Initiating Coverage:

M&T Bank Corporation ($MTB)

Your Financial Seatbelt in a Bumpy Market

Key Take-away: M&T Bank Corporation has revealed favorable financials in its most recent earnings call, showing promising signs of improving profitability and efficiency for the future. M&T's Efficiency Ratio improved from 60.5% in Q1 to 55.2% in Q2, Diluted EPS increased by +28% QoQ and +14% YoY, and Tangible Book Value per Share increased by +1% QoQ and +10% YoY. These trends reflect strengthening operational efficiency, earnings growth, capital allocation, and shareholder value. M&T Bank aims to continue scaling and optimizing its processes in this manner and retain its differentiated community bank approach.

Rise in Noninterest Income: M&T Bank reported a noninterest income increase of +$72 million or +12% QoQ for Q2 of 2025. This growth came from increased residential mortgage loan servicing income (+$12 million QoQ), increased trust income (+$5 million QoQ), a $15 million gain on the sale of an out-of-footprint commercial real estate loan portfolio, a $10 million gain on the sale of a subsidiary that specialized in institutional services, a rise in merchant discount and credit card fees, and higher loan syndication fees in the recent quarter. Improving mortgage loan servicing income and trust income offers M&T a stable source of revenue, while recent asset sales display effective balance sheet management. These developments are indicative of success in M&T Bank's ability to diversify revenue streams across interest and noninterest bearing income sources, leaving it less susceptible to interest rate fluctuations and economic uncertainty.

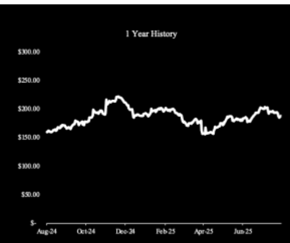
SCB Reduction: M&T Bank received a reduction in its stress capital buffer (SCB) requirement from 3.2% in 2022 to 2.7%, effective October 1, 2025. The SCB is a regulatory requirement for banks, ensuring they have enough extra capital set aside in case of an extreme economic downturn. This SCB reduction indicates faith from the Federal Reserve board in M&T Bank's ability to manage risk and maneuver macroeconomic pressures. M&T's new SCB puts it far below its competitors, with large banks averaging around 3.4% - 4.1% in their SCB requirement. CEO of M&T Bank Rene Jones claims that the cause of this reduction comes from their strengthened earnings power, reduced commercial real estate (CRE) concentration, and enhanced asset quality. With their new reduction, M&T will be able to enjoy more capital flexibility and engage in more activities beneficial to shareholders. This could entail more dividends, buybacks, and acquisitions that were less attainable with the former SCB.

Valuation: We initiate coverage with a $218 PT.

Consortium Research Group
FIG | Banks
Aug 11th, 2025

Stock Rating:	Overweight
Price Target:	$218.00

Price:	$187.00
Potential Upside/Downside:	16.6%
Ticker:	$MTB



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Company Overview

Company Description: Founded in 1856 and headquartered in Buffalo, New York, M&T Bank Corporation is a bank holding company that operates over 950 branches across the Eastern United States. M&T provides a wide array of financial services, including commercial, retail, business, investment, mortgage, and professional banking services. M&T has received 13 "Best Bank" Awards across Small Business and Middle-Market Categories. M&T is centered around a dedication to their communities, committed to improving the quality of life of their customers. They achieve this by operating to represent the best interests of their key stakeholders, controlling risk, and providing strong shareholder returns.

Prudent Risk Management: M&T Bank holds a conservative risk appetite, allowing it to maintain steady and stable returns throughout its history. M&T Bank built its culture of prudent risk management through disciplined loan pricing, investments, and acquisitions. M&T has continued to mitigate risk by further diversifying its portfolio, reducing exposure to volatile CRE markets. Furthermore, M&T has seen a reduction in non-performing loans and steady improvement in its criticized assets. Risk awareness has provided M&T with a strong SCB and CET1 buffer, characteristics that offer the bank extra capital flexibility.

