UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-9861

M&T BANK CORPORATION

(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	16-0968385 (I.R.S. Employer Identification No.)
One M & T Plaza Buffalo, New York (Address of principal executive offices)	14203 (Zip Code)

(716) 842-5445
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ].

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [x] No [ ].

Number of shares of the registrant's Common Stock, $0.50 par value, outstanding as of the close of business on April 30, 2005: 113,672,505 shares.

M&T BANK CORPORATION

FORM 10-Q

For the Quarterly Period Ended March 31, 2005

Table of Contents of Information Required in Report

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (Unaudited)

Dollars in thousands, except per share	March 31, 2005	December 31, 2004
Assets		
Cash and due from banks	$ 1,348,725	1,334,628
Money-market assets		
Interest-bearing deposits at banks	9,339	10,242
Federal funds sold and agreements to resell securities	22,385	29,176
Trading account	152,637	159,946
Total money-market assets	184,361	199,364
Investment securities		
Available for sale (cost: $8,316,598 at March 31, 2005; $8,047,681 at December 31, 2004)	8,252,223	8,054,717
Held to maturity (market value: $98,925 at March 31, 2005; $100,275 at December 31, 2004)	96,957	98,050
Other (market value: $329,710 at March 31, 2005; $321,852 at December 31, 2004)	329,710	321,852
Total investment securities	8,678,890	8,474,619
Loans and leases	39,320,465	38,644,622
Unearned discount	(247,122)	(246,145)
Allowance for credit losses	(631,993)	(626,864)
Loans and leases, net	38,441,350	37,771,613
Premises and equipment	356,623	367,204
Goodwill	2,904,081	2,904,081
Core deposit and other intangible assets	149,386	165,507
Accrued interest and other assets	1,823,802	1,721,705
Total assets	$53,887,218	52,938,721
Liabilities		
Noninterest-bearing deposits	$ 8,392,193	8,417,365
NOW accounts	810,737	828,999
Savings deposits	14,785,924	14,721,663
Time deposits	8,085,637	7,228,514
Deposits at foreign office	4,218,916	4,232,932
Total deposits	36,293,407	35,429,473
Federal funds purchased and agreements to repurchase securities	4,339,007	3,924,576
Other short-term borrowings	542,589	779,088
Accrued interest and other liabilities	756,224	727,411
Long-term borrowings	6,282,386	6,348,559
Total liabilities	48,213,613	47,209,107
Stockholders’ equity		
Preferred stock, $1 par, 1,000,000 shares authorized, none outstanding	—	—
Common stock, $.50 par, 250,000,000 shares authorized, 120,396,611 shares issued at March 31, 2005 and at December 31, 2004	60,198	60,198
Common stock issuable, 102,388 shares at March 31, 2005; 107,517 shares at December 31, 2004	5,496	5,779
Additional paid-in capital	2,883,593	2,897,912
Retained earnings	3,414,395	3,270,887
Accumulated other comprehensive income (loss), net	(61,490)	(17,209)
Treasury stock – common, at cost - 6,520,701 shares at March 31, 2005; 5,168,896 shares at December 31, 2004	(628,587)	(487,953)
Total stockholders’ equity	5,673,605	5,729,614
Total liabilities and stockholders’ equity	$53,887,218	52,938,721

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

In thousands, except per share	Three months ended March 31 2005	2004
Interest income		
Loans and leases, including fees	$548,689	471,639
Money-market assets		
Deposits at banks	28	15
Federal funds sold and agreements to resell securities	169	28
Trading account	99	150
Investment securities		
Fully taxable	85,987	70,810
Exempt from federal taxes	3,349	3,490
Total interest income	638,321	546,132
Interest expense		
NOW accounts	318	994
Savings deposits	27,889	22,921
Time deposits	48,754	36,389
Deposits at foreign office	25,380	6,882
Short-term borrowings	31,991	12,058
Long-term borrowings	61,934	47,585
Total interest expense	196,266	126,829
Net interest income	442,055	419,303
Provision for credit losses	24,000	20,000
Net interest income after provision for credit losses	418,055	399,303
Other income		
Mortgage banking revenues	33,426	28,258
Service charges on deposit accounts	88,353	88,325
Trust income	33,523	33,586
Brokerage services income	14,181	13,853
Trading account and foreign exchange gains	4,869	5,123
Gain on sales of bank investment securities	216	2,512
Other revenues from operations	59,690	56,494
Total other income	234,258	228,151
Other expense		
Salaries and employee benefits	206,610	200,750
Equipment and net occupancy	44,006	47,372
Printing, postage and supplies	8,831	9,892
Amortization of core deposit and other intangible assets	16,121	21,148
Other costs of operations	91,769	110,805
Total other expense	367,337	389,967
Income before taxes	284,976	237,487
Income taxes	95,686	77,997
Net income	$189,290	159,490
Net income per common share		
Basic	$ 1.65	1.33
Diluted	1.62	1.30
Cash dividends per common share	$ .40	.40
Average common shares outstanding		
Basic	114,773	119,738
Diluted	117,184	122,316

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

In thousands	Three months ended March 31 2005	2004
Cash flows from operating activities		
Net income	$ 189,290	159,490
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for credit losses	24,000	20,000
Depreciation and amortization of premises and equipment	15,257	16,378
Amortization of capitalized servicing rights	14,577	14,118
Amortization of core deposit and other intangible assets	16,121	21,148
Provision for deferred income taxes	(32,478)	(27,367)
Asset write-downs	131	186
Net gain on sales of assets	(1,231)	(3,040)
Net change in accrued interest receivable, payable	(4,913)	(4,880)
Net change in other accrued income and expense	69,479	81,302
Net change in loans held for sale	37,191	(5,377)
Net change in trading account assets and liabilities	(13,113)	7,138
Net cash provided by operating activities	314,311	279,096
Cash flows from investing activities		
Proceeds from sales of investment securities		
Available for sale	10,022	212,983
Other	12,503	5,013
Proceeds from maturities of investment securities		
Available for sale	501,463	514,077
Held to maturity	34,582	45,074
Purchases of investment securities		
Available for sale	(780,440)	(1,068,881)
Held to maturity	(33,493)	(47,194)
Other	(20,361)	(412)
Additions to capitalized servicing rights	(9,566)	(14,163)
Net increase in loans and leases	(735,672)	(760,185)
Capital expenditures, net	(3,349)	(4,813)
Other, net	(63,804)	67,223
Net cash used by investing activities	(1,088,115)	(1,051,278)
Cash flows from financing activities		
Net increase in deposits	867,720	229,488
Net increase in short-term borrowings	178,955	513,365
Proceeds from long-term borrowings	400,000	300,110
Payments on long-term borrowings	(450,813)	(100,766)
Purchases of treasury stock	(188,772)	(162,178)
Dividends paid – common	(45,743)	(47,644)
Other, net	19,763	58,001
Net cash provided by financing activities	781,110	790,376
Net increase in cash and cash equivalents	$ 7,306	18,194
Cash and cash equivalents at beginning of period	1,363,804	1,899,782
Cash and cash equivalents at end of period	$ 1,371,110	1,917,976
Supplemental disclosure of cash flow information		
Interest received during the period	$ 623,405	535,853
Interest paid during the period	194,860	131,645
Income taxes paid during the period	25,162	9,718
Supplemental schedule of noncash investing and financing activities		
Real estate acquired in settlement of loans	$ 3,026	4,607

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)

In thousands, except per share	Preferred stock	Common stock	Common stock issuable	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss), net	Treasury stock	Total
2004								
Balance – January 1, 2004	$—	60,053	6,326	2,888,963	2,736,215	25,653	—	5,717,210
Comprehensive income:								
Net income	—	—	—	—	159,490	—	—	159,490
Other comprehensive income, net of tax and reclassification adjustments:								
Unrealized gains on investment securities	—	—	—	—	—	31,782	—	31,782
								191,272
Purchases of treasury stock	—	—	—	—	—	—	(162,178)	(162,178)
Stock-based compensation plans:								
Stock option and purchase plans:								
Compensation expense	—	—	—	11,644	—	—	—	11,644
Exercises	—	144	—	(1,909)	—	—	25,005	23,240
Directors' stock plan	—	1	—	165	—	—	—	166
Deferred compensation plans, net, including dividend equivalents	—	—	236	(364)	(47)	—	606	431
Common stock cash dividends - $.40 per share	—	—	—	—	(47,644)	—	—	(47,644)
Balance – March 31, 2004	$—	60,198	6,562	2,898,499	2,848,014	57,435	(136,567)	5,734,141
2005								
Balance – January 1, 2005	$—	60,198	5,779	2,897,912	3,270,887	(17,209)	(487,953)	5,729,614
Comprehensive income:								
Net income	—	—	—	—	189,290	—	—	189,290
Other comprehensive income, net of tax and reclassification adjustments:								
Unrealized losses on investment securities	—	—	—	—	—	(44,281)	—	(44,281)
								145,009
Purchases of treasury stock	—	—	—	—	—	—	(188,772)	(188,772)
Repayment of management stock ownership program receivable	—	—	—	94	—	—	—	94
Stock-based compensation plans:								
Stock option and purchase plans:								
Compensation expense	—	—	—	11,596	—	—	—	11,596
Exercises	—	—	—	(25,873)	—	—	47,126	21,253
Directors' stock plan	—	—	—	32	—	—	224	256
Deferred compensation plans, net, including dividend equivalents	—	—	(283)	(168)	(39)	—	788	298
Common stock cash dividends - $.40 per share	—	—	—	—	(45,743)	—	—	(45,743)
Balance – March 31, 2005	$—	60,198	5,496	2,883,593	3,414,395	(61,490)	(628,587)	5,673,605

CONSOLIDATED SUMMARY OF CHANGES IN ALLOWANCE FOR CREDIT LOSSES (Unaudited)

In thousands	Three months ended March 31 2005	2004
Beginning balance	$626,864	614,058
Provision for credit losses	24,000	20,000
Allowance related to loans sold or securitized	—	(501)
Net charge-offs		
Charge-offs	(26,783)	(29,401)
Recoveries	7,912	11,484
Total net charge-offs	(18,871)	(17,917)
Ending balance	$631,993	615,640

NOTES TO FINANCIAL STATEMENTS

1. Significant accounting policies

The consolidated financial statements of M&T Bank Corporation ("M&T") and subsidiaries ("the Company") were compiled in accordance with the accounting policies set forth in note 1 of Notes to Financial Statements included in the Company's 2004 Annual Report. In the opinion of management, all adjustments necessary for a fair presentation have been made and were all of a normal recurring nature.

