

**M&T Bank Corporation
Manufacturers and Traders Trust Company**

**Company-Run Stress Test
Mid-cycle Dodd-Frank Act Stress Test
Results Disclosure**

July 10, 2015

Explanatory Note

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (“DFA”) and regulations issued by the Board of Governors of the Federal Reserve System (“FRB”), bank holding companies with total consolidated assets of \$50 billion or more (“covered companies”), including M&T Bank Corporation (“M&T”), are required to conduct semiannual stress tests to assess the potential impact of certain hypothetical scenarios on their prospective earnings, losses and capital levels. Covered companies are also required to disclose a summary of these company-run stress test results for select scenarios.

Consistent with the prescribed disclosure requirements, M&T released the results for its 2015 annual Dodd-Frank Act Stress Test (“DFAST”) under the Supervisory Severely Adverse Scenario in March 2015. For the mid-cycle DFAST, covered companies are required to disclose stress test results under company-developed severely adverse scenarios. Unlike the annual disclosures in March, in which all institutions are required to publish results for the same Supervisory Severely Adverse Scenario provided by the FRB, the mid-cycle DFAST disclosures feature internally developed company-specific scenarios. As such, a company’s mid-cycle DFAST results are not necessarily comparable to its annual DFAST Supervisory Severely Adverse Scenario results or the mid-cycle DFAST results disclosed by other bank holding companies.

For the 2015 mid-cycle DFAST, the severely adverse scenario developed by M&T (“M&T Severely Adverse Scenario”) considers company-specific risks and vulnerabilities. In addition to severely punitive macroeconomic conditions, the scenario includes certain idiosyncratic events designed to affect exposures, asset composition, concentrations and revenue mix specific to M&T.

Per the aforementioned disclosure requirements, the mid-cycle DFAST results disclosed herein are M&T’s estimates of resources, losses, and capital levels under the M&T Severely Adverse Scenario. These estimates do not represent forecasts of expected results. The economic assumptions embedded in the M&T Severely Adverse Scenario represent a hypothetical economic outcome that is more adverse than consensus economist expectations.

Consistent with M&T’s annual DFAST disclosure in March, the results presented in this document reflect a pro forma projection of assets, results of operations, and capital levels incorporating the proposed acquisition of Hudson City Bancorp, Inc. (“Hudson City”). Although M&T is required to incorporate the impact of the proposed acquisition in its stress tests and associated disclosures, it is important to note that the Hudson City acquisition remains subject to regulatory approval, including approval by the FRB and certain other closing conditions.

M&T Severely Adverse Scenario Design

A critical goal of M&T’s capital adequacy process and stress testing is the identification and measurement of risks and vulnerabilities specific to M&T. As part of its capital adequacy process, M&T’s scenario development process is administered by a centralized governing body that has broad representation from the businesses and functional areas across the company to ensure comprehensive consideration of identified and emerging risks. In addition to evaluating various macroeconomic assumptions at the national and M&T footprint levels, the process also

incorporates certain idiosyncratic events intended to affect M&T-specific exposures and concentrations.

Macroeconomic variable selection for scenario design is based upon analysis of key risk drivers of M&T's portfolios and business mix. M&T considers both quantitative methods and qualitative inputs from business experts in selecting appropriate variables for scenario construction. While the process starts with national macroeconomic assumptions, many variables are projected at the regional level to capture economic conditions in M&T's footprint. Some of these regional variables may be stressed to a greater degree than the national forecast for the purpose of impacting M&T's geographic concentrations. To forecast these variables, M&T utilizes a variety of internal and third party resources.