Community Bank Approach: M&T Bank is organized around 27 Community Bank Regions that work to support the businesses and the communities in each of those locations. Executives at M&T Bank help provide business oversight, economic development, and charitable initiatives in their areas. To best represent their local communities, M&T Bank utilizes M&T Relationship Managers, a single point of contact for all M&T customers to communicate their business goals and needs. M&T Bank's community approach provides it with a unique understanding of the nuances within its local economies, creating its competitive advantage.

Industry Overview

Digitization of Traditional Banking: The emergence of young, digitally native customers has developed a demand for the digitization of traditional banks. Mobile apps have become the primary connector between the customer and the bank. Organizations that make the transition towards a seamless digital blend of offerings have received considerable growth in customer satisfaction. Digitization of banks also provides financial inclusion to those who previously experienced barriers to entry, opening new markets in the banking industry.

AI and Automation: AI has also begun to integrate within the core banking functions. Industry leaders have already begun to implement AI within their customer service technology, using customer service chatbots, fraud detection, risk management, financial modeling, and company research. Banks that are making these implementations are seeing significant improvement in operational efficiency, client engagement, and sustainable growth. The ability for AI to use data to best appeal to clients and customers, assess their creditworthiness highly accurately, and streamline functions like loan processing is the reason banks are racing to master its usage.

Rise of Neobanks: Neobanks are a growing threat to traditional banks. Although traditional banks are moving towards more digital adoption, neobanks operate exclusively online and do not require any physical branches. Neobanks provide a user-friendly experience through accessible mobile apps and web platforms that provide financial services such as savings accounts, checking accounts, loans, and investments. Without the need for physical branches, neobanks can cut capital costs and offer customers lower fees and higher interest rates.

Peer Comparisons

Comparable Companies					
$mm					
Ticker	Mkt Cap	EV	P/E LTM		Revenue LTM
Regions Financial Corporation	$23,749.70	$19,263	11.6x	$	6,811.00
Truist Financial Corporation	$58,862.70	$75,758	11.8x	$	18,166.00
Fifth Third Bancorp	$28,604.70	$44,488	12.9x	$	7,993.00
Citizens Financial Group	$21,417.70	$27,012	13.6x	$	7,208.00
M&T Bank Corp	$30,331	$25,658	11.8x		$8,904

Ticker	LTM P/E	LTM EPS	Share Price
Regions Financial Corporation	11.6x	$2.14	$26.42
Truist Financial Corporation	11.8x	$3.71	$45.65
Fifth Third Bancorp	12.9x	$3.21	$42.84
Citizens Financial Group	13.6x	$3.28	$49.49
M&T Bank Corp	11.8x	15.44	$ 188.00

High	13.56x
75th Percentile	12.86x
Average	12.32x
Median	11.81x
25th Percentile	11.76x
Low	11.63x

M&T Bank Relative Valuation		
Implied Enterprise Value (25th Percentile)	$	181.57
Implied Enterprise Value (Median)	**$**	**182.35**
Implied Enterprise Value (75th Percentile)	$	198.56
Implied Share Price (25th Percentile)	$	181.57
Implied Share Price (Median)	$	182.35
Implied Share Price (75th Percentile)	$	198.56

Source: NetAdvantage

Investment Theses

Safe Haven from Uncertainty: Economic uncertainty is plaguing traditional banks that rely heavily on their net interest margins. Frequent tariff disputes, tensions between President Donald Trump and Fed Chair Jerome Powell, and recent job market controversy have created plenty of economic uncertainty. However, M&T is extremely well suited to navigate through these conditions.