2. Earnings per share

The computations of basic earnings per share follow:

	Three months ended March 31 2005	2004
	(in thousands, except per share)	
Income available to common stockholders		
Net income	$189,290	159,490
Weighted-average shares outstanding (including common stock issuable)	114,773	119,738
Basic earnings per share	$ 1.65	1.33

The computations of diluted earnings per share follow:

	Three months ended March 31 2005	2004
	(in thousands, except per share)	
Income available to common stockholders	$189,290	159,490
Weighted-average shares outstanding	114,773	119,738
Plus: incremental shares from assumed conversion of stock options	2,411	2,578
Adjusted weighted-average shares outstanding	117,184	122,316
Diluted earnings per share	$ 1.62	1.30

3. Comprehensive income

The following table displays the components of other comprehensive income:

	Three months ended March 31, 2005		
	Before-tax amount	Income taxes	Net
		(in thousands)	
Unrealized losses on investment securities:			
Unrealized holding losses during period	$(71,195)	27,046	(44,149)
Less: reclassification adjustment for gains realized in net income	216	(84)	132
Net unrealized losses	$(71,411)	27,130	(44,281)

	Three months ended March 31, 2004		
	Before-tax amount	Income taxes	Net
		(in thousands)	
Unrealized gains on investment securities:			
Unrealized holding gains during period	$54,777	(21,463)	33,314
Less: reclassification adjustment for gains realized in net income	2,512	(980)	1,532
Net unrealized gains	$52,265	(20,483)	31,782

Accumulated other comprehensive income (loss), net consisted of unrealized gains (losses) as follows:

	Investment securities	Minimum pension liability adjustment	Total
		(in thousands)	
Balance – January 1, 2005	$ (4,712)	(12,497)	(17,209)
Net loss during period	(44,281)	—	(44,281)
Balance – March 31, 2005	$(48,993)	(12,497)	(61,490)
Balance – January 1, 2004	$ 38,111	(12,458)	25,653
Net gain during period	31,782	—	31,782
Balance – March 31, 2004	$ 69,893	(12,458)	57,435

4. Borrowings

In 1997, M&T Capital Trust I (“Trust I”), M&T Capital Trust II (“Trust II”), and M&T Capital Trust III (“Trust III”) issued $310 million of fixed rate preferred capital securities. In 1996, $150 million of floating rate preferred capital securities were issued by First Maryland Capital I (“Trust IV”) and in 1997, $150 million of floating rate preferred capital securities were issued by First Maryland Capital II (“Trust V”). The distribution rates on the preferred capital securities of Trust IV and Trust V adjust quarterly based on changes in the three-month London Interbank Offered Rate (“LIBOR”) and were 3.66% and 3.59%, respectively, at March 31, 2005 and 3.07% and 3.01%, respectively, at December 31, 2004. Trust I, Trust II, Trust III, Trust IV and Trust V are referred to herein collectively as the “Trusts.”

Other than the following payment terms (and the redemption terms described below), the preferred capital securities issued by the Trusts (“Capital Securities”) are substantially identical in all material respects:

Trust	Distribution rate	Distribution dates
Trust I	8.234%	February 1 and August 1
Trust II	8.277%	June 1 and December 1
Trust III	9.25%	February 1 and August 1
Trust IV	LIBOR plus 1.00%	January 15, April 15, July 15 and October 15
Trust V	LIBOR plus .85%	February 1, May 1, August 1 and November 1

The common securities of each Trust (“Common Securities”) 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 current risk-based capital guidelines, the Capital Securities are includable in M&T’s Tier 1 (core) capital.

The proceeds from the issuances of the Capital Securities and Common Securities were used by the Trusts to purchase junior subordinated deferrable interest debentures (“Junior Subordinated Debentures”) of M&T as follows:

Trust	Capital Securities	Common Securities	Junior Subordinated Debentures
Trust I	$150 million	$4.64 million	$154.64 million aggregate liquidation amount of 8.234% Junior Subordinated Debentures due February 1, 2027.
Trust II	$100 million	$3.09 million	$103.09 million aggregate liquidation amount of 8.277% Junior Subordinated Debentures due June 1, 2027.
Trust III	$60 million	$1.856 million	$61.856 million aggregate liquidation amount of 9.25% Junior Subordinated Debentures due February 1, 2027.

4. Borrowings, continued

Trust	Capital Securities	Common Securities	Junior Subordinated Debentures
Trust IV	$150 million	$4.64 million	$154.64 million aggregate liquidation amount of Floating Rate Junior Subordinated Debentures due January 15, 2027.
Trust V	$150 million	$4.64 million	$154.64 million aggregate liquidation amount of Floating Rate Junior Subordinated Debentures due February 1, 2027.

The Junior Subordinated Debentures represent the sole assets of each Trust and payments under the Junior Subordinated Debentures are the sole source of cash flow for each Trust. The financial statement carrying values of junior subordinated debentures associated with preferred capital securities of Trust III, Trust IV and Trust V at March 31, 2005 and December 31, 2004 include the unamortized portions of purchase accounting adjustments to reflect estimated fair value as of the date of M&T's acquisition of the common securities of each respective trust. The interest rates payable on the Junior Subordinated Debentures of Trust IV and Trust V were 3.66% and 3.59%, respectively, at March 31, 2005 and 3.07% and 3.01%, respectively, at December 31, 2004.

Holders of the Capital Securities receive preferential cumulative cash distributions on each distribution date at the stated distribution rate unless M&T exercises its right to extend the payment of interest on the Junior Subordinated Debentures for up to ten semi-annual periods (in the case of Trust I, Trust II and Trust III) or twenty quarterly periods (in the case of Trust IV and Trust V), 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. 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 are mandatorily redeemable in whole, but not in part, upon repayment at the stated maturity dates of the Junior Subordinated Debentures or the earlier redemption of the Junior Subordinated Debentures in whole upon the occurrence of one or more events ("Events") set forth in the indentures relating to the Capital Securities, and in whole or in part at any time after the stated optional redemption dates (January 15, 2007 in the case of Trust IV, February 1, 2007 in the case of Trust I, Trust III and Trust V, and June 1, 2007 in the case of Trust II) contemporaneously with the optional redemption of the related Junior Subordinated Debentures in whole or in part. The Junior Subordinated Debentures are redeemable prior to their stated maturity dates at M&T's option (i) on or after the stated optional redemption dates, in whole at any time or in part from time to time, or (ii) in whole, but not in part, at any time within 90 days following the occurrence and during the continuation of one or more of the Events, in each case subject to possible regulatory approval. The redemption price of the Capital Securities and the

4. Borrowings, continued

related Junior Subordinated Debentures upon early redemption will be expressed as a percentage of the liquidation amount plus accumulated but unpaid distributions. In the case of Trust I, such percentage adjusts annually and ranges from 104.117% at February 1, 2007 to 100.412% for the annual period ending January 31, 2017, after which the percentage is 100%, subject to a make-whole amount if the early redemption occurs prior to February 1, 2007. In the case of Trust II, such percentage adjusts annually and ranges from 104.139% at June 1, 2007 to 100.414% for the annual period ending May 31, 2017, after which the percentage is 100%, subject to a make-whole amount if the early redemption occurs prior to June 1, 2007. In the case of Trust III, such percentage adjusts annually and ranges from 104.625% at February 1, 2007 to 100.463% for the annual period ending January 31, 2017, after which the percentage is 100%, subject to a make-whole amount if the early redemption occurs prior to February 1, 2007. In the case of Trust IV and Trust V, the redemption price upon early redemption will be equal to 100% of the principal amount to be redeemed plus any accrued but unpaid distributions to the redemption date.

In 1999, Allfirst Preferred Capital Trust (“Allfirst Capital Trust”) issued $100 million of Floating Rate Non-Cumulative Subordinated Trust Enhanced Securities (“SKATES”). Allfirst Capital Trust is a Delaware business trust that was formed in June 1999 for the exclusive purposes of (i) issuing the SKATES and common securities, (ii) purchasing Asset Preferred Securities issued by Allfirst Preferred Asset Trust (“Allfirst Asset Trust”) and (iii) engaging in only those other activities necessary or incidental thereto. M&T holds 100% of the common securities of Allfirst Capital Trust. Allfirst Asset Trust is a Delaware business trust that was formed in June 1999 for the exclusive purposes of (i) issuing Asset Preferred Securities and common securities, (ii) investing the gross proceeds of the Asset Preferred Securities in junior subordinated debentures assumed by M&T in an acquisition and other permitted investments and (iii) engaging in only those other activities necessary or incidental thereto. M&T holds 100% of the common securities of Allfirst Asset Trust and Allfirst Capital Trust holds 100% of the Asset Preferred Securities of Allfirst Asset Trust. M&T currently has outstanding $105.3 million aggregate liquidation amount Floating Rate Junior Subordinated Debentures due July 15, 2029 that are payable to Allfirst Asset Trust. The interest rates payable on such debentures were 4.09% at March 31, 2005 and 3.50% at December 31, 2004.

Distributions on the SKATES are non-cumulative. The distribution rate on the SKATES and on the Floating Rate Junior Subordinated Debentures is a rate per annum of three month LIBOR plus 1.50% reset quarterly two business days prior to the distribution dates of January 15, April 15, July 15, and October 15 in each year. Distributions on the SKATES will be paid if, as and when Allfirst Capital Trust has funds available for payment. The SKATES are subject to mandatory redemption if the Asset Preferred Securities of Allfirst Asset Trust are redeemed. Allfirst Asset Trust will redeem the Asset Preferred Securities if the junior subordinated debentures of M&T held by Allfirst Asset Trust are redeemed. M&T may redeem such junior subordinated debentures, in whole or in part, at any time on or after July 15, 2009, subject to regulatory approval. Allfirst Asset Trust will redeem the Asset Preferred Securities at par plus accrued and unpaid distributions from the last distribution payment date. M&T has guaranteed, on a subordinated basis, the payment in full of all distributions and other payments on the SKATES and on the Asset Preferred Securities to the extent that Allfirst Capital Trust and Allfirst Asset Trust, respectively, have funds legally available. Under the Federal Reserve Board’s current risk-based capital guidelines, the SKATES are includable in M&T’s Tier 1 Capital.

