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—

Retail Banking

1,309,191

All Other

363,293

Total

$

4,593,112

8. Borrowings

The amounts and interest rates of short-term borrowings were as follows:

	Federal Funds Purchased and Repurchase Agreements	Other Short-term Borrowings	Total
	(Dollars in thousands)		
At December 31, 2018			
Amount outstanding	$198,378	$4,200,000	$4,398,378
Weighted-average interest rate	1.68 %	2.63 %	2.58 %
For the year ended December 31, 2018			
Highest amount at a month-end	$2,654,416	$4,200,000	
Daily-average amount outstanding	261,200	69,465	$330,665
Weighted-average interest rate	1.49 %	2.16 %	1.63 %
At December 31, 2017			
Amount outstanding	$175,099	$—	$175,099
Weighted-average interest rate	0.92 %	—	0.92 %
For the year ended December 31, 2017			
Highest amount at a month-end	$204,977	$1,500,000	
Daily-average amount outstanding	188,459	16,164	$204,623
Weighted-average interest rate	0.69 %	1.27 %	0.74 %
At December 31, 2016			
Amount outstanding	$163,442	$—	$163,442
Weighted-average interest rate	0.32 %	—	0.32 %
For the year ended December 31, 2016			
Highest amount at a month-end	$225,940	$1,974,013	
Daily-average amount outstanding	203,853	689,969	$893,822
Weighted-average interest rate	0.28 %	0.44 %	0.41 %

Short-term borrowings have a stated maturity of one year or less at the date the Company enters into the obligation. In general, federal funds purchased and short-term repurchase agreements outstanding at December 31, 2018 matured on the next business day following year-end. In addition, of the short-term borrowings with the FHLB of New York at December 31, 2018, $3.0 billion matured on the next business day and $1.2 billion matured on February 1, 2019.

At December 31, 2018, M&T Bank had lines of credit under formal agreements as follows:

	(In thousands)
Outstanding borrowings	$4,776,510
Unused	27,637,030

At December 31, 2018, M&T Bank had borrowing facilities available with the FHLBs whereby M&T Bank could borrow up to approximately $18.8 billion. Additionally, M&T Bank had an available line of credit with the Federal Reserve Bank of New York totaling approximately $13.7 billion at December 31, 2018. M&T Bank is required to pledge loans and investment securities as collateral for these borrowing facilities.

Long-term borrowings were as follows:

	December 31, 2018	2017
	(In thousands)	
Senior notes of M&T Bank Corporation:		
Variable rate due 2023	$249,688	$—
3.55% due 2023	506,021	—
Senior notes of M&T Bank:		
Variable rate due 2021	349,794	—
Variable rate due 2022	249,658	249,558
1.45% due 2018	—	499,907
2.25% due 2019	645,801	644,977
2.30% due 2019	—	746,919
2.05% due 2020	737,793	739,961
2.10% due 2020	741,965	743,788
2.625% due 2021	646,301	—
2.50% due 2022	634,525	638,872
2.90% due 2025	749,488	749,404
Advances from FHLB:		
Fixed rates	576,446	576,876
Agreements to repurchase securities	409,154	421,771
Subordinated notes of Wilmington Trust Corporation (a wholly owned subsidiary of M&T):		
8.50% due 2018	—	200,000
Subordinated notes of M&T Bank:		
Variable rate due 2020	409,361	409,361
Variable rate due 2021	500,000	500,000
3.40% due 2027	481,692	491,176
Junior subordinated debentures of M&T associated with preferred capital securities:		
Fixed rates:		
BSB Capital Trust I — 8.125%, due 2028	15,705	15,682
Provident Trust I — 8.29%, due 2028	27,489	26,847
Southern Financial Statutory Trust I — 10.60%, due 2030	6,713	6,664
Variable rates:		
First Maryland Capital I — due 2027	147,333	146,794
First Maryland Capital II — due 2027	149,280	148,617
Allfirst Asset Trust — due 2029	96,785	96,640
BSB Capital Trust III — due 2033	15,464	15,464
Provident Statutory Trust III — due 2033	55,143	54,466
Southern Financial Capital Trust III — due 2033	8,141	8,051
Other	35,174	9,635

	$8,444,914	$8,141,430

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The senior notes of M&T were issued in July 2018. The variable rate notes pay interest quarterly at a rate that is indexed to the three-month LIBOR. The contractual interest rate for those notes was 2.51% at December 31, 2018.

The variable rate senior notes of M&T Bank pay interest quarterly at rates that are indexed to the three-month LIBOR. The contractual interest rates for those notes ranged from 2.76% to 3.25% at December 31, 2018 and were 2.05% at December 31, 2017. The weighted-average contractual interest rate was 2.96% at December 31, 2018.

Long-term fixed rate advances from the FHLB had contractual interest rates ranging from 1.97% to 5.98%. The weighted-average contractual interest rate was 2.06%. Advances from the FHLB mature at various dates through 2035 and are secured by residential real estate loans, commercial real estate loans and investment securities.

Long-term agreements to repurchase securities had contractual interest rates that ranged from 4.09% to 4.58% at each of December 31, 2018 and 2017. The weighted-average contractual interest rates payable were 4.31% at December 31, 2018 and December 31, 2017. The agreements reflect various repurchase dates through 2020, however, the contractual maturities of the underlying investment securities extend beyond such repurchase dates. The agreements are subject to legally enforceable master netting arrangements, however, the Company has not offset any amounts related to these agreements in its consolidated financial statements. The Company posted collateral consisting primarily of government guaranteed mortgage-backed securities of $428 million and $442 million at December 31, 2018 and 2017, respectively.

The subordinated notes of M&T Bank are unsecured and are subordinate to the claims of its other creditors. The notes that mature in 2020 pay interest monthly at a rate that is indexed to the one-month LIBOR. The contractual interest rate was 3.72% and 2.78% at December 31, 2018 and 2017, respectively. The notes that mature in 2021 pay interest quarterly at a rate that is indexed to the three-month LIBOR. The contractual interest rate was 3.38% at December 31, 2018 and 2.12% at December 31, 2017. The subordinated notes of Wilmington Trust Corporation matured in April 2018.

The fixed and variable rate junior subordinated deferrable interest debentures of M&T (“Junior Subordinated Debentures”) are held by various trusts and were issued in connection with the issuance by those trusts of preferred capital securities (“Capital Securities”) and common securities (“Common Securities”). The proceeds from the issuances of the Capital Securities and the Common Securities were used by the trusts to purchase the Junior Subordinated Debentures. The Common Securities of each of those trusts are wholly owned by M&T and are the only class of each trust’s securities possessing general voting powers. The Capital Securities represent preferred undivided interests in the assets of the corresponding trust. Under the Federal Reserve Board’s risk-based capital guidelines, the Capital Securities qualify for inclusion in Tier 2 regulatory capital. The variable rate Junior Subordinated Debentures pay interest quarterly at rates that are indexed to the three-month LIBOR. Those rates ranged from 3.39% to 5.69% at December 31, 2018 and from 2.23% to 4.71% at December 31, 2017. The weighted-average variable rates payable on those Junior Subordinated Debentures were 3.94% at December 31, 2018 and 2.83% at December 31, 2017.

Holders of the Capital Securities receive preferential cumulative cash distributions unless M&T exercises its right to extend the payment of interest on the Junior Subordinated Debentures as allowed by the terms of each such debenture, in which case payment of distributions on the respective Capital Securities will be deferred for comparable periods. During an extended interest period, M&T may not pay dividends or distributions on, or repurchase, redeem or acquire any shares of its capital stock. In general, the agreements governing the Capital Securities, in the aggregate, provide a full, irrevocable and unconditional guarantee by M&T of the payment of distributions on, the redemption of, and any liquidation distribution with respect to the Capital Securities. The obligations under such guarantee and the Capital Securities are subordinate and junior in right of payment to all senior indebtedness of M&T.

The Capital Securities will remain outstanding until the Junior Subordinated Debentures are repaid at maturity, are redeemed prior to maturity or are distributed in liquidation to the trusts. The Capital Securities

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are mandatorily redeemable in whole, but not in part, upon repayment at the stated maturity dates (ranging from 2027 to 2033) of the Junior Subordinated Debentures or the earlier redemption of the Junior Subordinated Debentures in whole upon the occurrence of one or more events set forth in the indentures relating to the Capital Securities, and in whole or in part at any time after an optional redemption prior to contractual maturity contemporaneously with the optional redemption of the related Junior Subordinated Debentures in whole or in part, subject to possible regulatory approval.

Long-term borrowings at December 31, 2018 mature as follows:

	(In thousands)
Year ending December 31:	
2019	$1,525,057
2020	1,994,450
2021	1,522,796
2022	891,731
2023	755,710
Later years	1,755,170
	$8,444,914

9. Shareholders' equity

M&T is authorized to issue 1,000,000 shares of preferred stock with a $1.00 par value per share. Preferred shares outstanding rank senior to common shares both as to dividends and liquidation preference, but have no general voting rights.

Issued and outstanding preferred stock of M&T as of December 31, 2018 and 2017 is presented below:

	Shares Issued and Outstanding	Carrying Value
	(Dollars in thousands)	
Series A (a)		
Fixed Rate Cumulative Perpetual Preferred Stock,		
$1,000 liquidation preference per share	230,000	$230,000
Series C (a)		
Fixed Rate Cumulative Perpetual Preferred Stock,		
$1,000 liquidation preference per share	151,500	$151,500

Series E (b)		
Fixed-to-Floating Rate Non-cumulative Perpetual Preferred Stock,		
$1,000 liquidation preference per share	350,000	$350,000
Series F (c)		
Fixed-to-Floating Rate Non-cumulative Perpetual Preferred Stock,		
$10,000 liquidation preference per share	50,000	$500,000

(a) Dividends, if declared, are paid at 6.375%. Warrants to purchase M&T common stock issued in connection with the Series A preferred stock expired on December 23, 2018. During 2018 and 2017, 257,630 and 374,786, respectively, of the Series A warrants were exercised in "cashless" exercises, resulting in the issuance of 136,676 and 204,133 common shares.

(b) Dividends, if declared, are paid semi-annually at a rate of 6.45% through February 14, 2024 and thereafter will be paid quarterly at a rate of the three-month LIBOR plus 361 basis points. The shares are redeemable in whole or in part on or after February 15, 2024. Notwithstanding M&T's option to redeem the shares, if an event occurs such that the shares no longer qualify as Tier 1 capital, M&T may redeem all of the shares within 90 days following that occurrence.

(c) Dividends, if declared, are paid semi-annually at a rate of 5.125% through October 31, 2026 and thereafter will be paid quarterly at a rate of the three-month LIBOR plus 352 basis points. The shares are redeemable in whole or in part on or after November 1, 2026. Notwithstanding M&T's option to redeem the shares, if an event occurs such that the shares no longer qualify as Tier 1 capital, M&T may redeem all of the shares within 90 days following that occurrence.

10. Revenue from contracts with customers

Effective January 1, 2018 the Company adopted amended accounting and disclosure guidance for revenue from contracts with customers under the modified retrospective approach. A significant amount of the Company's revenues are derived from net interest income on financial assets and liabilities, mortgage banking revenues, trading account and foreign exchange gains, investment securities gains, loan and letter of credit fees, operating lease income, income from bank-owned life insurance, and certain other revenues that are generally excluded from the scope of the amended guidance. As a result of the adoption, the Company began reporting credit card interchange revenue net of $14 million of rewards in other revenues from operations for the year ended December 31, 2018. Credit card rewards expense of $13 million and $6 million for the years ended December 31, 2017 and 2016, respectively, was included in other costs of operations. The adjustment to beginning retained earnings as well as the impact of any changes in timing of revenue recognition of noninterest income items within the scope of the guidance was not material to the Company's consolidated financial position at December 31, 2017 or its consolidated results of operations for the year ended December 31, 2018.

For noninterest income revenue streams within the scope of the amended guidance, the Company recognizes the expected amount of consideration as revenue when the performance obligations related to the services under the terms of a contract are satisfied. The Company's contracts generally do not contain terms that necessitate significant judgment to determine the amount of revenue to recognize.

The Company generally charges customer accounts or otherwise bills customers upon completion of its services. Typically the Company's contracts with customers have a duration of one year or less and payment for services is received at least annually, but oftentimes more frequently as services are provided. At December 31, 2018, the Company had $56 million of uncollected amounts receivable related to recognized revenue from the sources in the table that follows. Such amount is classified in accrued interest and other assets in the Company's consolidated balance sheet. In certain situations the Company is paid in advance of providing services and defers the recognition of revenue until its service obligation is satisfied. At December 31, 2018, the Company had deferred revenue of $43 million related to the sources in the table that follows and recorded such amount in accrued interest and other liabilities on its consolidated balance sheet. The following table summarizes sources of the Company's noninterest income during 2018 that are subject to the amended guidance.

	Year Ended December 31, 2018							
	Business Banking	Commercial Banking	Commercial Real Estate	Discretionary Portfolio	Residential Mortgage Banking	Retail Banking	All Other	Total
	(In thousands)							
Classification in consolidated statement of income								
Service charges on deposit accounts	$62,323	96,407	9,870	—	10	254,590	6,137	$429,337
Trust income	9	917	—	—	—	—	536,659	537,585
Brokerage services income	—	—	—	—	—	—	51,069	51,069
Other revenues from operations:								
Merchant discount and credit card fees	34,557	52,051	2,213	—	—	14,924	2,208	105,953
Other	—	8,796	7,259	1,738	3,814	38,529	30,233	90,369
	$96,889	158,171	19,342	1,738	3,824	308,043	626,306	$1,214,313

Service charges on deposit accounts include fees deducted directly from customer account balances, such as account maintenance, insufficient funds and other transactional service charges, and also include debit card interchange revenue resulting from customer initiated transactions. Account maintenance charges are generally recognized as revenue on a monthly basis, whereas other fees are recognized after the respective service is provided.

Trust income includes fees related to the Institutional Client Services ("ICS") business and the Wealth Advisory Services ("WAS") business. Revenues from the ICS business are largely derived from a variety of trustee, agency, investment, cash management and administrative services, whereas revenues from the WAS business are mainly derived from asset management, fiduciary services, and family office services. Trust fees may be billed in arrears or in advance and are recognized as revenues as the Company's performance obligations are satisfied. Certain fees are based on a percentage of assets invested or under management and are recognized as the service is performed and constraints regarding the uncertainty of the amount of fees are resolved.

Brokerage services income includes revenues from the sale of mutual funds and annuities and securities brokerage fees. Such revenues are generally recognized at the time of transaction execution. Mutual fund and other distribution fees are recognized upon initial placement of customer funds as well as in future periods as such customers continue to hold amounts in those mutual funds.

Other revenues from operations include merchant discount and credit card fees such as interchange fees and merchant discount fees that are generally recognized when the cardholder's transaction is approved and settled. Beginning in 2018, credit card rewards accrued to cardholders are recognized as a reduction of interchange revenue. Also included in other revenues from operations are insurance commissions, ATM surcharge fees, and advisory fees. Insurance commissions are recognized at the time the insurance policy is executed with the customer. Insurance renewal commissions are recognized upon subsequent renewal of the policy. ATM surcharge fees are included in revenue at the time of the respective ATM transaction. Advisory fees are generally recognized at the conclusion of the advisory engagement when the Company has satisfied its service obligation.

11. Stock-based compensation plans

Stock-based compensation expense was $66 million in 2018, $61 million in 2017 and $65 million in 2016. The Company recognized income tax benefits related to stock-based compensation of $24 million in 2018, $35 million in 2017 and $31 million in 2016.

The Company's equity incentive compensation plan allows for the issuance of various forms of stock-based compensation, including stock options, restricted stock, restricted stock units and performance-based awards. At December 31, 2018 and 2017, respectively, there were 2,833,428 and 3,278,036 shares available for future grant under the Company's equity incentive compensation plan.

