



FORM DEFA14A

PROVIDENT BANKSHARES CORP - PBKS

Filed: December 19, 2008 (period:)

Additional proxy soliciting materials - definitive

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**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 18, 2008

PROVIDENT BANKSHARES CORPORATION
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

0-16421
(Commission
File Number)

52-1518642
(IRS Employer
Identification No.)

114 East Lexington Street, Baltimore, Maryland 21202
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (410) 277-7000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01. Other Information

On December 18, 2008, Provident Bankshares Corporation (“Provident”) and M&T Bank Corporation (“M&T”) entered into an Agreement and Plan of Merger (the “Merger Agreement”), pursuant to which, among other things, Provident will merge with and into a wholly owned subsidiary of M&T to be incorporated by M&T (“Merger Sub”), with Merger Sub continuing as the surviving corporation (the “Merger”).

On December 19, 2008, M&T and Provident issued a joint press release announcing the execution of the Merger Agreement and made a joint investor presentation concerning the Merger. A copy of the joint press release and the joint investor presentation is attached hereto as Exhibits 99.1 and 99.2, respectively. These materials are incorporated herein by reference and the foregoing description is qualified in its entirety by reference to such materials.

The information required by Item 1.01 will be filed in a separate Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

The following exhibits are filed herewith:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Joint Press Release, dated December 19, 2008.
99.2	Joint Investor Presentation, dated December 19, 2008.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Provident has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PROVIDENT BANKSHARES CORPORATION

/s/ Robert L. Davis

Robert L. Davis
General Counsel and Corporate Secretary

Date: December 19, 2008

EXHIBIT INDEX

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FOR IMMEDIATE RELEASE
Friday, December 19, 2008

M&T Media Contact: C. Michael Zabel
(716) 842-5385

M&T Investor Contact: Donald J. MacLeod
(716) 842-5138

Provident Contact: Vicki Cox
(410) 277-2063

**M&T BANK CORPORATION TO ACQUIRE
PROVIDENT BANKSHARES CORPORATION**

Merger Strengthens M&T's Mid-Atlantic Franchise

BUFFALO, NY *and* BALTIMORE, MD, December 19, 2008 — M&T Bank Corporation (“M&T”) (NYSE:MTB) and Provident Bankshares Corporation (“Provident”) (NASDAQ: PBKS) announced today that they have entered into a definitive agreement under which Provident will be acquired by M&T in a stock-for-stock transaction valued at approximately \$401 million based on M&T’s closing price on December 16, 2008.

M&T has \$65.2 billion in assets, and has extensive operations in the Baltimore-Washington metropolitan area. Provident, based in Baltimore, has \$6.4 billion in assets. M&T will acquire 143 Provident branch offices and 198 ATMs located primarily in Maryland and Virginia, adding to M&T’s current total of 177 branches and 545 ATMs in the same region. M&T also expects to gain approximately \$4.6 billion in deposits and \$4.3 billion in loans from the merger. When combined with M&T’s existing Mid-Atlantic franchise, the merger will give M&T the second-largest deposit share in Maryland, and will triple M&T’s presence in Virginia.

“This is an opportunity for our constituents and shareholders to participate in the growth of one of the nation’s most successful banking franchises,” said Gary N. Geisel, Provident Chairman and CEO. “This merger also provides the resources that Provident’s customers, employees and communities will require during this challenging economic environment. While Provident has performed well in this difficult environment, in the quarters ahead, we would face significant challenges, particularly in our investment portfolio.”

“With our strong presence in Baltimore, we look forward to this opportunity to expand our commitment across the Mid-Atlantic region, and to bring our new customers a wider array of products and services and a wider network of branches and ATMs,” said M&T Vice Chairman and Chairman and CEO of M&T’s Mid-Atlantic Division, Michael P. Pinto. “M&T will continue to provide sound loans, sound savings, investment and insurance options and sound financial advice to our customers. Our balance sheet is strong, our capital levels exceed all regulatory requirements and we remain profitable, thanks to our longstanding commitment to careful, conservative and consistent management principles.”

“While other banks have been scaling back growth, curtailing lending and laying off employees, M&T is continuing to invest in the Mid-Atlantic, where we have opened, renovated or relocated 30 branches since 2007. In addition, M&T has added 23 new ATMs and filled 800 open positions in just the past year to better serve our customers in the region,” said Atwood “Woody” Collins, III, President of M&T’s Mid-Atlantic Division. “M&T has significant operations in Maryland and Virginia, and we will be able to offer comparable employment opportunities to all of Provident’s customer contact employees, and to substantial numbers of their other employees.”

