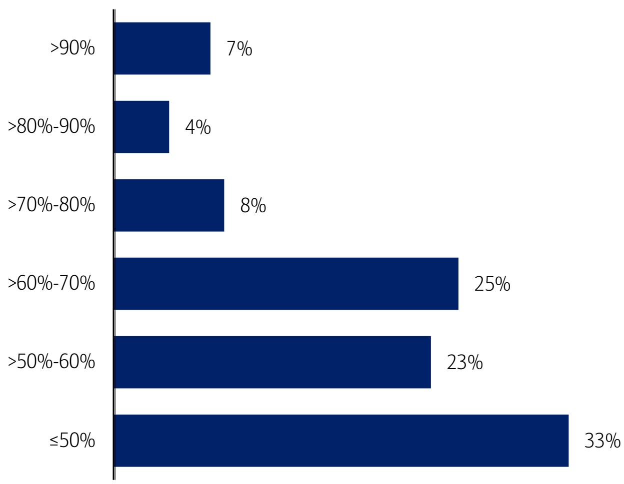
#3 Not all CRE exposures created equal

Washington DC office is the most stressed with government employees still working from home. NYC varies depending on the individual property, but downtown generally worse than midtown. Most of the portfolio is in Tier 2 and 3 cities with more stable valuations and borrowers consistently supporting properties. Healthcare has reimbursement problems because of skilled nursing costs. Multifamily retail are good properties that can see some migration from interest rate pressure, but loss given default (LGD) should be lower than office. NYC rent stabilized multi-family relatively small exposure (~$1bn of NYC multi-family or < 1% of total loans, small portion is rent regulated). Mgmt. does not view general CRE as having a net operating income (NOI) problem outside of office.

Multifamily not same as Office CRE: We note that this sentiment is echoed across peer banks and also something that we have heard from BofA's REITs and CMBS Research teams. While non-office CRE loans could see migration, the loss content tied to these loans should be lower given the use case for most of these properties still intact vs. older office buildings that have been abandoned and in need of significant capex to bring in new tenants.

Exhibit 10: Strong collateral coverage to buttress losses
Permanent office CRE % balances by LTV (as of 3Q23)



Source: BofA Global Research, Company filings

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Exhibit 11: Geographic diversity limits overexposure to problem areas
Permanent office CRE geographies (as of 3Q23)

	Balance ($bn)	% of Total Loans	WAVG LTV
New York City	$0.7	0.5%	51%
Connecticut	$0.5	0.4%	58%
Greater Boston	$0.5	0.3%	60%
New Jersey	$0.3	0.2%	58%
Western New York	$0.3	0.2%	65%
VT/NH/ME	$0.3	0.2%	64%
Rochester	$0.2	0.2%	60%
Albany/HVN	$0.2	0.2%	60%
Out of Footprint	$0.2	0.2%	47%
Baltimore	$0.2	0.2%	63%
Florida	$0.2	0.1%	61%
Long Island	$0.2	0.1%	48%
MA/RI	$0.2	0.1%	54%
Northern PA	$0.1	0.1%	52%
Delaware/Eastern MD	$0.1	0.1%	65%
All Other	$0.7	0.5%	58%
Total	$4.9	3.7%	58%

Source: BofA Global Research, Company filings

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Exhibit 12: Less than $25mn in total NYC perm office maturities in 4 quarters, all have LTV ≤70%
LTV Ranges for Upcoming Office Maturities (as of 3Q23)

	4Q23	1Q24	2Q24	3Q24	4Q23-3Q24	4Q24-3Q25
>90%	9%	0%	0%	1%	4%	13%
>80%-90%	5%	25%	0%	22%	14%	0%
>70%-80%	0%	9%	22%	17%	9%	4%
>60%-70%	26%	23%	20%	19%	23%	21%
>50%-60%	36%	10%	43%	11%	24%	30%
≤50%	24%	33%	14%	30%	27%	32%
Maturities ($bn)	$0.2	$0.1	$0.1	$0.2	$0.6	$1.0

Source: BofA Global Research, Company filings

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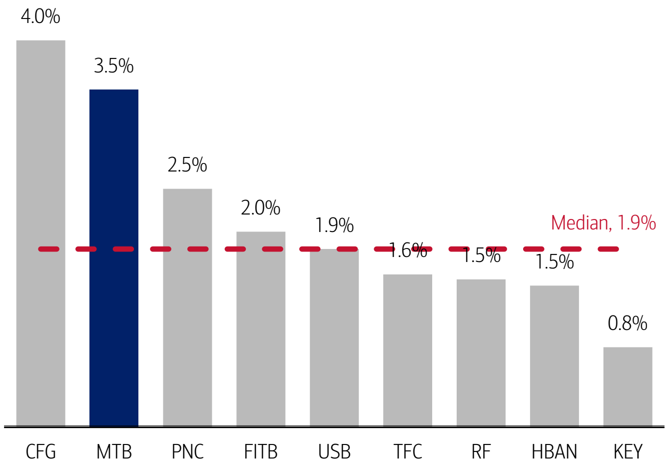
Exhibit 13: Above average office CRE exposure...
Office as % of loans held for investment



