



## M&T Announces Cash Earnings Per Share Rise of 13%

BUFFALO, N.Y.--July 10, 2001--M&T Bank Corporation ("M&T")(NYSE: MTB) today reported that diluted cash earnings per share rose 13% to \$1.19 for the quarter ended June 30, 2001 from \$1.05 in the second quarter of 2000.

Cash net income for the recent quarter was \$119.9 million, up 45% from \$82.9 million in the year-earlier quarter. Expressed as an annualized rate of return on average tangible assets, cash net income was 1.62% in 2001's second quarter, up from 1.57% in the second quarter of 2000. Cash return on average tangible common equity rose to an annualized 27.99% in the recent quarter from 27.46% in the year-earlier quarter. "M&T's strong second quarter performance reflects growth in loan volume, careful attention to managing operating expenses, and the smooth integration of our recent acquisitions," said Robert G. Wilmers, Chairman of the Board, President and Chief Executive Officer of M&T.

For the first six months of 2001, diluted cash earnings per share were \$2.33, an increase of 13% from \$2.06 in the corresponding 2000 period. Cash net income for the first half of 2001 rose to \$232.3 million, up 43% from \$162.8 million in the comparable 2000 period. For the first six months of 2001, cash return on average tangible assets was an annualized 1.61%, compared with 1.52% in the similar period of 2000. Cash return on average tangible common equity for the first half of 2001 rose to an annualized 27.96% from 27.21% in the corresponding 2000 period. Cash earnings exclude the after-tax effect of expenses associated with merging acquired operations into M&T and amortization of goodwill and core deposit intangible.

Higher average loans outstanding, coupled with a widening of M&T's net interest margin, or taxable-equivalent net interest income expressed as an annualized percentage of average earning assets, led to a 45% increase in taxable-equivalent net interest income to \$291.9 million in the second quarter of 2001, compared with \$201.0 million in the year-earlier quarter. Including the impact of loans obtained at the time of the October 6, 2000 acquisition of Keystone Financial, Inc. ("Keystone") and the February 9, 2001 acquisition of Premier National Bancorp, Inc. ("Premier"), average loans outstanding increased 42% to \$24.5 billion in 2001's second quarter from \$17.2 billion in the comparable 2000 period. Loans obtained from Keystone and Premier on their acquisition dates totaled \$4.8 billion and \$1.0 billion, respectively. Net interest margin improved by 13 basis points (hundredths of one percent) to 4.18% in the recent quarter from 4.05% in the corresponding quarter of 2000.

The provision for credit losses was \$24.0 million in the second quarter of 2001, up from \$6.0 million a year earlier. Net charge-offs of loans also rose during the recent quarter to \$14.9 million from \$4.4 million in the year-earlier period. Expressed as an annualized percentage of average loans outstanding, net charge-offs were .24% in 2001's second quarter, compared with .10% in the comparable 2000 period. Nonperforming loans totaled \$161.6 million, or .65% of total loans at June 30, 2001, compared with \$62.7 million or .37% at June 30, 2000. Loans past due 90 days or more and accruing interest totaled \$139.1 million at the recent quarter-end, up from \$28.6 million a year earlier. The increase in these past due loans resulted predominately from the inclusion at June 30, 2001 of approximately \$100 million of one- to-four family residential mortgage loans serviced by M&T and repurchased since November 2000 from the Government National Mortgage Association. The outstanding principal balances of these loans are fully guaranteed by government agencies. The loans were repurchased to reduce the cost of servicing them. Included in the June 30, 2001 totals of nonperforming loans and loans past due 90 days or more and accruing interest were loans obtained in the Keystone acquisition of \$59 million and \$13 million, respectively, and loans obtained in the Premier acquisition of \$5 million and \$4 million, respectively. M&T's allowance for credit losses totaled \$408.5 million, or 1.65% of total loans, at June 30, 2001, compared with \$320.2 million, or 1.89%, a year earlier. The ratio of the allowance for credit losses to nonperforming loans was 253% and 511% at June 30, 2001 and 2000, respectively. Assets taken in foreclosure of defaulted loans were \$11.1 million at June 30, 2001, compared with \$8.4 million a year earlier.

Noninterest income in the recent quarter totaled \$117.8 million, up significantly from \$73.4 million in the second quarter of 2000. Approximately 60% of the increase was attributable to revenues related to operations in market areas associated with the Keystone and Premier acquisitions. Higher revenues from providing mortgage banking and deposit account services also contributed to the improvement.