Collins also said that M&T would sustain Provident’s contribution levels and history of charitable giving. “With M&T’s expanded presence in the Mid-Atlantic comes an expanded commitment to the region, and we are committed to matching or expanding Provident’s charitable donations in the Baltimore area for at least the next three years.” Since 2003, M&T has made charitable contributions totaling over \$25 million in the Mid-Atlantic. *Baltimore Magazine* has consistently recognized M&T as one of the area’s most generous companies, and *BusinessWeek Magazine* ranked M&T among the ten most generous companies in the United States for two consecutive years.

“We are committed to making this merger successful for our customers, for our employees and for this community,” Mr. Geisel continued. “We are pleased to join a company that shares long-standing commitments, culture and values that are consistent with our more than 120-year tradition and history.”

Under the terms of the merger agreement, Provident common shareholders will receive 0.171625 shares of M&T common stock in exchange for each share of Provident common stock they own. The transaction, based on M&T’s closing stock price of \$61.18 on December 16, 2008, is valued at \$10.50 per Provident share.

In the merger, shares of Provident preferred stock will be exchanged for shares of preferred stock of M&T, and holders of Provident stock options will receive M&T stock options, in each case on the terms and subject to the conditions set forth in the merger agreement.

The purchase price represents a 3.7% premium to core deposits and 1.4x tangible book value. M&T anticipates that the transaction will be accretive to GAAP and operating earnings per share in 2010, and estimates its internal rate of return on the investment to exceed 16%. “This comfortably exceeds our cost of capital, and given the low-risk nature of the transaction, meets our investment criteria,” said M&T’s Chief Financial Officer, Rene F. Jones.

The merger has been approved by the boards of directors of each company, is subject to certain customary conditions, including regulatory approval and approval by Provident’s common shareholders, and is expected to close late in the second quarter of 2009. After the transaction is completed, Mr. Geisel will be appointed to the board of directors of M&T and its principal banking subsidiary, M&T Bank. M&T also will establish a Baltimore-Washington Area Directors Advisory Council with participation from Provident’s board.

M&T is a bank holding company whose banking subsidiaries, M&T Bank and M&T Bank, National Association, operate branch offices in New York, Pennsylvania, Maryland, Virginia, West Virginia, Delaware, New Jersey and the District of Columbia.

Keefe, Bruyette and Woods, Inc. acted as financial adviser to M&T, and Wachtell Lipton Rosen & Katz acted as its legal adviser in the transaction. Sandler O'Neill + Partners, L.P. acted as financial adviser to Provident, and Sullivan & Cromwell LLP and Kilpatrick Stockton LLP acted as its legal advisers.

Conference Call

M&T and Provident will hold a joint conference call regarding this announcement on Friday, December 19, at 10:00 a.m. Eastern Time. The call may be accessed by calling 1 (800) 762-8795 (access code 395-7625). The investor presentation for this transaction can be accessed on M&T's website at <http://ir.mandtbank.com/events.cfm>.

Forward-Looking Statements:

Certain statements contained in this filing that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"), notwithstanding that such statements are not specifically identified. In addition, certain statements may be contained in the future filings of M&T with the Securities and Exchange Commission ("SEC"), in press releases and in oral and written statements made by or with the approval of M&T that are not statements of historical fact and constitute forward-looking statements within the meaning of the Act. Examples of forward-looking statements include, but are not limited to: (i) statements about the benefits of the merger between M&T and Provident, including future financial and operating results, cost savings, enhanced revenues and accretion to reported earnings that may be realized from the merger; (ii) statements of plans, objectives and expectations of M&T or Provident or their managements or Boards of Directors; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believes," "anticipates," "expects," "intends," "targeted," "continue," "remain," "will," "should," "may" and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to: (i) the risk that the businesses of M&T and Provident will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (ii) expected revenue synergies and cost savings from the merger may not be fully realized or realized within the expected time frame; (iii) revenues following the merger may be lower than expected; (iv) deposit attrition,