Source: BofA Global Research, Company filings

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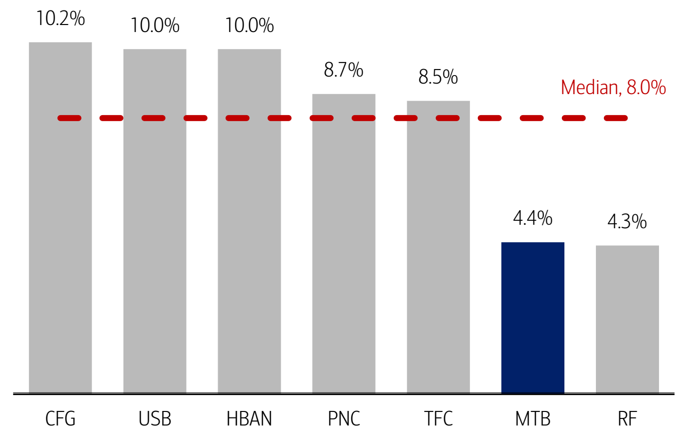
Exhibit 14: ... while reserves below peer average of banks that disclose
Office reserves as % of office balances



Source: BofA Global Research, Company filings

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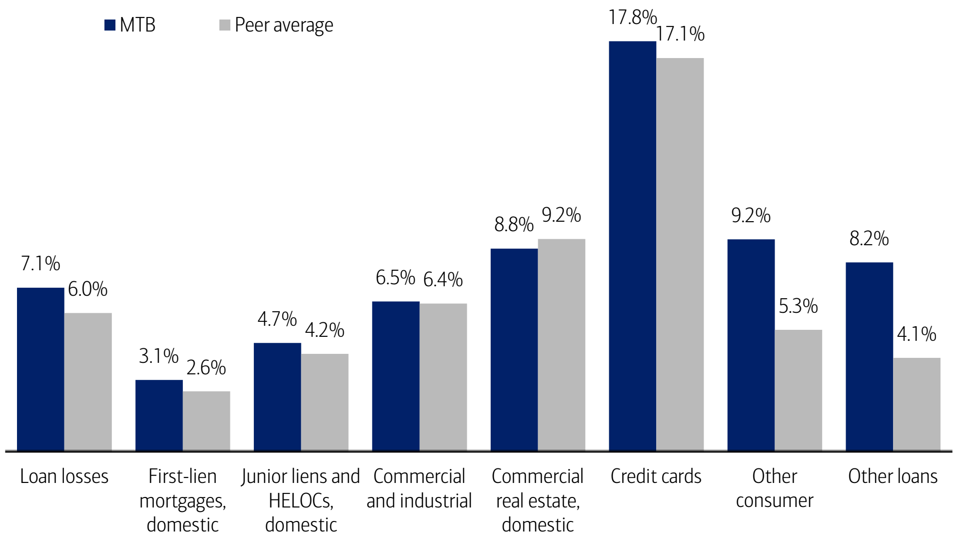
Larger C&I and CRE criticized book ($12.6bn 4Q23 vs $10.7bn 4Q22) seen as influencing stress test results this year.

Exhibit 15: CRE loss rate was below peer average in Fed run stress test in 2023
2023 Stress Test - Projected loan losses by type of loan under the severely adverse scenario



Source: BofA Global Research, Federal Reserve
Peers: JPM, WFC, BAC, PNC, TFC, USB, CFG

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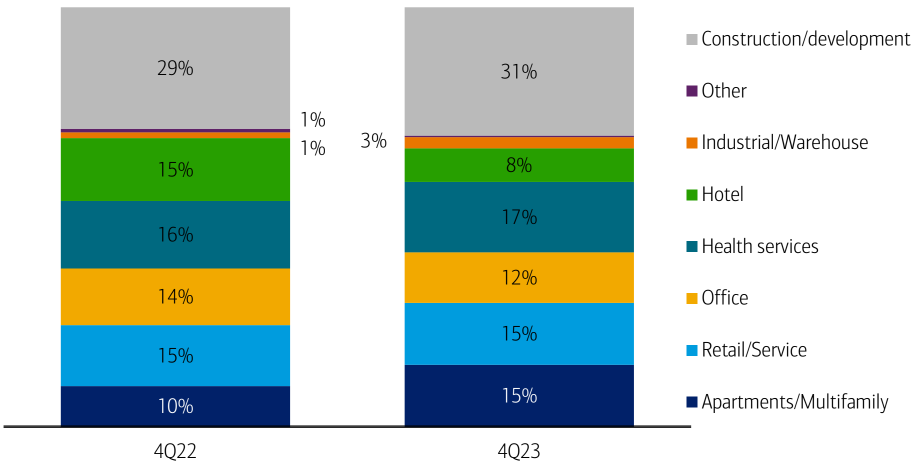
Exhibit 16: Criticized Investor-Owned CRE Loans ($8.8bn) grew 11.4% YoY
Criticized Investor-Owned CRE Loans