Restricted stock awards

Restricted stock awards are comprised of restricted stock and restricted stock units. Restricted stock awards granted since 2014 vest over three years. Restricted stock awards granted prior to 2014 vested over four years. A portion of restricted stock awards granted after 2013 require a performance condition to be met before such awards vest. Unrecognized compensation expense associated with restricted stock was $5 million as of December 31, 2018 and is expected to be recognized over a weighted-average period of approximately one year. The Company may issue restricted shares from treasury stock to the extent available or issue new shares. The number of restricted shares issued was 181,939 in 2017 and 218,341 in 2016, with a weighted-average grant date fair value of $29,557,000 in 2017 and $24,085,000 in 2016. There were no restricted shares issues in 2018. Unrecognized compensation expense associated with restricted stock units was $18 million as of December 31, 2018 and is expected to be recognized over a weighted-average period of approximately one year. The number of restricted stock units issued was 348,512 in 2018, 235,983 in 2017 and 348,297 in 2016, with a weighted-average grant date fair value of $66,050,000, $38,364,000 and $38,795,000, respectively.

A summary of restricted stock and restricted stock unit activity follows:

	Restricted Stock Units Outstanding	Weighted-Average Grant Price	Restricted Stock Outstanding	Weighted-Average Grant Price
Unvested at January 1, 2018	482,557	$ 133.05	373,744	$ 135.41
Granted	348,512	189.52	—	—
Vested	(265,027)	127.39	(182,905)	126.60
Cancelled	(9,167)	194.45	(11,400)	138.52
Unvested at December 31, 2018	556,875	$ 170.07	179,439	$ 144.18

Stock option awards

Stock options issued generally vest over three years and are exercisable over terms not exceeding ten years and one day. Stock options issued prior to 2018 generally vested over four years. The Company used an option pricing model to estimate the grant date present value of stock options granted. The Company granted 116,852 stock options in 2018. Stock options granted in 2017 and 2016 were not significant.

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A summary of stock option activity follows:

	Stock Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Life (In Years)	Aggregate Intrinsic Value (In thousands)
Outstanding at January 1, 2018	665,412	$ 152.23		
Granted	116,852	190.78		
Exercised	(535,724)	154.91		
Expired	(25,949)	221.81		
Outstanding at December 31, 2018	220,591	$ 157.98	5.3	$ 2,739
Exercisable at December 31, 2018	103,725	$ 121.11	5.3	$ 2,737

For 2018, 2017 and 2016, M&T received $60 million, $72 million and $172 million, respectively, in cash and realized tax benefits from the exercise of stock options of $3 million, $10 million and $15 million, respectively. The intrinsic value of stock options exercised during those periods was $16 million, $31 million and $42 million, respectively. As of December 31, 2018, the amount of unrecognized compensation cost related to non-vested stock options was not material. The total grant date fair value of stock options vested during 2018, 2017 and 2016 was not material. Upon the exercise of stock options, the Company may issue shares from treasury stock to the extent available or issue new shares.

Stock purchase plan

The stock purchase plan provides eligible employees of the Company with the right to purchase shares of M&T common stock at a discount through accumulated payroll deductions. In connection with the employee stock purchase plan, 2,500,000 shares of M&T common stock were authorized for issuance under a plan adopted in 2013. There were 58,167 shares issued in 2018, 66,504 shares issued in 2017 and 97,880 shares issued in 2016. For 2018, 2017 and 2016, M&T received $9,987,000, $9,730,000 and $9,528,000, respectively, in cash for shares purchased through the employee stock purchase plan. Compensation expense recognized for the stock purchase plan was not significant in 2018, 2017 or 2016.

Deferred bonus plan

The Company provided a deferred bonus plan pursuant to which eligible employees could elect to defer all or a portion of their annual incentive compensation awards and allocate such awards to several investment options, including M&T common stock. Participants could elect the timing of distributions from the plan. Such distributions are payable in cash with the exception of balances allocated to M&T common stock which are distributable in the form of M&T common stock. Shares of M&T common stock distributable pursuant to the terms of the deferred bonus plan were 18,292 and 19,633 at December 31, 2018 and 2017, respectively. The obligation to issue shares is included in “common stock issuable” in the consolidated balance sheet.

Directors’ stock plan

The Company maintains a compensation plan for non-employee members of the Company’s boards of directors and directors advisory councils that allows such members to receive all or a portion of their compensation in shares of M&T common stock. Through December 31, 2018, 269,373 shares had been issued in connection with the directors’ stock plan.

Through acquisitions, the Company assumed obligations to issue shares of M&T common stock related to deferred directors compensation plans. Shares of common stock issuable under such plans were 6,271 and 7,505 at December 31, 2018 and 2017, respectively. The obligation to issue shares is included in “common stock issuable” in the consolidated balance sheet.

12. Pension plans and other postretirement benefits

The Company provides defined benefit pension and other postretirement benefits (including health care and life insurance benefits) to qualified retired employees. The Company uses a December 31 measurement date for all of its plans.

Net periodic pension expense for defined benefit plans consisted of the following:

	Year Ended December 31		
	2018	2017	2016
	(In thousands)		
Service cost	$20,346	$20,193	$25,037
Interest cost on benefit obligation	74,704	79,270	83,410
Expected return on plan assets	(123,127)	(108,524)	(108,473)
Amortization of prior service cost (credit)	557	557	(3,228)
Recognized net actuarial loss	43,793	29,263	30,145
Net periodic pension expense	$16,273	$20,759	$26,891

Net other postretirement benefits expense for defined benefit plans consisted of the following:

	Year Ended December 31		
	2018	2017	2016
	(In thousands)		
Service cost	$938	$1,172	$1,595
Interest cost on benefit obligation	2,293	3,716	4,971
Amortization of prior service credit	(4,729)	(1,359)	(1,359)
Recognized net actuarial (gain) loss	(826)	(988)	60
Net other postretirement benefits expense	$(2,324)	$2,541	$5,267

Service cost is reflected in salaries and employee benefits expense. The other components of net periodic benefit expense are reflected in other costs of operations.

Data relating to the funding position of the defined benefit plans were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2018	2017	2018	2017
	(In thousands)			
Change in benefit obligation:				
Benefit obligation at beginning of year	$2,188,736	$2,007,158	$68,637	$109,922
Service cost	20,346	20,193	938	1,172
Interest cost	74,704	79,270	2,293	3,716
Plan participants' contributions	—	—	2,974	2,929
Amendments and curtailments	—	—	—	(30,088)
Actuarial (gain) loss	(228,897)	172,180	(4,758)	(8,511)
Medicare Part D reimbursement	—	—	508	630
Benefits paid	(105,276)	(90,065)	(10,601)	(11,133)
Benefit obligation at end of year	1,949,613	2,188,736	59,991	68,637
Change in plan assets:				
Fair value of plan assets at beginning of year	2,014,891	1,642,131	—	—
Actual return on plan assets	(90,657)	251,381	—	—
Employer contributions	14,875	211,444	7,119	7,574
Plan participants' contributions	—	—	2,974	2,929
Medicare Part D reimbursement	—	—	508	630
Benefits paid	(105,276)	(90,065)	(10,601)	(11,133)
Fair value of plan assets at end of year	1,833,833	2,014,891	—	—
Funded status	$(115,780)	$(173,845)	$(59,991)	$(68,637)
Accrued liabilities recognized in the consolidated balance sheet	$(115,780)	$(173,845)	$(59,991)	$(68,637)
Amounts recognized in accumulated other comprehensive income ("AOCI") were:				
Net loss (gain)	$401,716	$460,622	$(17,868)	$(13,936)
Net prior service cost (credit)	2,391	2,948	(31,737)	(36,466)
Pre-tax adjustment to AOCI	404,107	463,570	(49,605)	(50,402)
Taxes	(106,240)	(121,873)	13,041	13,251
Net adjustment to AOCI	$297,867	$341,697	$(36,564)	$(37,151)

The Company has an unfunded supplemental pension plan for certain key executives and others. The projected benefit obligation and accumulated benefit obligation included in the preceding data related to such plan were $143,406,000 as of December 31, 2018 and $165,210,000 as of December 31, 2017.

The accumulated benefit obligation for all defined benefit pension plans was $1,925,741,000 and $2,158,601,000 at December 31, 2018 and 2017, respectively.

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GAAP requires an employer to recognize in its balance sheet as an asset or liability the overfunded or underfunded status of a defined benefit postretirement plan, measured as the difference between the fair value of plan assets and the benefit obligation. For a pension plan, the benefit obligation is the projected benefit obligation; for any other postretirement benefit plan, such as a retiree health care plan, the benefit obligation is the accumulated postretirement benefit obligation. Gains or losses and prior service costs or credits that arise during the period, but are not included as components of net periodic benefit expense, are recognized as a component of other comprehensive income. Amortization of net gains and losses is included in annual net periodic benefit expense if, as of the beginning of the year, the net gain or loss exceeds 10% of the greater of the benefit obligation or the fair value of the plan assets. As indicated in the preceding table, as of December 31, 2018 the Company recorded a minimum liability adjustment of $354,502,000 ($404,107,000 related to pension plans and $(49,605,000) related to other postretirement benefits) with a corresponding reduction of shareholders' equity, net of applicable deferred taxes, of $261,303,000. In aggregate, the benefit plans realized a net gain during 2018 that resulted in a decrease to the minimum liability adjustment from that which was recorded at December 31, 2017 of $58,666,000. The net gain was mainly the result of raising the discount rate used to measure the benefit obligation of all plans to 4.25% at December 31, 2018 from 3.50% used at the prior year-end and the amortization of actuarial losses during 2018, offset, in part, by losses on plan assets in 2018. The table below reflects the changes in plan assets and benefit obligations recognized in other comprehensive income related to the Company's postretirement benefit plans.

	Pension Plans	Other Postretirement Benefit Plans	Total
	(In thousands)		
2018			
Net loss (gain)	$(15,113)	$ (4,758)	$(19,871)
Amortization of prior service (cost) credit	(557)	4,729	4,172
Amortization of actuarial (loss) gain	(43,793)	826	(42,967)
Total recognized in other comprehensive income, pre-tax	$(59,463)	$ 797	$(58,666)
2017			
Net loss (gain)	$29,323	$ (8,511)	$20,812
Amendments and curtailments	—	(30,088)	(30,088)
Amortization of prior service (cost) credit	(557)	1,359	802
Amortization of actuarial (loss) gain	(29,263)	988	(28,275)
Total recognized in other comprehensive income, pre-tax	$(497)	$ (36,252)	$(36,749)

The following table reflects the amortization of amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit expense during 2019:

Other

	Pension Plans	Postretirement Benefit Plans
	(In thousands)	
Amortization of net prior service cost (credit)	$557	$ (4,730)
Amortization of net loss (gain)	17,755	1,168

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The Company also provides a qualified defined contribution pension plan to eligible employees who were not participants in the defined benefit pension plan as of December 31, 2005 and to other employees who have elected to participate in the defined contribution plan. The Company makes contributions to the defined contribution plan each year in an amount that is based on an individual participant's total compensation (generally defined as total wages, incentive compensation, commissions and bonuses) and years of service. Participants do not contribute to the defined contribution pension plan. Pension expense recorded in 2018, 2017 and 2016 associated with the defined contribution pension plan was approximately $29 million, $30 million and $25 million, respectively.

Assumptions

The assumed weighted-average rates used to determine benefit obligations at December 31 were:

	Pension Benefits		Other Postretirement Benefits	
	2018	2017	2018	2017
Discount rate	4.25%	3.50%	4.25%	3.50%
Rate of increase in future compensation levels	4.31%	4.33%	—	—

The assumed weighted-average rates used to determine net benefit expense for the years ended December 31 were:

	Pension Benefits			Other Postretirement Benefits		
	2018	2017	2016	2018	2017	2016
Discount rate	3.50%	4.00%	4.25%	3.50%	4.00%	4.25%
Long-term rate of return on plan assets	6.50%	6.50%	6.50%	—	—	—
Rate of increase in future compensation levels	4.33%	4.39%	4.37%	—	—	—

The discount rate used by the Company to determine the present value of the Company's future benefit obligations reflects specific market yields for a hypothetical portfolio of highly rated corporate bonds that would produce cash flows similar to the Company's benefit plan obligations and the level of market interest rates in general as of the year-end.

The expected long-term rate of return assumption as of each measurement date was developed through analysis of historical market returns, current market conditions, anticipated future asset allocations, the funds' past experience, and expectations on potential future market returns. The expected rate of return assumption represents a long-term average view of the performance of the plan assets, a return that may or may not be achieved during any one calendar year.

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The Company's defined benefit pension plan is sensitive to the long-term rate of return on plan assets and the discount rate. To demonstrate the sensitivity of pension expense to changes in these assumptions, with all other assumptions held constant, 25 basis point increases in: the rate of return on plan assets would have resulted in a decrease in pension expense of approximately $5 million; and the discount rate would have resulted in a decrease in pension expense of approximately $7 million. Decreases of 25 basis points in those assumptions would have resulted in similar changes in amount, but in the opposite direction from the changes presented in the preceding sentence. Additionally, an increase of 25 basis points in the discount rate would have decreased the benefit obligation by

$62 million and a decrease of 25 basis points in the discount rate would have increased the benefit obligation by $65 million at December 31, 2018.

For measurement of other postretirement benefits, a 6.25% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2019. The rate was assumed to decrease to 5.00% over ten years. A one-percentage point change in assumed health care cost trend rates would have had the following effects:

	+1%	-1%
	(In thousands)	
Increase (decrease) in:		
Service and interest cost	$55	$(50)
Accumulated postretirement benefit obligation	1,204	(1,094)

Plan assets

The Company's policy is to invest the pension plan assets in a prudent manner for the purpose of providing benefit payments to participants and mitigating reasonable expenses of administration. The Company's investment strategy is designed to provide a total return that, over the long-term, places an emphasis on the preservation of capital. The strategy attempts to maximize investment returns on assets at a level of risk deemed appropriate by the Company while complying with applicable regulations and laws. The investment strategy utilizes asset diversification as a principal determinant for establishing an appropriate risk profile while emphasizing total return realized from capital appreciation, dividends and interest income. The target allocations for plan assets are generally 25 to 60 percent equity securities, 10 to 65 percent debt securities, and 10 to 85 percent money-market investments/cash equivalents and other investments, although holdings could be more or less than these general guidelines based on market conditions at the time and actions taken or recommended by the investment managers providing advice to the Company. Assets are managed by a combination of internal and external investment managers. Equity securities may include investments in domestic and international equities, through individual securities, mutual funds and exchange-traded funds. Debt securities may include investments in corporate bonds of companies from diversified industries, mortgage-backed securities guaranteed by government agencies and U.S. Treasury securities, through individual securities and mutual funds. Additionally, the Company's defined benefit pension plan held $361,178,000 (20% of total assets) of real estate funds, private investments, hedge funds and other investments at December 31, 2018. Returns on invested assets are periodically compared with target market indices for each asset type to aid management in evaluating such returns. Furthermore, management regularly reviews the investment policy and may, if deemed appropriate, make changes to the target allocations noted above.

The fair values of the Company’s pension plan assets at December 31, 2018 and 2017, by asset category, were as follows:

	Fair Value Measurement of Plan Assets At December 31, 2018			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Asset category:				
Money-market investments	$23,049	$ 10,794	$ 12,255	$ —
Equity securities:				
M&T	125,299	125,299	—	—
Domestic(a)	191,640	191,640	—	—
International(b)	7,752	7,752	—	—
Mutual funds:				
Domestic(a)	216,523	216,523	—	—
International(b)	316,923	316,923	—	—
	858,137	858,137	—	—
Debt securities:				
Corporate(c)	103,672	—	103,672	—
Government	182,034	—	182,034	—
International	2,140	—	2,140	—
Mutual funds:				
Domestic(d)	280,902	280,902	—	—
International	20,661	20,661	—	—
	589,409	301,563	287,846	—
Other:				
Diversified mutual fund	74,446	74,446	—	—
Real estate partnerships	11,807	2,791	—	9,016
Private equity	63,699	—	—	63,699
Hedge funds	200,811	125,309	—	75,502
Guaranteed deposit fund	10,415	—	—	10,415
	361,178	202,546	—	158,632
Total(e)	$1,831,773	$ 1,373,040	$ 300,101	$ 158,632

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	Fair Value Measurement of Plan Assets At December 31, 2017			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Asset category:				
Money-market investments	$117,648	$ 62,706	$ 54,942	$ —
Equity securities:				
M&T	154,818	154,818	—	—
Domestic(a)	240,763	240,763	—	—
International(b)	13,349	13,349	—	—
Mutual funds:				
Domestic(a)	205,509	205,509	—	—
International(b)	405,200	405,200	—	—
	1,019,639	1,019,639	—	—
Debt securities:				
Corporate(c)	89,751	—	89,751	—
Government	235,984	—	235,984	—
International	2,176	—	2,176	—
Mutual funds:				
Domestic(d)	243,456	243,456	—	—
	571,367	243,456	327,911	—
Other:				
Diversified mutual fund	80,227	80,227	—	—
Real estate partnerships	3,747	842	—	2,905
Private equity	31,484	—	—	31,484
Hedge funds	178,080	125,966	—	52,114
Guaranteed deposit fund	10,925	—	—	10,925
	304,463	207,035	—	97,428
Total(e)	$2,013,117	$ 1,532,836	$ 382,853	$ 97,428

(a) This category is mainly comprised of equities of companies primarily within the mid-cap and large-cap sectors of the U.S. economy and range across diverse industries.
(b) This category is comprised of equities in companies primarily within the mid-cap and large-cap sectors of international markets mainly in developed markets in Europe and the Pacific Rim.
(c) This category represents investment grade bonds of U.S. issuers from diverse industries.
(d) Approximately 77% of the mutual funds were invested in investment grade bonds and 23% in high-yielding bonds at December 31, 2018 and December 31, 2017. The holdings within the funds were spread across diverse industries.

