



**M&T Bank**

M&T Bank  
Resolution Plan  
Public Section  
*December 31, 2014*

## TABLE OF CONTENTS

<b>PUBLIC SECTION</b> .....	<b>1</b>
Executive Summary.....	1
A. Names of Material Entities .....	2
B. Description of Core Business Lines .....	3
C. Consolidated financial information regarding assets, liabilities, capital and major funding sources.....	4
D. Description of derivative and hedging activities .....	7
E. List of memberships in material payment, clearing and settlement systems.....	7
F. Description of foreign operations .....	7
G. Identities of material supervisory authorities.....	8
H. Identities of principal officers.....	8
I. Description of the corporate governance structure and processes related to resolution planning ..	9
J. Description of material management information systems .....	9
K. High-level description of resolution strategy including such items as the range of potential purchasers of the CIDI, its Material Entities, and Core Business Lines .....	9

## Public Section

### Executive Summary

In order to ensure that most depositors receive prompt access to their insured deposits in the event of the failure of an insured depository institution (an “IDI”) and to enable the Federal Deposit Insurance Corporation (the “FDIC”) to perform its resolution functions most efficiently, the FDIC has adopted a rule (the “CIDI Rule”) requiring each IDI with \$50 billion or more in total assets (a covered insured depository institution, or a “CIDI”) to periodically submit a resolution plan to the FDIC.<sup>1</sup> Manufacturers and Traders Trust Company (“M&T Bank”), is a CIDI and therefore required to submit a contingent plan for its resolution (the “Resolution Plan”) under the CIDI Rule.

M&T Bank is a banking corporation that is incorporated under the laws of the State of New York. M&T Bank is a member of the Federal Reserve System and the Federal Home Loan Bank System, and its deposits are insured by the FDIC up to applicable limits. M&T Bank operates under a charter granted by the State of New York in 1892, and the continuity of its banking business is traced to the organization of the Manufacturers and Traders Bank in 1856. The principal executive offices of M&T Bank are located at One M&T Plaza, Buffalo, New York, 14203. As of December 31, 2013, M&T Bank had 720 domestic banking offices located in New York State, Pennsylvania, Maryland, Delaware, Virginia, West Virginia, and the District of Columbia, a full-service commercial banking office in Ontario, Canada, and an office in George Town, Cayman Islands. As of December 31, 2013, M&T Bank had consolidated total assets of \$84.4 billion, deposits of \$68.2 billion and shareholder’s equity of \$11.0 billion. M&T Bank is an indirect, wholly-owned subsidiary of M&T Bank Corporation (“M&T Corp”).

In the unlikely event of material financial distress or failure of M&T Bank, the Resolution Plan contemplates the sale or disposition of M&T Bank’s deposit franchise (including all insured and uninsured deposits), core business lines, and assets by the FDIC in its capacity as receiver of M&T Bank under the Federal Deposit Insurance Act (the “FDIA”). The strategy described in the Resolution Plan would enable the FDIC, as receiver, to resolve M&T Bank in a manner that ensures the depositors receive access to their insured deposits within one business day of failure, maximizes the net present value return from the sale or disposition of M&T Bank’s assets and minimizes the amount of any loss realized by creditors in resolution.

In conformance with the CIDI Rule and guidance provided by the FDIC, the Resolution Plan assumes an idiosyncratic material financial event that adversely affects M&T Bank under economic conditions consistent with the Federal Reserve Supervisory Baseline Scenario published on November 1, 2013, with consideration also given to prescribed adverse and severely adverse economic conditions. The Resolution Plan further assumes that access by M&T Bank to unsecured credit is limited and that in any asset sales M&T Bank will encounter stress as markets react to its failure.

Unless the context otherwise indicates, information and financial data in this Public Section is provided as of December 31, 2013.

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<sup>1</sup> Federal Deposit Insurance Corporation, Resolution Plans Required for Insured Depository Institutions with \$50 billion or more in Total Assets, 77 Fed. Reg. 3075 (Jan. 23, 2012), as codified at 12 C.F.R. 360.10.