Source: BofA Global Research, Company filings

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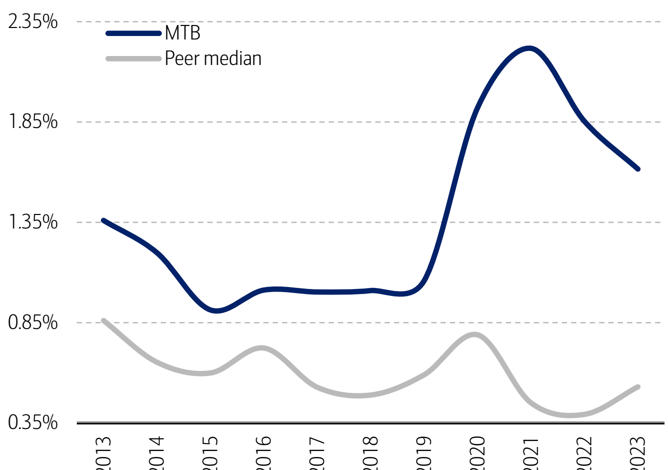
#4 Client selection, relationships mitigate risk

Selection process and strong client relationships lead to lower probability of default and lower loss given default. Clients are typically not backing out of properties and are still committed to their loans. If LTVs fall below mgmt.'s comfort level, the borrower is asked to inject equity, but the bank is willing to work with the borrower. Criticized conversion to NPLs has not been meaningful, reflecting the success in client selection. Mgmt. highlighted 6% of criticized historically goes into nonaccrual. Many of these clients have low tax bases in the properties and are committed to supporting them, using equity and cash flows from other properties. Mgmt. will exit a relationship if the borrower is unwilling to support it.

> Strong client relationships, desire among clients to support their properties and M&T's willingness to work its clients should mitigate losses.

Exhibit 17: Desire to work with borrowers keep NPLs at elevated levels
NPL ratio



Source: BofA Global Research, Company filings

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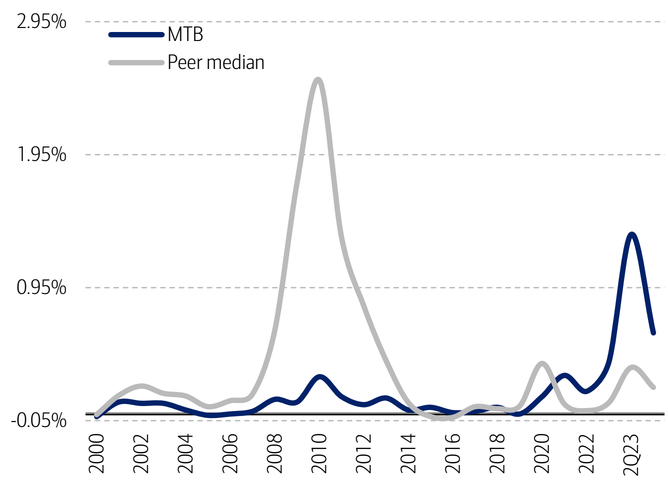
Exhibit 18: CRE NCOs have trended above peer average recently
CRE net charge off ratio



Source: BofA Global Research, S&P Capital IQ Pro, FR Y-9C/LP

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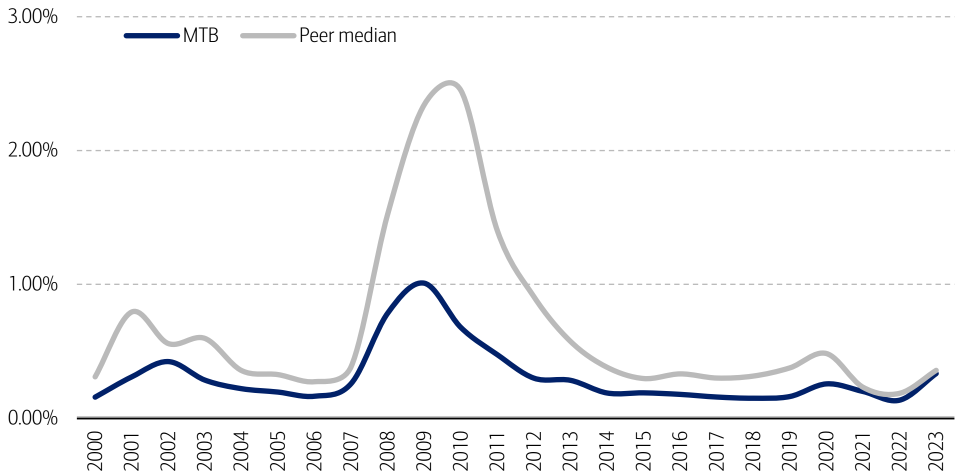
While the above peer average exposure to CRE loans could lead to higher than peer losses given the idiosyncratic factors pressuring real estate investors, we expect M&T's historically conservative underwriting culture that has led to lower through cycle losses to keep credit losses at manageable levels.