4. Borrowings, continued

Including the unamortized portions of purchase accounting adjustments to reflect estimated fair value at the acquisition dates of the common securities of Trust III, Trust IV, Trust V and Allfirst Asset Trust, the junior subordinated debentures associated with preferred capital securities had financial statement carrying values as follows:

	March 31 2005	December 31 2004
	(in thousands)	
Trust I	$154,640	154,640
Trust II	103,093	103,093
Trust III	68,953	69,034
Trust IV	142,690	142,553
Trust V	140,162	139,997
Allfirst Asset Trust	101,523	101,483
	$711,061	710,800

5. Segment information

Reportable segments have been determined based upon the Company’s internal profitability reporting system, which is organized by strategic business units. 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 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 21 to the Company’s consolidated financial statements as of and for the year ended December 31, 2004. 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 generally accepted accounting principles. As a result, the financial information of the reported segments is not necessarily comparable with similar information reported by other financial institutions. As also described in note 21 to the Company’s 2004 consolidated financial statements, neither goodwill nor core deposit and other intangible assets (and the amortization charges associated with such assets) resulting from acquisitions of financial institutions have been allocated to the Company’s reportable segments, but are included in the “All Other” category. The Company has, however, assigned such intangible assets to business units for purposes of

5. Segment information, continued

testing for impairment. Information about the Company's segments is presented in the following table:

	Three months ended March 31					
	2005			2004		
	Total revenues(a)	Inter-segment revenues	Net income (loss)	Total revenues(a)	Inter-segment revenues	Net income (loss)(a)
	(in thousands)					
Commercial Banking	$127,413	173	51,714	122,186	161	52,174
Commercial Real Estate(b)	65,528	203	32,763	58,233	278	28,327
Discretionary Portfolio	47,260	155	29,640	43,011	1,335	24,874
Residential Mortgage Banking	57,615	8,993	10,893	53,454	9,002	258
Retail Banking	313,982	4,501	75,297	297,171	4,935	53,277
All Other(b)	64,515	(14,025)	(11,017)	73,399	(15,711)	580
Total	$676,313	—	189,290	647,454	—	159,490

	Average total assets		
	Three months ended March 31		Year ended December 31
	2005	2004	2004
	(in millions)		
Commercial Banking	$11,356	10,601	10,946
Commercial Real Estate(b)	8,475	7,489	7,868
Discretionary Portfolio	11,711	10,454	10,936
Residential Mortgage Banking	2,037	1,669	1,801
Retail Banking	14,799	14,551	14,739
All Other(b)	4,928	5,151	5,227
Total	$53,306	49,915	51,517

(a) Total revenues are comprised of net interest income and other income. Net interest income is the difference between taxable-equivalent interest earned on assets owned, interest paid on liabilities owed by a segment and a funding charge (credit) based on the Company's internal funds transfer 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). Total revenues and net income (loss) for the first quarter of 2004 have been adjusted to reflect modifications to the internal funds transfer

5. Segment information, continued

methodology effective January 1, 2005. The net effect of the change was to increase previously reported net income for the quarter ended March 31, 2004 in the Retail Banking segment by $4 million and to decrease previously reported net income for each of the Commercial Banking and Discretionary Portfolio segments by $1 million and the Commercial Real Estate segment by $2 million. The taxable-equivalent adjustment aggregated $4,120,000 and $4,230,000 for the three-month periods ended March 31, 2005 and 2004, respectively, and is eliminated in “All Other” total revenues. Intersegment revenues are included in total revenues of the reportable segments. The elimination of intersegment revenues is included in the determination of “All Other” total revenues.

(b) During the second quarter of 2004, a business unit that had been previously included in the “All Other” category was moved to the Commercial Real Estate segment for internal profitability reporting purposes. As a result, approximately $64 million of assets were transferred from the “All Other” category to the Commercial Real Estate segment. This business unit contributed net income of approximately $1 million in the first quarter of 2004. Information for 2004 has been reclassified to conform to current period presentations.

6. 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.

	March 31 2005	December 31 2004
	(in thousands)	
Commitments to extend credit		
Home equity lines of credit	$4,506,145	4,283,371
Commercial real estate loans to be sold	106,703	105,660
Other commercial real estate and construction	1,852,764	1,809,382
Residential real estate loans to be sold	462,044	422,159
Other residential real estate	563,916	449,564
Commercial and other	6,809,582	6,645,878
Standby letters of credit	3,353,159	3,162,901
Commercial letters of credit	47,457	57,455
Financial guarantees and indemnification contracts	1,194,985	1,168,517
Commitments to sell real estate loans	996,718	931,924

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. 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

6. Commitments and contingencies, continued

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 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 Federal National Mortgage Association Delegated Underwriting and Servicing program. Under this program, the Company's maximum credit risk associated with loans sold with recourse totaled $932 million and $926 million at March 31, 2005 and December 31, 2004, 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 in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, and along with commitments to originate real estate loans to be held for sale and hedged real estate loans held for sale are generally recorded in the consolidated balance sheet at estimated fair market value. However, in accordance with Staff Accounting Bulletin ("SAB") No. 105, "Application of Accounting Principles to Loan Commitments," issued by the United States Securities and Exchange Commission, effective April 1, 2004, value ascribable to cash flows that will be realized in connection with loan servicing activities has not been included in the determination of fair value of loans held for sale or commitments to originate loans for sale. Value ascribable to that portion of cash flows is now recognized at the time the underlying mortgage loans are sold. As a result of implementing SAB No. 105, there was a deferral of approximately $6 million of mortgage banking revenues as of March 31, 2005 that will be recognized when the underlying mortgage loans are sold.

The Company has an agreement with the Baltimore Ravens of the National Football League whereby the Company obtained the naming rights to a football stadium in Baltimore, Maryland for a fifteen year term. Under the agreement, the Company paid $3 million in both 2003 and 2004, and is obligated to pay $5 million per year from 2005 through 2013 and $6 million per year from 2014 through 2017.

The Company also has commitments under long-term operating leases.

M&T and its subsidiaries are subject in the normal course of business to various pending and threatened legal proceedings in which claims for monetary damages are asserted. Management, after consultation with legal counsel, does not anticipate that the aggregate ultimate liability arising out of litigation pending against M&T or its subsidiaries will be material to the Company's consolidated financial position, but at the present time is not in a position to determine whether such litigation will have a material adverse effect on the Company's consolidated results of operations in any future reporting period.

7. 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. Net periodic benefit cost consisted of the following:

	Pension benefits		Postretirement benefits	
	Three months ended March 31			
	2005	2004	2005	2004
	(in thousands)			
Service cost	$ 8,000	7,850	250	225
Interest cost on projected benefit obligation	9,925	9,303	1,350	1,225
Expected return on plan assets	(9,575)	(9,376)	—	—
Amortization of net actuarial loss	1,200	699	300	175
Net periodic benefit cost	$ 9,550	8,476	1,900	1,625

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Overview

Net income of M&T Bank Corporation (“M&T”) was $189 million or $1.62 of diluted earnings per common share in the first quarter of 2005, increases of 19% and 25%, respectively, from $159 million or $1.30 of diluted earnings per common share in the first quarter of 2004. During the fourth quarter of 2004, net income was $192 million or $1.62 of diluted earnings per common share. Basic earnings per common share were $1.65 in the recently completed quarter, compared with $1.33 in the first quarter of 2004 and $1.66 in 2004’s final quarter.

The annualized rate of return on average total assets for M&T and its consolidated subsidiaries (“the Company”) in 2005’s first quarter was 1.44%, compared with 1.29% in the year-earlier quarter and 1.45% in the fourth quarter of 2004. The annualized rate of return on average common stockholders’ equity was 13.41% in the recent quarter, compared with 11.19% and 13.37% in the first and fourth quarters of 2004, respectively.

Supplemental Reporting of Non-GAAP Results of Operations

As a result of accounting for business combinations using the purchase method of accounting, the Company had recorded intangible assets consisting of goodwill and core deposit and other intangible assets totaling $3.1 billion at each of March 31, 2005, March 31, 2004 and December 31, 2004. Included in such intangible assets at each of those dates was goodwill of $2.9 billion. Amortization of core deposit and other intangible assets, after tax effect, was $10 million ($.08 per diluted share) during each of the first quarter of 2005 and fourth quarter of 2004, compared with $13 million ($.11 per diluted share) in the first quarter of 2004.

Since 1998, M&T has consistently provided supplemental reporting of its results on a “net operating” or “tangible” basis, from which M&T excludes the after-tax effect of amortization of core deposit and other intangible assets (and the related goodwill, core deposit intangible and other intangible asset balances, net of applicable deferred tax amounts) and expenses associated with merging acquired operations into the Company, since such expenses are considered by management to be “nonoperating” in nature. Although “net operating income” as defined by M&T is not a GAAP measure, M&T’s management believes that this information helps investors understand the effect of acquisition activity in reported results.

Net operating income rose 15% to $199 million in the first quarter of 2005 from $172 million in the corresponding quarter of 2004. Diluted net operating earnings per share for the recent quarter were $1.70, an increase of 21% from $1.41 in the first quarter of 2004. Net operating income and diluted net operating earnings per share were $202 million and $1.70, respectively, in the fourth quarter of 2004.

Net operating income in 2005’s initial quarter represented an annualized rate of return on average tangible assets of 1.61%, compared with 1.48% and 1.62% in the first and fourth quarters of 2004, respectively. Net operating income expressed as an annualized return on average tangible common equity was 29.67% in the recently completed quarter, compared with 26.02% in the year-earlier quarter and 29.69% in the fourth quarter of 2004.

Reconciliations of GAAP results with non-GAAP results are provided in table 2.

Taxable-equivalent Net Interest Income

Taxable-equivalent net interest income rose 5% to $446 million in the first quarter of 2005 from $424 million in the year-earlier quarter, but was equal to the fourth quarter of 2004. The improvement in the recent quarter as compared with 2004's initial quarter reflects a $3.8 billion, or 9%, increase in average earning assets, partially offset by a narrowing of the Company's net interest margin, or taxable-equivalent net interest income expressed as an annualized percentage of average earning assets.

Average loans and leases rose $2.7 billion, or 8%, to $38.6 billion in the recently completed quarter from $35.8 billion in the first quarter of 2004, and were up 1% from the $38.1 billion average in 2004's fourth quarter. Leading the recent quarter's growth in average loans from a year earlier were higher average outstanding commercial loans and commercial real estate loans which increased $1.0 billion or 11% and $1.7 billion or 13%, respectively. Average residential real estate loans increased $162 million or 5% from the first quarter of 2004, due, in part, to higher average balances of loans held for sale by the Company's residential mortgage banking subsidiary, M&T Mortgage Corporation. Reflecting mixed results, the consumer loan portfolio declined in the first quarter of 2005 by $92 million or 1% as compared with the first quarter of 2004. Growth in the outstanding balances of home equity lines of credit was offset by a decline in automobile loans and leases and planned run-off of other second-mortgage loans. The Company experienced growth of 2% in the average balance of the commercial loan and commercial real estate loan portfolios in the recent quarter as compared with 2004's final quarter, while average consumer loans declined by 1%. In dollar amount, average commercial loans and commercial real estate loans increased in 2005's initial quarter by $175 million and $299 million, respectively, and the average balance of consumer loans decreased by $121 million as compared with the final quarter of 2004. The decline in consumer loans reflected a $183 million decrease in the average balance of automobile loans and leases, offset in part, by an increase of $85 million in average outstanding balances under home equity lines of credit. Average residential real estate loans in the recent quarter increased by $84 million or 3% from 2004's fourth quarter. The accompanying table summarizes quarterly changes in the major components of the loan and lease portfolio.