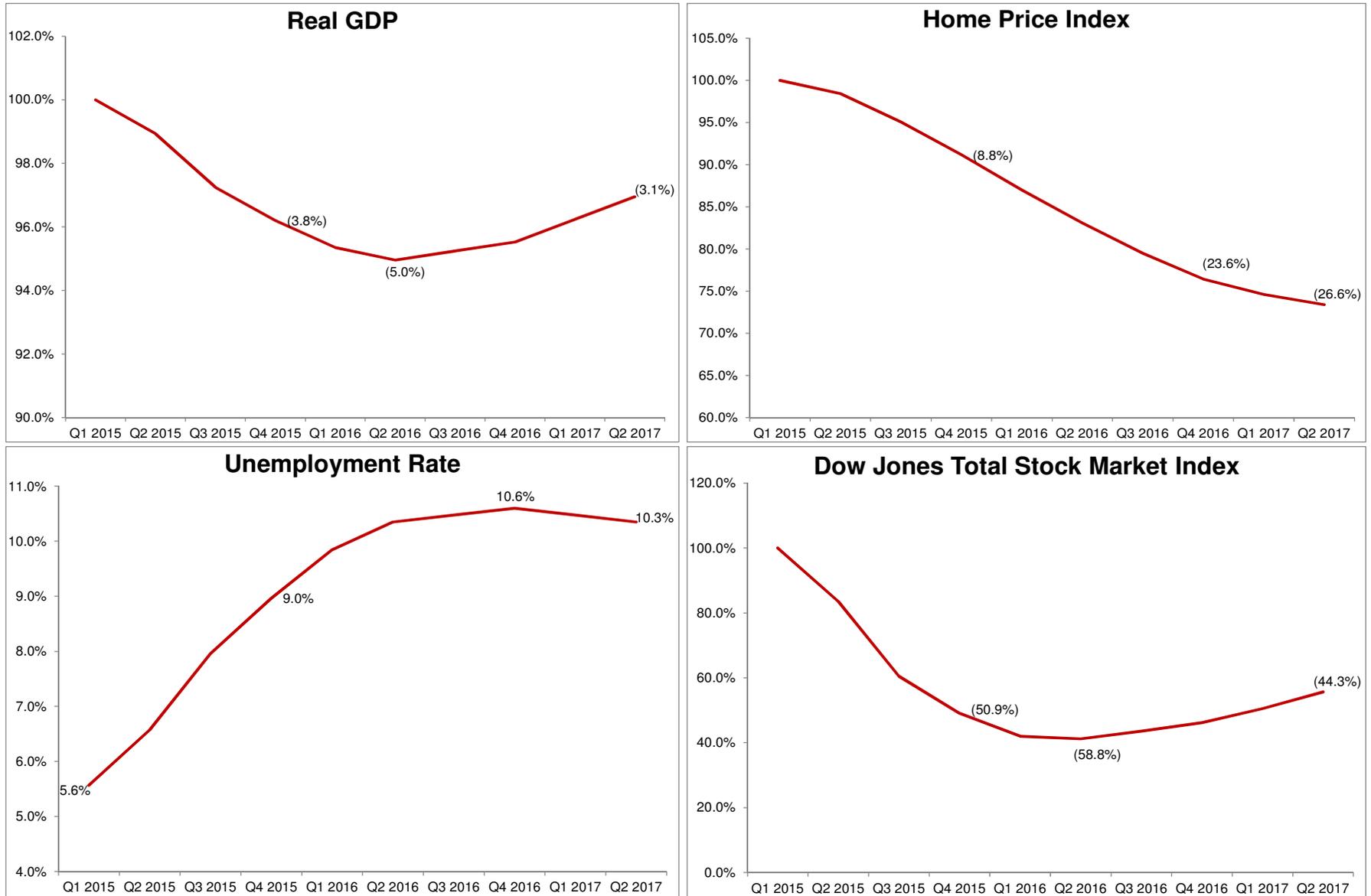
The M&T Severely Adverse Scenario for the 2015 mid-cycle DFAST is characterized by a sudden and pronounced weakening of the global economic environment starting in the second quarter of 2015, along with a reversal of growth in U.S. housing prices. In that scenario, real GDP experiences a 5.0% cumulative peak-to-trough contraction by the second quarter of 2016 and the U.S. unemployment rate rises from 5.6% in the first quarter of 2015 to 10.6% in the fourth quarter of 2016, remaining elevated throughout the scenario. Housing prices are assumed to decline by 27% through the forecast horizon. Consistent with the trends of these macroeconomic variables, interest rates were kept low. The 3-Month Treasury Rate remains unchanged throughout the nine quarter forecast at 0.1%. The 10-Year Treasury Rate declines sharply from 2.3% in the first quarter of 2015 to 0.7% in the second quarter of 2015 and rebounds to 1.7% by the end of the forecast horizon.