(e) Excludes dividends and interest receivable totaling $2,060,000 and $1,774,000 at December 31, 2018 and 2017, respectively.

Pension plan assets included common stock of M&T with a fair value of $125,299,000 (7% of total plan assets) at December 31, 2018 and $154,818,000 (8% of total plan assets) at December 31, 2017. No investment in securities of a non-U.S. Government or government agency issuer exceeded ten percent of plan assets at December 31, 2018.

The changes in Level 3 pension plan assets measured at estimated fair value on a recurring basis during the year ended December 31, 2018 were as follows:

	Balance – January 1, 2018	Purchases (Sales)	Total Realized/ Unrealized Gains (Losses)	Balance – December 31, 2018
	(In thousands)			
Other				
Real estate partnerships	$2,905	$4,717	$ 1,394	$9,016
Private equity	31,484	30,396	1,819	63,699
Hedge funds	52,114	19,971	3,417	75,502
Guaranteed deposit fund	10,925	—	(510)	10,415
Total	$97,428	$55,084	$ 6,120	$158,632

The Company makes contributions to its funded qualified defined benefit pension plan as required by government regulation or as deemed appropriate by management after considering factors such as the fair value of plan assets, expected returns on such assets, and the present value of benefit obligations of the plan. The Company made voluntary contributions of $200 million to the qualified defined benefit pension plan in 2017. The Company did not make any contributions to the plan in 2018 or 2016. The Company is not required to make contributions to the qualified defined benefit plan in 2019, however, subject to the impact of actual events and circumstances that may occur in 2019, the Company may make contributions, but the amount of any such contributions has not been determined. The Company regularly funds the payment of benefit obligations for the supplemental defined benefit pension and postretirement benefit plans because such plans do not hold assets for investment. Payments made by the Company for supplemental pension benefits were $14,875,000 and $11,444,000 in 2018 and 2017, respectively. Payments made by the Company for postretirement benefits were $7,119,000 and $7,574,000 in 2018 and 2017, respectively. Payments for supplemental pension and other postretirement benefits for 2019 are not expected to differ from those made in 2018 by an amount that will be material to the Company’s consolidated financial position.

Estimated benefits expected to be paid in future years related to the Company’s defined benefit pension and other postretirement benefits plans are as follows:

	Pension Benefits	Other Postretirement Benefits
	(In thousands)	
Year ending December 31:		

2019	$94,427	$ 7,108
2020	99,361	6,975
2021	103,502	4,284
2022	106,270	4,196
2023	110,753	4,108
2024 through 2028	600,961	19,065

The Company has a retirement savings plan (“RSP”) that is a defined contribution plan in which eligible employees of the Company may defer up to 50% of qualified compensation via contributions to the plan. The Company makes an employer matching contribution in an amount equal to 75% of an employee’s contribution, up to 4.5% of the employee’s qualified compensation.

Employees' accounts, including employee contributions, employer matching contributions and accumulated earnings thereon, are at all times fully vested and nonforfeitable. Employee benefits expense resulting from the Company's contributions to the RSP totaled $42,897,000, $38,229,000 and $36,776,000 in 2018, 2017 and 2016, respectively.

13. Income taxes

The components of income tax expense were as follows:

	Year Ended December 31		
	2018	2017	2016
	(In thousands)		
Current			
Federal	$408,428	$363,043	$428,750
State and local	113,706	94,714	95,426
Total current	522,134	457,757	524,176
Deferred			
Federal	(12,780)	367,308	147,662
State and local	28,637	33,482	26,351
Total deferred	15,857	400,790	174,013
Amortization of investments in qualified affordable housing projects	52,169	57,009	45,095
Total income taxes applicable to pre-tax income	$590,160	$915,556	$743,284

The Company files a consolidated federal income tax return reflecting taxable income earned by all domestic subsidiaries. In prior years, applicable federal tax law allowed certain financial institutions the option of deducting as bad debt expense for tax purposes amounts in excess of actual losses. In accordance with GAAP, such financial institutions were not required to provide deferred income taxes on such excess. Recapture of the excess tax bad debt reserve established under the previously allowed method will result in taxable income if M&T Bank fails to maintain bank status as defined in the Internal Revenue Code or charges are made to the reserve for other than bad debt losses. At December 31, 2018, M&T Bank's tax bad debt reserve for which no federal income taxes have been provided was $137,121,000. No actions are planned that would cause this reserve to become wholly or partially taxable.

Income taxes attributable to gains or losses on bank investment securities were a benefit of $1,628,000 in 2018, and an expense of $7,195,000 in 2017 and $11,925,000 in 2016. No alternative minimum tax expense was recognized in 2017 or 2016.

The Tax Cuts and Jobs Act ("Tax Act") was signed into law on December 22, 2017, reducing the corporate federal income tax rate from 35% to 21% effective January 1, 2018 and making other changes to U.S. corporate income tax laws, including eliminating the alternative minimum tax as of January 1, 2018. GAAP requires that the impact of the provisions of the Tax Act be accounted for in the period of enactment. Accordingly, the incremental income tax expense recorded by the Company in the fourth quarter of 2017 related to the Tax Act was $85 million. That additional expense was largely attributable to the reduction in carrying value of net deferred tax assets reflecting lower future tax benefits resulting from the lower corporate income tax rate. During 2018 the Company received approval from the Internal Revenue Service to change the timing of recognition of certain loan fees retroactive to 2017. Given the reduction of the federal income tax rate, the change resulted in a $15 million reduction of income tax expense in 2018. The Company also adopted new accounting guidance for share-based transactions during the first quarter of 2017. That guidance requires that all excess tax benefits and tax deficiencies associated with share-based compensation be recognized as a

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component of income tax expense in the income statement. Previously, tax effects resulting from changes in M&T's share price subsequent to the grant date were recorded through shareholders' equity at the time of vesting or exercise. The adoption of the amended accounting guidance resulted in a $9 million and $22 million reduction of income tax expense in 2018 and 2017, respectively.

Total income taxes differed from the amount computed by applying the statutory federal income tax rate to pre-tax income as follows:

	Year Ended December 31		
	2018	2017	2016
	(In thousands)		
Income taxes at statutory federal income tax rate	$526,730	$813,352	$720,439
Increase (decrease) in taxes:			
Tax-exempt income	(26,186)	(40,778)	(35,364)
State and local income taxes, net of federal income tax effect	112,451	83,327	79,155
Qualified affordable housing project federal tax credits, net	(12,240)	(16,015)	(15,091)
Initial impact of enactment of Tax Act	—	85,431	—
Other	(10,595)	(9,761)	(5,855)
	$590,160	$915,556	$743,284

Deferred tax assets (liabilities) were comprised of the following at December 31:

	2018	2017	2016
	(In thousands)		
Losses on loans and other assets	$322,818	$345,609	$590,288
Retirement benefits	30,057	45,322	143,067
Postretirement and other employee benefits	23,563	26,009	52,512
Incentive and other compensation plans	24,796	25,050	36,616
Interest on loans	—	37,900	61,266
Stock-based compensation	26,759	26,676	52,181
Unrealized losses	52,580	—	10,741
Other	43,880	66,247	106,876
Gross deferred tax assets	524,453	572,813	1,053,547
Leasing transactions	(186,787)	(181,159)	(266,268)
Unrealized gains	—	(94,285)	—
Capitalized servicing rights	(54,894)	(51,781)	(71,108)
Depreciation and amortization	(61,881)	(52,733)	(63,959)
Interest on loans	(18,920)	—	—
Other	(28,350)	(21,599)	(87,200)
Gross deferred tax liabilities	(350,832)	(401,557)	(488,535)
Net deferred tax asset	$173,621	$171,256	$565,012

The Company believes that it is more likely than not that the deferred tax assets will be realized through taxable earnings or alternative tax strategies.

The income tax credits shown in the statement of income of M&T in note 25 arise principally from operating losses before dividends from subsidiaries.

A reconciliation of the beginning and ending amount of unrecognized tax benefits follows:

	Federal, State and Local Tax	Accrued Interest	Unrecognized Income Tax Benefits
	(In thousands)		
Gross unrecognized tax benefits at January 1, 2016	$24,537	$7,969	$ 32,506
Increases as a result of tax positions taken during 2016	12,237	—	12,237
Increases as a result of tax positions taken in prior years	—	656	656
Decreases as a result of tax positions taken in prior years	(885)	(710)	(1,595)
Gross unrecognized tax benefits at December 31, 2016	35,889	7,915	43,804
Increases as a result of tax positions taken during 2017	13,019	—	13,019
Increases as a result of tax positions taken in prior years	—	1,379	1,379
Decreases as a result of settlements with taxing authorities	(332)	(168)	(500)
Decreases as a result of tax positions taken in prior years	(3,144)	(3,475)	(6,619)
Gross unrecognized tax benefits at December 31, 2017	45,432	5,651	51,083
Increases as a result of tax positions taken during 2018	13,426	—	13,426
Increases as a result of tax positions taken in prior years	—	1,969	1,969
Decreases as a result of settlements with taxing authorities	(664)	(289)	(953)
Decreases as a result of tax positions taken in prior years	(1,920)	(702)	(2,622)
Gross unrecognized tax benefits at December 31, 2018	$56,274	$6,629	62,903
Less: Federal, state and local income tax benefits			(13,209)
Net unrecognized tax benefits at December 31, 2018 that, if recognized, would impact the effective income tax rate			$ 49,694

The Company’s policy is to recognize interest and penalties, if any, related to unrecognized tax benefits in income taxes in the consolidated statement of income. The balance of accrued interest at December 31, 2018 is included in the table above. The Company’s federal, state and local income tax returns are routinely subject to examinations from various governmental taxing authorities. Such examinations may result in challenges to the tax return treatment applied by the Company to specific transactions. Management believes that the assumptions and judgment used to record tax-related assets or liabilities have been appropriate. Should determinations rendered by tax authorities ultimately indicate that management’s assumptions were inappropriate, the result and adjustments required could have a material effect on the Company’s results of operations. Examinations by the Internal Revenue Service of the Company’s federal income tax returns have been largely concluded through 2017, although under statute the income tax returns from 2015 through 2017 could be adjusted. The Company also files income tax returns in over forty states and numerous local jurisdictions. Substantially all material state and local matters have been concluded for years through 2013. It is not reasonably possible to estimate when examinations for any subsequent years will be completed.

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14. Earnings per common share

The computations of basic earnings per common share follow:

	Year Ended December 31		
	2018	2017	2016
	(In thousands, except per share)		
Income available to common shareholders:			
Net income	$1,918,080	$1,408,306	$1,315,114
Less: Preferred stock dividends(a)	(72,521)	(72,734)	(81,270)
Net income available to common equity	1,845,559	1,335,572	1,233,844
Less: Income attributable to unvested stock-based compensation awards	(9,531)	(8,069)	(10,385)
Net income available to common shareholders	$1,836,028	$1,327,503	$1,223,459
Weighted-average shares outstanding:			
Common shares outstanding (including common stock issuable) and unvested stock-based compensation awards	144,740	153,092	158,121
Less: Unvested stock-based compensation awards	(748)	(933)	(1,341)
Weighted-average shares outstanding	143,992	152,159	156,780
Basic earnings per common share	$12.75	$8.72	$7.80

(a) Including impact of not as yet declared cumulative dividends.

The computations of diluted earnings per common share follow:

	Year Ended December 31		
	2018	2017	2016
	(In thousands, except per share)		
Net income available to common equity	$1,845,559	$1,335,572	$1,233,844
Less: Income attributable to unvested stock-based compensation awards	(9,524)	(8,055)	(10,363)
Net income available to common shareholders	$1,836,035	$1,327,517	$1,223,481
Adjusted weighted-average shares outstanding:			
Common and unvested stock-based compensation awards	144,740	153,092	158,121
Less: Unvested stock-based compensation awards	(748)	(933)	(1,341)
Plus: Incremental shares from assumed conversion of stock-based compensation awards and warrants to purchase common stock	159	392	524
Adjusted weighted-average shares outstanding	144,151	152,551	157,304
Diluted earnings per common share	$12.74	$8.70	$7.78

GAAP defines unvested share-based awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) as participating securities that shall be included in the computation of earnings per common share pursuant to the two-class method. The Company has issued stock-based compensation awards in the form of restricted stock and restricted stock units, which, in accordance with GAAP, are considered participating securities.

Stock-based compensation awards and warrants to purchase common stock of M&T representing common shares of 194,000 in 2018, 401,000 in 2017 and 2,171,000 in 2016 were not included in the computations of diluted earnings per common share because the effect on those years would have been antidilutive.