Exhibit 19: M&T has historically executed with conservative underwriting that led to low losses
Net charge-off ratio



Source: BofA Global Research, S&P Capital IQ Pro, Company filings
Peers: PNC, TFC, USB, FITB, HBAN, KEY, MTB, RF, CFG

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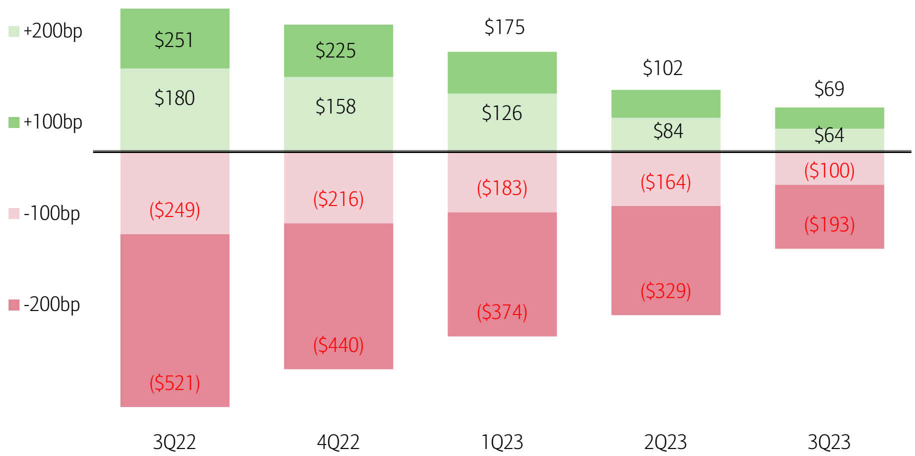
#5 Higher for longer rates should help NII outlook

Mgmt.'s FY24 NII guide of $6.7-6.8bn incorporates 3 (higher end of guide) to 5/6 (lower end) rate cuts. NII expected to grow on a sequential basis later in the year and into 2025. Mgmt. maintains a conservative position on liquidity. The regional bank turmoil last year shifted the deposit matrix beyond operating (= sticky) vs nonoperating (= flighty) to also include insured (= sticky) and uninsured (= flighty). Velocity of deposits has also increased with the rise of technology and social media, which mgmt. noted is not going away any time soon. Guidance for FY24 average deposits in the $163-165bn range assumes a decline in brokered deposits ($13bn or 8% of total deposits at 3Q23 vs. 2.3% YE22). Mgmt. should have improved clarity on deposit trends later in the quarter once it is past the seasonal low that occurs during the first quarter.

Mgmt. has reduced asset sensitivity over the past few quarters, expected to continue as it moves closer to a neutral position.

Exhibit 20: NII sensitivity to lower rates has diminished over the last year
Sensitivity of NII to changes in interest rates ($mn)



Source: BofA Global Research, Company filings

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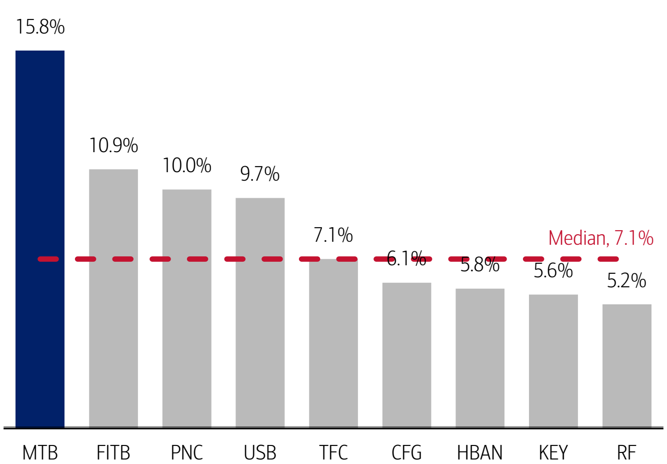
Steeper yield curve should help: While remix of cash into securities likely to be a near term headwind to NII given the inverted yield curve, it should mitigate the downside risk from rate cuts. Plan to remix ~$3bn in cash into securities (mid-4 yielding) during 1H24.