operating costs, customer loss and business disruption following the merger, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected; (v) the ability to obtain governmental approvals of the merger on the proposed terms and schedule; (vi) the failure of Provident's shareholders to approve the merger; (vii) local, regional, national and international economic conditions and the impact they may have on M&T and Provident and their customers and M&T's and Provident's assessment of that impact; (viii) changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity; (ix) prepayment speeds, loan originations and credit losses; (x) sources of liquidity; (xi) M&T's common shares outstanding and common stock price volatility; (xii) fair value of and number of stock-based compensation awards to be issued in future periods; (xiii) legislation affecting the financial services industry as a whole, and/or M&T and Provident and their subsidiaries individually or collectively; (xiv) regulatory supervision and oversight, including required capital levels; (xv) increasing price and product/service competition by competitors, including new entrants; (xvi) rapid technological developments and changes; (xvii) M&T's ability to continue to introduce competitive new products and services on a timely, cost-effective basis; (xviii) the mix of products/services; (xix) containing costs and expenses; (xx) governmental and public policy changes; (xxi) protection and validity of intellectual property rights; (xxii) reliance on large customers; (xxiii) technological, implementation and cost/financial risks in large, multi-year contracts; (xxiv) the outcome of pending and future litigation and governmental proceedings; (xxv) continued availability of financing; (xxvi) financial resources in the amounts, at the times and on the terms required to support M&T's future businesses; and (xxvii) material differences in the actual financial results of merger and acquisition activities compared with M&T's expectations, including the full realization of anticipated cost savings and revenue enhancements. Additional factors that could cause M&T's results to differ materially from those described in the forward-looking statements can be found in M&T's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to M&T or Provident or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements referenced above. Forward-looking statements speak only as of the date on which such statements are made. M&T and Provident undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

Additional Information:

In connection with the proposed merger, M&T will file with the SEC a Registration Statement on Form S-4 that will include a Proxy Statement of Provident and a Prospectus of M&T, as well as other relevant documents concerning the proposed transaction. Shareholders are urged to read the Registration Statement and the Proxy Statement/Prospectus regarding the merger when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. You will be able to obtain a free copy of the Proxy Statement/Prospectus, as well as other filings containing information about M&T and Provident at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these

documents, free of charge, at <http://www.mtb.com> under the tab "About Us" and then under the heading "Investor Relations" and then under "SEC Filings." Copies of the Proxy Statement/Prospectus and the SEC filings that will be incorporated by reference in the Proxy Statement/Prospectus can also be obtained, free of charge, by directing a request to Investor Relations, One M&T Plaza, Buffalo, New York 14203, (716) 842-5138.

M&T and Provident and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Provident in connection with the proposed merger. Information about the directors and executive officers of M&T is set forth in the proxy statement for M&T's 2008 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 6, 2008. Information about the directors and executive officers of Provident is set forth in the proxy statement for Provident's 2008 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 12, 2008. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Proxy Statement/Prospectus regarding the proposed merger when it becomes available. You may obtain free copies of this document as described in the preceding paragraph.

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Acquisition of Provident Bankshares

December 19, 2008




Disclaimer

This presentation contains forward looking statements within the meaning of the Private Securities Litigation Reform Act giving the Company's expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "target," "estimate," "continue," "positions," "prospects" or "potential," by future conditional verbs such as "will," "would," "should," "could" or "may", or by variations of such words or by similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties which change over time. Forward-looking statements speak only as of the date they are made and we assume no duty to update forward-looking statements.

In addition to factors previously disclosed in our SEC reports and those identified elsewhere in this presentation, the following factors among others, could cause actual results to differ materially from forward-looking statements or historical performance: ability to obtain regulatory approvals and meet other closing conditions to the merger, including approval by Provident shareholders, on the expected terms and schedule; delay in closing the merger; difficulties and delays in integrating the M&T and Provident businesses or fully realizing cost savings and other benefits; business disruption following the merger; changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; changes in interest rates and capital markets; inflation; customer acceptance of M&T products and services; customer borrowing, repayment, investment and deposit practices; customer disintermediation; the introduction, withdrawal, success and timing of business initiatives; competitive conditions; the inability to realize cost savings or revenues or to implement integration plans and other consequences associated with mergers, acquisitions and divestitures; economic conditions; and the impact, extent and timing of technological changes, capital management activities, and other actions of the Federal Reserve Board and legislative and regulatory actions and reforms.

Annualized, pro forma, projected and estimated numbers are used for illustrative purpose only, are not forecasts and may not reflect actual results.