15. Comprehensive income

In February 2018, the Financial Accounting Standards Board issued accounting guidance related to reclassification of certain tax effects from AOCI so that following enactment of the Tax Act the tax effects of items within AOCI reflect the appropriate tax. The guidance provided for a reclassification from AOCI to retained earnings for the effect of remeasuring deferred tax assets and liabilities related to items within AOCI at the 21 percent corporate tax rate established by the Tax Act. The impact of that reclassification was an increase in retained earnings as of December 31, 2017 resulting from items remaining in AOCI as of that date as follows:

	(In thousands)
Net unrealized losses on investment securities	$ 8,065
Defined benefit plans liability adjustments	53,960
Cash flow hedges and other	2,004
Increase to retained earnings	$ 64,029

The following tables display the components of other comprehensive income (loss) and amounts reclassified from accumulated other comprehensive income (loss) to net income:

	Investment Securities (a)	Defined Benefit Plans	Other	Total Amount Before Tax	Income Tax	Net
	(In thousands)					
Balance — January 1, 2018	$(59,957)	(413,168)	(20,165)	$(493,290)	129,476	$(363,814)
Cumulative effect of change in accounting principle — equity securities	(22,795)	—	—	(22,795)	5,942	(16,853)
Other comprehensive income before reclassifications:						
Unrealized holding losses, net	(121,589)	—	—	(121,589)	31,946	(89,643)
Foreign currency translation adjustment	—	—	(2,817)	(2,817)	592	(2,225)
Unrealized losses on cash	—	—	(4,965)	(4,965)	1,306	(3,659)

flow hedges							
Current year benefit plans gains	—	19,871	—	19,871		(5,224)	14,647
Total other comprehensive income (loss) before reclassifications	(121,589)	19,871	(7,782)	(109,500)		28,620	(80,880)
Amounts reclassified from accumulated other comprehensive income that (increase) decrease net income:							
Amortization of unrealized holding losses on held-to-maturity ("HTM") securities	4,252	—	—	4,252	(c)	(1,118)	3,134
Gains realized in net income	(18)	—	—	(18)	(d)	4	(14)
Accretion of net gain on terminated cash flow hedges	—	—	(111)	(111)	(e)	29	(82)
Net yield adjustment from cash flow hedges currently in effect	—	—	13,339	13,339	(c)	(3,507)	9,832
Amortization of prior service credit	—	(4,172)	—	(4,172)	(f)	1,097	(3,075)
Amortization of actuarial losses	—	42,967	—	42,967	(f)	(11,296)	31,671
	(117,355)	58,666	5,446	(53,243)		13,829	(39,414)

Total other comprehensive income (loss)						
Balance — December 31, 2018	$(200,107)	(354,502)	(14,719)	$(569,328)	149,247	$(420,081)

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	Investment Securities With OTTI (b)	All Other	Defined Benefit Plans	Other	Total Amount Before Tax		Income Tax	Net
	(In thousands)							
Balance — January 1, 2017	$46,725	(73,785)	(449,917)	(8,268)	$(485,245)		190,609	$(294,636)
Other comprehensive income before reclassifications:								
Unrealized holding gains (losses), net	(8,746)	(6,259)	—	—	(15,005)		7,269	(7,736)
Foreign currency translation adjustment	—	—	—	4,447	4,447		(2,206)	2,241
Unrealized losses on cash flow hedges	—	—	—	(12,291)	(12,291)		4,837	(7,454)
Current year benefit plans gains	—	—	9,276	—	9,276		(3,650)	5,626
Total other comprehensive income (loss) before reclassifications	(8,746)	(6,259)	9,276	(7,844)	(13,573)		6,250	(7,323)
Amounts reclassified from accumulated other comprehensive income that (increase) decrease net income:								
Amortization of unrealized holding losses on HTM securities	—	3,387	—	—	3,387	(c)	(1,333)	2,054
Gains realized in net income	(18,351)	(2,928)	—	—	(21,279)	(d)	7,195	(14,084)
Accretion of net gain on terminated cash flow hedges	—	—	—	(137)	(137)	(e)	54	(83)
Net yield adjustment from cash flow hedges currently in effect	—	—	—	(3,916)	(3,916)	(c)	1,541	(2,375)
Amortization of prior service credit	—	—	(802)	—	(802)	(f)	315	(487)
Amortization of actuarial losses	—	—	28,275	—	28,275	(f)	(11,126)	17,149
Total other comprehensive income (loss)	(27,097)	(5,800)	36,749	(11,897)	(8,045)		2,896	(5,149)
Reclassification of income tax effects to retained earnings	—	—	—	—	—		(64,029)	(64,029)

Balance — December 31, 2017	$19,628	(79,585)	(413,168)	(20,165)	$(493,290)		129,476	$(363,814)
Balance — January 1, 2016	$16,359	62,849	(489,660)	(4,093)	$(414,545)		162,918	$(251,627)
Other comprehensive income before reclassifications:								
Unrealized holding gains (losses), net	30,366	(110,316)	—	—	(79,950)		31,509	(48,441)
Foreign currency translation adjustment	—	—	—	(4,020)	(4,020)		1,406	(2,614)
Current year benefit plans gains	—	—	14,125	—	14,125		(5,557)	8,568
Total other comprehensive income (loss) before reclassifications	30,366	(110,316)	14,125	(4,020)	(69,845)		27,358	(42,487)
Amounts reclassified from accumulated other comprehensive income that (increase) decrease net income:								
Amortization of unrealized holding losses on HTM securities	—	3,996	—	—	3,996	(c)	(1,572)	2,424
Gains realized in net income	—	(30,314)	—	—	(30,314)	(d)	11,925	(18,389)
Accretion of net gain on terminated cash flow hedges	—	—	—	(155)	(155)	(e)	61	(94)
Amortization of prior service credit	—	—	(4,587)	—	(4,587)	(f)	1,805	(2,782)
Amortization of actuarial losses	—	—	30,205	—	30,205	(f)	(11,886)	18,319
Total other comprehensive income (loss)	30,366	(136,634)	39,743	(4,175)	(70,700)		27,691	(43,009)
Balance — December 31, 2016	$46,725	(73,785)	(449,917)	(8,268)	$(485,245)		190,609	$(294,636)

(a) Beginning January 1, 2018, equity securities with readily determinable market values are required to be measured at fair value with changes in fair value recognized in the income statement. Separate presentation of investment securities with an other-than-temporary impairment change is no longer required.

(b) Other-than-temporary impairment.

(c) Included in interest income.

(d) Included in gain (loss) on bank investment securities.

(e) Included in interest expense.

(f) Included in other costs of operations.

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Accumulated other comprehensive income (loss), net consisted of the following:

	Investment Securities	Defined Benefit Plans	Other	Total
	(In thousands)			
Balance at January 1, 2016	$48,087	$(296,979)	$(2,735)	$(251,627)
Net gain (loss) during 2016	(64,406)	24,105	(2,708)	(43,009)
Balance at December 31, 2016	(16,319)	(272,874)	(5,443)	(294,636)
Net gain (loss) during 2017	(19,766)	22,288	(7,671)	(5,149)
Reclassification of income tax effects to retained earnings	(8,065)	(53,960)	(2,004)	(64,029)
Balance at December 31, 2017	(44,150)	(304,546)	(15,118)	(363,814)
Cumulative effect of change in accounting principle — equity securities	(16,853)	—	—	(16,853)
Net gain (loss) during 2018	(86,523)	43,243	3,866	(39,414)
Balance at December 31, 2018	$(147,526)	$(261,303)	$(11,252)	$(420,081)

16. Other income and other expense

The following items, which exceeded 1% of total interest income and other income in the respective period, were included in either “other revenues from operations” or “other costs of operations” in the consolidated statement of income:

	Year Ended December 31		
	2018	2017	2016
	(In thousands)		
Other income:			
Credit-related fee income	$82,614	$77,580	$70,424
Other expense:			
Professional services	312,998	289,862	268,060
Accrual for Wilmington Trust Corporation legal-related matters	135,000		

17. International activities

The Company engages in limited international activities including certain trust-related services in Europe, collecting Eurodollar deposits, engaging in foreign currency transactions associated with customer activity, providing credit to support the international activities of domestic companies and holding certain loans to foreign borrowers. Assets and revenues associated with international activities represent less than 1% of the Company’s consolidated assets and revenues. International assets included $172 million and $159 million of loans to foreign borrowers at December 31, 2018 and 2017, respectively. Deposits at M&T Bank’s Cayman Islands office were $812 million and $178 million at December 31, 2018 and 2017, respectively. The Company uses such deposits to facilitate customer demand and as an alternative to short-term borrowings when the costs of such deposits seem reasonable. Deposits at M&T Bank’s office in Ontario, Canada were $22 million at December 31, 2018 and $45 million at December 31, 2017. Revenues from providing international trust-related services were approximately $29 million in 2018, $24 million in 2017 and $25 million in 2016.

18. Derivative financial instruments

As part of managing interest rate risk, the Company enters into interest rate swap agreements to modify the repricing characteristics of certain portions of the Company's portfolios of earning assets and interest-bearing liabilities. The Company designates interest rate swap agreements utilized in the management of interest rate risk as either fair value hedges or cash flow hedges. Interest rate swap agreements are generally entered into with counterparties that meet established credit standards and most contain master netting, collateral and/or settlement provisions protecting the at-risk party. Based on adherence to the Company's credit standards and the presence of the netting, collateral or settlement provisions, the Company believes that the credit risk inherent in these contracts was not material as of December 31, 2018.

The net effect of interest rate swap agreements was to decrease net interest income by $25 million in 2018 and to increase net interest income by $25 million in 2017 and $37 million in 2016.

Information about interest rate swap agreements entered into for interest rate risk management purposes summarized by type of financial instrument the swap agreements were intended to hedge follows:

	Notional Amount (In thousands)	Average Maturity (In years)	Weighted-Average Rate Fixed	Weighted-Average Rate Variable	Estimated Fair Value Gain (a) (In thousands)
December 31, 2018					
Fair value hedges:					
Fixed rate long-term borrowings (b)	$4,450,000	2.8	2.47%	3.02%	$ 4,219
Cash flow hedges:					
Interest payments on variable rate commercial real estate loans (b)(c)	15,400,000	1.3	1.52%	2.35%	1,311
Total	$19,850,000	1.7			$ 5,530
December 31, 2017					
Fair value hedges:					
Fixed rate long-term borrowings (b)	$4,550,000	2.9	2.27%	2.09%	$ 573
Cash flow hedges:					
Interest payments on variable rate commercial real estate loans (b)(d)	4,850,000	2.0	1.52%	1.36%	66
Total	$9,400,000	2.5			$ 639

(a) Certain clearinghouse exchange rules provide that required payments by counterparties for variation margin are treated as settlements of those positions. The impact of such settlements at December 31, 2018 and December 31, 2017 was a reduction of the estimated fair value losses on interest rate swap agreements designated as fair value hedges of $54.7 million and $41.1 million, respectively, and on interest rate swap agreements designated as cash flow hedges of $9.1 million and $16.3 million, respectively.

(b) Under the terms of these agreements, the Company receives settlement amounts at a fixed rate and pays at a variable rate.

(c) Includes notional amount and terms of $12.6 billion of forward-starting interest rate swap agreements that will become effective in 2019 and 2020.

(d) Includes notional amount and terms of $2.0 billion of forward-starting interest rate swap agreements that will become effective in 2019.

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The notional amount of interest rate swap agreements entered into for risk management purposes that were outstanding at December 31, 2018 mature as follows:

	(In thousands)
Year ending December 31:	
2019	$3,500,000
2020	11,200,000
2021	3,500,000
2022	650,000
2023	500,000
2027	500,000
	$19,850,000

The Company utilizes commitments to sell residential and commercial real estate loans to hedge the exposure to changes in the fair value of real estate loans held for sale. Such commitments have generally been designated as fair value hedges. The Company 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 account purposes included interest rate contracts, foreign exchange and other option contracts, foreign exchange forward and spot contracts, and financial futures. Interest rate contracts entered into for trading account purposes had notional values of $42.9 billion and $29.9 billion at December 31, 2018 and 2017, respectively. The notional amounts of foreign currency and other option and futures contracts entered into for trading account purposes aggregated $763 million and $530 million at December 31, 2018 and 2017, respectively.

Information about the fair values of derivative instruments in the Company's consolidated balance sheet and consolidated statement of income follows:

	Asset Derivatives Fair Value December 31		Liability Derivatives Fair Value December 31	
	2018	2017	2018	2017
	(In thousands)			
Derivatives designated and qualifying as hedging instruments				
Interest rate swap agreements (a)	$5,530	$639	$—	$—
Commitments to sell real estate loans (a)	1,090	734	6,434	283
	6,620	1,373	6,434	283
Derivatives not designated and qualifying as hedging instruments				
Mortgage-related commitments to originate real estate loans for sale (a)	9,304	8,797	1,592	494
Commitments to sell real estate loans (a)	3,702	2,526	4,535	1,019
Trading:				
Interest rate contracts (b)	118,687	74,164	169,255	132,104

Foreign exchange and other option and futures contracts (b)	10,549	5,657	8,870	5,286
	142,242	91,144	184,252	138,903
Total derivatives	$148,862	$92,517	$190,686	$139,186

(a) Asset derivatives are reported in other assets and liability derivatives are reported in other liabilities.
(b) Asset derivatives are reported in trading account assets and liability derivatives are reported in other liabilities. The impact of variation margin settlement payments at December 31, 2018 and December 31, 2017 was a reduction of the estimated fair value of interest rate contracts in the trading account in an asset position of $170.7 million and $136.2 million, respectively, and in a liability position of $49.7 million and $12.2 million, respectively.

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	Amount of Gain (Loss) Recognized					
	Year Ended December 31, 2018		Year Ended December 31, 2017		Year Ended December 31, 2016	
	Derivative	Hedged Item	Derivative	Hedged Item	Derivative	Hedged Item
	(In thousands)					
Derivatives in fair value hedging relationships						
Interest rate swap agreements:						
Fixed rate long-term borrowings (a)	$(10,006)	10,969	$(52,392)	51,628	$(32,000)	30,906
Derivatives not designated as hedging instruments						
Trading:						
Interest rate contracts (b)	$4,506		$5,398		$14,042	
Foreign exchange and other option and futures contracts (b)	9,416		6,821		7,665	
Total	$13,922		$12,219		$21,707	

(a) Effective January 1, 2018, reported as an adjustment to interest expense. Prior to 2018, reported as other revenues from operations.

(b) Reported as trading account and foreign exchange gains.

	Carrying Amount of the Hedged Item		Cumulative Amount of Fair Value Hedging Adjustment Increasing (Decreasing) the Carrying Amount of the Hedged Item	
	December 31		December 31	
	2018	2017	2018	2017
	(In thousands)			
Location in the Consolidated Balance Sheet of the Hedged Items in Fair Value Hedges				
Long-term debt	$4,394,109	$4,504,029	$(51,102)	$(40,133)

The amount of gain (loss) recognized in the consolidated statement of income associated with derivatives designated as cash flow hedges was not material.

The Company also has commitments to sell and commitments to originate residential and commercial real estate loans that are considered derivatives. The Company designates certain of the commitments to sell real estate loans as fair value hedges of real estate loans held for sale. The Company also utilizes commitments to sell real estate loans to offset the exposure to changes in the fair value of certain commitments to originate real estate loans for sale. As a result of these activities, net unrealized pre-tax gains related to hedged loans held for sale, commitments to originate loans for sale and commitments to sell loans were approximately $18 million and $16 million at December 31, 2018 and 2017, respectively. Changes in unrealized gains and losses are included in mortgage banking revenues and, in general, are realized in subsequent periods as the related loans are sold and commitments satisfied.

The Company does not offset derivative asset and liability positions in its consolidated financial statements. The Company's exposure to credit risk by entering into derivative contracts is mitigated through master netting agreements and collateral posting or settlement requirements. Master netting agreements covering interest rate and foreign exchange contracts with the same party include a right

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to set-off that becomes enforceable in the event of default, early termination or under other specific conditions.

The aggregate fair value of derivative financial instruments in a liability position, which are subject to enforceable master netting arrangements, was $21 million and $13 million at December 31, 2018 and 2017, respectively, for which the Company was required to post collateral relating to those positions of $18 million and $12 million at December 31, 2018 and 2017, respectively. Certain of the Company's derivative financial instruments contain provisions that require the Company to maintain specific credit ratings from credit rating agencies to avoid higher collateral posting requirements. If the Company's debt ratings were to fall below specified ratings, the counterparties of the derivative financial instruments could demand immediate incremental collateralization on those instruments in a net liability position. The aggregate fair value of all derivative financial instruments with such credit risk-related contingent features in a net liability position on December 31, 2018 was not significant. If the credit risk-related contingent features had been triggered on December 31, 2018, the Company would not have been required to post any additional collateral with counterparties.

The aggregate fair value of derivative financial instruments in an asset position, which are subject to enforceable master netting arrangements, was $18 million and $13 million at December 31, 2018 and 2017, respectively. Counterparties posted collateral relating to those positions of $16 million and $12 million at December 31, 2018 and 2017, respectively. Trading account interest rate swap agreements entered into with customers are subject to the Company's credit risk standards and often contain collateral provisions.

In addition to the derivative contracts noted above, the Company clears certain derivative transactions through a clearinghouse, rather than directly with counterparties. Those transactions cleared through a clearinghouse require initial margin collateral and variation margin payments depending on the contracts being in a net asset or liability position. The amount of initial margin collateral posted by the Company was $65 million and $52 million at December 31, 2018 and 2017, respectively. The fair value asset and liability amounts of derivative contracts have been reduced by variation margin payments treated as settlements as described herein. Variation margin on derivative contracts not treated as settlements continues to represent collateral posted or received by the Company.

19. Variable interest entities

The Company's securitization activity has consisted of securitizing loans originated for sale into government issued or guaranteed mortgage-backed securities. The amounts of those securitizations in 2018, 2017 and 2016 are presented in the Company's consolidated statement of cash flows. The Company has not recognized any losses as a result of having securitized assets.

As described in note 8, M&T has issued junior subordinated debentures payable to various trusts that have issued Capital Securities. M&T owns the common securities of those trust entities. The Company is not considered to be the primary beneficiary of those entities and, accordingly, the trusts are not included in the Company's consolidated financial statements. At each of December 31, 2018 and 2017, the Company included the junior subordinated debentures as "long-term borrowings" in its consolidated balance sheet and recognized $23 million in other assets for its "investment" in the common securities of the trusts that will be concomitantly repaid to M&T by the respective trust from the proceeds of M&T's repayment of the junior subordinated debentures associated with preferred capital securities described in note 8.