Noninterest operating expenses, which exclude amortization of goodwill and core deposit intangible, were \$201.9 million in the recent quarter, compared with \$141.6 million in the corresponding 2000 period. Expenses related to the acquired operations of Keystone and, to a lesser extent, Premier were large contributors to the higher expense levels. The efficiency ratio, or noninterest operating expenses divided by the sum of taxable-equivalent net interest income and noninterest income, measures how much of a company's revenue is consumed by operating expenses. M&T's cash-basis efficiency ratio, calculated using the operating expense totals noted above and excluding gains from sales of bank investment securities from noninterest income, was 49.5% in the second quarter of 2001, compared with 51.6% a year earlier.

Non-cash charges for amortization of goodwill and core deposit intangible are included in the determination of net income following generally accepted accounting principles ("GAAP"). Charges for goodwill and core deposit intangible amortization,

after tax effect, were \$16.9 million (\$.17 per diluted share) and \$8.2 million (\$.08 per diluted share) during the second quarter of 2001, respectively. Similar after-tax amortization charges during the comparable 2000 quarter were \$8.6 million (\$.11 per diluted share) for goodwill and \$2.8 million (\$.03 per diluted share) for core deposit intangible. Including the impact of these items, GAAP-basis diluted earnings per share for the quarter ended June 30, 2001 were \$.94, compared with \$.91 in the corresponding quarter of 2000. On the same basis, net income for the recent quarter was \$94.8 million, compared with \$71.5 million in the year-earlier quarter.

Reflecting the \$4.8 million after-tax impact (\$.05 per diluted share) of nonrecurring merger-related expenses incurred during the first quarter of this year, GAAP-basis diluted earnings per share were \$1.79 for the first six months of 2001, up from \$1.77 during the similar period of 2000. During the first half of 2001 and 2000, GAAP-basis net income was \$178.5 million and \$139.8 million, respectively. There were no significant merger-related expenses incurred during the second quarter of 2001 or the first half of 2000. Amortization of goodwill and core deposit intangible, after tax effect, amounted to \$32.7 million (\$.33 per diluted share) and \$16.3 million (\$.16 per diluted share) during the first six months of 2001, respectively, and \$17.3 million (\$.22 per diluted share) and \$5.7 million (\$.07 per diluted share), respectively, during the first six months of 2000.

GAAP-basis net income for the second 2001 quarter expressed as an annualized rate of return on average assets and average common stockholders' equity was 1.23% and 12.61%, respectively. The comparable rates for the year-earlier quarter were 1.32% and 15.75%. During the first half of 2001, the annualized rates of return on average assets and average common stockholders' equity were 1.18% and 12.24%, respectively, compared with 1.27% and 15.45%, respectively, in the similar period of 2000.

At June 30, 2001, M&T had total assets of \$31.2 billion, up from \$21.7 billion at June 30, 2000. Loans and leases, net of unearned discount, rose 46% to \$24.8 billion at the recent quarter-end from \$16.9 billion a year earlier. Deposits were \$20.0 billion at June 30, 2001, compared with \$15.2 billion at June 30, 2000. Assets, loans and deposits obtained in the Keystone transaction on the October 6, 2000 acquisition date were \$7.4 billion, \$4.8 billion and \$5.2 billion, respectively. Assets, loans and deposits obtained in the February 9, 2001 acquisition of Premier were \$1.8 billion, \$1.0 billion and \$1.4 billion, respectively. Total stockholders' equity increased 61% to \$3.0 billion at June 30, 2001 from \$1.9 billion a year earlier. Common stockholders' equity per share was \$31.00 and \$24.18 at June 30, 2001 and 2000, respectively. Tangible equity per common share was \$17.68 at June 30, 2001, compared with \$16.28 at June 30, 2000.

During June 2001, M&T completed its previously announced program to reacquire 1,904,650 shares of its common stock. On June 25, 2001, M&T announced that it had been authorized by its Board of Directors to purchase up to 3,500,000 additional common shares to be used in connection with the possible future exercise of outstanding stock options. Through June 30, 2001, M&T had repurchased 791,267 shares of common stock pursuant to this latest program at an average cost of \$78.39 per share.

Investors will have an opportunity to listen to M&T's conference call to discuss second quarter financial results at 9:00 a.m. on Wednesday, July 11, 2001. Those wishing to participate in the call may dial 877-232-1251. The conference call will also be webcast live by Vcall through M&T's website. To access the live webcast please visit M&T's website at <http://ir.mandtbank.com/calendar.cfm>. A replay of the call will be available until July 12, 2001 by calling 800-642-1687, code 1229099. The event will also be archived and available by noon, July 11, 2001 at <http://ir.mandtbank.com/calendar.cfm>.



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