Exhibit 21: Conservative positioning on cash a headwind with rate cuts
Cash % AEA



Source: BofA Global Research, S&P Capital IQ Pro, Company filings

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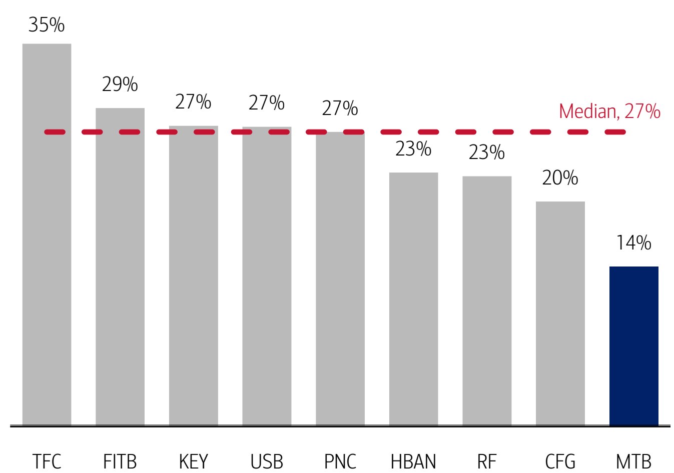
Exhibit 22: Mgmt. adding securities yielding mid-4s
Securities % AEA



Source: BofA Global Research, S&P Capital IQ Pro, Company filings

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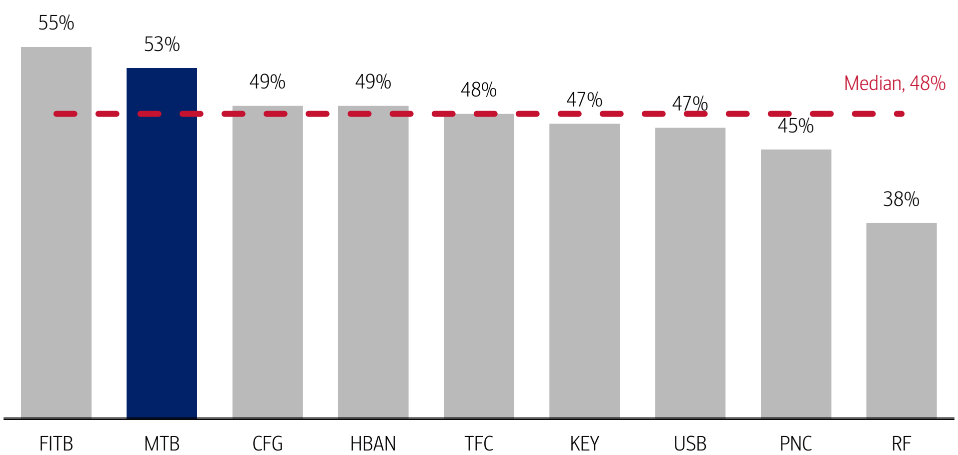
#6 Deposit pricing competition easing prior to cuts

With rate cuts on the table this year, banks are talking about their deposit beta expectations on the way down. Mgmt. noted that it had observed peers already cutting promotional money market and CD rates ahead of Fed cuts (we have observed the same based on online deposit promotions over the last few months). Specials are mainly where the cuts are happening. Exception pricing harder but not impossible to bring down. Expecting deposit beta in the 40s with initial rate cuts (100-200bp) but will not be sustainable as consumer has less room to cut (beta ~30% vs. commercial and wealth ~80%).

We view deposit beta on the downside as a source of uncertainty given competitive dynamics that may cause certain institutions to pay up in order to maintain/build liquidity, thereby pressuring the overall market.

Exhibit 23: Commercial and wealth deposits mainly drove beta this cycle
Interest-bearing deposit beta



Source: BofA Global Research, S&P Capital IQ Pro, Company filings

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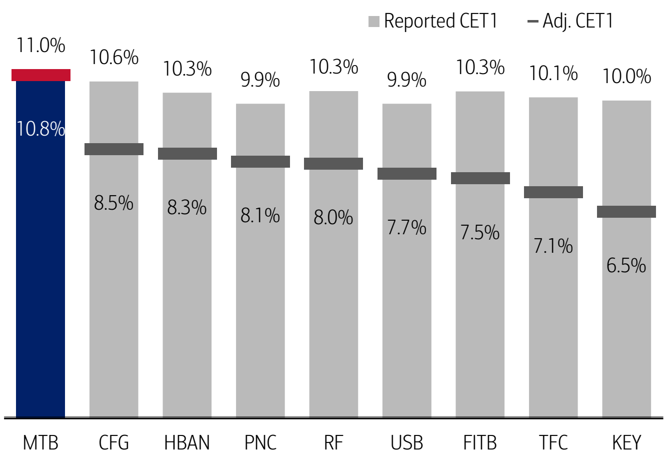
#7 Significant capital optionality

Share buybacks are currently paused but mgmt. communicated that share buybacks are important to its capital deployment strategy. A variety of factors are contributing to the conservative posture despite best-in-class capital levels with CET1 ratio at ~11% (10.8% adj. for MTM bond losses) and TCE/TA ratio of 8.2% (vs. 6.1% peer median). We note these strong capital ratios are despite criticized loans carrying a 100% risk weighting.