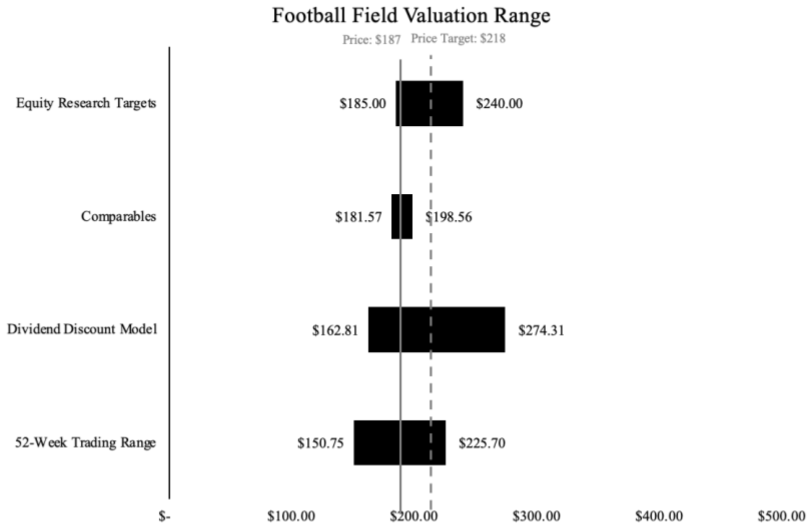
M&T has historically acted as a safe haven for its clients, especially during turbulent times and crises. In fact, M&T had been one of the few banks that remained profitable and did not cut dividend payments throughout the 2008 financial crisis. M&T's prudent risk management has provided it the ability to remain stable with a long track record of credit outperformance through cycles. Additionally, with M&T's newly lowered SCB, they will be afforded extra flexibility in capital allocation for the future. M&T continues to hedge risk, diversifying revenue to rely less on its net interest margin. Thus, M&T's historic stability through economic downturns, increased flexibility from a lowered SCB, and reduced reliance on net interest margins make it the safest bet for outlasting the volatile, uncertain economic environment.

Brand Loyalty: The rise of neobanks and digital banking threatens the demand for traditional banks. The absence of physical branches provides neobanks the ability to provide competitively low fees and high interest rates. As neobanks become more popular, clients may begin to leave behind traditional banks.

M&T, however, is positioned to hedge against this risk with its brand loyalty. Due to their unique understanding of their community's niche needs, M&T has a much better chance at retaining its clients. M&T's community bank approach creates a personalized relationship between client and bank that cannot be achieved at institutions like neobanks. Furthermore, M&T's initiatives towards the environment and corporate social responsibility continue to aid their brand identity and attract younger, socially conscious customers searching for businesses with sustainable values. Because of the loyal client base M&T has built from its local support, the bank will continue to grow and retain its members despite competition from traditional banking alternatives.

Price Target & Valuation

Our analysis gives $MTB a price target of $212 and an overweight rating.



Potential Downsides to Our Rating

SCB Adjustments: Although M&T's SCB requirement is expected to be reduced to 2.7% by October 2025, industry groups worry that the final SCB ruling will differ. The preliminary SCB is set based on current rules, but potential future Federal Reserve rule changes raise concerns for possible mismatches of the final ruling. If M&T's SCB requirement were to end up higher than the expected 2.7%, they would receive less capital flexibility than initially predicted. This would mean M&T Bank would not be as free to expand or engage in shareholder-friendly initiatives and likely result in a rating below our price target.

Volatility in CRE: Despite M&T limiting its concentration in volatile CRE markets, it still has substantial exposure, especially within office buildings. Due to the prevalence of remote work, office vacancies have hurt M&T's business. If vacancies were to continue to increase or CRE markets took a sharp downturn, M&T would be forced to set more capital aside to cover loan provisions. Tied-up capital would end up stifling growth and likely land M&T at a rating below our price target.

Economic Climate: M&T is a bank well suited for navigating economic downturns, with a history of outperforming competitors in times of economic turmoil. However, consistent and sustained economic uncertainty will dampen any business regardless of its resilience. If tariff pressures and tensions between the President and the Federal Reserve continue to persist, there would likely be a decrease in demand for borrowing. This would result in slower growth for M&T's margins, presenting a possible downside to our rating.