The Company has invested as a limited partner in various partnerships that collectively had total assets of approximately $1.1 billion at of December 31, 2018 and $1.0 billion at December 31, 2017. Those partnerships generally construct or acquire properties for which the investing partners are eligible to receive certain federal income tax credits in accordance with government guidelines. Such

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investments may also provide tax deductible losses to the partners. The partnership investments also assist the Company in achieving its community reinvestment initiatives. As a limited partner, there is no recourse to the Company by creditors of the partnerships. However, the tax credits that result from the Company's investments in such partnerships are generally subject to recapture should a partnership fail to comply with the respective government regulations. The Company's maximum exposure to loss of its investments in such partnerships was $523 million, including $280 million of unfunded commitments, at December 31, 2018 and $420 million, including $201 million of unfunded commitments, at December 31, 2017. Contingent commitments to provide additional capital contributions to these partnerships were not material at December 31, 2018. The Company has not provided financial or other support to the partnerships that was not contractually required. Management currently estimates that no material losses are probable as a result of the Company's involvement with such entities. The Company, in its position as limited partner, does not direct the activities that most significantly impact the economic performance of the partnerships and, therefore, in accordance with the accounting provisions for variable interest entities, the partnership entities are not included in the Company's consolidated financial statements. The Company's investment cost in qualified affordable housing projects is amortized to income taxes in the consolidated statement of income as tax credits and other tax benefits resulting from deductible losses associated with the projects are received.

The Company serves as investment advisor for certain registered money-market funds. The Company has no explicit arrangement to provide support to those funds, but may waive portions of its allowable management fees as a result of market conditions.

20. Fair value measurements

GAAP permits an entity to choose to measure eligible financial instruments and other items at fair value. The Company has not made any fair value elections at December 31, 2018.

Pursuant to GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy exists in GAAP for fair value measurements based upon the inputs to the valuation of an asset or liability.

- Level 1 — Valuation is based on quoted prices in active markets for identical assets and liabilities.
- Level 2 — Valuation is determined from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active or by model-based techniques in which all significant inputs are observable in the market.
- Level 3 — Valuation is derived from model-based and other techniques in which at least one significant input is unobservable and which may be based on the Company's own estimates about the assumptions that market participants would use to value the asset or liability.

When available, the Company attempts to use quoted market prices in active markets to determine fair value and classifies such items as Level 1 or Level 2. If quoted market prices in active markets are not available, fair value is often determined using model-based techniques incorporating various assumptions including interest rates, prepayment speeds and credit losses. Assets and liabilities valued using model-based techniques are classified as either Level 2 or Level 3, depending on the lowest level classification of an input that is considered significant to the overall valuation. The following is a description of the valuation methodologies used for the Company's assets and liabilities that are measured on a recurring basis at estimated fair value.

Trading account assets and liabilities

Trading account assets and liabilities include interest rate contracts and foreign exchange contracts with customers who require such services with offsetting positions with third parties to minimize the Company's risk with respect to such transactions. The Company generally determines the fair value of its derivative trading account assets and liabilities using externally developed pricing models based on market observable inputs and, therefore, classifies such valuations as Level 2. Mutual funds held in connection with deferred compensation and other arrangements have been classified as Level 1 valuations. Valuations of investments in municipal and other bonds can generally be obtained through reference to quoted prices in less active markets for the same or similar securities or through model-based techniques in which all significant inputs are observable and, therefore, such valuations have been classified as Level 2.

Investment securities available for sale and equity securities

The majority of the Company's available-for-sale investment securities have been valued by reference to prices for similar securities or through model-based techniques in which all significant inputs are observable and, therefore, such valuations have been classified as Level 2. Certain investments in mutual funds and equity securities are actively traded and, therefore, have been classified as Level 1 valuations.

Real estate loans held for sale

The Company utilizes commitments to sell real estate loans to hedge the exposure to changes in fair value of real estate loans held for sale. The carrying value of hedged real estate loans held for sale includes changes in estimated fair value during the hedge period. Typically, the Company attempts to hedge real estate loans held for sale from the date of close through the sale date. The fair value of hedged real estate loans held for sale is generally calculated by reference to quoted prices in secondary markets for commitments to sell real estate loans with similar characteristics and, accordingly, such loans have been classified as a Level 2 valuation.

Commitments to originate real estate loans for sale and commitments to sell real estate loans

The Company enters into various commitments to originate real estate loans for sale and commitments to sell real estate loans. Such commitments are considered to be derivative financial instruments and, therefore, are carried at estimated fair value on the consolidated balance sheet. The estimated fair values of such commitments were generally calculated by reference to quoted prices in secondary markets for commitments to sell real estate loans to certain government-sponsored entities and other parties. The fair valuations of commitments to sell real estate loans generally result in a Level 2 classification. The estimated fair value of commitments to originate real estate loans for sale is adjusted to reflect the Company's anticipated commitment expirations. The estimated commitment expirations are considered significant unobservable inputs contributing to the Level 3 classification of commitments to originate real estate loans for sale. Significant unobservable inputs used in the determination of estimated fair value of commitments to originate real estate loans for sale are included in the accompanying table of significant unobservable inputs to Level 3 measurements.

Interest rate swap agreements used for interest rate risk management

The Company utilizes interest rate swap agreements as part of the management of interest rate risk to modify the repricing characteristics of certain portions of its portfolios of earning assets and interest-bearing liabilities. The Company generally determines the fair value of its interest rate swap agreements using externally developed pricing models based on market observable inputs and, therefore, classifies such valuations as Level 2. The Company has considered counterparty credit risk

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in the valuation of its interest rate swap agreement assets and has considered its own credit risk in the valuation of its interest rate swap agreement liabilities.

The following tables present assets and liabilities at December 31, 2018 and 2017 measured at estimated fair value on a recurring basis:

	Fair Value Measurements (In thousands)	Level 1 (a)	Level 2 (a)	Level 3
December 31, 2018				
Trading account assets	$185,584	$46,018	$139,566	$—
Investment securities available for sale:				
U.S. Treasury and federal agencies	1,336,931	—	1,336,931	—
Obligations of states and political subdivisions	1,659	—	1,659	—
Mortgage-backed securities:				
Government issued or guaranteed	7,216,991	—	7,216,991	—
Privately issued	22	—	—	22
Other debt securities	126,906	—	126,906	—
	8,682,509	—	8,682,487	22
Equity securities	93,917	71,989	21,928	—
Real estate loans held for sale	551,697	—	551,697	—
Other assets (b)	19,626	—	10,322	9,304
Total assets	$9,533,333	$118,007	$9,406,000	$9,326
Trading account liabilities	$178,125	$—	$178,125	$—
Other liabilities (b)	12,561	—	10,969	1,592
Total liabilities	$190,686	$—	$189,094	$1,592
December 31, 2017				
Trading account assets	$132,909	$47,873	$85,036	$—
Investment securities available for sale:				
U.S. Treasury and federal agencies	1,947,487	—	1,947,487	—
Obligations of states and political subdivisions	2,589	—	2,589	—
Mortgage-backed securities:				
Government issued or guaranteed	8,716,392	—	8,716,392	—
Privately issued	28	—	—	28
Other debt securities	128,832	—	128,832	—
Equity securities	100,956	73,232	27,724	—
	10,896,284	73,232	10,823,024	28
Real estate loans held for sale	378,047	—	378,047	—
Other assets (b)	12,696	—	3,899	8,797
Total assets	$11,419,936	$121,105	$11,290,006	$8,825
Trading account liabilities	$137,390	$—	$137,390	$—
Other liabilities (b)	1,796	—	1,302	494
Total liabilities	$139,186	$—	$138,692	$494

(a) There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy during the years ended December 31, 2018 and 2017.

(b)

Comprised predominantly of interest rate swap agreements used for interest rate risk management (Level 2), commitments to sell real estate loans (Level 2) and commitments to originate real estate loans to be held for sale (Level 3).

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The changes in Level 3 assets and liabilities measured at estimated fair value on a recurring basis during the years ended December 31, 2018, 2017 and 2016 were as follows:

	Investment Securities Available for Sale Privately Issued Mortgage-Backed Securities	Other Assets and Other Liabilities
	(In thousands)	
2018		
Balance — January 1, 2018	$ 28	$ 8,303
Total gains realized/unrealized:		
Included in earnings	—	58,740 (b)
Settlements	(6)	—
Transfers out of Level 3 (a)	—	(59,331) (e)
Balance — December 31, 2018	$ 22	7,712
Changes in unrealized gains included in earnings related to assets still held at December 31, 2018	$ —	7,386 (b)
2017		
Balance — January 1, 2017	$ 44	7,325
Total gains realized/unrealized:		
Included in earnings	—	77,832 (b)
Settlements	(16)	—
Transfers out of Level 3 (a)	—	(76,854) (e)
Balance — December 31, 2017	$ 28	8,303
Changes in unrealized gains included in earnings related to assets still held at December 31, 2017	$ —	7,978 (b)

	Investment Securities Available for Sale Privately Issued Mortgage-Backed Securities	Investment Securities Available for Sale Collateralized Debt Obligations	Other Assets and Other Liabilities
		(In thousands)	
2016			
Balance — January 1, 2016	$ 74	47,393	9,879
Total gains (losses) realized/unrealized:			
Included in earnings	—	30,041 (c)	110,937 (b)
Included in other comprehensive income	—	(18,268) (d)	—
Sales	—	(58,296)	—
Settlements	(30)	(870)	—
Transfers out of Level 3 (a)	—	—	(113,491) (e)
Balance — December 31, 2016	$ 44	—	7,325
Changes in unrealized gains included in earnings related to assets still held at December 31, 2016	$ —	—	7,256 (b)

(a) The Company’s policy for transfers between fair value levels is to recognize the transfer as of the actual date of the event or change in circumstances that caused the transfer.
(b) Reported as mortgage banking revenues in the consolidated statement of income and includes the fair value of commitment issuances and expirations.
(c) Reported as gain on bank investment securities in the consolidated statement of income.
(d) Reported as net unrealized gains (losses) on investment securities in the consolidated statement of comprehensive income.
(e) Transfers out of Level 3 consist of interest rate locks transferred to closed loans.

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The Company is required, on a nonrecurring basis, to adjust the carrying value of certain assets or provide valuation allowances related to certain assets using fair value measurements. The more significant of those assets follow.

Loans

Loans are generally not recorded at fair value on a recurring basis. Periodically, the Company records nonrecurring adjustments to the carrying value of loans based on fair value measurements for partial charge-offs of the uncollectible portions of those loans. Nonrecurring adjustments also include certain impairment amounts for collateral-dependent loans when establishing the allowance for credit losses. Such amounts are generally based on the fair value of the underlying collateral supporting the loan and, as a result, the carrying value of the loan less the calculated valuation amount does not necessarily represent the fair value of the loan. Real estate collateral is typically valued using appraisals or other indications of value based on recent comparable sales of similar properties or assumptions generally observable in the marketplace and the related nonrecurring fair value measurement adjustments have generally been classified as Level 2, unless significant adjustments have been made to the valuation that are not readily observable by market participants. Non-real estate collateral supporting commercial loans generally consists of business assets such as receivables, inventory and equipment. Fair value estimations are typically determined by discounting recorded values of those assets to reflect estimated net realizable value considering specific borrower facts and circumstances and the experience of credit personnel in their dealings with similar borrower collateral liquidations. Such discounts were generally in the range of 10% to 85% at December 31, 2018. As these discounts are not readily observable and are considered significant, the valuations have been classified as Level 3. Automobile collateral is typically valued by reference to independent pricing sources based on recent sales transactions of similar vehicles, and the related non-recurring fair value measurement adjustments have been classified as Level 2. Collateral values for other consumer installment loans are generally estimated based on historical recovery rates for similar types of loans. As these recovery rates are not readily observable by market participants, such valuation adjustments have been classified as Level 3. Loans subject to nonrecurring fair value measurement were $268 million at December 31, 2018, ($120 million and $148 million of which were classified as Level 2 and Level 3, respectively), $210 million at December 31, 2017 ($145 million and $65 million of which were classified as Level 2 and Level 3, respectively), and $293 million at December 31, 2016 ($153 million and $140 million of which were classified as Level 2 and Level 3, respectively). Changes in fair value recognized during the years ended December 31, 2018, 2017 and 2016 for partial charge-offs of loans and loan impairment reserves on loans held by the Company at the end of each of those years were decreases of $83 million, $56 million and $71 million, respectively.

Assets taken in foreclosure of defaulted loans

Assets taken in foreclosure of defaulted loans are primarily comprised of commercial and residential real property and are generally measured at the lower of cost or fair value less costs to sell. The fair value of the real property is generally determined using appraisals or other indications of value based on recent comparable sales of similar properties or assumptions generally observable in the marketplace, and the related nonrecurring fair value measurement adjustments have generally been classified as Level 2. Assets taken in foreclosure of defaulted loans subject to nonrecurring fair value measurement were $28 million and $53 million at December 31, 2018 and December 31, 2017, respectively. Changes in fair value recognized during the years ended December 31, 2018, 2017 and 2016 for foreclosed assets held by the Company at the end of each of those years were not material.

Significant unobservable inputs to level 3 measurements

The following tables present quantitative information about significant unobservable inputs used in the fair value measurements for Level 3 assets and liabilities at December 31, 2018 and 2017:

	Fair Value (In thousands)	Valuation Technique	Unobservable Inputs/Assumptions	Range (Weighted-Average)
December 31, 2018				
Recurring fair value measurements				
Privately issued mortgage-backed securities	$ 22	Two independent pricing quotes	—	—
Net other assets (liabilities) (a)	7,712	Discounted cash flow	Commitment expirations	0%-95% (13%)
December 31, 2017				
Recurring fair value measurements				
Privately issued mortgage-backed securities	$ 28	Two independent pricing quotes	—	—
Net other assets (liabilities) (a)	8,303	Discounted cash flow	Commitment expirations	0%-78% (22%)

(a) Other Level 3 assets (liabilities) consist of commitments to originate real estate loans.

Sensitivity of fair value measurements to changes in unobservable inputs

An increase (decrease) in the estimate of expirations for commitments to originate real estate loans would generally result in a lower (higher) fair value measurement. Estimated commitment expirations are derived considering loan type, changes in interest rates and remaining length of time until closing.