<b>A. Names of Material Entities</b>
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Under the CIDI Rule, a Material Entity is a company that is significant to the activities of a Critical Service (as defined in the CIDI Rule) or Core Business Line (as defined in the CIDI Rule) of a CIDI. For purposes of the Resolution Plan and the CIDI Rule, M&T Bank has identified two Material Entities, in addition to itself:

M&T Corp. M&T Corp is significant to the activities of all Critical Services and Core Business Lines because it is the top-level holding company for M&T Bank.

M&T Real Estate Trust ("MTRE"). MTRE is a Maryland Real Estate Investment Trust and a subsidiary of M&T Bank that was formed through the merger of two separate subsidiaries, but traces its origin to the incorporation of M&T Real Estate, Inc. in July 1995. MTRE engages in commercial real estate lending and provides loan servicing to M&T Bank and is therefore significant to the activities of the Commercial Real Estate Business Line, which is described below. As of December 31, 2013, MTRE had total assets of \$17.8 billion, including \$17.5 billion of loans.

<b>B. Description of Core Business Lines</b>
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For the purposes of the CIDI Rule, Core Business Lines are those business lines of the CIDI, including associated operations, services, functions and support that, in the view of the CIDI, upon failure, would result in material loss of revenue, profit, or franchise value. M&T Bank has identified the following five Core Business Lines: Commercial Banking, Commercial Real Estate, Business Banking, Retail Banking and Residential Mortgage Banking.

**Commercial Banking**

The Commercial Banking Core Business Line provides a wide range of credit products, deposit products, and banking services for middle-market and large commercial customers of M&T Bank. Services provided by this business line include commercial lending and leasing, letters of credit, deposit products and treasury management services.

**Commercial Real Estate**

The Commercial Real Estate Core Business Line provides credit and deposit services to M&T Bank customers focused on commercial real estate activities. Loans in this business line are generally secured by real property located in the New York City area, upstate New York, Pennsylvania, Maryland, the District of Columbia, Delaware, Virginia, West Virginia, New Jersey and the northwestern portion of the United States. Commercial Real Estate loans may be secured by apartment/multifamily buildings, office, retail and industrial space, or other types of collateral. Activities of this business line also include the origination, sales and servicing of commercial real estate loans through the Fannie Mae Delegated Underwriting and Servicing program and other programs.

**Business Banking**

The Business Banking Core Business Line provides a range of services to small businesses and professionals through M&T Bank's branch network, business banking centers and other delivery channels such as telephone banking, online and mobile banking and automated teller machines. Services and products offered by this business line include various business loans and leases, including loans guaranteed by the Small Business Administration, business credit cards, deposit products, and financial services such as treasury management, payroll and direct deposit, merchant credit card and letters of credit.

**Retail Banking**

The Retail Banking Core Business Line offers a variety of services to consumers through several delivery channels that include M&T's branch network, automated teller machines, telephone banking, and online and mobile banking. Credit services offered by this business line include consumer installment loans, automobile loans (originated both directly and indirectly through dealers), home equity loans and lines of credit, and credit cards. This business line also offers to M&T Bank customers deposit products, including demand, savings, and time accounts; investment products, including mutual funds and annuities; and other services.

**Residential Mortgage Banking**

The Residential Mortgage Banking Core Business Line originates and services residential mortgage loans. Originated loans may be sold in the secondary market to investors or retained by M&T Bank. In addition to operating in the geographic regions served by or contiguous with M&T Bank's branch network, M&T Bank maintains mortgage loan origination offices in several states throughout the western United States. M&T Bank also periodically purchases the rights to service mortgage loans and is periodically retained by other mortgage servicers to act as a sub-servicer.

**C. Consolidated financial information regarding assets, liabilities, capital and major funding sources**

**Assets and Liabilities**

The following summarizes the balance sheet as reported on Form FFIEC 031 of M&T Bank, as of December 31, 2013.