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- **Transaction Highlights**
 - Commitment to Communities and Employees
 - Leading Mid-Atlantic Franchise
 - Financial Highlights
 - Summary



Transaction Highlights

- **Partnership between community-focused institutions**
 - Strong cultural fit with common values
 - Shared commitment to customers, employees, and the communities that we serve
- **Combination establishes leading Mid-Atlantic commercial bank**
 - Significant operating scale with greater branch density
 - Adding 143 branches to increase our Mid-Atlantic network to 319 branches
 - Complementary relationships with middle-market customers
 - #2 deposit market share in Maryland with over \$11 billion of deposits and 253 branches
 - Attractive market with favorable growth dynamics
- **Low-risk transaction**
 - Experienced integrator with significant presence in Provident's markets
 - ~\$650 million in loan and securities marks mitigate credit risk
 - Stable funding base reinforces M&T's strong liquidity profile
- **Financially attractive combination**
 - Estimated IRR in excess of 16%
 - Significant GAAP and operating EPS accretion by 2010
 - Enhances M&T's best-in-class internal capital generation
 - In-market transaction with meaningful cost synergies
- **Commitment to maintain strong capital position**



Summary of Key Terms

Purchase Price:	\$10.50 per Provident share ¹ 37% premium to Provident's 20-day average share price
Exchange Ratio:	Fixed at 0.171625 M&T shares per Provident share - Exchange ratio based on M&T's closing price per share of \$61.18 as of December 16, 2008
Transaction Value:	\$401 million total - \$352 million for Provident common equity - \$49 million for Provident Series A convertible preferred equity
Consideration:	100% Stock
Transaction Structure:	Tax-free exchange
Due Diligence:	Completed comprehensive due diligence, including detailed review of loan and securities portfolios
Conditions to Closing:	Approval by shareholders of Provident Normal U.S. regulatory approvals Other customary conditions

1. Based on fixed exchange ratio using M&T's closing price per share of \$61.18 as of December 16, 2008, the date on which the exchange ratio was determined.

Summary of Key Terms (cont'd.)

Expected Closing:	Second quarter of 2009
Cost Savings:	45% of Provident's annual operating expenses Run-rate fully realized by late 2010
Merger-Related Charges:	\$99 million
Revenue Synergies:	None assumed
Asset Marks:	Loans: \$383 million (pre-tax) Securities: \$264 million (pre-tax)
Board Representation:	Gary Geisel, Provident's Chairman and CEO, to join M&T Board of Directors
Advisory Council:	M&T to establish Baltimore-Washington Area Director's Advisory Council with participation from Provident's Board



Attractive Valuation

Multiples	MTB/PBKS	Comparable ¹ Transactions Average
Price to Book Value ²	0.7x	2.5x
Price to Tangible Book Value ²	1.4x	2.7x
Tangible Core Deposit Premium ³	3.7%	23.9%


1. Source : SNL Financial. Comparable Mid-Atlantic bank acquisitions with asset size between \$3 billion and \$10 billion since 2003 (nine deals total).

2. Book value assumes conversion of Provident's Series A preferred equity of \$51 million.

3. 15.5% net of marks.

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- Transaction Highlights
 - **Commitment to Communities and Employees**
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The Provident Way

Gary Geisel, Chairman and CEO, Provident Bankshares Corp.

- Established in 1882 by John Marshall, who started a savings system for sailors at a mission on Light Street in Baltimore. Provident Bankshares Corporation is the largest bank headquartered in Maryland today.
- For more than 120 years, we have done relationship banking the *Provident Way*:
 - **Integrity**
 - **Caring**
 - **Excellence**
 - **Partnership**
 - **Results Driven**



Choosing a Partner

Gary Geisel, Chairman and CEO, Provident Bankshares Corp.

- When we started looking for an alternative, we wanted someone who would keep the legacy of the *Provident Way* alive.
- Fortunately, we did not have to look very far.
- M&T Bank has similar roots as Provident – both began in the 1800s. And like Provident, M&T has developed a successful regional banking franchise serving numerous area communities.
- But most importantly, M&T shares the same values as Provident.



A “Valuable” Match

Gary Geisel, Chairman and CEO, Provident Bankshares Corp.

- We are pleased to join a company that shares our long-standing focus, culture and values.
- We are combining two institutions that share a common commitment to the customers, employees, shareholders, and communities we serve.



Commitment to Customers

Michael Pinto, Chairman and CEO, M&T Bank's Mid-Atlantic Division.

- Merger enhances M&T's already strong Mid-Atlantic presence.
 - Offers Provident customers an expanded array of products / services
 - Access to a more extensive network of branches and ATMs
- Builds upon M&T's continuing investment in the Mid-Atlantic.
 - In the last year, M&T has added:
 - 3 new branches (in addition to 13 First Horizon branches)
 - 23 new ATMs
 - 800 new employees, mostly customer facing
- Post-merger M&T/Provident will have:
 - Largest branch network in the Baltimore-Washington area
 - 319 branches (253 in Maryland, 57 in Virginia and 9 in DC)
 - 743 ATMs (599 in Maryland, 132 in Virginia and 12 in DC)



Commitment to Employees

Michael Pinto, Chairman and CEO, M&T Bank's Mid-Atlantic Division.