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Disclosures of fair value of financial instruments

The carrying amounts and estimated fair value for financial instrument assets (liabilities) are presented in the following tables:

	December 31, 2018				
	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
	(In thousands)				
Financial assets:					
Cash and cash equivalents	$1,605,439	1,605,439	1,528,302	77,137	—
Interest-bearing deposits at banks	8,105,197	8,105,197	—	8,105,197	—
Trading account assets	185,584	185,584	46,018	139,566	—
Investment securities	12,692,813	12,631,656	71,989	12,456,467	103,200
Loans and leases:					
Commercial loans and leases	22,977,976	22,587,387	—	—	22,587,387
Commercial real estate loans	34,363,556	33,832,558	—	346,775	33,485,783
Residential real estate loans	17,154,446	16,974,545	—	3,920,447	13,054,098
Consumer loans	13,970,499	13,819,545	—	—	13,819,545
Allowance for credit losses	(1,019,444)	—	—	—	—
Loans and leases, net	87,447,033	87,214,035	—	4,267,222	82,946,813
Accrued interest receivable	353,965	353,965	—	353,965	—
Financial liabilities:					
Noninterest-bearing deposits	$(32,256,668)	(32,256,668)	—	(32,256,668)	—
Savings and interest-checking deposits	(50,963,744)	(50,963,744)	—	(50,963,744)	—
Time deposits	(6,124,254)	(6,201,957)	—	(6,201,957)	—
Deposits at Cayman Islands office	(811,906)	(811,906)	—	(811,906)	—
Short-term borrowings	(4,398,378)	(4,398,378)	—	(4,398,378)	—
Long-term borrowings	(8,444,914)	(8,385,289)	—	(8,385,289)	—
Accrued interest payable	(95,274)	(95,274)	—	(95,274)	—
Trading account liabilities	(178,125)	(178,125)	—	(178,125)	—
Other financial instruments:					
Commitments to originate real estate loans for sale	$7,712	7,712	—	—	7,712
Commitments to sell real estate loans	(6,177)	(6,177)	—	(6,177)	—
Other credit-related commitments	(131,688)	(131,688)	—	—	(131,688)
Interest rate swap agreements used for interest rate risk management	5,530	5,530	—	5,530	—

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	December 31, 2017				
	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
		(In thousands)			
Financial assets:					
Cash and cash equivalents	$1,420,888	1,420,888	1,352,035	68,853	—
Interest-bearing deposits at banks	5,078,903	5,078,903	—	5,078,903	—
Trading account assets	132,909	132,909	47,873	85,036	—
Investment securities	14,664,525	14,653,074	73,232	14,469,127	110,715
Loans and leases:					
Commercial loans and leases	21,742,651	21,321,282	—	—	21,321,282
Commercial real estate loans	33,366,373	32,950,724	—	22,130	32,928,594
Residential real estate loans	19,613,344	19,596,826	—	4,440,645	15,156,181
Consumer loans	13,266,615	13,161,517	—	—	13,161,517
Allowance for credit losses	(1,017,198)	—	—	—	—
Loans and leases, net	86,971,785	87,030,349	—	4,462,775	82,567,574
Accrued interest receivable	327,170	327,170	—	327,170	—
Financial liabilities:					
Noninterest-bearing deposits	$(33,975,180)	(33,975,180)	—	(33,975,180)	—
Savings and interest-checking deposits	(51,698,008)	(51,698,008)	—	(51,698,008)	—
Time deposits	(6,580,962)	(6,635,048)	—	(6,635,048)	—
Deposits at Cayman Islands office	(177,996)	(177,996)	—	(177,996)	—
Short-term borrowings	(175,099)	(175,099)	—	(175,099)	—
Long-term borrowings	(8,141,430)	(8,193,783)	—	(8,193,783)	—
Accrued interest payable	(75,641)	(75,641)	—	(75,641)	—
Trading account liabilities	(137,390)	(137,390)	—	(137,390)	—
Other financial instruments:					
Commitments to originate real estate loans for sale	$8,303	8,303	—	—	8,303
Commitments to sell real estate loans	1,958	1,958	—	1,958	—
Other credit-related commitments	(125,281)	(125,281)	—	—	(125,281)
Interest rate swap agreements used for interest rate risk management	639	639	—	639	—

With the exception of marketable securities, certain off-balance sheet financial instruments and mortgage loans originated for sale, the Company’s financial instruments are not readily marketable and market prices do not exist. The Company, in attempting to comply with the provisions of GAAP that require disclosures of fair value of financial instruments, has not attempted to market its financial instruments to potential buyers, if any exist. Since negotiated prices in illiquid markets depend greatly upon the then present motivations of the buyer and seller, it is reasonable to assume that actual sales prices could vary widely from any estimate of fair value made without the benefit of negotiations. Additionally, changes in market interest rates can dramatically impact the value of financial instruments in a short period of time.

The Company does not believe that the estimated information presented herein is representative of the earnings power or value of the Company. The preceding analysis, which is inherently limited in depicting fair value, also does not consider any value associated with existing customer relationships nor the ability of the Company to create value through loan origination, deposit gathering or fee generating activities. Many of the estimates presented herein are based upon the use of highly subjective information and assumptions and, accordingly, the results may not be precise. Management believes that fair value estimates may not be comparable between financial institutions due to the wide range of permitted valuation techniques and numerous estimates which must be made. Furthermore, because the disclosed fair value amounts were estimated as of the balance sheet

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date, the amounts actually realized or paid upon maturity or settlement of the various financial instruments could be significantly different.

21. Commitments and contingencies

In the normal course of business, various commitments and contingent liabilities are outstanding. The following table presents the Company's significant commitments. Certain of these commitments are not included in the Company's consolidated balance sheet.

	December 31	
	2018	2017
	(In thousands)	
Commitments to extend credit		
Home equity lines of credit	$5,484,197	5,482,622
Commercial real estate loans to be sold	229,401	194,763
Other commercial real estate	7,556,722	6,050,569
Residential real estate loans to be sold	245,211	347,113
Other residential real estate	219,351	201,426
Commercial and other	14,363,803	12,733,815
Standby letters of credit	2,326,991	2,497,844
Commercial letters of credit	55,808	46,739
Financial guarantees and indemnification contracts	3,529,136	3,434,381
Commitments to sell real estate loans	940,692	812,217

Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses that may require payment of a fee. In addition to the amounts presented in the preceding table, the Company had discretionary funding commitments to commercial customers of $8.6 billion and $8.1 billion at December 31, 2018 and 2017, respectively, that the Company had the unconditional right to cancel prior to funding. Standby and commercial letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. Standby letters of credit generally are contingent upon the failure of the customer to perform according to the terms of the underlying contract with the third party, whereas commercial letters of credit are issued to facilitate commerce and typically result in the commitment being funded when the underlying transaction is consummated between the customer and a third party. The credit risk associated with commitments to extend credit and standby and commercial letters of credit is essentially the same as that involved with extending loans to customers and is subject to normal credit policies. Collateral may be obtained based on management's assessment of the customer's creditworthiness.

Financial guarantees and indemnification contracts are oftentimes similar to standby letters of credit and include mandatory purchase agreements issued to ensure that customer obligations are fulfilled, recourse obligations associated with sold loans, and other guarantees of customer performance or compliance with designated rules and regulations. Included in financial guarantees and indemnification contracts are loan principal amounts sold with recourse in conjunction with the Company's involvement in the Fannie Mae DUS program. The Company's maximum credit risk for recourse associated with loans sold under this program totaled approximately $3.4 billion and $3.3 billion at December 31, 2018 and 2017, respectively.

Since many loan commitments, standby letters of credit, and guarantees and indemnification contracts expire without being funded in whole or in part, the contract amounts are not necessarily indicative of future cash flows.

The Company utilizes commitments to sell real estate loans to hedge exposure to changes in the fair value of real estate loans held for sale. Such commitments are considered derivatives and along with commitments to originate real estate loans to be held for sale are recorded in the consolidated balance sheet at estimated fair market value.

The Company occupies certain banking offices and uses certain equipment under noncancelable operating lease agreements expiring at various dates over the next 23 years. Minimum lease payments under noncancelable operating leases are summarized in the following table:

	(In thousands)
Year ending December 31:	
2019	$ 89,547
2020	82,536
2021	67,985
2022	54,504
2023	39,578
Later years	104,280
	$ 438,430

The Company is contractually obligated to repurchase previously sold residential real estate loans that do not ultimately meet investor sale criteria related to underwriting procedures or loan documentation. When required to do so, the Company may reimburse loan purchasers for losses incurred or may repurchase certain loans. The Company reduces residential mortgage banking revenues by an estimate for losses related to its obligations to loan purchasers. The amount of those charges is based on the volume of loans sold, the level of reimbursement requests received from loan purchasers and estimates of losses that may be associated with previously sold loans. At December 31, 2018, the Company believes that its obligation to loan purchasers was not material to the Company's consolidated financial position.

As previously disclosed, Wilmington Trust Corporation, a wholly-owned subsidiary of M&T, was the subject of a class action lawsuit alleging that its financial reporting and securities filings prior to its acquisition by M&T in 2011 were in violation of securities laws. In April 2018, the parties reached an agreement in principle and a formal settlement was executed and filed with the court later in the second quarter of 2018. The proposed settlement was preliminarily approved by the court in July 2018. In the first quarter of 2018, the Company increased its reserve for litigation matters by $135 million in anticipation of the settlement. The settlement amount of $200 million was paid, pursuant to the settlement agreement, during the third quarter of 2018. The settlement agreement was approved by the court in the fourth quarter of 2018.

M&T and its subsidiaries are subject in the normal course of business to various pending and threatened legal proceedings and other matters in which claims for monetary damages are asserted. On an on-going basis management, after consultation with legal counsel, assesses the Company's liabilities and contingencies in connection with such proceedings. For those matters where it is probable that the Company will incur losses and the amounts of the losses can be reasonably estimated, the Company records an expense and corresponding liability in its consolidated financial statements. To the extent the pending or threatened litigation could result in exposure in excess of that liability, the amount of such excess is not currently estimable. Although not considered probable, the range of reasonably possible losses for such matters in the aggregate, beyond the existing recorded liability, was between $0 and $50 million. Although the Company does not believe that the outcome of pending litigations will be material to the Company's consolidated financial position, it

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cannot rule out the possibility that such outcomes will be material to the consolidated results of operations for a particular reporting period in the future.

22. Segment information

Reportable segments have been determined based upon the Company's internal profitability reporting system, which is organized by strategic business unit. Certain strategic business units have been combined for segment information reporting purposes where the nature of the products and services, the type of customer and the distribution of those products and services are similar. The reportable segments are Business Banking, Commercial Banking, Commercial Real Estate, Discretionary Portfolio, Residential Mortgage Banking and Retail Banking.

The financial information of the Company's segments was compiled utilizing the accounting policies described in note 1 with certain exceptions. The more significant of these exceptions are described herein. The Company allocates interest income or interest expense using a methodology that charges users of funds (assets) interest expense and credits providers of funds (liabilities) with income based on the maturity, prepayment and/or repricing characteristics of the assets and liabilities. A provision for credit losses is allocated to segments in an amount based largely on actual net charge-offs incurred by the segment during the period plus or minus an amount necessary to adjust the segment's allowance for credit losses due to changes in loan balances. In contrast, the level of the consolidated provision for credit losses is determined using the methodologies described in notes 1 and 4. The net effects of these allocations are recorded in the "All Other" category. Indirect fixed and variable expenses incurred by certain centralized support areas are allocated to segments based on actual usage (for example, volume measurements) and other criteria. Certain types of administrative expenses and bankwide expense accruals (including amortization of core deposit and other intangible assets associated with acquisitions of financial institutions) are generally not allocated to segments. Income taxes are allocated to segments based on the Company's marginal statutory tax rate adjusted for any tax-exempt income or non-deductible expenses. Equity is allocated to the segments based on regulatory capital requirements and in proportion to an assessment of the inherent risks associated with the business of the segment (including interest, credit and operating risk).

The management accounting policies and processes utilized in compiling segment financial information are highly subjective and, unlike financial accounting, are not based on authoritative guidance similar to GAAP. As a result, reported segment results are not necessarily comparable with similar information reported by other financial institutions. Furthermore, changes in management structure or allocation methodologies and procedures may result in changes in reported segment financial data.

Information about the Company’s segments is presented in the accompanying table. Income statement amounts are in thousands of dollars. Balance sheet amounts are in millions of dollars.

or the Years Ended December 31, 2018, 2017 and 2016										
usiness Banking			Commercial Banking			Commercial Real Estate			Discretionary Portfolio	
18	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017
34,579	$393,948	$371,889	$821,812	$809,301	$785,339	$665,220	$649,378	$608,385	$228,051	$277,095
11,600	112,512	108,783	288,908	283,447	274,923	183,955	169,966	179,706	(9,690)	23,851
46,179	506,460	480,672	1,110,720	1,092,748	1,060,262	849,175	819,344	788,091	218,361	300,946
0,916	15,598	12,709	8,976	11,876	34,903	3,159	(7,524)	(3,447)	6,683	31,119
—	—	—	—	—	—	1,060	1,060	—	—	—
82	393	404	496	509	520	25,852	24,410	20,120	187	279
05,340	294,493	292,124	364,102	339,936	327,616	217,387	207,493	204,965	65,393	76,021
29,541	195,976	175,435	737,146	740,427	697,223	601,717	593,905	566,453	146,098	193,527
51,279	80,043	71,677	198,229	303,556	285,844	148,807	229,770	216,095	29,872	58,559
68,262	$115,933	$103,758	$538,917	$436,871	$411,379	$452,910	$364,135	$350,358	$116,226	$134,968
,631	$5,602	$5,456	$26,626	$26,573	$25,592	$22,885	$22,741	$21,131	$32,123	$37,203
—	$—	$—	$—	$—	$—	$—	$1	$—	$1	$—

or the Years Ended December 31, 2018, 2017 and 2016
esidential Mortgage

nking			Retail Banking			All Other			Total	
18	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017
3,933	$30,328	$29,809	$1,351,165	$1,210,066	$1,107,388	$557,542	$410,928	$221,151	$4,072,302	$3,781,0
05,560	321,589	342,858	324,228	329,833	323,176	651,439	609,945	570,475	1,856,000	1,851,1
19,493	351,917	372,667	1,675,393	1,539,899	1,430,564	1,208,981	1,020,873	791,626	5,928,302	5,632,1
2,178)	1,254	(3,617)	112,572	107,412	120,437	(8,128)	8,265	(3,910)	132,000	168,000
—	—	—	—	—	—	23,462	30,306	42,613	24,522	31,366
4,288	32,011	30,264	35,274	38,234	37,657	68,004	69,923	68,541	154,483	165,759
41,624	247,639	258,141	789,783	758,153	776,123	1,125,428	1,019,465	892,625	3,109,057	2,943,2
5,759	71,013	87,879	737,764	636,100	496,347	215	(107,086)	(208,243)	2,508,240	2,323,8
0,272	25,446	32,426	196,467	258,934	201,974	(54,766)	(40,752)	(144,498)	590,160	915,556
5,487	$45,567	$55,453	$541,297	$377,166	$294,373	$54,981	$(66,334)	$(63,745)	$1,918,080	$1,408,3
2,161	$2,355	$2,569	$13,656	$12,702	$11,840	$13,877	$13,684	$16,885	$116,959	$120,860
	$—	$—	$31	$34	$46	$65	$44	$62	$98	$79

(a)

Net interest income is the difference between actual taxable-equivalent interest earned on assets and interest paid on liabilities by a segment and a funding charge (credit) based on the Company's internal funds transfer pricing methodology. Segments are charged a cost to fund any assets (e.g. loans) and are paid a funding credit for any funds provided (e.g. deposits). The taxable-equivalent adjustment aggregated $21,897,000 in 2018, $34,570,000 in 2017 and $26,962,000 in 2016 and is eliminated in "All Other" net interest income and income tax expense (benefit).

The Business Banking segment provides deposit, lending, cash management and other financial services to small businesses and professionals through the Company's banking office network and several other delivery channels, including business banking centers, telephone banking, Internet banking and automated teller machines. The Commercial Banking segment provides a wide range of credit products and banking services to middle-market and large commercial customers, mainly within the markets the Company serves. Among the services provided by this segment are commercial lending and leasing, letters of credit, deposit products and cash management services. The Commercial Real Estate segment provides credit services which are secured by various types of multifamily residential and commercial real estate and deposit services to its customers. Activities of this segment include the origination, sales and servicing of commercial real estate loans. Commercial real estate loans held for sale are included in the Commercial Real Estate Segment. The Discretionary Portfolio segment includes securities; residential real estate loans and other assets; short-term and long-term borrowed funds; brokered deposits; and Cayman Islands branch deposits. This segment also provides foreign exchange services to customers. The Residential Mortgage Banking segment originates and services residential real estate loans for consumers and sells substantially all originated loans in the secondary market to investors or to the Discretionary Portfolio segment. The segment periodically purchases servicing rights to loans that have been originated by other entities. Residential real estate loans held for sale are included in the Residential Mortgage Banking segment. The Retail Banking segment offers a variety of services to consumers through several delivery channels that include banking offices, automated teller machines, and telephone, mobile and Internet banking. The “All Other” category includes other operating activities of the Company that are not directly attributable to the reported segments; the difference between the provision for credit losses and the calculated provision allocated to the reportable segments; goodwill and core deposit and other intangible assets resulting from acquisitions of financial institutions; merger-related gains and expenses resulting from acquisitions; the net impact of the Company’s internal funds transfer pricing methodology; eliminations of transactions between reportable segments; certain nonrecurring transactions; the residual effects of unallocated support systems and general and administrative expenses; and the impact of interest rate risk management strategies. The amount of intersegment activity eliminated in arriving at consolidated totals was included in the “All Other” category as follows:

	Year Ended December 31		
	2018	2017	2016
	(In thousands)		
Revenues	$(41,285)	$(43,941)	$(48,625)
Expenses	(24,660)	(32,623)	(40,422)
Income taxes (benefit)	(4,371)	(4,606)	(3,338)
Net income (loss)	(12,254)	(6,712)	(4,865)

The Company conducts substantially all of its operations in the United States. There are no transactions with a single customer that in the aggregate result in revenues that exceed ten percent of consolidated total revenues.