<u>Our Price Target: $218.00</u>

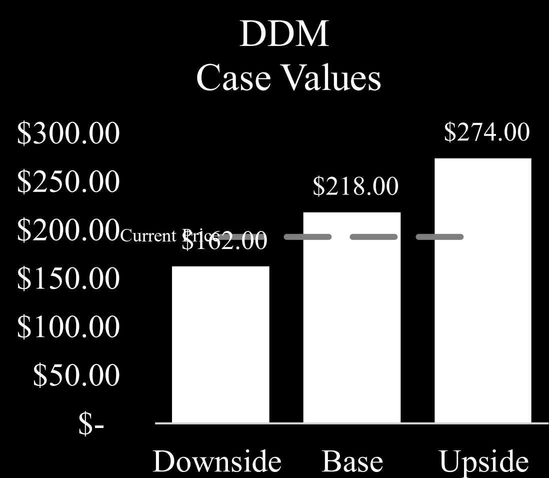
Our PT is based on assumptions that M&T Bank will experience positive net income growth and improved margins. These assumptions are based on M&T's increased capital flexibility due to an incoming reduction in its SCB.

<u>Our Upside Case: $274.00</u>

Our upside case is based on assumptions that M&T Bank will receive better than expected growth from favorable macroeconomic conditions, driving net interest margins and other sources of revenue.

<u>Our Downside Case: $162.00</u>

Our downside case is based on assumptions that M&T Bank will experience limited growth due to macroeconomic pressures and downturns. Decreased loan borrowing and unfavorable interest rates would hurt M&T's margins and overall profitability.



Projections

Income Statement ($mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Total Revenue	8,669	9,000	9,720	10,400	11,024	6.2%
EBT	3,310	3,487	3,661	3,844	4,037	5.1%
Net Income	2,588	2,666	2,816	3,013	3,224	5.6%
Equity Ratios	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**	**AVG%**
Payout Percentage	39.9%	42.0%	43.5%	45.0%	46.5%	43.4%
CET1 Ratio	11.6%	12.0%	12.3%	12.3%	12.2%	12.1%
RoTCE	14.2%	13.9%	13.7%	13.7%	13.8%	13.9%
Dividends	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**	**CAGR%**
Dividends Issued	6.61	7.17	7.84	8.68	9.59	9.76%

About $MTB

M&T Bank Corporation ($MTB), founded in 1856, operates as a bank holding company. M&T provides a wide array of financial services, including commercial, retail, business, investment, mortgage, and professional banking services. M&T Bank operates over 950 branches across the Eastern United States that focus on a community bank approach to appeal to their local community's niche business goals. M&T is dedicated to improving and making an impact on its customers and communities.

Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities. **Overweight** means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