AVERAGE LOANS AND LEASES
(net of unearned discount)
Dollars in millions

	1st Qtr. 2005	Percent increase (decrease) from 1st Qtr. 2004	4th Qtr. 2004 .
Commercial, financial, etc.	$10,094	11%	2%
Real estate – commercial	14,193	13	2
Real estate – consumer	3,246	5	3
Consumer			
Automobile	4,071	(9)	(4)
Home equity lines	3,863	18	2
Home equity loans	1,335	(21)	(4)
Other	1,778	5	2
Total consumer	11,047	(1)	(1)
Total	$38,580	8%	1%

Investment securities averaged $8.6 billion during 2005's initial quarter, compared with $7.5 billion in the year-earlier quarter and $8.3 billion in the fourth quarter of 2004. The higher level of investment securities in the recently completed quarter as compared with a year earlier reflected net purchases of securities in 2004 and 2005, consisting largely of collateralized residential mortgage obligations. The investment securities portfolio is largely comprised of residential and commercial mortgage-backed securities and collateralized mortgage obligations, debt securities issued by municipalities, debt and preferred equity securities issued by government-sponsored agencies and certain financial institutions, and shorter-term U.S. Treasury notes. When purchasing investment securities, the Company considers its overall interest-rate risk profile as well as the adequacy of expected returns relative to risks assumed, including prepayments. In managing its investment securities portfolio, the Company occasionally sells investment securities as a result of changes in interest rates and spreads, actual or anticipated prepayments, or credit risk associated with a particular security, or as a result of restructuring its investment securities portfolio following completion of a business combination.

Money-market assets, which are comprised of interest-earning deposits at banks, interest-earning trading account assets, federal funds sold and agreements to resell securities, averaged $87 million in the recently completed quarter, compared with $85 million and $67 million in the first and fourth quarters of 2004, respectively. The amount of investment securities and money-market assets held by the Company are influenced by such factors as demand for loans, which generally yield more than investment securities and money-market assets, ongoing repayments, the levels of deposits, and management of balance sheet size and resulting capital ratios.

As a result of the changes described herein, average earning assets rose 9% to $47.2 billion in the initial quarter of 2005 from $43.4 billion in the year-earlier quarter. Average earning assets were $46.5 billion in the final 2004 quarter.

The most significant source of funding for the Company is core deposits, which are comprised of noninterest-bearing deposits, interest-bearing transaction accounts, nonbrokered savings deposits and nonbrokered domestic time deposits under $100,000. The Company's branch network is its principal source of core deposits, which generally carry lower interest rates than wholesale funds of comparable maturities. Certificates of deposit under $100,000 generated on a nationwide basis by M&T Bank, National Association ("M&T Bank, N.A."), a wholly owned bank subsidiary of M&T, are also included in core deposits. Average core deposits were $27.6 billion in the first quarter of 2005, compared with $27.9 billion in the year earlier quarter and $28.1 billion in the fourth quarter of 2004. The following table provides an analysis of quarterly changes in the components of average core deposits. The decline in average NOW account balances in the recent quarter compared with the first quarter of 2004 reflects product modifications that resulted in additional customer balances being swept into savings deposit accounts.

AVERAGE CORE DEPOSITS

		Percent increase (decrease) from	
Dollars in millions	**1st Qtr. 2005**	**1st Qtr. 2004**	**4th Qtr. 2004**
NOW accounts	$ 376	(66)%	—%
Savings deposits	15,022	2	(2)
Time deposits less than $100,000	4,046	(11)	—
Noninterest-bearing deposits	8,202	8	(2)
Total	$27,646	(1)%	(2)%

Additional sources of funding for the Company include domestic time deposits of $100,000 or more, deposits originated through the Company's offshore branch office, and brokered deposits. Domestic time deposits over $100,000, excluding brokered certificates of deposit, averaged $1.4 billion in the quarter ended March 31, 2005, compared with $1.2 billion during the first quarter of 2004 and $1.3 billion in 2004's final quarter. Offshore branch deposits, primarily comprised of accounts with balances of $100,000 or more, averaged $4.2 billion, $2.8 billion and $3.5 billion for the three-month periods ended March 31, 2005, March 31, 2004 and December 31, 2004, respectively. Average brokered time deposits totaled $1.9 billion during the recent quarter, compared with $854 million and $1.7 billion in the first and fourth quarters of 2004, respectively. At March 31, 2005, brokered time deposits totaled $2.5 billion and the weighted-average remaining term to maturity of such deposits was 14 months. Certain of these brokered time deposits have provisions that allow early redemption. In connection with the Company's management of interest rate risk, interest rate swap agreements have been entered into under which the Company receives a fixed rate of interest and pays a variable rate and that have notional amounts and terms substantially similar to the amounts and terms of $160 million of brokered time deposits. The Company also had brokered money-market deposit accounts which averaged $60 million during the first quarter of 2005, compared with $59 million in the corresponding quarter of 2004 and $57 million in the fourth quarter of 2004. Offshore branch deposits and brokered deposits have been used by the Company as alternatives to short-term borrowings. Additional amounts of offshore branch deposits or brokered deposits may be solicited in the future depending on market conditions, including demand by customers and other investors for those deposits, and the cost of funds available from alternative sources at the time.

The Company also uses borrowings from banks, securities dealers, the Federal Home Loan Banks of New York, Pittsburgh and Atlanta (together, the "FHLB"), and others as sources of funding. Short-term borrowings averaged $5.2 billion in the first 2005 quarter, compared with $4.8 billion and $5.4 billion in the first and fourth quarters of 2004, respectively. Unsecured federal funds borrowings, which generally mature daily, included in short-term borrowings averaged $4.4 billion, $3.9 billion and $4.5 billion in the first quarters of 2005 and 2004, and the fourth quarter of 2004, respectively. Overnight federal funds borrowings represent the largest component of short-term borrowings and are obtained daily from a wide variety of banks and other financial institutions. Also included in short-term borrowings is a $500 million revolving asset-backed structured borrowing secured by automobile loans that were transferred to M&T Auto Receivables I, LLC, a special purpose subsidiary of M&T Bank (the principal bank subsidiary of M&T) formed in November 2002. The special purpose subsidiary, the loans and the borrowings are included in the consolidated financial statements of the Company.

Long-term borrowings averaged $6.4 billion in the initial quarter of 2005, compared with $5.6 billion in the year-earlier quarter and $6.1 billion in the fourth quarter of 2004. Included in average long-term borrowings were amounts borrowed from the FHLB of $3.9 billion in the first quarter of 2005, and $3.1 billion and $3.5 billion in the first and fourth quarters of 2004, respectively, and subordinated capital notes of $1.3 billion in each of those quarters. Junior subordinated debentures associated with trust preferred securities that were included in average long-term borrowings were $711 million in the first quarter of 2005 and in the fourth quarter of 2004, and $710 million in the initial 2004 quarter. Information regarding trust preferred securities and the related junior subordinated debentures is provided in note 4 of Notes to Financial Statements. As described later, certain interest rate swap agreements have been entered into by the Company as part of its management of interest rate risk relating to long-term borrowings.

Changes in the composition of the Company's earning assets and interest-bearing liabilities as described herein, as well as changes in interest rates and spreads, can impact net interest income. Net interest spread, or the difference between the taxable-equivalent yield on earning assets and the rate paid on interest-bearing liabilities, was 3.46% in the first quarter of 2005 and 3.67% in the year-earlier quarter. The yield on earning assets during the recent quarter was 5.52%, up 42 basis points (hundredths of one percent) from 5.10% in the first quarter of 2004, while the rate paid on interest-bearing liabilities increased 63 basis points to 2.06% from 1.43%. In the final quarter of 2004, the net interest spread was 3.49%, the yield on earning assets was 5.24% and the rate paid on interest-bearing liabilities was 1.75%. The contraction of the net interest spread from the prior periods reflects the impact of rising short-term interest rates since June 2004 and the fact that, in general, rates paid on interest-bearing liabilities, including short-term borrowings and foreign office deposits, tend to reprice more rapidly than yields on many earning assets. During the period from June 30, 2004 through March 31, 2005, the Federal Reserve raised its benchmark overnight federal funds target rate seven times, each increase representing a 25 basis point increment over the previous effective target rate.

Net interest-free funds consist largely of noninterest-bearing demand deposits and stockholders' equity, partially offset by bank owned life insurance and non-earning assets, including goodwill and core deposit and other intangible assets. Average net interest-free funds totaled $8.6 billion in the recent quarter, compared with $7.8 billion and $8.7 billion in the first and fourth quarters of 2004, respectively. The increase in average net interest-free funds in the first 2005 quarter as compared with the initial 2004 quarter were largely due to higher non-interest bearing deposit balances. Goodwill and core deposit and other intangible assets averaged $3.1 billion during each of the quarters ended March 31, 2005, March 31, 2004 and December 31, 2004. The cash surrender value of bank owned life insurance averaged $1.0 billion in each of the first quarter of 2005 and 2004 and in the fourth quarter of 2004. Increases in the cash surrender value of bank owned life insurance are not included in interest income, but rather are recorded in "other revenues from operations."

The contribution of net interest-free funds to net interest margin was .37% in the recent quarter, compared with .25% in the year-earlier quarter and .33% in 2004's fourth quarter. The increase in the contribution to net interest margin ascribed to net interest-free funds in the recent quarter as compared with the first quarter of 2004 and the fourth quarter of 2004 resulted largely from the impact of higher interest rates on interest-bearing liabilities used to value such contribution.

Reflecting the changes to the net interest spread and the contribution of interest-free funds as described herein, the Company's net interest margin was 3.83% in 2005's initial quarter, down from 3.92% in the comparable quarter of 2004, but little changed from 3.82% in the fourth quarter of 2004. Until the recent quarter, net interest margin had declined in each quarter subsequent to the first quarter of 2003, and net interest margin for the fourth quarter of 2004 was the lowest earned by the Company since the fourth quarter of 1998.