23. Regulatory matters

Payment of dividends by M&T's banking subsidiaries is restricted by various legal and regulatory limitations. Dividends from any banking subsidiary to M&T are limited by the amount of earnings of the banking subsidiary in the current year and the preceding two years. For purposes of this test, at December 31, 2018, approximately $669 million was available for payment of dividends to M&T from banking subsidiaries. M&T may pay dividends and repurchase stock only in accordance with a capital plan that the Federal Reserve Board has not objected to.

Banking regulations prohibit extensions of credit by the subsidiary banks to M&T unless appropriately secured by assets. Securities of affiliates are not eligible as collateral for this purpose.

The bank subsidiaries are required to maintain reserves against certain deposit liabilities. During the maintenance periods that included December 31, 2018 and 2017, cash and due from banks and interest-earning deposits at banks included a daily average of $683,740,000 and $679,401,000, respectively, for such purpose.

M&T and its subsidiary banks are required to comply with applicable capital adequacy regulations established by the federal banking agencies. Failure to meet minimum capital requirements can result in certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a material effect on the Company's financial statements. Pursuant to the rules in effect as of December 31, 2018, the required minimum and well capitalized capital ratios are as follows:

	Minimum	Well Capitalized
Common equity Tier 1 ("CET1") to risk-weighted assets	4.5 %	6.5 %
Tier 1 capital to risk-weighted assets	6.0 %	8.0 %
Total capital to risk-weighted assets	8.0 %	10.0 %
Leverage — Tier 1 capital to average total assets, as defined	4.0 %	5.0 %

In addition, capital regulations provide for the phase-in of a "capital conservation buffer" composed entirely of CET1 on top of these minimum risk-weighted asset ratios. The fully phased-in capital conservation buffer as of January 1, 2019 is 2.5%. For 2018 and 2017, the phase-in transition portion of that buffer was 1.875% and 1.25%, respectively.

The capital ratios and amounts of the Company and its banking subsidiaries as of December 31, 2018 and 2017 are presented below:

	M&T (Consolidated)	M&T Bank	Wilmington Trust, N.A.
	(Dollars in thousands)		
December 31, 2018:			
Common equity Tier 1 capital			
Amount	$9,960,811	$10,636,136	$585,767
Ratio(a)	10.13 %	10.84 %	60.69 %
Tier 1 capital			
Amount	11,193,770	10,636,136	585,767
Ratio(a)	11.38 %	10.84 %	60.69 %
Total capital			
Amount	13,454,137	12,475,296	589,671
Ratio(a)	13.68 %	12.72 %	61.10 %
Leverage			
Amount	11,193,770	10,636,136	585,767
Ratio(b)	9.88 %	9.42 %	12.51 %
December 31, 2017:			
Common equity Tier 1 capital			
Amount	$10,675,735	$9,978,163	$529,988
Ratio(a)	10.99 %	10.30 %	48.16 %
Tier 1 capital			
Amount	11,908,166	9,978,163	529,988
Ratio(a)	12.26 %	10.30 %	48.16 %
Total capital			
Amount	14,328,467	12,012,171	534,235
Ratio(a)	14.75 %	12.40 %	48.54 %
Leverage			
Amount	11,908,166	9,978,163	529,988
Ratio(b)	10.31 %	8.68 %	13.03 %

(a) The ratio of capital to risk-weighted assets, as defined by regulation.
(b) The ratio of capital to average assets, as defined by regulation.

24. Relationship with Bayview Lending Group LLC and Bayview Financial Holdings, L.P.

M&T holds a 20% minority interest in Bayview Lending Group LLC ("BLG"), a privately-held commercial mortgage company. M&T recognizes income or loss from BLG using the equity method of accounting. That investment had no remaining carrying value at December 31, 2018 as a result of cumulative losses recognized and cash distributions received in prior years. Income or losses recognized by M&T are included in other revenues from operations and totaled $24 million of income in 2018, compared with losses of $11 million in 2016. Income recognized in 2017 was not significant.

Bayview Financial Holdings, L.P. (together with its affiliates, “Bayview Financial”), a privately-held specialty financial company, is BLG’s majority investor. In addition to their common investment in BLG, the Company and Bayview Financial conduct other business activities with each other. The

Company has obtained loan servicing rights for mortgage loans from BLG and Bayview Financial having outstanding principal balances of $2.5 billion and $3.0 billion at December 31, 2018 and 2017, respectively. Revenues from those servicing rights were $14 million, $17 million and $19 million during 2018, 2017 and 2016, respectively. The Company sub-services residential mortgage loans for Bayview Financial having outstanding principal balances of $56.8 billion and $56.6 billion at December 31, 2018 and 2017, respectively. Revenues earned for sub-servicing loans for Bayview Financial were $114 million, $103 million and $98 million in 2018, 2017 and 2016, respectively. In addition, the Company held $113 million and $136 million of mortgage-backed securities in its held-to-maturity portfolio at December 31, 2018 and 2017, respectively, that were securitized by Bayview Financial. At December 31, 2018, the Company held $127 million of Bayview Financial's $900 million syndicated loan facility.

25. Parent company financial statements

Condensed Balance Sheet

	December 31	
	2018	2017
	(In thousands)	
Assets		
Cash in subsidiary bank	$40,609	$13,379
Due from consolidated bank subsidiaries		
Money-market savings	856,881	1,616,147
Current income tax receivable	1,117	4,437
Total due from consolidated bank subsidiaries	857,998	1,620,584
Investments in consolidated subsidiaries		
Banks	15,491,277	14,841,794
Other	324,360	253,904
Investments in trust preferred entities (note 19)	23,241	23,453
Other assets	64,187	66,023
Total assets	$16,801,672	$16,819,137
Liabilities		
Accrued expenses and other liabilities	$63,719	$49,093
Long-term borrowings	1,277,762	519,225
Total liabilities	1,341,481	568,318
Shareholders' equity	15,460,191	16,250,819
Total liabilities and shareholders' equity	$16,801,672	$16,819,137

Condensed Statement of Income

	Year Ended December 31		
	2018	2017	2016
	(In thousands, except per share)		
Income			
Dividends from consolidated bank subsidiaries	$1,250,000	$1,540,000	$1,930,000
Equity in earnings of Bayview Lending Group LLC	23,500	352	(10,752)
Other income	2,417	9,493	5,530
Total income	1,275,917	1,549,845	1,924,778
Expense			
Interest on long-term borrowings	36,354	21,591	18,963
Other expense	23,894	19,636	21,361
Total expense	60,248	41,227	40,324
Income before income taxes and equity in undistributed income of subsidiaries	1,215,669	1,508,618	1,884,454
Income tax credits	8,446	26,453	17,247
Income before equity in undistributed income of subsidiaries	1,224,115	1,535,071	1,901,701
Equity in undistributed income of subsidiaries			
Net income of subsidiaries	1,943,965	1,413,235	1,343,413
Less: dividends received	(1,250,000)	(1,540,000)	(1,930,000)
Equity in undistributed income of subsidiaries	693,965	(126,765)	(586,587)
Net income	$1,918,080	$1,408,306	$1,315,114
Net income per common share			
Basic	$12.75	$8.72	$7.80
Diluted	12.74	8.70	7.78

Condensed Statement of Cash Flows

	Year Ended December 31		
	2018	2017	2016
	(In thousands)		
Cash flows from operating activities			
Net income	$1,918,080	$1,408,306	$1,315,114
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in undistributed income of subsidiaries	(693,965)	126,765	586,587
Benefit (provision) for deferred income taxes	4,949	4,543	(3,157)
Net change in accrued income and expense	(8,242)	(170)	12,898
Gain on sale of assets	—	(2,995)	(2,342)
Net cash provided by operating activities	1,220,822	1,536,449	1,909,100
Cash flows from investing activities			
Proceeds from sales or maturities of investment securities	—	—	51
Other, net	29,933	12,407	13,619
Net cash provided by investing activities	29,933	12,407	13,670
Cash flows from financing activities			
Purchases of treasury stock	(2,194,396)	(1,205,905)	(641,334)
Dividends paid — common	(510,382)	(457,402)	(441,891)
Dividends paid — preferred	(72,521)	(72,734)	(81,270)
Proceeds from long-term borrowings	748,595	—	—
Redemption of Series D preferred stock	—	—	(500,000)
Proceeds from issuance of Series F preferred stock	—	—	495,000
Other, net	45,913	34,524	143,764
Net cash used by financing activities	(1,982,791)	(1,701,517)	(1,025,731)
Net increase (decrease) in cash and cash equivalents	(732,036)	(152,661)	897,039
Cash and cash equivalents at beginning of year	1,629,526	1,782,187	885,148
Cash and cash equivalents at end of year	$897,490	$1,629,526	$1,782,187
Supplemental disclosure of cash flow information			
Interest received during the year	$2,219	$2,313	$1,931
Interest paid during the year	17,482	18,498	15,918
Income taxes received during the year	6,362	21,740	8,877

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26. Recent accounting developments

The following table provides a description of accounting standards that were adopted by the Company in 2018 as well as standards that are not effective that could have an impact to M&T's consolidated financial statements upon adoption.

Standard	Description	Required date of adoption	Effect on consolidated financial statements
Standards Adopted in 2018			
Revenue from Contracts with Customers	The core principle of the accounting guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	January 1, 2018	As described in note 10 the Company adopted the revenue recognition guidance effective January 1, 2018 and applied the modified retrospective approach for reporting purposes. The adjustment to beginning retained earnings as well as the impact of any changes in the timing of revenue recognition of noninterest income items within the scope of this guidance did not have a material effect on the Company's financial position or results of operations.
Recognition and Measurement of Financial Assets and Financial Liabilities	The amended guidance requires equity investments (excluding those	January 1, 2018	At January 1, 2018 the Company reclassified marketable equity securities from investment securities available for sale. Upon adoption, $17 million of fair value changes in those equity securities, net of tax, were reclassified from accumulated other comprehensive income to retained earnings. See note 2 for information on amounts recognized

	accounted for under the equity method of accounting or those that result in consolidation of the investee) be measured at fair value with changes in fair value recognized in net income, public entities to use the exit price when measuring the fair value of financial instruments for disclosure purposes, and an entity to present separately in other comprehensive income a change in the instrument-specific credit risk when the entity has elected to measure a liability at fair value in accordance with the fair value option.		in gain (loss) on bank investment securities in the consolidated statement of income.
Improvements to Accounting for Hedging Activities	The amended guidance expands and clarifies hedge accounting for nonfinancial and financial	January 1, 2019 Early adoption	The Company early adopted the amended guidance on January 1, 2018 and such adoption did not have a material impact on its consolidated financial statements. The amended guidance issued in October 2018 also became effective on January 1, 2018 for entities that early adopted the previous improvements to hedge accounting guidance. This amended guidance did not have a material impact on the Company's

	risk components, aligns the recognition and presentation of the effects of the hedging instrument and hedged item in the financial statements, and simplifies the requirements for assessing effectiveness in a hedging relationship. In October 2018, amended guidance was issued permitting the use of the OIS rate based on SOFR as a U.S. benchmark interest rate for hedge accounting purposes in addition to the US Treasury, the LIBOR swap rate, the OIS rate based on Fed Funds Effective Rate, and the SIFMA Municipal Swap Rate.	permitted	consolidated financial statements.
Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit	The amended guidance requires the service cost component of	January 1, 2018	The Company adopted the new reporting requirements effective January 1, 2018. The Company previously reported all of its net periodic pension and postretirement benefit costs in salaries and employee benefits expense within the consolidated statement of income. Information about net

Cost	the net periodic pension cost and net periodic postretirement benefit cost to be reported in the same line item in the income statement as other compensation costs arising from services rendered by the pertinent employees during the period. The amendments also require that the other components of net benefit costs be presented separately from the service cost component.	periodic pension and postretirement benefit costs that were not service cost-related is included in note 12. The impact of adopting the amended guidance was not material.

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26. Recent accounting developments, continued

Standard	Description	Required date of adoption	Effect on consolidated financial statements
Standards Adopted in 2018			
Scope of Modification Accounting for Share-Based Payment Awards	The amended guidance addresses which changes to the terms and conditions of a share-based payment award require an entity to apply modification accounting.	January 1, 2018	The Company adopted the amended guidance on January 1, 2018. The guidance is being applied on a prospective basis for awards modified on or after the adoption date.
Restricted Cash	The amended guidance requires that restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. In addition, when cash, cash equivalents, and restricted cash or restricted cash equivalents are presented in more than one line item within the statement of financial position,	January 1, 2018	The guidance was adopted on January 1, 2018 and did not have a material impact on the Company's consolidated financial statements.

	the line items and amounts must be presented on the face of the statement of cash flows or disclosed in the notes to the financial statements. Information about the nature of restrictions on an entity's cash and cash equivalents must also be disclosed.		
Classification of Certain Cash Receipts and Cash Payments	This amendment provides clarifying guidance for classifying cash inflows or outflows on the statement of cash flows where current guidance is unclear or silent.	January 1, 2018	The guidance was applied for 2018 reporting and did not have a material impact on the Company's consolidated statement of cash flows.
Clarifying the Definition of a Business	The amended guidance clarifies the definition of a business for purposes of evaluating whether transactions would be accounted for as acquisitions (or disposals) of assets or businesses.	January 1, 2018	The guidance was adopted January 1, 2018 and will be applied to future transactions. The Company does not expect the guidance to have a material impact on its consolidated financial statements.

Standards Not Yet Adopted as of December 31, 2018

Leases			

	The new guidance requires lessees to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months. While the guidance requires all leases to be recognized in the balance sheet, there continues to be a differentiation between finance leases and operating leases for purposes of income statement recognition and cash flow statement presentation. For finance leases, interest on the lease liability and amortization of the right-of-use asset will be recognized separately in the statement of income. Repayments of principal on those lease liabilities will be classified within financing activities and payments of interest on the lease liability will be classified within operating activities in the statement of cash flows. For operating leases, a single lease cost is	January 1, 2019 Early adoption permitted	The Company occupies certain banking offices and uses certain equipment under noncancelable operating lease agreements which prior to the adoption of the guidance are not reflected in its consolidated balance sheet at December 31, 2018 and 2017. The Company adopted the guidance effective January 1, 2019 and recognized a right of use asset of $394 million and increased liabilities by $399 million as a result of recognizing lease liabilities on its consolidated balance sheet. The Company does not expect the new guidance will have a material impact on its consolidated statement of income.

recognized in the statement of income and allocated over the lease term, generally on a straight-line basis. All cash payments are presented within operating activities in the statement of cash flows. The accounting applied by lessors is largely unchanged from existing GAAP, however, the guidance eliminates the accounting model for leveraged leases for leases that commence after the effective date of the guidance.

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26. Recent accounting developments, continued

Standard	Description	Required date of adoption	Effect on consolidated financial statements
Standards Not Yet Adopted as of December 31, 2018			
Premium Amortization on Purchased Callable Debt Securities	The amended guidance requires the premium on callable debt securities to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity.	January 1, 2019 Early adoption permitted	The Company adopted the amended guidance effective January 1, 2019 and applied the modified retrospective approach for reporting purposes. The adoption did not have a material effect on the Company's financial position and will not have a material effect on its results of operations.
Measurement of Credit Losses on Financial Instruments	The amended guidance replaces the current incurred loss model for determining the allowance for credit losses. The guidance requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The allowance for credit losses will represent a valuation account that is deducted from the amortized cost basis of the financial assets to present their net carrying value at the amount expected to be collected. The income statement will reflect the measurement of credit losses for newly recognized financial assets as well as expected increases or decreases of expected credit losses that have taken place during the period. When determining the allowance, expected credit losses over the contractual term of the financial asset(s) (taking into account prepayments) will be estimated considering relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amount. The amended guidance also requires recording an allowance for credit losses for purchased financial assets with a more-than-insignificant amount of credit deterioration since origination. The initial	January 1, 2020 Early adoption permitted as of January 1, 2019	The Company is developing its approach for determining expected credit losses under the new guidance. The Company has a cross-functional implementation team working on model development, model validation, and development of a qualitative framework, data sourcing, and technology enhancements. The Company expects that the new guidance will result in an increase in its allowance for credit losses as a result of considering credit losses over the expected life of its loan portfolios. Increases in the level of allowances will reflect new requirements to include the nonaccretable principal difference on purchased credit impaired loans and estimated credit losses on investment securities classified as held-to-maturity, if any. The expected increase to the allowance for credit losses and the impact to

	allowance for these assets will be added to the purchase price at acquisition rather than being reported as an expense. Subsequent changes in the allowance will be recorded through the income statement as an expense adjustment. In addition, the amended guidance requires credit losses relating to available-for-sale debt securities to be recorded through an allowance for credit losses. The calculation of credit losses for available-for-sale securities will be similar to how it is determined under existing guidance.		the Company's financial statements are still being determined.
Simplifying the Test for Goodwill Impairment	The amended guidance eliminates step 2 from the goodwill impairment test.	January 1, 2020 Early adoption permitted	The amendments should be applied using a prospective transition method. The Company does not expect the guidance will have a material impact on its consolidated financial statements, unless at some point in the future one of its reporting units were to fail step 1 of the goodwill impairment test.