Dividend Discount Model:	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
	HISTORICAL						Projected			
Income Statement										
Revenue:										
Interest Income On Loans	$ 3,975.05	$ 3,749.00	$ 5,237.00	$ 8,021.00	$ 8,477.00	$ 8,700.00	$ 10,440.00	$ 12,736.80	$ 15,793.63	$ 19,899.98
Interest Income On Investments	$ 217.66	$ 190.00	$ 1,010.00	$ 2,203.00	$ 2,549.00	$ 3,000.00	$ 3,450.00	$ 4,036.50	$ 4,803.44	$ 5,812.16
Total Interest Income	$ 4,192.71	$ 3,939.00	$ 6,247.00	$ 10,224.00	$ 11,026.00	$ 11,700.00	$ 13,890.00	$ 16,773.30	$ 20,597.07	$ 25,712.13
Interest On Deposits	$ 217.04	$ 52.00	$ 295.00	$ 2,417.00	$ 3,295.00	$ 4,000.00	$ 4,400.00	$ 4,884.00	$ 5,470.08	$ 6,181.19
Total Interest On Borrowings	$ 109.36	$ 62.00	$ 130.00	$ 692.00	$ 879.00	$ 940.00	$ 987.00	$ 1,036.35	$ 1,088.17	$ 1,142.58
Total Interest Expense	$ 326.40	$ 114.00	$ 425.00	$ 3,109.00	$ 4,174.00	$ 3,799.00	$ 12,903.00	$ 15,736.95	$ 19,508.90	$ 24,569.56
Service Charges On Deposits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Trust Income	$ 601.88	$ 645.00	$ 741.00	$ 680.00	$ 675.00	$ 704.00	$ 774.40	$ 859.58	$ 962.73	$ 1,087.89
Income From Trading Activities	$ 40.54	$ 24.00	$ 27.00	$ 49.00	$ 39.00	$ 44.00	$ 44.44	$ 44.88	$ 45.33	$ 45.79
Gain (Loss) On Sale Of Assets (Rev)	-	-	$ 136.00	$ 225.00	-	-	$ 200.00	$ 200.00	$ 200.00	$ 200.00
Income (Loss) On Equity Invest. (Rev)	$ 53.00	$ 30.00	$ 30.00	$ 20.00	$ 48.00	$ 48.00	$ 47.52	$ 47.19	$ 47.00	$ 46.95
Total Other Non-Interest Income	$ 465.02	$ 516.00	$ 625.00	$ 666.00	$ 705.00	$ 738.00	$ 152.48	$ 152.81	$ 153.00	$ 153.05
Total Non Interest Income	$ 2,088.44	$ 2,167.00	$ 2,357.00	$ 2,528.00	$ 2,427.00	$ 2,557.00	$ 2,633.71	$ 2,715.36	$ 2,802.25	$ 2,894.72
€ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Provision For Loan Losses	$ 800.00	$ (75.00)	$ 517.00	$ 645.00	$ 610.00	$ 515.00	$ 504.70	$ 499.65	$ 499.65	$ 504.65
Total Revenue	$ 5,154.76	$ 6,067.00	$ 7,662.00	$ 8,998.00	$ 8,669.00	$ 9,000.00	$ 9,720.00	$ 10,400.40	$ 11,024.42	$ 11,575.65
€ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,858.41	$ 13,615.41	$ 14,326.32	$ 14,975.02
EBT	$ 1,769.52	$ 2,455.00	$ 2,612.00	$ 3,619.00	$ 3,310.00	$ 3,487.00	$ 3,661.35	$ 3,844.42	$ 4,036.64	$ 4,238.47
EBT Excl. Unusual Items	$ 1,769.52	$ 2,499.00	$ 2,950.00	$ 3,619.00	$ 3,337.00	$ 3,440.00	$ 3,680.80	$ 3,938.46	$ 4,214.15	$ 4,509.14
Effective Tax Rate	23.5%	24.3%	23.7%	24.3%	21.8%	22.5%	23.5%	23.5%	23.5%	23.5%
Net Income	$ 1,353.15	$ 1,859.00	$ 1,992.00	$ 2,741.00	$ 2,588.00	$ 2,666.00	$ 2,815.81	$ 3,012.92	$ 3,223.82	$ 3,449.49
Dividends										
Full-Year Dividends:	$ 635.98	$ 648.79	$ 880.46	$ 967.57	$ 1,032.61	$ 1,119.72	$ 1,224.88	$ 1,355.81	$ 1,499.08	$ 1,655.76
% Growth:		2.0%	35.7%	9.9%	6.7%	8.4%	9.4%	10.7%	10.6%	10.5%
Payout Ratio:	47.0%	34.9%	44.2%	35.3%	39.9%	42.0%	43.5%	45.0%	46.5%	48.0%
Dividends per Share	$ 4.07	$ 4.15	$ 5.63	$ 6.19	$ 6.61	$ 7.17	$ 7.84	$ 8.68	$ 9.59	$ 10.60
Balance Sheet Items										
Beginning Common Shareholders' Equity:	$ -	$ 14,937.28	$ 16,147.49	$ 23,307.00	$ 24,946.00	$ 26,633.00	$ 28,179.28	$ 29,770.21	$ 31,427.32	$ 33,152.06
(+) Net Income to Common:	$ 1,353.15	$ 1,859.00	$ 1,992.00	$ 2,741.00	$ 2,588.00	$ 2,666.00	$ 2,815.81	$ 3,012.92	$ 3,223.82	$ 3,449.49
(+/) Stock Issuances (Repurchases):	373.8	-	1,800.0	594.0	396.0	$ -	$ -	$ -	$ -	$ -
(-) Common Dividends:	$ 635.98	$ 648.79	$ 880.46	$ 967.57	$ 1,032.61	$ 1,119.72	$ 1,224.88	$ 1,355.81	$ 1,499.08	$ 1,655.76
Ending Common Shareholders' Equity:	14,937.3	16,147.5	23,307.0	24,946.0	26,633.0	28,179.3	$ 29,770.21	$ 31,427.32	$ 33,152.06	$ 34,945.80
(-) Goodwill & Other Intangibles:	4,593.1	4,593.1	8,490.0	8,465.0	8,465.0	9,000.0	$ 9,180.00	$ 9,455.40	$ 9,833.62	$ 10,325.30
Common Equity Tier 1 (CET 1):	$ 10,344.17	$ 11,554.38	$ 14,817.00	$ 16,481.00	$ 18,168.00	$ 19,179.28	$ 20,590.21	$ 21,971.92	$ 23,318.45	$ 24,620.50
Actual Common Equity Tier 1 (CET 1) Ratio:	9.7%	11.1%	9.9%	10.7%	11.6%	12.0%	12.3%	12.3%	12.2%	12.0%
Risk Weighted Assets:	$ 106,260.00	$ 103,710.00	$ 149,020.00	$ 153,930.00	$ 156,660.00	$ 160,000.00	$ 168,000.00	$ 178,080.00	$ 190,545.60	$ 205,789.25
% Growth:		-2.4%	43.7%	3.3%	1.8%	2.1%	5.0%	6.0%	7.0%	8.0%
Goodwill & Other Intangibles % Total Assets:	4.3%	4.4%	5.7%	5.5%	5.4%	5.6%	5.5%	5.3%	5.2%	5.0%
Return on Tangible Common Equity:	**13.1%**	**16.1%**	**13.4%**	**16.6%**	**14.2%**	**13.9%**	**13.7%**	**13.7%**	**13.8%**	**14.0%**
Discount Period (With Stub Period):						0.39	1.39	2.39	3.39	4.39
Mid-Year Discount Period:						0.20	0.89	1.89	2.89	3.89
Dividends Issued						$ 7.17	$ 7.84	$ 8.68	$ 9.59	$ 10.60
Present Value of Dividends:						$ 7.07	$ 7.38	$ 7.64	$ 7.89	$ 8.15