Future changes in market interest rates or spreads, as well as changes in the composition of the Company's portfolios of earning assets and interest-bearing liabilities that result in reductions in spreads, could adversely impact the Company's net interest income and net interest margin. Management assesses the potential impact of future changes in interest rates and spreads by projecting net interest income under several interest rate scenarios. In managing interest rate risk, the Company utilizes interest rate swap agreements to modify the repricing characteristics of certain portions of its portfolios of earning assets and interest-bearing liabilities. Periodic settlement amounts arising from these agreements are generally reflected in either the yields earned on assets or the rates paid on interest-bearing liabilities. The notional amount of interest rate swap agreements entered into for interest rate risk management purposes was $735 million as of March 31, 2005, $725 million as of December 31, 2004 and $675 million as of March 31, 2004. In general, under the terms of these swap agreements, the Company receives payments based on the outstanding notional amount of the swaps at fixed rates of interest and makes payments at variable rates.

As of March 31, 2005, all of the Company's interest rate swap agreements entered into for risk management purposes had been designated as fair value hedges. In a fair value hedge, the fair value of the derivative (the interest rate swap agreement) and changes in the fair value of the hedged item are recorded in the Company's consolidated balance sheet with the corresponding gain or loss recognized in current earnings. The difference between changes in the fair value of the interest rate swap agreements and the hedged items represents hedge ineffectiveness and is recorded in "other revenues from operations" in the Company's consolidated statement of income. In a cash flow hedge, unlike in a fair value hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings when the forecasted transaction affects earnings. The ineffective portion of the gain or loss is reported in "other revenues from operations" immediately. The amounts of hedge ineffectiveness recognized during the quarters ended March 31, 2005 and 2004 and the quarter ended December 31, 2004 were not material to the Company's results of operations. The estimated aggregate fair value of interest rate swap agreements designated as fair value hedges was a loss of approximately $18 million at March 31, 2005, compared with a gain of $15 million at March 31, 2004 and a loss of $4 million at December 31, 2004. The fair values of such swap agreements were substantially offset by changes in the fair values of the hedged items. The changes in the fair values of the interest rate swap agreements and the hedged items result from the effects of changing interest rates.

The weighted-average rates to be received and paid under interest rate swap agreements currently in effect were 6.72% and 5.27%, respectively, at March 31, 2005. The average notional amounts of interest rate swap agreements and the related effect on net interest income and margin, and the weighted-average rate paid or received on those swaps are presented in the accompanying table.

INTEREST RATE SWAP AGREEMENTS

	Three months ended March 31			
	2005		2004	
Dollar in thousands	**Amount**	**Rate***	**Amount**	**Rate***
Increase (decrease) in:				
Interest income	$ —	—%	$ —	—%
Interest expense	(2,816)	(.03)	(5,241)	(.06)
Net interest income/margin	$ 2,816	.02%	$ 5,241	.05%
Average notional amount	$733,778		$675,659	
Rate received **		6.83%		7.23%
Rate paid **		5.28%		4.11%

* *Computed as an annualized percentage of average earning assets or interest-bearing liabilities.*

** *Weighted-average rate paid or received on interest rate swap agreements in effect during the period.*

As a financial intermediary, the Company is exposed to various risks, including liquidity and market risk. Liquidity refers to the Company's ability to ensure that sufficient cash flow and liquid assets are available to satisfy current and future obligations, including demands for loans and deposit withdrawals, funding operating costs, and other corporate purposes. Liquidity risk arises whenever the maturities of financial instruments included in assets and liabilities differ. M&T's banking subsidiaries have access to additional funding sources through FHLB borrowings, lines of credit with the Federal Reserve Bank of New York, and other available borrowing facilities. The Company has, from time to time, issued subordinated capital notes to provide liquidity and enhance regulatory capital ratios. As an additional source of funding, the Company entered into a $500 million revolving asset-backed structured borrowing, as noted earlier.

The Company has informal and sometimes reciprocal sources of funding available through various arrangements for unsecured short-term borrowings from a wide group of banks and other financial institutions. Short-term federal funds borrowings aggregated $4.1 billion, $3.7 billion and $4.0 billion at March 31, 2005, December 31, 2004 and March 31, 2004, respectively. In general, these borrowings were unsecured and matured on the following business day.

Should the Company experience a substantial deterioration in its financial condition or its debt ratings, or should the availability of short-term funding become restricted due to a disruption in the financial markets, the Company's ability to obtain funding from these or other sources could be negatively impacted. The Company attempts to quantify such credit-event risk by modeling scenarios that estimate the liquidity impact resulting from a short-term ratings downgrade over various grading levels. The Company estimates such impact by attempting to measure the effect on available unsecured lines of credit, available capacity from secured borrowing sources and securitizable assets. In addition to deposits and borrowings, other sources of liquidity include maturities of money-market assets and investment securities, repayments of loans and investment securities, and cash generated from operations, such as fees collected for services.

The Company serves in the capacity of remarketing agent for variable rate demand bonds ("VRDBs"), issued by customers of the Company for the purpose of obtaining financing. The VRDBs are enhanced by a direct-pay letter of credit provided by M&T Bank. Holders of the VRDBs generally have the right to sell the bonds to the remarketing agent with seven days notice, which could result in M&T Bank owning the VRDBs for some period of time until such instruments are remarketed. When this occurs, the VRDBs are classified as trading assets in the Company's consolidated balance sheet. The value of VRDBs in the Company's trading account totaled $25 million at March 31, 2005, $10 million at March 31, 2004 and $14 million at December 31, 2004. As of March 31, 2005 and 2004, the total amount of VRDBs outstanding backed by an M&T Bank letter of credit was $1.6 billion, compared with $1.5 billion at December 31, 2004. M&T Bank also serves as remarketing agent for most of those bonds.

The Company enters into contractual obligations in the normal course of business which require future cash payments. Such obligations include, among others, payments related to deposits, borrowings, leases, and other contractual commitments. The Company also enters into various other off-balance sheet commitments to customers that may impact liquidity, including commitments to extend credit, standby letters of credit, commercial letters of credit, financial guarantees and indemnification contracts, and commitments to sell real estate loans. Since many of these commitments or contracts expire without being funded in whole or in part, the contract amounts are not necessarily indicative of future cash flows. Further information related to these commitments is provided in note 6 of Notes to Financial Statements.

M&T's primary source of funds to pay for operating expenses, shareholder dividends and treasury stock repurchases has historically been the receipt of dividends from its banking subsidiaries, which are subject to various 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 two preceding years. Under that limitation, at March 31, 2005 approximately $467 million was available for payment of dividends to M&T from banking subsidiaries without prior regulatory approval. These historic sources of cash flow have been augmented in the past by the issuance of trust preferred securities. Information regarding trust preferred securities and the related junior subordinated debentures is included in note 4 of Notes to Financial Statements. M&T also maintains a $30 million line of credit with an unaffiliated commercial bank, of which there were no borrowings outstanding at March 31, 2005 or at December 31, 2004.

On an ongoing basis, management closely monitors the Company’s liquidity position for compliance with internal policies and believes that available sources of liquidity are adequate to meet funding needs anticipated in the normal course of business. Management does not currently anticipate engaging in any activities, either currently or in the long-term, for which adequate funding would not be available and would therefore result in a significant strain on liquidity at either M&T or its subsidiary banks.

Market risk is the risk of loss from adverse changes in market prices and/or interest rates of the Company’s financial instruments. The primary market risk the Company is exposed to is interest rate risk. The core banking activities of lending and deposit-taking expose the Company to interest rate risk, since assets and liabilities reprice at different times and by different amounts as interest rates change. As a result, net interest income earned by the Company is subject to the effects of changing interest rates. The Company measures interest rate risk by calculating the variability of net interest income in future periods under various interest rate scenarios using projected balances for earning assets, interest-bearing liabilities and derivatives used to hedge interest rate risk. Management’s philosophy toward interest rate risk management is to limit the variability of net interest income. The balances of financial instruments used in the projections are based on expected growth from forecasted business opportunities, anticipated prepayments of loans and investment securities, and expected maturities of investment securities, loans and deposits. Management uses a “value of equity” model to supplement the modeling technique described above. Those supplemental analyses are based on discounted cash flows associated with on- and off-balance sheet financial instruments. Such analyses are modeled to reflect changes in interest rates and shifts in the maturity curve of interest rates and provide management with a long-term interest rate risk metric.

The Company’s Risk Forum Committee, which includes members of senior management, monitors the sensitivity of the Company’s net interest income to changes in interest rates with the aid of a computer model that forecasts net interest income under different interest rate scenarios. In modeling changing interest rates, the Company considers different yield curve shapes that consider both parallel (that is, simultaneous changes in interest rates at each point on the yield curve) and non-parallel (that is, allowing interest rates at points on the yield curve to vary by different amounts) shifts in the yield curve. Non-parallel changes in rates result in either a flattening or a steepening of the yield curve. In utilizing the model, market implied forward interest rates over the subsequent twelve months are generally used to determine a base interest rate scenario for the net interest income simulation. That calculated base net interest income is then compared to the income calculated under the varying interest rate scenarios. The model considers the impact of ongoing lending and deposit-gathering activities, as well as interrelationships in the magnitude and timing of the repricing of financial instruments, including the effect of changing interest rates on expected prepayments and maturities. When deemed prudent, management has taken actions, and intends to do so in the future, to mitigate exposure to interest rate risk through the use of on- or off-balance sheet financial instruments. Possible actions include, but are not limited to, changes in the pricing of loan and deposit products, modifying the composition of earning assets and interest-bearing liabilities, and modifying or terminating existing interest rate swap agreements or other financial instruments used for interest rate risk management purposes.

The accompanying table as of March 31, 2005 and December 31, 2004 displays the estimated impact on net interest income from non-trading financial instruments in the base scenario described above resulting from parallel changes in interest rates across repricing categories during the first modeling year.

SENSITIVITY OF NET INTEREST INCOME
TO CHANGES IN INTEREST RATES
(dollars in thousands)

	Calculated increase(decrease) in projected net interest income	
Changes in interest rates	**March 31, 2005**	**December 31, 2004**
+200 basis points	$(21,677)	(20,848)
+100 basis points	(9,676)	(8,228)
-100 basis points	6,826	12,386
-200 basis points	12,622	4,900

Many assumptions were utilized by the Company to calculate the impact that changes in interest rates may have on net interest income. The more significant assumptions included the rate of prepayments of mortgage-related assets, cash flows from derivative and other financial instruments held for non-trading purposes, loan and deposit volumes and pricing, and deposit maturities. In the scenario presented, the Company also assumed gradual changes in rates during a twelve-month period of 100 and 200 basis points as compared with the assumed base scenario. In the event that a 100 or 200 basis point rate change cannot be achieved, the applicable rate changes are limited to lesser amounts such that interest rates cannot be less than zero. The assumptions used in interest rate sensitivity modeling are inherently uncertain and, as a result, the Company cannot precisely predict the impact of changes in interest rates on net interest income. Actual results may differ significantly due to the timing, magnitude and frequency of changes in interest rates, market conditions, and interest rate differentials (spreads) between maturity/repricing categories, as well as any actions, such as those previously described, which management may take to counter such changes. In light of the uncertainties and assumptions associated with the process, the amounts presented in the table and changes in such amounts are not considered significant to the Company’s past or projected net interest income.