Mgmt. feels they need to continue to shrink CRE to an appropriate level, highlighting another $3bn decrease this year, may continue to shrink in 2025. Regulatory clarity on the impact of Basel III Endgame and 2024 Stress Test results are two major factors sidelining the bank. The elevated level of criticized loans (C&I, CRE+17.8% YoY) seen as a potential pressure point during the Fed run stress test. We forecast ~$280mn in share repurchases for 2H24, increasing to ~$1.2bn for FY25/26, implying YE24 CET1 12%. Without forecasting share repurchases, CET1 reaches 12.2%. Mgmt. pegged a CET1 buffer of 50-100bp buffer above minimum regulatory requirements (8.5% currently based on a 400bp stress capital buffer) as an acceptable operating range.

Best-in-class capital position vs. regional bank peers provides strategic flexibility to pursue opportunistic growth, resume buybacks.

Exhibit 24: Capital flexibility to navigate regulatory, economic risks...
AOCI adjusted CET1



Source: BofA Global Research, S&P Capital IQ Pro, Company filings

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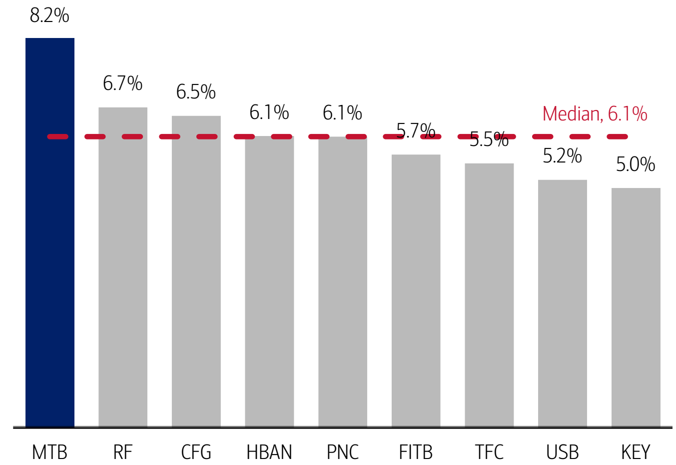
Exhibit 25: ... and resume buybacks sooner than constrained peers
TCE/TA



Source: BofA Global Research, S&P Capital IQ Pro, Company filings

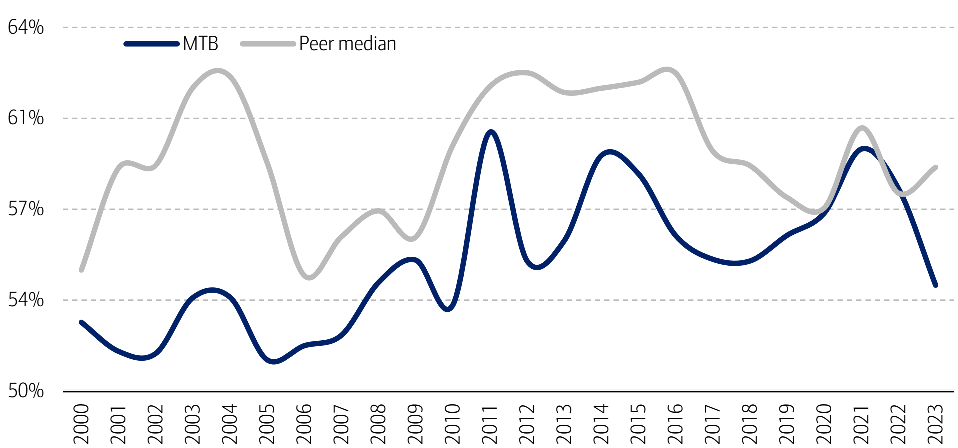
BofA GLOBAL RESEARCH

#8 Expense leverage while investing through the cycle

Maintaining focus on prudent expense management. Areas of investment through 2025 include automating the general ledger and underwriting process. Mgmt. is also focused on improving data and digital capabilities, as well as treasury management. Mgmt. highlighted the ability of the individual businesses to maintain flat expenses, being able to cover merit increases with cost cuts, reflected in the FY24 guide of $5.25-5.30bn, including seasonally higher compensation in 1Q (~$110mn) and intangible amortization (~$53mn).