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26. Recent accounting developments, continued

Standard	Description	Required date of adoption	Effect on consolidated financial statements
Standards Not Yet Adopted as of December 31, 2018			
Changes to the Disclosure Requirements for Fair Value Measurements	The amended guidance modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurements. The amendments are a result of the disclosure framework project that focuses on improvements to the effectiveness of disclosures in the notes to financial statements. The amendments remove, modify, and add certain disclosure requirements. The disclosure requirements being removed relating to public companies are (1) the amount and reason for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels, and (3) the valuation process for Level 3 fair value measurements. The disclosure requirements being modified relating to public companies are (1) for investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's asset and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly, and (2) the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as a result of the use of unobservable inputs. The disclosure requirements being added relating to public companies are (1) to disclose the changes in unrealized gains and losses for the period for recurring Level 3 fair value measurements, and (2) to disclose the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements.	January 1, 2020 Early adoption permitted	The amendments relating to changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurements uncertainty should be applied prospectively. All other amendments should be applied retrospectively. The Company does not expect the guidance to have a material impact on its consolidated financial statements.
Customer's Accounting for Implementation	The amended guidance requires a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which	January 1, 2020	The amendments should be applied either retrospectively or prospectively to all

Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract	implementation costs to capitalize and which costs to expense.	Early adoption permitted	implementation costs incurred after the date of adoption. The Company is evaluating the impact that the guidance will have on its consolidated financial statements.

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26. Recent accounting developments, continued

Standard	Description	Required date of adoption	Effect on consolidated financial statements
Standards Not Yet Adopted as of December 31, 2018			
Improvements to Related Party Guidance for VIEs	The amended guidance requires that indirect interests held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests.	January 1, 2020 Early adoption permitted	The amendments should be applied retrospectively with a cumulative-effect adjustment to retained earnings at the beginning of the earliest period presented. The Company does not expect the guidance to have a material impact on its consolidated financial statements.
Changes to the Disclosure Requirements for Defined Benefit Plans	The amended guidance modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The amendments are a result of the disclosure framework project that focuses on improvements to the effectiveness of disclosures in the notes to financial statements. The amendments remove and add certain disclosure requirements. The disclosure requirements being removed relating to public companies are (1) the amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year, (2) the amount and timing of plan assets expected to be returned to the employer, (3) the 2001 disclosure requirement relating to Japanese Welfare Pension Insurance Law, (4) related party disclosures about the amount of future annual benefits covered by insurance, and (5) the effects of a one-percentage-point change in assumed health care cost trends on the benefit cost and obligation. The disclosure requirements being added relating to public companies are (1) the weighted-average interest crediting rates for cash balance plans , and (2) an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period.	January 1, 2021 Early adoption permitted	The amendments should be applied retrospectively. The Company does not expect the guidance to have a material impact on its consolidated financial statements.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.
None.

Item 9A. Controls and Procedures.
(a) Evaluation of disclosure controls and procedures. Based upon their evaluation of the effectiveness of M&T's disclosure controls and procedures (as defined in Exchange Act rules 13a-15(e) and 15d-15(e)), René F. Jones, Chairman of the Board and Chief Executive Officer, and Darren J. King, Executive Vice President and Chief Financial Officer, concluded that M&T's disclosure controls and procedures were effective as of December 31, 2018.

(b) Management's annual report on internal control over financial reporting. Included under the heading "Report on Internal Control Over Financial Reporting" at Item 8 of this Annual Report on Form 10-K.

(c) Attestation report of the registered public accounting firm. Included under the heading "Report of Independent Registered Public Accounting Firm" at Item 8 of this Annual Report on Form 10-K.

(d) Changes in internal control over financial reporting. M&T regularly assesses the adequacy of its internal control over financial reporting and enhances its controls in response to internal control assessments and internal and external audit and regulatory recommendations. No changes in internal control over financial reporting have been identified in connection with the evaluation of disclosure controls and procedures during the quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, M&T's internal control over financial reporting.

Item 9B. Other Information.
None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.
The information required to be furnished pursuant to Items 401, 405, 406 and 407(c)(3), (d)(4) and (d)(5) of Regulation S-K will be included in M&T's Proxy Statement for the 2019 Annual Meeting of Shareholders, to be filed with the SEC pursuant to Regulation 14A on or about March 7, 2019 (the "2019 Proxy Statement"). The information concerning M&T's directors will appear under the caption "NOMINEES FOR DIRECTOR" in the 2019 Proxy Statement. The information regarding compliance with Section 16 of the Securities Exchange Act will appear under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2019 Proxy Statement. The information concerning M&T's Code of Ethics for CEO and Senior Financial Officers will appear under the caption "CORPORATE GOVERNANCE OF M&T BANK CORPORATION" in the 2019 Proxy Statement. The information regarding M&T's Audit Committee will appear under the caption "CORPORATE GOVERNANCE OF M&T BANK CORPORATION." Such information is incorporated herein by reference.

The information concerning M&T's executive officers is presented under the caption "Executive Officers of the Registrant" contained in Part I of this Annual Report on Form 10-K.

Item 11. Executive Compensation.
The information required to be furnished pursuant to Items 402 and 407 of Regulation S-K will appear under the captions "COMPENSATION DISCUSSION AND ANALYSIS," "EXECUTIVE COMPENSATION," "DIRECTOR COMPENSATION," "NOMINATION, COMPENSATION AND GOVERNANCE COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION," and "NOMINATION, COMPENSATION AND GOVERNANCE COMMITTEE REPORT" in the 2019 Proxy Statement. Such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.
The information required to be furnished pursuant to Item 403 of Regulation S-K will appear under the caption "STOCK OWNERSHIP INFORMATION" in the 2019 Proxy Statement. Such information is incorporated herein by reference.

The information required to be furnished pursuant to Item 201(d) concerning equity compensation plans is presented under the caption "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" contained in Part II, Item 5 of this Annual Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required to be furnished pursuant to Items 404 and 407 of Regulation S-K will appear under the caption "TRANSACTIONS WITH DIRECTORS AND EXECUTIVE OFFICERS" and "CORPORATE GOVERNANCE OF M&T BANK CORPORATION" in the 2019 Proxy Statement. Such information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.
The information required to be furnished by Item 9 of Schedule 14A will appear under the caption "PROPOSAL TO RATIFY THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF M&T BANK CORPORATION FOR THE YEAR ENDING DECEMBER 31, 2019" in the 2019 Proxy Statement. Such information is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.
(a) Financial statements and financial statement schedules filed as part of this Annual Report on Form 10-K. See Part II, Item 8. "Financial Statements and Supplementary Data." Financial statement schedules are not required or are inapplicable, and therefore have been omitted.

(b) Exhibits required by Item 601 of Regulation S-K. The exhibits listed have been previously filed, are filed herewith or are incorporated herein by reference to other filings.

3.1 Restated Certificate of Incorporation of M&T Bank Corporation dated November 18, 2010. Incorporated by reference to Exhibit 3.1 to the Form 8-K dated November 19, 2010 (File No. 1-9861).

3.2 Amended and Restated Bylaws of M&T Bank Corporation, effective April 17, 2018. Incorporated by reference to Exhibit 3.2 to the Form 8-K dated April 20, 2018 (File No. 1-9861).
3.3 Certificate of Amendment to Certificate of Incorporation with respect to Perpetual 6.875% Non-Cumulative Preferred Stock, Series D, dated May 26, 2011. Incorporated by reference to Exhibit 3.1 of M&T Bank Corporation's Form 8-K dated May 26, 2011 (File No. 1-9861).
3.4 Certificate of Amendment to Restated Certificate of Incorporation of M&T Bank Corporation, dated April 19, 2013. Incorporated by reference to Exhibit 3.1 to the Form 8-K dated April 22, 2013 (File No. 1-9861).
3.5 Certificate of Amendment to Restated Certificate of Incorporation of M&T Bank Corporation, dated February 11, 2014. Incorporated by reference to Exhibit 3.1 to the Form 8-K dated February 11, 2014 (File No. 1-9861).
3.6 Certificate of Amendment to Certificate of Incorporation with respect to Perpetual Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series F, dated October 27, 2016. Incorporated by reference to Exhibit 3.1 of M&T Bank Corporation's Form 8-K dated October 28, 2016 (File No. 1-9861).
4.1 There are no instruments with respect to long-term debt of M&T Bank Corporation and its subsidiaries that involve securities authorized under the instrument in an amount exceeding 10 percent of the total assets of M&T Bank Corporation and its subsidiaries on a consolidated basis. M&T Bank Corporation agrees to provide the SEC with a copy of instruments defining the rights of holders of long-term debt of M&T Bank Corporation and its subsidiaries on request.
10.1 M&T Bank Corporation Annual Executive Incentive Plan. Incorporated by reference to Exhibit No. 10.3 to the Form 10-Q for the quarter ended June 30, 1998 (File No. 1-9861).*
10.2 Supplemental Deferred Compensation Agreement between Manufacturers and Traders Trust Company and Brian E. Hickey dated as of July 21, 1994, as amended. Incorporated by reference to Exhibit 10.2 to the Form 10-K for the year ended December 31, 2016 (File No. 1-9861).*
10.3 M&T Bank Corporation Supplemental Pension Plan, as amended and restated. Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended March 31, 2016 (File No. 1-9861).*
10.4 Amendment No. 1 to M&T Bank Corporation Supplemental Pension Plan. Filed herewith.
10.5 Amendment No. 2 to M&T Bank Corporation Supplemental Pension Plan. Filed herewith.
10.6 M&T Bank Corporation Supplemental Retirement Savings Plan. Incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended March 31, 2016 (File No. 1-9861).*
10.7 Amendment No. 1 to M&T Bank Corporation Supplemental Retirement Plan. Filed herewith.
10.8 Amendment No. 2 to M&T Bank Corporation Supplemental Retirement Plan. Filed herewith.
10.9 M&T Bank Corporation Deferred Bonus Plan, as amended and restated. Incorporated by reference to Exhibit 10.6 to the Form 10-K for the year ended December 31, 2016 (File No. 1-9861).*

10.10	M&T Bank Corporation 2008 Directors' Stock Plan, as amended. Incorporated by reference to Exhibit 4.1 to the Form S-8 dated October 19, 2012 (File No. 333-184504).*
10.11	M&T Bank Corporation Employee Stock Purchase Plan. Incorporated by reference to Exhibit 10.22 to the Form 10-K for the year ended December 31, 2012 (File No. 1-9861).*
10.12	M&T Bank Corporation 2009 Equity Incentive Compensation Plan. Incorporated by reference to Appendix A to the Proxy Statement of M&T Bank Corporation dated March 5, 2015 (File No. 1-9861).*
10.13	M&T Bank Corporation Form of Restricted Stock Award Agreement. Incorporated by reference to Exhibit 10.25 to the Form 10-K for the year ended December 31, 2013 (File No. 1-9861).*
10.14	M&T Bank Corporation Form of Restricted Stock Unit Award Agreement. Incorporated by reference to Exhibit 10.26 to the Form 10-K for the year ended December 31, 2013 (File No. 1-9861).*
10.15	M&T Bank Corporation Form of Performance-Vested Restricted Stock Unit Award Agreement. Incorporated by reference to Exhibit 10.27 to the Form 10-K for the year ended December 31, 2013 (File No. 1-9861).*
10.16	M&T Bank Corporation Form of Performance-Vested Restricted Stock Unit Award Agreement (for named executive officers ("NEOs") subject to Section 162 (m) of the Internal Revenue Code of 1986, as amended from time to time). Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended March 31, 2014 (File No. 1-9861).*
10.17	Hudson City Bancorp, Inc. Amended and Restated 2011 Stock Incentive Plan. Incorporated by reference to Exhibit 4.6 to the Form S-8 dated November 2, 2015 (File No. 333-184411).*
10.18	Hudson City Bancorp, Inc. 2006 Stock Incentive Plan. Incorporated by reference to Exhibit 4.7 to the Form S-8 dated November 2, 2015 (File No. 333-184411).*
11.1	Statement re: Computation of Earnings Per Common Share. Incorporated by reference to note 14 of Notes to Financial Statements filed herewith in Part II, Item 8, "Financial Statements and Supplementary Data."
21.1	Subsidiaries of the Registrant. Incorporated by reference to the caption "Subsidiaries" contained in Part I, Item 1 hereof.
23.1	Consent of PricewaterhouseCoopers LLP re: Registration Statements on Form S-8 (Nos. 33-32044, 333-43175, 333-16077, 333-40640, 333-84384, 333-127406, 333-150122, 333-164015, 333-163992, 333-160769, 333-159795, 333-170740, 333-189099, 333-184504, 333-189097 and 333-184411) and Form S-3 (No. 333-227644). Filed herewith.
31.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.1	Certification of Chief Executive Officer under 18 U.S.C. §1350 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.2	Certification of Chief Financial Officer under 18 U.S.C. §1350 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.

101.INS	XBRL Instance Document. Filed herewith.
101.SCH	XBRL Taxonomy Extension Schema. Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase. Filed herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase. Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase. Filed herewith.
101.DEF	XBRL Taxonomy Definition Linkbase. Filed herewith.

*Management contract or compensatory plan or arrangement.

(c) Additional financial statement schedules. None.

Item 16. Form 10-K Summary.
None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 20th day of February, 2019.

M&T BANK CORPORATION

By: /S/ René F. Jones
René F. Jones

Chairman of the Board and

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
Principal Executive Officer:		
/S/ René F. Jones	Chairman of the Board and Chief Executive Officer	February 20, 2019
René F. Jones		
Principal Financial Officer:		
/S/ Darren J. King	Executive Vice President and Chief Financial Officer	February 20, 2019
Darren J. King		
Principal Accounting Officer:		
/S/ Michael R. Spychala	Senior Vice President and Controller	February 20, 2019
Michael R. Spychala		

A majority of the board of directors:

/S/ Brent D. Baird	February 20, 2019
Brent D. Baird	
/S/ C. Angela Bontempo	February 20, 2019
C. Angela Bontempo	
/s/ Robert T. Brady	February 20, 2019
Robert T. Brady	
/S/ T. Jefferson Cunningham III	February 20, 2019
T. Jefferson Cunningham III	

/s/ Gary N. Geisel February 20, 2019

Gary N. Geisel

/S/ Richard S. Gold February 20, 2019

Richard S. Gold

/S/ Richard A. Grossi February 20, 2019

Richard A. Grossi

/S/ John D. Hawke, Jr. February 20, 2019

John D. Hawke, Jr.

/S/ René F. Jones February 20, 2019

René F. Jones

/S/ Richard H. Ledgett, Jr. February 20, 2019

Richard H. Ledgett, Jr.

/S/ Newton P. S. Merrill February 20, 2019

Newton P. S. Merrill

/S/ Kevin J. Pearson February 20, 2019

Kevin J. Pearson

Melinda R. Rich

/S/ Robert E. Sadler, Jr. February 20, 2019

Robert E. Sadler, Jr.

/S/ Denis J. Salamone February 20, 2019

Denis J. Salamone

/S/ John R. Scannell February 20, 2019

John R. Scannell

/S/ David S. Scharfstein February 20, 2019

David S. Scharfstein

/S/ Herbert L. Washington February 20, 2019

Herbert L. Washington

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