The Company engages in trading activities to meet the financial needs of customers, to fund the Company’s obligations under certain deferred compensation plans and, to a limited extent, to profit from perceived market opportunities. Financial instruments utilized in trading activities have included forward and futures contracts related to foreign currencies and mortgage-backed securities, U.S. Treasury and other government securities, mortgage-backed securities, mutual funds and interest rate contracts, such as swap agreements. The Company generally mitigates the foreign currency and interest rate risk associated with trading activities by entering into offsetting trading positions. The amounts of gross and net trading positions, as well as the type of trading activities conducted by the Company, are subject to a well-defined series of potential loss exposure limits established by the Risk Forum Committee. However, as with any non-government guaranteed financial instrument, the Company is exposed to credit risk associated with counterparties to the Company’s trading activities.

The notional amounts of interest rate contracts entered into for trading purposes totaled $6.2 billion at March 31, 2005, compared with $5.3 billion at March 31, 2004 and $5.9 billion at December 31, 2004. The notional amounts of foreign currency and other option and futures contracts entered into for trading purposes were $470 million, $605 million and $512 million at March 31, 2005, March 31, 2004 and December 31, 2004, respectively. Although the notional amounts of these trading contracts are not recorded in the consolidated balance sheet, the fair values of all financial instruments used for trading activities are recorded in the consolidated balance sheet. The fair values of all trading account assets and liabilities were $153 million and $74 million, respectively, at March 31, 2005, $213 million and $144 million, respectively, at March 31, 2004, and $160 million and $94 million, respectively, at December 31, 2004. Included in trading account assets at March 31, 2005, December 31, 2004 and March 31, 2004 were $41 million, $40 million and $43 million, respectively, related to deferred compensation plans. Changes in the fair value of such assets are recorded in trading account and foreign exchange gains in the consolidated statement of income. Included in other liabilities in the consolidated balance sheet at March 31, 2005, December 31, 2004 and March 31, 2004 were $48 million, $49 million and $51 million, respectively, of liabilities related to deferred compensation plans. Changes in the balances of such liabilities due to the valuation of allocated investment options to which the liabilities are indexed are recorded in “other costs of operations” in the consolidated statement of income.

Given the Company’s policies, limits and positions, management believes that the potential loss exposure to the Company resulting from market risk associated with trading activities was not material.

Provision for Credit Losses

The Company maintains an allowance for credit losses that in management’s judgment is adequate to absorb losses inherent in the loan and lease portfolio. A provision for credit losses is recorded to adjust the level of the allowance as deemed necessary by management. The provision for credit losses in the first quarter of 2005 was $24 million, compared with $20 million in the year-earlier quarter and $28 million in 2004’s fourth quarter. Net loan charge-offs were $19 million in the recent quarter, compared with $18 million during the first quarter of 2004 and $27 million during the final quarter of 2004. Net charge-offs as an annualized percentage of average loans and leases were .20% in the first quarter of each of 2005 and 2004, compared with .29% in the fourth quarter of 2004. A summary of net charge-offs by loan type follows:

NET CHARGE-OFFS
BY LOAN/LEASE TYPE

In thousands	First Quarter 2005	First Quarter 2004	Fourth Quarter 2004
Commercial, financial, etc.	$ 6,070	3,450	9,427
Real estate:			
Commercial	(769)	(878)	1,786
Residential	492	1,241	644
Consumer	13,078	14,104	15,623
	$18,871	17,917	27,480

Nonperforming loans consist of nonaccrual and restructured loans, and totaled $180 million or ..46% of total loans and leases outstanding at March 31, 2005, compared with $256 million or .70% a year earlier and $172 million or .45% at December 31, 2004. The significant decrease in nonperforming loans at the two most recent quarter-ends as compared with March 31, 2004 reflects both a general improvement in repayment performance by borrowers and the sale of two large commercial loans during the second quarter of 2004.

Accruing loans past due 90 days or more totaled $125 million or .32% of total loans and leases at March 31, 2005, compared with $144 million or .40% at March 31, 2004 and $155 million or .40% at December 31, 2004. Accruing loans past due 90 days or more included $102 million, $117 million and $121 million at March 31, 2005, March 31, 2004 and December 31, 2004, respectively, of loans guaranteed by government-related entities. Such guaranteed loans included one-to-four family residential mortgage loans serviced by the Company that were repurchased to reduce servicing costs associated with them, including a requirement to advance principal and interest payments that had not been received from individual mortgagors. The outstanding principal balances of the repurchased loans are guaranteed by government-related entities and totaled $84 million and $110 million as of March 31, 2005 and 2004, respectively, and $104 million at December 31, 2004. Other accruing loans past due 90 days or more that were guaranteed by government-related entities included foreign commercial and industrial loans supported by the Export-Import Bank of the United States totaling $17 million at each of March 31, 2005 and December 31, 2004, and $4 million at March 31, 2004.

Commercial loans and leases classified as nonperforming aggregated $45 million at March 31, 2005 and December 31, 2004, and $128 million at March 31, 2004. The March 31, 2005 and December 31, 2004 totals when compared with the March 31, 2004 total reflected both a general improvement in repayment performance by borrowers and the sale of two large commercial loans during 2004's second quarter.

Nonperforming commercial real estate loans totaled $59 million at March 31, 2005, $44 million at March 31, 2004 and $45 million at December 31, 2004.

Residential real estate loans classified as nonperforming were $39 million at March 31, 2005, compared with $48 million at March 31, 2004 and $44 million at December 31, 2004. Residential real estate loans past due 90 days or more and accruing interest totaled $100 million at March 31, 2005, compared with $130 million a year earlier and $127 million at December 31, 2004. As already discussed, a substantial portion of such amounts relate to repurchased loans that are guaranteed by government-related entities.

Nonperforming consumer loans and leases totaled $37 million at March 31, 2005, compared with $36 million at March 31, 2004 and $38 million at December 31, 2004. As a percentage of consumer loan balances outstanding, nonperforming consumer loans and leases were .33% at March 31, 2005, compared with .32% at March 31, 2004 and .35% at December 31, 2004.

Assets acquired in settlement of defaulted loans were $11 million at March 31, 2005, compared with $19 million at March 31, 2004 and $13 million at December 31, 2004.

A comparative summary of nonperforming assets and certain past due loan data and credit quality ratios as of the end of the periods indicated is presented in the accompanying table.

NONPERFORMING ASSET AND PAST DUE LOAN DATA

Dollars in thousands	2005 First Quarter	2004 Quarters Fourth	Third	Second	First
Nonaccrual loans	$169,648	162,013	171,807	181,974	248,188
Renegotiated loans	10,501	10,437	9,051	8,163	7,637
Total nonperforming loans	180,149	172,450	180,858	190,137	255,825
Real estate and other assets owned	11,038	12,504	16,143	19,026	19,189
Total nonperforming assets	$191,187	184,954	197,001	209,163	275,014
Accruing loans past due 90 days or more*	$124,550	154,590	139,541	134,757	144,345
Government guaranteed loans included in totals above					
Nonperforming loans	$ 14,451	15,273	15,676	16,400	19,044
Accruing loans past due 90 days or more	102,210	120,700	111,443	111,635	116,826
Nonperforming loans to total loans and leases, net of unearned discount	.46%	.45%	.48%	.51%	.70%
Nonperforming assets to total net loans and leases and real estate and other assets owned	.49%	.48%	.52%	.56%	.75%
Accruing loans past due 90 days or more to total loans and leases, net of unearned discount	.32%	.40%	.37%	.36%	.40%

* *Predominately residential mortgage loans.*

Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the loan and lease portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which borrowers operate, the level of delinquent loans, the value of any collateral and, where applicable, the existence of any guarantees or indemnifications. Management evaluated the impact of changes in interest rates and overall economic conditions on the ability of borrowers to meet repayment obligations when quantifying the Company’s exposure to credit losses and assessing the adequacy of the Company’s allowance for such losses as of each reporting date. Factors also considered by management when performing its assessment, in addition to general economic conditions and the other factors described above, included, but were not limited to: (i) the concentration of commercial real estate loans in the Company’s loan portfolio, particularly the large concentration of loans secured by properties in New York State, in general, and in the New York City metropolitan area, in particular; (ii) the amount of commercial and industrial loans to businesses in areas of New York State outside of the New York City metropolitan area and in central Pennsylvania that have historically experienced less economic growth and vitality than the vast majority of other regions of the country; and (iii) significant growth in recent years in loans to individual consumers, which historically have experienced higher net charge-offs as a percentage of loans outstanding than other loan types. The level of the allowance is adjusted based on the results of management's analysis.

Management cautiously and conservatively evaluated the allowance for credit losses as of March 31, 2005 in light of (i) the uncertain status of the overall economic recovery in many of the markets served by the Company; (ii) continuing weakness in industrial employment in upstate New York and central Pennsylvania; and (iii) the significant subjectivity involved in commercial real estate valuations for properties located in areas with stagnant or little growth economies. Although the 2005 economic outlook predicts improved growth nationally, concerns exist about sluggish job creation, which could cause consumer spending to slow; higher interest rates, which, could adversely impact the housing market; continued stagnant population growth in the upstate New York and central Pennsylvania regions; and sluggish commercial loan demand. In particular, economic growth in two of the Company's largest market areas, upstate New York and central Pennsylvania, is expected to significantly lag national averages. Factors that influence the Company's credit loss experience include overall economic conditions affecting businesses and consumers generally, such as those described above, but also real estate valuations, in particular, given the size of the commercial real estate loan portfolio. Commercial real estate valuations can be highly subjective, as they are based upon many assumptions. Such valuations can be significantly affected over relatively short periods of time by changes in business climate, economic conditions, interest rates and, in many cases, the results of operations of businesses and other occupants of the real property.