Table P.C-1: M&T Bank

*(dollars in thousands)*

**ASSETS**

Cash and balances due from depository institutions:	
Cash and noninterest-bearing balances	\$1,560,456
Interest-bearing balances	1,582,435
Total cash and balances due from depository institutions	3,142,891
Investment securities:	
Held-to-maturity	3,966,130
Available-for-sale	4,495,654
Total investment securities	8,461,784
Federal funds sold	231,673
Loans and leases:	
Loans and leases	63,564,549
Allowance for loan and lease losses	(912,031)
Net loans and leases	62,652,518
Trading assets	327,550
Premises and fixed assets	616,937
Goodwill	3,524,625
Other intangible assets	265,679
Other assets	5,138,676
<b>Total assets</b>	<b>\$84,362,333</b>

## LIABILITIES

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### Deposits:

In domestic offices	
Noninterest-bearing deposits	\$24,813,279
Interest-bearing deposits	43,016,843
In foreign offices	
Interest-bearing deposits	347,982
Total deposits	68,178,104
Federal funds purchased	168,656
Other borrowed money	3,793,539
Other liabilities	1,260,659
<b>Total liabilities</b>	<b>73,400,958</b>

## EQUITY CAPITAL

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Common stock	120,635
Surplus	6,379,207
Retained earnings	4,527,843
Accumulated other comprehensive income	(66,310)
<b>Total equity capital</b>	<b>10,961,375</b>
<b>Total liabilities and equity capital</b>	<b>\$84,362,333</b>

### Capital

M&T Bank seeks to maintain capital at a level commensurate with M&T Bank's risk profile and risk tolerance objectives and to meet both regulatory and market expectations. The Board of Governors of the Federal Reserve System (the "Federal Reserve") has capital adequacy guidelines for Federal Reserve System member banks such as M&T Bank. Under the capital adequacy guidelines currently applicable to M&T Bank, "Tier 1 capital" and "Total capital" (that is, Tier 1 plus Tier 2 capital) as a percentage of risk-weighted assets and certain off-balance sheet financial instruments must be at least 4% and 8%, respectively, to be deemed "adequately capitalized." In addition to these risk-based measures, regulators also require banking institutions that meet certain criteria to maintain a minimum "leverage" ratio of "Tier 1 capital" to average total assets, adjusted for goodwill and certain other items, of at least 4% to be considered "adequately capitalized." Under the regulatory framework for "prompt corrective action" adopted pursuant to Section 38 of the FDIA, a banking institution must maintain Tier 1 risk-based capital, total risk-based capital and leverage ratios of at least 6%, 10% and 5%, respectively, to be considered "well-capitalized."

The capital ratios of M&T Bank as of December 31, 2013 are as follows:

Table P.C-2: Capital Ratios

<b>Capital Ratios</b>	<b>Level</b>
<b>Tier 1 Ratio</b> (the ratio of Tier 1 capital to risk-weighted assets, as defined by regulation)	10.08%
<b>Total Capital Ratio</b> (the ratio of Total capital to risk-weighted assets, as defined by regulation)	12.96%
<b>Leverage Ratio</b> (the ratio of Tier 1 capital to average assets, as defined by regulation)	9.09%

In July 2013, the Federal Reserve, the Office of the Comptroller of the Currency and the FDIC approved final rules (the “New Capital Rules”) establishing a new comprehensive capital framework for U.S. banking organizations. The New Capital Rules generally implement the Basel Committee on Banking Supervision’s (the “Basel Committee”) December 2010 final capital framework referred to as “Basel III” for strengthening international capital standards. The New Capital Rules substantially revise the risk-based capital requirements applicable to U.S. banking organizations, including M&T Bank, as compared to the current U.S. general risk-based capital rules. The New Capital Rules revise the definitions and the components of regulatory capital, and also address other issues affecting the numerator in banking institutions’ regulatory capital ratios. The New Capital Rules also address asset risk weights and other matters affecting the denominator in banking institutions’ regulatory capital ratios and replace the existing general risk-weighting approach, which was derived from the Basel Committee’s 1988 “Basel I” capital accords, with a more risk-sensitive approach based, in part, on the “standardized approach” in the Basel Committee’s 2004 “Basel II” capital accords. In addition, the New Capital Rules implement certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), including the requirements in Dodd-Frank Act Section 939A to remove references to credit ratings from the Federal agencies’ rules. The New Capital Rules are effective for M&T Bank on January 1, 2015, subject to phase-in periods for certain of their components and other provisions. The New Capital Rules also revise the prompt corrective action regulations.

M&T Bank believes that it will be able to comply with the targeted capital ratios upon implementation of the revised requirements, as finalized.