- M&T offers Provident employees long-term career potential with a stable and successful company
- Will offer comparable positions to Provident's customer facing employees
- No jobs will be discontinued until after the merger is completed
- Displaced employees will receive preferential consideration for some 200 open jobs in M&T's Mid-Atlantic organization
- Employees unable to find a suitable position at M&T will receive displacement benefits under Provident's existing program



Commitment to the Community

Michael Pinto, Chairman and CEO, M&T Bank's Mid-Atlantic Division.

- M&T's operating philosophy includes the belief that the well-being of the bank and the well-being of the community are inseparable
- M&T's expanded presence in the Mid-Atlantic means an expanded commitment to our Mid-Atlantic communities
- Donated \$25 million to Mid-Atlantic non-profits since 2003
- M&T has been among the Top 10 on BusinessWeek's list of most generous companies for two straight years
- M&T will continue Provident's charitable contribution program
- Thousands of M&T's employees volunteer for hundreds of non-profits
- M&T has earned the highest CRA score ("Outstanding") for 25 straight years



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Franchise Comparison

As of 9/30/2008	<u>M&T</u>	<u>Provident</u>	<u>M&T Mid-Atlantic</u>¹
Assets	\$65.2 B	\$6.4 B	\$6.2 B
Loans	48.7 B	4.3 B	6.1 B
Domestic Deposits	36.7 B	4.6 B	6.5 B
Branches ²	686	143	177
ATMs ²	1,638	198	545
Employees	13,636	1,660	3,892

1. Includes M&T's Greater Baltimore, Greater Washington, DC, and Chesapeake regions.
2. Current Count.

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Market Leadership in Mid-Atlantic

Maryland - Deposits (\$ millions)

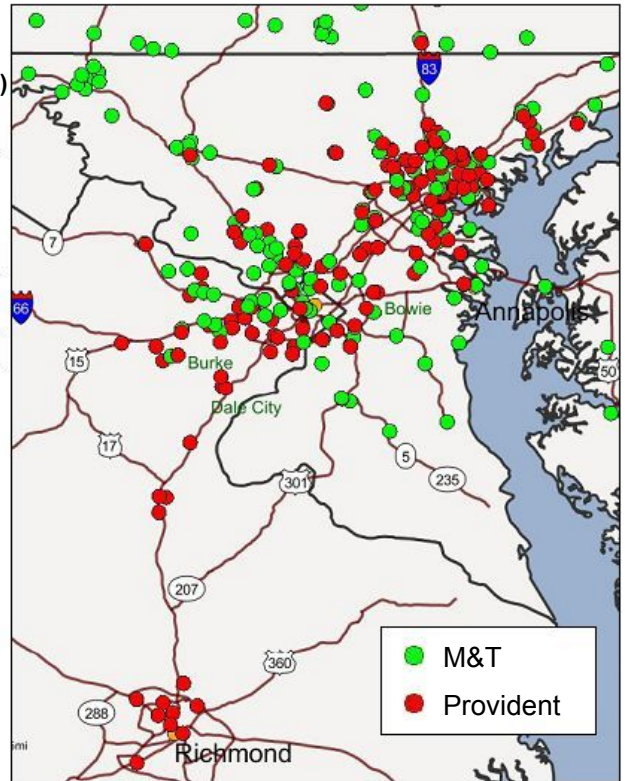
Rank	Institution	Market	
		Deposits	Share (%)
1	Bank of America	18,536	19.2
	Pro Forma M&T Bank	11,233	11.6
2	PNC	9,565	9.9
3	Capital One	8,221	8.5
4	Wells Fargo	7,464	7.7
	5 M&T Bank	7,418	7.7
6	SunTrust	6,589	6.8
7	BB&T	6,245	6.5
	8 Provident Bankshares	3,815	4.0
9	Sandy Spring Bancorp	2,161	2.2
10	Susquehanna Bancshares	1,943	2.0

Deposit Market Share Rank

	MTB	Provident	Pro Forma
Baltimore MSA	2	5	2
Washington DC MSA	10	14	8
Maryland	5	8	2
Virginia	54	30	18

Branch & ATM Totals

	MTB	Provident	Pro Forma
Mid-Atlantic Branches	177	142	319
Mid-Atlantic ATMs	545	198	743



Source: SNL.