Management believes that the allowance for credit losses at March 31, 2005 was adequate to absorb credit losses inherent in the portfolio as of that date. The allowance for credit losses was $632 million, or 1.62% of total loans and leases at March 31, 2005, compared with $616 million or 1.69% a year earlier and $627 million or 1.63% at December 31, 2004. The ratio of the allowance for credit losses to nonperforming loans was 351% at the most recent quarter-end, compared with 241% a year earlier and 364% at December 31, 2004. The level of the allowance reflects management's evaluation of the loan and lease portfolio as of each respective date.

Other Income

Other income was $234 million in the first quarter of 2005, 3% higher than $228 million in the year-earlier quarter, but down 1% from $238 million in the fourth quarter of 2004. The increase in the recent quarter as compared with the first quarter of 2004 reflects a $5 million rise in mortgage banking revenues. The slight decline as compared with 2004's fourth quarter reflects lower service charges on consumer deposit accounts.

Mortgage banking revenues totaled $33 million in the first quarter of 2005, up from $28 million in the year-earlier quarter, but down slightly from $34 million in the final quarter of 2004. Mortgage banking revenues are comprised of both residential and commercial mortgage banking activities. The Company's involvement in commercial mortgage banking activities is largely comprised of the origination, sales and servicing of loans in conjunction with the Federal National Mortgage Association Delegated Underwriting and Servicing program.

Residential mortgage banking revenues, which consist of gains from sales of residential mortgage loans and loan servicing rights, residential mortgage loan servicing fees, and other residential mortgage loan-related fees and income, totaled $27 million in the two most recent quarters, compared with $24 million in the first quarter of 2004. The higher revenue in the two most recent quarters as compared with 2004's initial quarter was largely due to higher levels of loan originations. Residential mortgage loans originated for sale to other investors were approximately $1.2 billion during the recent quarter, compared with $1.0 billion in the first quarter of 2004 and $1.3 billion in the fourth quarter of 2004. Realized gains from sales of residential mortgage loans and loan servicing rights and recognized net unrealized gains attributable to residential mortgage loans held for sale, commitments to originate loans for sale and commitments to sell loans totaled $10 million in the first quarter of 2005 and in 2004’s fourth quarter, compared with $8 million in the first quarter of 2004. Revenues from servicing residential mortgage loans for others were $15 million in the quarters ended March 31, 2005 and December 31, 2004, and $14 million in the first quarter of 2004. Included in the two most recent quarters’ servicing revenues were amounts related to purchased servicing rights associated with small balance commercial mortgage loans of $2 million, compared with $1 million in the first quarter of 2004. Residential mortgage loans serviced for others totaled $14.5 billion at March 31, 2005, compared with $13.7 billion at March 31, 2004 and $14.9 billion at December 31, 2004, including the small balance commercial mortgage loans noted above of approximately $1.6 billion each at March 31, 2005 and December 31, 2004, and $1.0 billion at March 31, 2004. Capitalized residential mortgage servicing assets, net of a valuation allowance for impairment, were $131 million at March 31, 2005, compared with $119 million at March 31, 2004 and $133 million at December 31, 2004. Included in capitalized residential mortgage servicing assets were $12 million at March 31, 2005, $7 million at March 31, 2004 and $13 million at December 31, 2004 of purchased servicing rights associated with the small balance commercial mortgage loans noted above. Residential mortgage loans held for sale totaled $794 million and $707 million at March 31, 2005 and 2004, respectively, and $790 million at December 31, 2004. Commitments to sell loans and commitments to originate loans for sale at pre-determined rates were $875 million and $462 million, respectively, at March 31, 2005, $1.0 billion and $698 million, respectively, at March 31, 2004, and $764 million and $422 million, respectively, at December 31, 2004. Net unrealized gains on residential mortgage loans held for sale, commitments to sell loans, and commitments to originate loans for sale were $1 million and $9 million at March 31, 2005 and 2004, respectively, and $3 million at December 31, 2004. Changes in such net unrealized gains are recorded in mortgage banking revenues and resulted in a net decrease in revenues of $2 million in the first quarter of 2005, compared with increases in revenues of $2 million and $1 million in the first quarter of 2004 and fourth quarter of 2004, respectively.

Commercial mortgage banking revenues were $7 million in each of the first quarter of 2005 and the fourth quarter of 2004, and were $4 million in the first quarter of 2004. Included in such amounts were revenues from loan origination and sales activities of $3 million in 2005’s initial quarter, $4 million in the fourth quarter of 2004 and $2 million in the first quarter of 2004. Commercial mortgage loan servicing revenues were $3 million in each of the first quarter of 2005 and the fourth quarter of 2004, compared with $2 million in the first quarter of 2004. Capitalized commercial mortgage servicing assets totaled $22 million at March 31, 2005, March 31, 2004 and December 31, 2004. Commercial mortgage loans held for sale at March 31, 2005 and 2004 were $14 million and $21 million, respectively, and $61 million at December 31, 2004.

Service charges on deposit accounts were $88 million in the first quarters of 2005 and 2004, compared with $93 million in the fourth quarter of 2004. The lower first quarter revenues when compared with 2004’s fourth quarter were largely due to traditional fourth quarter seasonality. Trust income totaled $34 million in the initial quarters of 2005 and 2004 and in the fourth quarter of 2004. Brokerage services income, which includes securities brokerage fees and revenues from the sale of mutual funds and annuities, totaled $14 million in each of the first quarters of 2005 and 2004, compared with $13 million in the fourth quarter of 2004. Trading account and foreign exchange activity resulted in gains of $5 million during the quarters ended March 31, 2005 and 2004, compared with gains of $7 million in 2004’s fourth quarter. Contributing to the higher gains in the final 2004 quarter were market value increases in trading assets held in connection with deferred compensation plans.

Other revenues from operations totaled $60 million in the recent quarter, compared with $56 million in the corresponding quarter of 2004 and $55 million in the fourth quarter of 2004. The higher level of such revenues in the recent quarter as compared with the prior quarters was due to net gains realized from venture capital investments, most of which were obtained via acquisitions of other financial institutions in prior years. Included in other revenues from operations were the following significant components. Letter of credit and other credit-related fees totaled $17 million in the two most recent quarters and $18 million in the first quarter of 2004. Tax-exempt income from bank owned life insurance, which includes increases in the cash surrender value of life insurance policies and benefits received, totaled $11 million during the first quarter of 2005 and in 2004's fourth quarter, and $13 million in the first quarter of 2004. Revenues from merchant discount and credit card fees were $7 million in the quarters ended March 31, 2005 and 2004, compared with $8 million in the fourth quarter of 2004. Insurance-related sales commissions and other revenues totaled $6 million in the first quarters of 2005 and 2004 and in the fourth quarter of 2004.

Other Expense

Other expense totaled $367 million in the first quarter of 2005, 6% lower than $390 million in the year-earlier period, but up 1% from $362 million in the fourth quarter of 2004. Included in the amounts noted above are expenses considered by management to be "nonoperating" in nature consisting of amortization of core deposit and other intangible assets of $16 million in 2005's initial quarter and in the fourth quarter of 2004, and $21 million in the first quarter of 2004. Exclusive of these nonoperating expenses, noninterest operating expenses aggregated $351 million in the first 2005 quarter, compared with $369 million and $346 million in the first and fourth quarters of 2004, respectively. Contributing to the lower expense level in the recent quarter was a $4 million partial reversal of the valuation allowance for the impairment of capitalized residential mortgage servicing rights, reflecting changes in the estimated fair value of such rights since December 31, 2004. An $11 million provision for the impairment of capitalized residential mortgage servicing rights was recorded in the first quarter of 2004, largely the result of the lower interest rate environment that existed at the end of that quarter. There was an impairment reversal that resulted in an expense reduction of $222 thousand in 2004's fourth quarter. Table 2 provides a reconciliation of other expense to noninterest operating expense.

Salaries and employee benefits expense totaled $207 million in the most recent quarter, compared with $201 million in the first quarter of 2004 and $198 million in the fourth quarter of 2004. Higher costs associated with providing employee benefits were the largest contributor to the increased level of expenses in the recently completed quarter. Salaries and benefits expense included stock-based compensation of $12 million in each of the quarters noted.

Excluding the nonoperating amortization expense previously noted, nonpersonnel operating expenses totaled $145 million in the first quarter of 2005, compared with $168 million in the year-earlier quarter and $147 million in 2004's final quarter. Contributing to the lower expense level in 2005's first quarter was the already noted $4 million partial reversal of the valuation allowance for the impairment of capitalized residential mortgage servicing rights. Such servicing rights were valued at the recent quarter-end when mortgage interest rates had increased from the end of 2004. As a result, the quarter-end valuation reflected the impact on customer refinancings of outstanding mortgage loans that the higher interest rates were expected to have on residential mortgage loan prepayment speeds. There was a provision of $11 million for the impairment of capitalized residential mortgage servicing rights in the first quarter of 2004, reflecting the decrease in the value of such servicing rights resulting from lower residential mortgage loan interest rates at March 31, 2004, while there was a reduction of expense of $222 thousand in the fourth quarter of 2004 resulting from a partial reversal of the valuation allowance for possible impairment of capitalized mortgage servicing rights.

The efficiency ratio, or noninterest operating expenses (as defined above) divided by the sum of taxable-equivalent net interest income and noninterest income (exclusive of gains and losses from sales of bank investment securities) measures the relationship of noninterest operating expenses to revenues. The Company’s efficiency ratio was 51.6% in the first quarter of 2005, compared with 56.8% in the year-earlier period and 50.6% in the fourth quarter of 2004. The provision for capitalized servicing rights impairment in the first quarter of 2004 adversely impacted that quarter’s efficiency ratio as compared with the two most recent quarters. Noninterest operating expenses used in calculating the efficiency ratio do not include the amortization of core deposit and other intangible assets, as noted earlier. If charges for amortization of core deposit and other intangible assets were included, the efficiency ratio for the three-month periods ended March 31, 2005, March 31, 2004 and December 31, 2004 would have been 54.0%, 60.1% and 52.9%, respectively.

Capital

Stockholders’ equity was $5.7 billion at March 31, 2005, March 31, 2004 and December 31, 2004, representing 10.53%, 11.28% and 10.82%, respectively, of total assets. On a per share basis, stockholders’ equity was $49.78 at March 31, 2005, compared with $48.17 and $49.68 at March 31 and December 31, 2004, respectively. Tangible equity per share, which excludes goodwill and core deposit and other intangible assets and applicable deferred tax balances, was $23.49 at March 31, 2005, compared with $22.47 a year earlier and $23.62 at December 31, 2004.

In December 2004, M&T announced that it had been authorized by its Board of Directors to purchase up to 5,000,000 shares of its common stock. During the quarter ended March 31, 2005, 1,866,400 shares of common stock were repurchased by M&T pursuant to such plan at an average cost of $101.14 per share. Through March 31, 2005, M&T had repurchased 2,019,300 shares of common stock pursuant to such plan at an average cost of $101.58 per share.