> Disciplined expense management historically has and should continue to support superior profitability vs. peers.

Exhibit 26: Ability to pull on expense levers through multiple revenue backdrops
Efficiency ratio



Source: BofA Global Research, S&P Capital IQ Pro, Company filings

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Price objective basis & risk

M&T Bank (MTB)

Our $157 PO is based on a 50%/50% weighting between our 2024e EPS and 2024e TBV. We assign 11.5x/1.5x multiples, respectively, below the bank's 5 year pre pandemic median of 14.7x/2.2x given heightened uncertainty surrounding EPS/ROTCE outlooks, owing to the macro backdrop. Downside risks to our PO: a significant deterioration in the CRE market beyond office that would weigh on credit quality, higher funding costs that would squeeze the net interest margin, and rising regulatory burden. Upside risks: stronger growth, lower funding costs, opportunistic M&A.

Analyst Certification

I, Ebrahim H. Poonawala, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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	Ares Commercial Real Estate Corporation	ACRE	ACRE US	Derek Hewett
	Bank of Montreal	BMO	BMO US	Ebrahim H. Poonawala
	Bank of Montreal	YBMO	BMO CN	Ebrahim H. Poonawala
	Barings BDC Inc	BBDC	BBDC US	Derek Hewett
	Blackstone Mortgage Trust Inc	BXMT	BXMT US	Derek Hewett
	Blue Owl Capital Corporation	OBDC	OBDC US	Derek Hewett
	Carlyle Secured Lending Inc	CGBD	CGBD US	Derek Hewett
	Citigroup Inc.	C	C US	Ebrahim H. Poonawala
	Compass Diversified Holdings	CODI	CODI US	Derek Hewett
	Crescent Capital BDC	CCAP	CCAP US	Derek Hewett
	Cullen/Frost Bankers Inc	CFR	CFR US	Ebrahim H. Poonawala
	East West Bancorp, Incorporated	EWBC	EWBC US	Ebrahim H. Poonawala
	Fifth Third Bank	FITB	FITB US	Ebrahim H. Poonawala
	First Bancorp Puerto Rico	FBP	FBP US	Brandon Berman
	First Horizon Corporation	FHN	FHN US	Ebrahim H. Poonawala
	FNB Corporation of Pennsylvania	FNB	FNB US	Brandon Berman
	Goldman Sachs	GS	GS US	Ebrahim H. Poonawala
	JPMorgan Chase & Co.	JPM	JPM US	Ebrahim H. Poonawala
	KeyCorp	KEY	KEY US	Ebrahim H. Poonawala
	M&T Bank	MTB	MTB US	Ebrahim H. Poonawala
	Morgan Stanley	MS	MS US	Ebrahim H. Poonawala
	New Mountain Finance Corporation	NMFC	NMFC US	Derek Hewett
	Northern Trust Corporation	NTRS	NTRS US	Ebrahim H. Poonawala
	Royal Bank of Canada	RY	RY US	Ebrahim H. Poonawala
	Royal Bank of Canada	YRY	RY CN	Ebrahim H. Poonawala
	Safehold, Inc	SAFE	SAFE US	Derek Hewett
	Sixth Street Specialty Lending, Inc	TSLX	TSLX US	Derek Hewett
	Starwood Property Trust	STWD	STWD US	Derek Hewett
	Synovus Financial Corp.	SNV	SNV US	Ebrahim H. Poonawala
	The Bank of New York Mellon Corporation	BK	BK US	Ebrahim H. Poonawala
	Truist Financial	TFC	TFC US	Ebrahim H. Poonawala
	U.S. Bancorp	USB	USB US	Ebrahim H. Poonawala
	Webster Financial Corp.	WBS	WBS US	Brandon Berman
	Wells Fargo & Company	WFC	WFC US	Ebrahim H. Poonawala
	Western Alliance Bancorp	WAL	WAL US	Ebrahim H. Poonawala
NEUTRAL				
	AGNC Investment Corp	AGNC	AGNC US	Derek Hewett
	Ally Financial	ALLY	ALLY US	Brandon Berman
	Annaly Capital Management	NLY	NLY US	Derek Hewett
	Apollo Commercial Real Estate Finance	ARI	ARI US	Derek Hewett