Provident Sustains M&T's Growth Momentum

- M&T has increased its Mid-Atlantic market and product penetration
 - Strategy includes both organic growth and targeted acquisitions
- Investments in products, distribution, and people have supported M&T's momentum within Provident's footprint
 - Annual net income growth of 12% for Mid-Atlantic region vs. 9% for other M&T regions since 2004
 - Annual loan growth of 12% for Mid-Atlantic region vs. 6% for other M&T regions since 2004
- Provident complements M&T's ongoing expansion in the region
 - Expands retail distribution and further enhances density
 - Provident's commercial relationships enhance M&T's leading position in middle-market lending
 - Provident sales / service personnel available for M&T's existing expansion plans

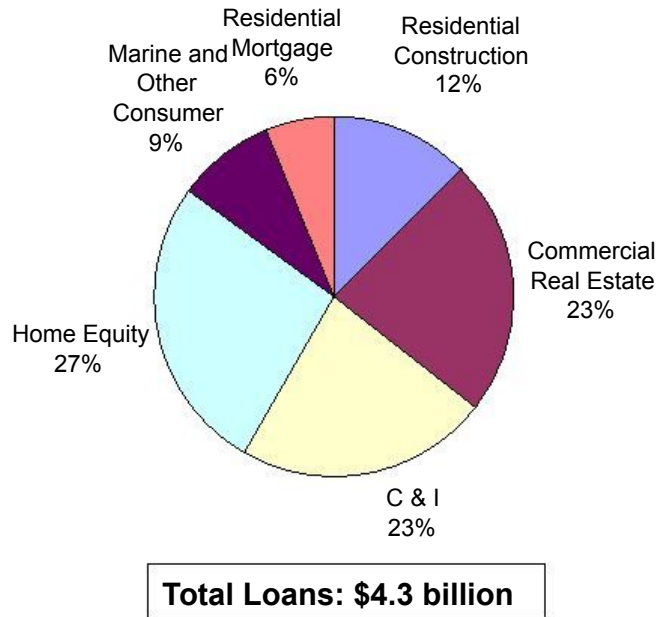


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Comprehensive Loan Diligence Review

Provident Loan Composition – 9/30/08



Diligence Review Process

- M&T completed an extensive review of Provident's loan portfolio
- Reviewed underwriting standards
- Analyzed loan-level portfolio data
- Examined broad cross-section of loan files and documentation
- Interviewed key personnel
- Site visits to selected residential development properties
- Modeled estimated credit losses under stress scenarios
- Leveraged M&T's extensive operating experience in Provident's markets to refine analysis



Estimated Lifetime Loan Credit Losses

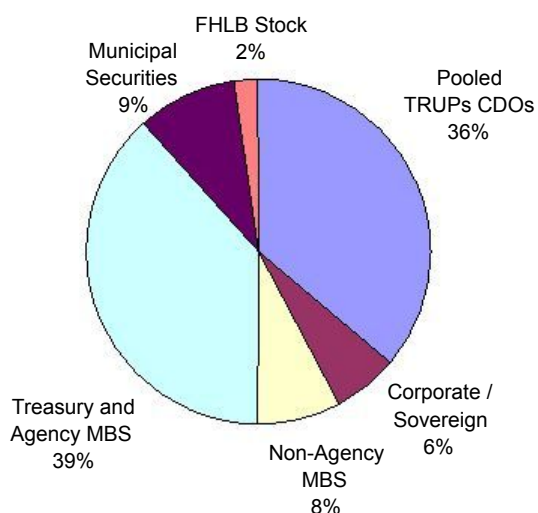
(\$ in millions)

Loan Category	9/30/08 Balance	Lifetime Credit Losses	
		%	\$
Residential Construction	\$529	34%	\$182
Commercial Real Estate	990	3%	31
Commercial & Industrial	971	6%	56
Home Equity	1,135	5%	53
Marine and Other Consumer	382	12%	46
Residential Mortgage	257	6%	15
Total	\$4,264	9%	\$383



Comprehensive Securities Diligence Review

Provident Securities Composition – 9/30/08



\$s in millions	<u>Par Value</u>	<u>Mark</u>
Pooled TRUPs CDOs	\$ 589	\$ (240)
Corporate / Sovereign	101	(20)
Non-Agency MBS	126	(10)
Agency MBS and Other	819	6
Total Securities	\$ 1,636	\$ (264)

Pooled Trust Preferred CDOs

- Pooled trust preferred CDOs (“TRUPs CDOs”) were a primary diligence focus
- Conducted credit analysis of over 1,000 individual banks collateralizing CDOs
- Incorporated credit analysis in modeling cash flows for each security
- M&T valued TRUPs CDOs at 19.5% of par
 - Implied 15.9% average discount rate
 - Discount to Provident’s 9/30/08 fair value estimate
 - \$240 million write-down from amortized book value net of unrealized losses
- On average, greater than 12% of the financial institutions collateralizing the pooled TRUPs CDOs would need to default/defer within the next five years to result in an economic loss relative to modeled value