### **Funding**

The most significant source of funding for M&T Bank is its core deposits, which are generated from a large base of consumer, corporate and institutional customers. M&T Bank supplements funding provided through core deposits with various short-term and long-term wholesale borrowings, including federal funds purchased and securities sold under agreements to repurchase, brokered deposits, Cayman Islands office deposits, and borrowings from the Federal Home Loan Banks and others. M&T Bank has, from time to time, issued Tier 2 subordinated capital notes to provide liquidity and enhance regulatory capital ratios. M&T Bank has informal and sometimes reciprocal sources of funding available through various arrangements for unsecured short-term borrowings from a wide group of banks and other financial institutions. Cayman Islands office deposits and brokered deposits have been used by M&T Bank from time to time as an alternative to short-term borrowings.

**D. Description of derivative and hedging activities**

As part of managing interest rate risk, M&T Bank enters into certain interest rate swap agreements to modify the repricing characteristics of certain portions of M&T Bank's portfolios of earning assets and interest bearing liabilities. Interest rate swap agreements are generally entered into with counterparties that meet established credit standards and most contain master netting and collateral provisions intended to protect the at-risk party. M&T Bank utilizes commitments to sell residential mortgage and commercial real estate loans to hedge the bank's exposure to changes in the fair value of real estate loans held for sale. M&T Bank also utilizes commitments to sell real estate loans to offset the exposure to changes in fair value of certain commitments to originate real estate loans for sale.

Derivative financial instruments used for trading purposes include interest rate contracts, foreign exchange and other option contracts, foreign exchange forward and spot contracts, and financial futures. M&T Bank's credit exposure to interest rate swap agreements used for managing interest rate risk has been substantially mitigated through master netting arrangements with trading account interest rate contracts with the same counterparties as well as counterparty postings of collateral with M&T Bank. Trading account interest rate swap agreements entered into with customers are subject to M&T Bank's credit risk standards and often contain collateral provisions.

**E. List of memberships in material payment, clearing and settlement systems**

In 2013, M&T Bank and its subsidiaries directly or indirectly engaged in cash, securities, and derivatives transactions on a number of financial market utilities, such as payment, clearing, and settlement systems (collectively, "FMUs"). Material FMUs are listed below.

Table P.E-1: Financial Market Utilities

<b>Financial Market Utilities (FMUs)</b>	<b>Members</b>
<b>Payment Systems</b>	CHIPS, Fedwire, FedACH, EPN, SVPCO, Federal Reserve Check Services, RBC Express
<b>Settlement Systems</b>	DTC, Fedwire Security Services (FSS)
<b>Settlement and Clearing Systems/Indirect Membership</b>	LCH, CME (Futures and Options)
<b>Other Systems</b>	VISA, STAR

**F. Description of foreign operations**

M&T Bank has an office in the Cayman Islands and a full-service commercial banking office in Ontario, Canada. The Cayman Islands office takes deposits. These foreign operations are not material to M&T Bank.

## **G. Identities of material supervisory authorities**

M&T Bank and its subsidiaries are subject to various laws and regulations and the supervision and examination of several material supervisory authorities.

M&T Bank is a New York state-chartered bank that is a member of the Federal Reserve System. M&T Bank is regulated and supervised by the New York State Department of Financial Services. M&T Bank's primary federal regulator and supervisor is the Federal Reserve; as an IDI, it is also regulated and supervised by the FDIC. In addition, the Consumer Financial Protection Bureau has rulemaking and primary supervision and enforcement authority over M&T Bank with respect to certain federal consumer protection laws.

M&T Securities, Inc., a subsidiary of M&T Bank, is a broker-dealer registered under the Securities Exchange Act of 1934, and is therefore also subject to regulation and supervision by the Securities and Exchange Commission (SEC) and the Financial Industry Regulation Authority (FINRA). M&T Securities is a financial subsidiary under Subpart G of Regulation of the Board of Governors of the Federal Reserve System, because certain of its insurance agency activities are not permitted for a national bank.

M&T Bank and its subsidiaries are subject to additional laws and regulations of both the Federal government and the various states in which they conduct business, as applicable.

## **H. Identities of principal officers**

The principal officers of M&T Bank and their responsibilities are set forth below (as of September 30, 2014).