Terminal Value

Present Value of Projection Period	$ 38.13
Terminal Value	$ 252.08
Present Value of Terminal Value	$ 179.90
Implied Share Price	$ 218.04

		Cost of Equity					
	$ 218.04	6.0%	6.5%	7.0%	7.5%	8.0%	8.5%
Terminal P/TBV Multiple:	1.20x	$180.13	$176.47	$172.92	$169.46	$166.09	$162.81
	1.30x	$191.90	$187.97	$184.15	$180.43	$176.81	$173.28
	1.40x	$203.68	$199.47	$195.38	$191.40	$187.53	$183.76
	1.50x	$215.45	$210.97	$206.62	$202.38	$198.25	$194.24
	1.60x	$227.22	$222.47	$217.85	$213.35	$208.98	$204.72
	1.70x	$238.99	$233.97	$229.08	$224.33	$219.70	$215.19
	1.80x	$250.77	$245.47	$240.32	$235.30	$230.42	$225.67
	1.90x	$262.54	$256.97	$251.55	$246.28	$241.14	$236.15
	2.00x	$274.31	$268.47	$262.78	$257.25	$251.87	$246.63

COE Calculation

Benchmark	US
Risk Free Rate	US10YR
Beta Benchmark	SPX
Market Return	SPX

WACC	
Market Cap (in Millions)	28,713
COE	
Risk Free Rate	4.39%
adj Beta	0.66
Market Risk Premium	3.94%
Cost of Equity	0.0698552