Pro Forma Financial Impact

- Accretive to both M&T's GAAP and operating EPS in 2010
- Annual operating EPS accretion of 4% - 6%
- IRR in excess of 16%
- M&T maintains capital in excess of well-capitalized regulatory minimums

	M&T Standalone <u>9/30/08</u>	M&T Pro Forma <u>at closing</u>
Tier 1 Capital / Risk-Weighted Assets	7.9%	8.7%
Total Capital / Risk-Weighted Assets	12.0%	12.4%
Tangible Common Equity Ratio	4.9%	4.4%

1. Transaction closing estimated 2nd quarter, 2009. Pro forma for M&T issuance of \$600 million of preferred under TARP program.



- Transaction Highlights
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Summary

- Shared commitment to our customers and employees
- Complementary community-focused business models
- Enhanced scale in desirable Mid-Atlantic region
- Sound franchise with “de-risked” earnings
- Comprehensive asset diligence completed
- Attractive transaction economics

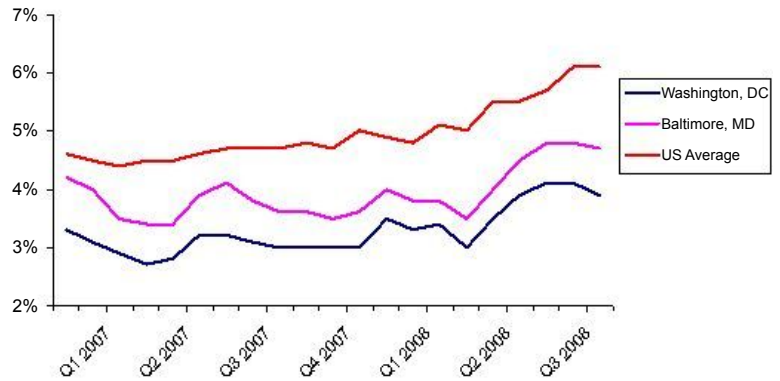


Appendix

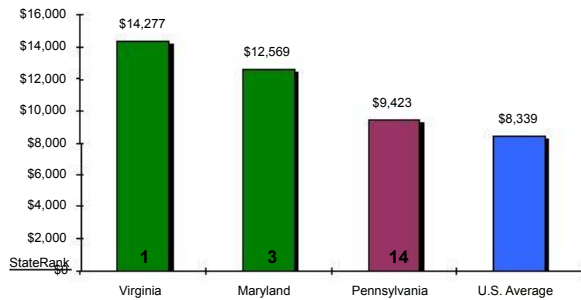
Attractive Market Demographics

- Federal government presence mitigates regional impact of national recession
- Baltimore / Washington unemployment rate remains well below national average
- High-income markets with household earnings well above national average

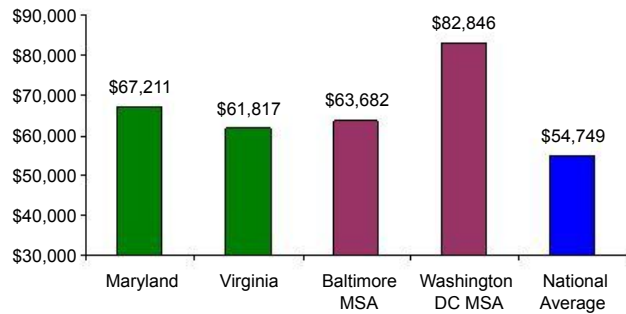
Unemployment Rate



Fed Government Spending Per Capita - 2007



Median Household Income for 2008



Source: SNL Financial & US Dept. of Labor



Improved Efficiency with Growth Opportunities

- In-market transaction offers significant cost savings opportunities in technology, corporate overhead, and facilities consolidation
- M&T continues to invest within its Mid-Atlantic footprint
 - Focus on increasing market and product penetration by investing in people, distribution, and business lines
 - 12 new branches opened since 2006 and 13 branches acquired
 - More de novo branches planned for 2009 & beyond
 - Expanded Commercial banking offices to accommodate growth
 - Increased sales staff by 55% since 2004
- New opportunities for Provident employees in combined organization
 - M&T hired nearly 800 new employees in Mid-Atlantic this year
 - 200 open positions currently available
 - De novo branches planned for the footprint will need to be staffed