As noted before, the economic conditions in certain regions were stressed to a greater degree compared to the national macroeconomic assumptions. For example, the cumulative Gross State Product decline in New York, where M&T has its largest state exposure, is assumed to be 5.2%. It is further assumed that New York experiences a 31% decline in the state-level Home Price Index ("HPI"). Given the proposed acquisition of Hudson City, the scenario design also focused on vulnerabilities specific to Hudson City's loan portfolio. The state-level assumptions for New Jersey, where Hudson City has its largest exposure, are also assumed to be more severe than national assumptions: unemployment peaks to 10.8% and HPI declines 29%.

In addition to these stressed macroeconomic assumptions, the M&T Severely Adverse Scenario features idiosyncratic events that apply further stress to M&T's key vulnerabilities and concentrations. The idiosyncratic events are designed to have direct, adverse impacts on certain asset concentrations, geographic concentrations, and revenue sources specific to M&T. These M&T-specific idiosyncratic events, combined with significantly stressed macroeconomic assumptions, result in a composite scenario that is more stressful than the CCAR 2015 Supervisory Severely Adverse scenario.

Figure 1 provides scenario variable paths of key macroeconomic assumptions. In addition to the four key variables shown in Figure 1, M&T used assumptions about 20 other variables such as Disposable Income, Mortgage Rate, and key Treasury Rates for its mid-cycle stress test.

Figure 1: M&T Severely Adverse Scenario – Key Macroeconomic Factors (National Forecasts)



Risk Types and Methodologies

As noted earlier, a critical goal of M&T's capital adequacy process and stress testing is the identification and measurement of risks and vulnerabilities specific to M&T. While credit risk related to its loans represents the most significant risk inherent in M&T's portfolio, the capital adequacy and stress testing process is designed to address a comprehensive set of risks. The types of risks considered in the stress test include, but are not limited to the following:

- Credit risk is the potential loss from not being able to collect the principal and interest balance on a loan or other investment contract when it is due. For M&T, most of this risk stems from its loan portfolio that may experience elevated losses in the M&T Severely Adverse Scenario that includes a severely stressed macroeconomic environment and several key idiosyncratic events.
- Operational risk represents the potential losses resulting from human error, inadequate or failed internal processes and systems, and external events. It also encompasses reputational, compliance and legal risks. The M&T Severely Adverse Scenario includes idiosyncratic events designed to further stress operational risks specific to M&T.
- Liquidity risk is the possibility that M&T would be unable to meet its financial obligations to depositors, investors or borrowers as they come due. M&T's mid-cycle DFAST results take into account the impact of the scenario assumptions on M&T's funding needs and its access to liquidity.
- Market risk is the possibility that M&T will suffer losses due to factors affecting the financial markets. It includes risk of losses due to adverse movements in interest rates or market prices. The primary market risk that M&T is exposed to is interest rate risk, which is the risk of reduction of net interest income due to changes in interest rates. The M&T Severely Adverse Scenario includes assumptions about key interest rates which are incorporated in M&T's mid-cycle DFAST results.

These risks, under stressed conditions, may result in diminished revenues, higher expenses or elevated losses, thereby impacting M&T's prospective capital levels. M&T's capital adequacy process incorporates a model-based approach to project resources and losses under various scenarios. It includes a number of statistical models developed to consider applicable material risks and exposures. In forecasting revenues and losses, these models consider the impact of macroeconomic conditions on loan charge-offs, new originations, prepayments, renewals, pay downs, etc. The models are designed to capture M&T's material exposures and consider M&T's specific portfolio and business characteristics. Nevertheless, there is a degree of inherent uncertainty involved in any modeling process. For estimating the provision for loan losses, M&T leverages its regular provision methodology based on several key considerations. These include loan loss forecasts, projections of portfolio balances over the forecast horizon, and macroeconomic factors of the scenario, as applicable.