Table P.H-1: Principal Officers

<b>Principal Officers</b>	<b>Titles</b>
<b>Robert G. Wilmers</b>	Chairman of the Board and Chief Executive Officer
<b>Mark J. Czarnecki</b>	President and Chief Operating Officer
<b>Richard S. Gold</b>	Vice Chairman and Chief Risk Officer
<b>René F. Jones</b>	Vice Chairman and Chief Financial Officer
<b>Kevin J. Pearson</b>	Vice Chairman
<b>Robert J. Bojdak</b>	Executive Vice President and Chief Credit Officer
<b>Stephen J. Braunscheidel</b>	Executive Vice President
<b>William J. Farrell II</b>	Executive Vice President
<b>Brian E. Hickey</b>	Executive Vice President
<b>Darren J. King</b>	Executive Vice President
<b>Gino A. Martocci</b>	Executive Vice President
<b>Michele D. Trolli</b>	Executive Vice President and Chief Information Officer
<b>D. Scott Warman</b>	Executive Vice President and Treasurer

**I. Description of the corporate governance structure and processes related to resolution planning**

M&T Bank has developed a substantial governance framework with respect to its Resolution Plan. A resolution planning policy, adopted by the board of directors of M&T Bank (the “Board of Directors”), memorializes this governance framework. M&T Bank has dedicated significant resources and efforts to its resolution planning responsibilities.

The Resolution Planning Office coordinates preparation and approval of the annual Resolution Plan. The Group Vice President responsible for Resolution Planning manages the Resolution Planning Office and its staff. The Legal Department assigns an attorney to support the Resolution Planning Office. The Resolution Plan Working Group (the “Working Group”) provides informational inputs and analysis in support of preparation of the Resolution Plan. It includes representatives from all key business units and support groups. The Financial Analysis Team supports the creation of financial forecasts for the Resolution Plan. It operates under the auspices of the Working Group and includes representatives from Finance, Treasury, Corporate Finance, and Regulatory Affairs/Capital Adequacy. Other special-purpose sub-groups are organized as needed.

The Resolution Planning Executive Steering Committee (“Steering Committee”) provides strategic guidance at the senior executive level and oversees the activities of the Resolution Planning Office. It also reviews and approves the Resolution Plan before it is reviewed by the Management Group (described below). Members include M&T Bank’s Chief Risk Officer, General Counsel, Chief of Regulatory Affairs/Capital Adequacy, Treasurer, Controller, and General Auditor. The Management Group, a standing group of senior executives that oversees all areas of M&T Bank, makes strategic decisions on issues escalated by the Steering Committee and reviews and approves the Resolution Plan before it is reviewed by the Risk Committee of the Board of Directors.

The Risk Committee of the Board of Directors evaluates the Resolution Plan closely and provides input and guidance to the full Board of Directors and sets expectations for management. The Board of Directors approves the final Resolution Plan after careful and detailed consideration.

**J. Description of material management information systems**

M&T Bank uses information technology and Management Information Systems (“MIS”) to support its business lines and management functions. Material MIS include ledger systems, earnings reporting systems, and deposit and loan information and maintenance systems. M&T Bank relies on MIS to generate management reports, conduct business activities in various segments of deposit and lending operations, and manage risk and compliance. In preparing the Resolution Plan, M&T Bank and its Material Entities identified systems and applications that are key to their business and operations. M&T Bank’s business continuity plan is designed to facilitate the resumption of all usual business operations and the Resolution Plan is designed to facilitate the continued operation of substantive systems until resolution is complete.

**K. High-level description of resolution strategy including such items as the range of potential purchasers of the CIDI, its Material Entities, and Core Business Lines**

M&T Bank would be subject to the FDIC receivership process under the FDIA. M&T Bank has developed its resolution strategy by considering a range of options. The options identified are intended to achieve maximum value for the receivership, incur least cost to the FDIC’s deposit insurance fund, ensure access by depositors to M&T Bank’s insured deposits within one business day, and limit loss of franchise value that might be caused by a lengthy resolution process. The preferred option for sale and disposition of M&T Bank is a purchase and assumption of the whole bank (including all insured and uninsured deposits and M&T Bank’s interest in MTRE) by a single buyer that takes place over the weekend M&T Bank is placed into receivership. Other options include a bridge bank, followed by a purchase and assumption of

the whole bank by a single buyer and/or separate sales of the Core Business Lines or geographic regions.