Potential Revenue Enhancements

- **No revenue enhancements assumed, although M&T has a long-standing track record of improving performance and revenue**
- **Identified potential revenue growth opportunities include:**
 - Leverage increased scale and market presence in Maryland to drive Business Banking and Middle Market growth
 - Enhanced deposit gathering capabilities through improved market presence in Maryland and DC
 - Leverage footprint expansion in Virginia to attract new households
 - Expanded branch network and product offerings provides opportunity to cross-sell more products and services

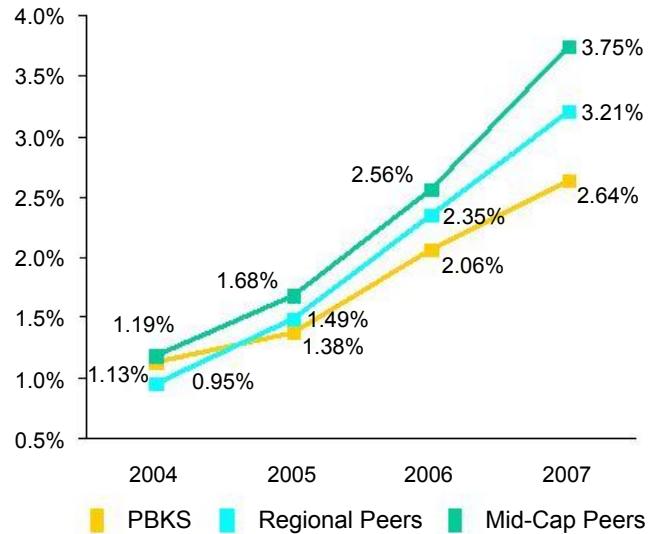
Stable, Low-Cost Funding Base

Provident Average Customer Deposits Composition – Q3 2008



- 22% of deposits are commercial
- 12% annualized deposit growth since 2003

Cost of Deposits



- Deposit funding cost consistently below peer group

Source: SNL Financial and company filings.

Regional Peers include: FULT, NPBC, SASR, SNBC, SUSQ, UBSI and VCBI.

Mid-Cap Peers include: HBAN, FHN, ASBC, TCB, CNB, CYN, CBSH, BOKF, BOH, CFR and VLY.

1. Excludes brokered CDs.



Loan Portfolio

- Lending focus within core markets mitigates credit risk

Residential Construction

- 96% of developments in-footprint
- Single-family residential focus with no large condominium projects
- Limited exposure to outer-ring suburbs
 - Stronger demand and home price performance in core urban areas

Home Equity

- Primarily in-footprint
 - < 1% in troubled markets of FL, CA, NV, AZ
- 85% branch-originated
- Average LTV of 70% and FICO of 745

Commercial Real Estate

- In-footprint portfolio
- Commercial real estate vacancy rate of 11% - 14% (below national average)
- Minimal hospitality / retail exposure
- Conservative underwriting
 - 75%-80% LTV (65% on land acquisition)

Marine Loans

- Low average LTV 73% for marine loans
- Seasoned loans; 68% documented vessels



Additional Information:

In connection with the proposed merger, M&T Bank Corporation ("M&T") will file with the U.S. Securities and Exchange Commission (the "SEC") a Registration Statement on Form S-4 that will include a Proxy Statement of Provident Bankshares Corporation ("Provident") and a Prospectus of M&T, as well as other relevant documents concerning the proposed transaction. INVESTORS ARE URGED TO READ THE REGISTRATION STATEMENT AND THE PROXY STATEMENT/PROSPECTUS REGARDING THE MERGER WHEN IT BECOMES AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

Investors will be able to obtain a free copy of the Proxy Statement/Prospectus, as well as other filings containing information about M&T and Provident at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, free of charge, at <http://www.mtb.com> under the tab "About Us" and then under the heading "Investor Relations" and then under "SEC Filings." Copies of the Proxy Statement/Prospectus and the SEC filings that will be incorporated by reference in the Proxy Statement/Prospectus can also be obtained, free of charge, by directing a request to Investor Relations, One M&T Plaza, Buffalo, New York 14203, (716) 842-5138.

M&T and Provident and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Provident in connection with the proposed merger. Information about the directors and executive officers of M&T is set forth in the proxy statement for M&T's 2008 annual meeting of stockholders, as filed with the SEC on a Schedule 14A on March 6, 2008. Information about the directors and executive officers of Provident is set forth in the proxy statement for Provident's 2008 annual meeting of stockholders, as filed with the SEC on a Schedule 14A on March 12, 2008. Additional information regarding the interests of those persons and other persons who may be deemed participants in the transaction may be obtained by reading the Proxy Statement/Prospectus regarding the proposed merger when it becomes available. You may obtain free copies of this document as described in the preceding paragraph.