In addition to model outputs, M&T's capital adequacy process includes qualitative components that are guided by management's review and governance regarding the stress test results and processes. These management reviews involve subject matter experts from business units and risk areas across the institution and may result in conservative overlays to modeled outcomes.

Changes to M&T's capital position and capital ratios are calculated by analyzing the impact to capital of projected earnings and changes in asset balances based on the aggregated results of

the model outputs and qualitative components, as well as prescribed capital actions. Risk-weighted asset projections are based on risk weightings as specified in applicable regulations pertaining to each type of asset category and projected balance sheet changes.

Summary of Stress Test Results

Table 1 summarizes the projected capital ratios, risk-weighted assets, gains or losses, revenue, and net income before taxes under the M&T Severely Adverse Scenario. The projected capital ratios reflect the DFAST capital actions which include (i) M&T's actual capital actions during the first forecasted quarter, (ii) maintaining common stock dividends equal to the average quarterly amount paid in the previous year in each quarter thereafter, and (iii) no redemptions of any regulatory capital instruments. M&T's projected Common Equity Tier 1 ratio, using the Basel III transition schedule in effect, reaches a minimum of 9.2% in the third quarter of 2015, a decline of approximately 0.6% from 9.8% as of March 31, 2015. In accordance with Federal Reserve Regulation YY, M&T continued to also project the Tier 1 Common ratio, using Basel I rules. M&T's projected Tier 1 Common ratio reaches a minimum of 8.9% in the second quarter of 2017, a decline of approximately 1.1% from 10% as of March 31, 2015.

The significant contributors to the changes in M&T's Common Equity Tier 1 and Tier 1 Common capital ratios under the M&T Severely Adverse Scenario are as follows:

- Elevated credit-related losses, predominately in the form of net loan charge-offs and a provision for loan losses to build the allowance for loan losses. Credit losses include those related to idiosyncratic events included in the M&T Severely Adverse Scenario.
- Pre-provision net revenue that, although adversely affected by the severe economic conditions and idiosyncratic events discussed earlier, partially offsets the capital impact from credit losses.

The changes in the Tier 1 Capital, Total Risk-Based Capital and Tier 1 Leverage ratios reflect the same factors affecting the Common Equity Tier 1 and Tier 1 Common ratios, and incorporate the prescribed regulatory capital credit for M&T's outstanding capital securities under applicable regulations. Apart from these, the projected capital ratios also incorporate the impact of the proposed Hudson City acquisition. All regulatory capital ratios remain above the required minimum levels throughout the nine quarter forecast horizon.

Table 1: Quantitative Disclosure for M&T Bank Corporation (M&T Severely Adverse Scenario)

Projected Capital Ratios			
	Actual	Stressed Capital Ratios ⁽¹⁾	
	Q1 2015	Q2 2017	Minimum
Tier 1 Common Ratio (%) ⁽²⁾	10.0%	8.9%	8.9%
Common Equity Tier 1 Ratio (%)	9.8%	9.4%	9.2%
Tier 1 Capital Ratio (%)	11.7%	10.7%	10.7%
Total Risk-based Capital Ratio (%)	14.9%	13.2%	13.2%
Tier 1 Leverage Ratio (%)	10.2%	8.9%	8.9%

1. The capital ratios are calculated using capital action assumptions provided within the Dodd-Frank Act stress testing rule. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes, or capital ratios. The minimum capital ratio presented is for the period Q2 2015 to Q2 2017.

2. The Tier 1 Common ratio is calculated using the Basel I-based capital rules and the general risk-based capital approach for risk-weighted assets. All other ratios are calculated in accordance with the applicable Basel III transition provisions.

Projected Risk-Weighted Assets ⁽¹⁾		
Billions of Dollars	Actual	Projected
	Q1 2015	Q2 2017
General Risk-based	77.9	86.7
Basel III Standardized	80.2	88.4

1. Except for the Tier 1 Common ratio, which uses the general risk-based capital approach for all quarters, projected risk-weighted assets were calculated under the Basel III standardized capital risk-based approach.