North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Associated Banc-Corp	ASB	ASB US	Brandon Berman
	Bain Capital Specialty Finance, Inc.	BCSF	BCSF US	Derek Hewett
	Bank of Nova Scotia	YBNS	BNS CN	Ebrahim H. Poonawala
	Bank of Nova Scotia	BNS	BNS US	Ebrahim H. Poonawala
	Blackstone Secured Lending Fund	BXSL	BXSL US	Derek Hewett
	BrightSpire Capital Inc.	BRSP	BRSP US	Derek Hewett
	Canadian Imperial Bank of Commerce	CM	CM US	Ebrahim H. Poonawala
	Canadian Imperial Bank of Commerce	YCM	CM CN	Ebrahim H. Poonawala
	Citizens Financial Group	CFG	CFG US	Ebrahim H. Poonawala
	Comerica Incorporated	CMA	CMA US	Brandon Berman
	Commerce Bancshares Inc.	CBSH	CBSH US	Brandon Berman
	Goldman Sachs BDC, Inc.	GSBD	GSBD US	Derek Hewett
	Golub Capital BDC, Inc.	GBDC	GBDC US	Derek Hewett
	Huntington Bancshares Inc.	HBAN	HBAN US	Ebrahim H. Poonawala
	Ladder Capital Corp	LADR	LADR US	Derek Hewett
	New York Community Bancorp	NYCB	NYCB US	Ebrahim H. Poonawala
	PennyMac Mortgage Investment Trust	PMT	PMT US	Derek Hewett
	Popular Inc	BPOP	BPOP US	Brandon Berman
	Regions Financial	RF	RF US	Ebrahim H. Poonawala
	The PNC Financial Services Group, Inc.	PNC	PNC US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	TD	TD US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	YTD	TD CN	Ebrahim H. Poonawala
	TPG RE Finance Trust, Inc.	TRTX	TRTX US	Derek Hewett
UNDERPERFORM				
	Bank of Hawaii Corp.	BOH	BOH US	Brandon Berman
	First Hawaiian Inc.	FHB	FHB US	Brandon Berman
	Guild Holdings Company	GHLD	GHLD US	Derek Hewett
	Invesco Mortgage Capital, Inc.	IVR	IVR US	Derek Hewett
	loanDepot Inc	LDI	LDI US	Derek Hewett
	MidCap Financial Investment Co	MFIC	MFIC US	Derek Hewett
	Prosperity Bancshares Inc	PB	PB US	Ebrahim H. Poonawala
	State Street Corporation	STT	STT US	Ebrahim H. Poonawala
	Texas Capital Bancshares Inc.	TCBI	TCBI US	Brandon Berman
	Zions Bancorp	ZION	ZION US	Brandon Berman

*iQ*method℠ Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5 Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings	**Numerator**	**Denominator**
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt – Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit	**Numerator**	**Denominator**
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

Valuation Toolkit	Numerator	Denominator

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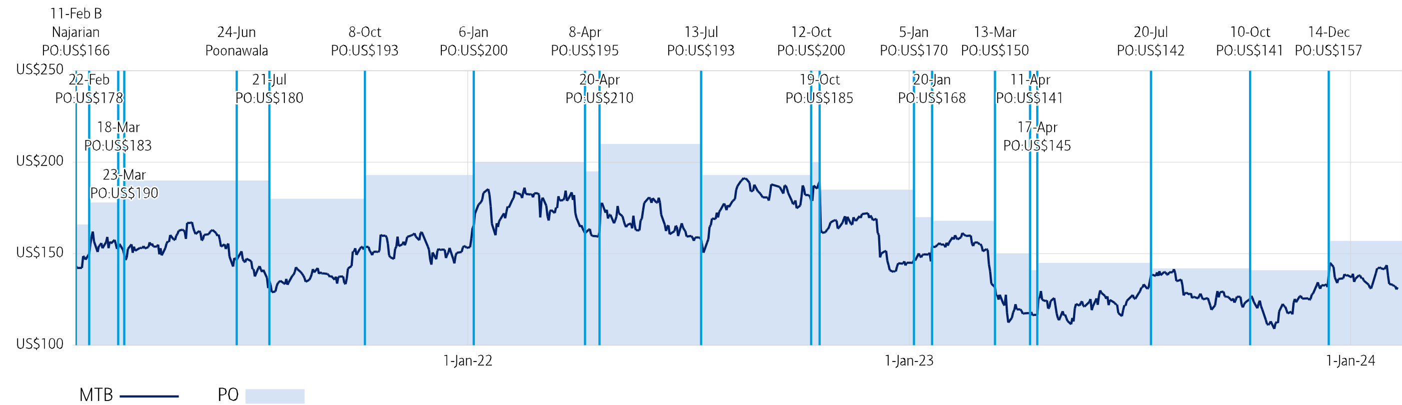
M&T Bank (MTB) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Banks Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships R1	Count	Percent
Buy	100	49.75%	Buy	84	84.00%
Hold	54	26.87%	Hold	41	75.93%
Sell	47	23.38%	Sell	35	74.47%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships R1	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

R1 Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster R2
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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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