Projected Losses, Revenue, and Net Income Before Taxes		
	Billions of Dollars	Percent of Average Assets ⁽¹⁾
Pre-provision Net Revenue ⁽²⁾	3.4	3.1%
Other Revenue ⁽³⁾	(0.0)	
less		
Provisions	3.4	
Realized Gain/Losses on Securities (AFS/HTM)	0.0	
Trading and Counterparty Losses ⁽⁴⁾	0.1	
Other Losses/Gains ⁽⁵⁾	0.7	
Equals		
Net Income Before Taxes	(0.9)	-0.8%

1. Average assets is the nine-quarter average of total assets.

2. Pre-provision net revenue includes losses from operational risk events.

3. Other Revenue includes one-time items not included in pre-provision net revenue.

4. Includes losses arising from counterparty default assumptions.

5. Other losses represent provision for unknown risks associated with model and process uncertainty.

Projected Loan Losses		
	Billions of Dollars	Portfolio Loss Rates (%) ⁽¹⁾
Loan Losses	2.7	3.4%
First Lien Mortgages, Domestic	0.2	1.0%
Junior Liens and HELOCs, Domestic	0.2	3.8%
Commercial and Industrial ⁽²⁾	0.7	4.0%
Commercial Real Estate, Domestic	1.3	4.8%
Credit Cards	0.0	10.7%
Other Consumer ⁽³⁾	0.1	2.9%
Other Loans	0.1	2.0%

1. Average loan balances used to calculate portfolio loss rates exclude loans held for sale and are calculated over nine quarters.

2. Commercial and industrial loans include small- and medium- size enterprise loans and corporate cards.

3. Other consumer loans include automobile and secured loans.

Capital Ratio Projections for Manufacturers and Traders Trust Company

Pursuant to disclosure guidelines under the FRB’s Regulation YY, M&T is also disclosing summary mid-cycle DFAST results for its principal FDIC insured depository subsidiary, Manufacturers and Traders Trust Company (“M&T Bank”).

M&T Bank is the wholly-owned principal bank subsidiary of M&T. M&T Bank and its consolidated subsidiaries hold approximately 99% of M&T’s total assets. Given the proportional size of M&T Bank in relation to the consolidated entity, the impact of the M&T Severely Adverse Scenario on M&T Bank very closely tracks that of M&T.

Substantially all of M&T’s pre-provision net revenue, losses, and balance sheet changes are derived from M&T Bank. As a result, M&T Bank’s capital ratios are impacted largely in the same way as those for M&T. Table 2 represents M&T Bank’s capital ratios under the M&T Severely Adverse Scenario, including the impact of the Hudson City acquisition.

Table 2: Capital Ratio Projections for M&T Bank (M&T Severely Adverse Scenario)

	Projected Capital Ratios		
	Actual	Stressed Capital Ratios	
	Q1 2015	Q2 2017	Minimum
Tier 1 Common Ratio (%)	10.6%	9.4%	9.4%
Common Equity Tier 1 Ratio (%)	10.3%	9.8%	9.7%
Tier 1 Capital Ratio (%)	10.3%	9.8%	9.7%
Total Risk-based Capital Ratio (%)	12.9%	11.8%	11.8%
Tier 1 Leverage Ratio (%)	9.0%	8.1%	8.1%

Forward-Looking Statements

Pursuant to the regulations issued by the FRB under the DFA, M&T and M&T Bank are required to conduct a forward-looking company-run stress test exercise and to publicly disclose the results of that exercise.

This release contains certain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including projections of financial condition, results of operations, plans, objectives, future performance or business that could occur under a hypothetical company-developed severely adverse scenario that incorporates a set of assumed economic and financial conditions designed to be more adverse than expected. These statements may address issues that involve significant risks, uncertainties, estimates, expectations, and assumptions made by management. The projections are not intended to be a forecast of expected future economic or financial conditions or a forecast of M&T's expected future financial results or condition and actual results may differ materially from current projections and will be influenced by actual economic and financial conditions and various other factors as described in M&T's periodic and current reports filed with the Securities and Exchange Commission which are available at www.sec.gov. M&T undertakes no obligation to revise these statements following the date of this release.