Stockholders’ equity reflects accumulated other comprehensive income or loss, which includes the net after-tax impact of unrealized gains or losses on investment securities classified as available for sale and minimum pension liability adjustments. Net unrealized losses on available-for-sale investment securities were $49 million, or $.43 per common share, at March 31, 2005, compared with unrealized gains of $70 million, or $.59 per share, at March 31, 2004 and unrealized losses of $5 million, or $.04 per share, at December 31, 2004. Such unrealized gains or losses are generally due to changes in interest rates and represent the difference, net of applicable income tax effect, between the estimated fair value and amortized cost of investment securities classified as available for sale. The minimum pension liability adjustment, net of applicable tax effect, reduced accumulated other comprehensive income by $12 million at March 31, 2005, March 31, 2004 and December 31, 2004, or by $.11 per share at March 31, 2005 and December 31, 2004 and $.10 per share at March 31, 2004.

Federal regulators generally require banking institutions to maintain “core capital” and “total capital” ratios of at least 4% and 8%, respectively, of risk-adjusted total assets. In addition to the risk-based measures, Federal bank regulators have also implemented a minimum “leverage” ratio guideline of 3% of the quarterly average of total assets. Core capital includes $687 million of trust preferred securities described in note 4 of Notes to Financial Statements. As of March 31, 2005, total capital further included $1.1 billion of subordinated notes.

The Company generates significant amounts of regulatory capital. The rate of regulatory core capital generation, or net operating income (as previously defined) less the sum of dividends paid and the after-tax effect of merger-related expenses expressed as an annualized percentage of regulatory “core capital” at the beginning of each period, was 18.62% during the first quarter of 2005, compared with 15.65% and 18.88% in the first and fourth quarters of 2004, respectively.

The regulatory capital ratios of the Company, M&T Bank and M&T Bank, N.A. as of March 31, 2005 are presented in the accompanying table.

REGULATORY CAPITAL RATIOS
March 31, 2005

	M&T (Consolidated)	M&T Bank	M&T Bank, N.A.
Core capital	7.19%	6.95%	30.70%
Total capital	10.74%	10.41%	31.74%
Leverage	6.65%	6.44%	22.28%

Segment Information

In accordance with the provisions of Statement of Financial Accounting Standards (“SFAS”) No. 131, “Disclosures About Segments of an Enterprise and Related Information,” the Company’s reportable segments have been determined based upon its internal profitability reporting system, which is organized by strategic business unit. Financial information about the Company’s segments is presented in note 5 of Notes to Financial Statements.

In the first quarter of 2005, the Company revised the internal transfer of funds allocation among the Company’s segments. As a result, net interest income and net income for 2004 for all reportable segments was adjusted to reflect that revision. The net effect of the revision was to increase the previously reported net income for the quarter ended March 31, 2004 in the Retail Banking segment by $4 million and to decrease previously reported net income for each of the Commercial Banking and Discretionary Portfolio segments by $1 million and the Commercial Real Estate segment by $2 million.

The Commercial Banking segment contributed net income of $52 million in both the first quarter of 2005 and 2004, and $47 million in the fourth quarter of 2004. As compared with last year’s first quarter, a $3 million increase in net charge-offs, a $2 million decrease in deposit service charges, and a $2 million increase in expenses were offset by higher net interest income of $7 million. A major factor in the higher net interest income was the impact of rising market interest rates and a 7% increase in average loan balances outstanding. The increase in net income from the fourth quarter of 2004 was due to higher net interest income of $4 million and a $4 million decline in noninterest expenses.

Net income earned by the Commercial Real Estate segment totaled $33 million in the first quarter of 2005, 16% higher than $28 million in 2004’s first quarter, but down 4% from $34 million in last year’s fourth quarter.

The increase from the initial quarter of 2004 was predominantly due to higher net interest income of $5 million, primarily the result of a 13% increase in average loan balances outstanding. A $2 million increase in commercial mortgage banking revenues also contributed to the favorable performance. Lower net interest income of $1 million, due mainly to an 11 basis point decrease in loan net interest margin, and a $1 million decline in commercial mortgage banking revenues were the major factors contributing to the decrease in net income in the recent quarter from the fourth quarter of 2004.

The Discretionary Portfolio segment's net income for the first three months of 2005 was $30 million, up 19% from $25 million in the year-earlier quarter, but down 3% from $31 million in the final quarter of 2004. The favorable variance over the first quarter of last year was due predominantly to higher net interest income of $7 million, resulting from a 15% increase in the average balances of investment securities, and a widening of the segment's net interest margin. Also contributing to the favorable performance was the impact of a $2 million reduction to the valuation allowance for the possible impairment of capitalized residential mortgage servicing rights during the first quarter of 2005, while a $2 million addition to such allowance was made in the first quarter of 2004. Partially offsetting these favorable factors was a $2 million decline in gains from the sales of bank investment securities. Contributing to the slight decrease in net income from the fourth quarter of 2004 were lower gains from trading activities and the sales of bank investment securities.

Net income for the Residential Mortgage Banking segment increased to $11 million during the first quarter of 2005 from $300 thousand and $7 million in the first and fourth quarters of 2004, respectively. The favorable variance in comparison to the prior year's first quarter was primarily due to a reduction to the capitalized mortgage servicing rights valuation allowance of $2 million, while a $9 million addition to such allowance was made during the similar period in 2004. Higher revenues from loan origination, sales and servicing activities of $4 million further contributed to the favorable performance during the first quarter of 2005. The increase in net income when compared to the fourth quarter of 2004 was largely the result of the above mentioned $2 million reduction to the capitalized mortgage servicing rights valuation allowance, while a small addition to such allowance was made during the fourth quarter of 2004. A $2 million decrease in salaries and benefits also contributed to the favorable performance when compared to the prior year's fourth quarter. Revenues from originations, sales and servicing activities in the first quarter of 2005 were little changed from the preceding quarter.

The Retail Banking segment contributed $75 million to the Company's net income in the first quarter of 2005, up 41% from $53 million in the first quarter of 2004 and 2% higher than $74 million in the fourth quarter of 2004. The increase from the first quarter of last year was due to higher revenues of $17 million, including increases in net interest income of $14 million and noninterest income of $3 million, a $4 million decrease in the provision for credit losses, and a $17 million decrease in noninterest expenses. The slight increase in the recent quarter's net income as compared with the fourth quarter of 2004 was primarily the result of a $7 million decrease in the provision for credit losses, due to lower net charge-offs, offset, in part, by a $4 million decline in noninterest revenues resulting from seasonal fluctuations in deposit service charges.

The "All Other" category reflects other activities of the Company that are not directly attributable to the reported segments as determined in accordance with SFAS No. 131, such as the M&T Investment Group, which includes the Company's trust, brokerage and insurance businesses. Also reflected in this category are the amortization of core deposit and other intangible assets, merger-related expenses resulting from acquisitions, and the net impact of the Company's allocation methodologies for internal funds transfers and the provision for credit losses. The various components of the “All Other” category resulted in net losses of $11 million in the first quarter of 2005 and $300 thousand in the prior year’s fourth quarter, and net income of $1 million in the first quarter of 2004. The net loss in the first quarter of 2005 resulted from the Company’s allocation methodologies for internal funds transfers and noninterest expenses.

Recent Accounting Developments

In December 2004, the Financial Accounting Standards Board issued SFAS No. 123 (revised 2004), “Share-Based Payment,” (“SFAS No. 123R”), an amendment of SFAS No. 123 which supercedes Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” and its related implementation guidance. SFAS No. 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. SFAS No. 123R also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity’s equity instruments or that may be settled by the issuance of such equity instruments. SFAS No. 123R requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is to be recognized over the period during which an employee is required to provide services in exchange for the award. Additionally, in March 2005, the Securities and Exchange Commission (“SEC”) issued Staff Accounting Bulletin No. 107 (“SAB No. 107”). SAB No. 107 expresses the SEC staff’s views regarding the valuation of share-based payment arrangements for public companies and the interaction between SFAS No. 123R and certain SEC rules and regulations.

SFAS No. 123R is effective for annual reporting periods that begin after June 15, 2005. Effective January 1, 2003, the Company began recognizing expense for stock-based compensation using the fair value method of accounting described in SFAS No. 123. Using the retroactive restatement method described in SFAS No. 148, which amended SFAS No. 123, financial information for prior periods was restated to reflect the impact of recognizing expense for stock-based compensation in those years as well. The Company believes that the provisions of SFAS No. 123R will not have a material impact on the Company’s consolidated financial statements.

Forward-Looking Statements

Management’s Discussion and Analysis of Financial Condition and Results of Operations and other sections of this quarterly report contain forward-looking statements that are based on current expectations, estimates and projections about the Company’s business, management’s beliefs and assumptions made by management. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions (“Future Factors”) which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements.

Future Factors include changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity; credit losses; sources of liquidity; common shares outstanding; common stock price volatility; fair value of and number of stock options to be issued in future periods; legislation affecting the financial services industry as a whole, and/or M&T and its subsidiaries individually or collectively; regulatory supervision and oversight, including required capital levels; increasing price and product/service competition by competitors, including new entrants; rapid technological developments and changes; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; the mix of products/services; containing costs and expenses; governmental and public policy changes, including environmental regulations; protection and validity of intellectual property rights; reliance on large customers; technological, implementation and cost/financial risks in large, multi-year contracts; the outcome of pending and future litigation and governmental proceedings; continued availability of financing; financial resources in the amounts, at the times and on the terms required to support the Company's future businesses; and material differences in the actual financial results of merger and acquisition activities compared to the Company's expectations, including the full realization of anticipated cost savings and revenue enhancements. These are representative of the Future Factors that could affect the outcome of the forward-looking statements. In addition, such statements could be affected by general industry and market conditions and growth rates, general economic and political conditions, including interest rate and currency exchange rate fluctuations, and other Future Factors.

M&T BANK CORPORATION AND SUBSIDIARIES

Table 1

QUARTERLY TRENDS

	2005	2004 Quarters			
	First Quarter	Fourth	Third	Second	First
Earnings and dividends					
Amounts in thousands, except per share					
Interest income (taxable-equivalent basis)	$642,441	613,012	587,598	565,090	550,362
Interest expense	196,266	166,755	143,771	126,805	126,829
Net interest income	446,175	446,257	433,827	438,285	423,533
Less: provision for credit losses	24,000	28,000	17,000	30,000	20,000
Other income	234,258	237,559	244,925	232,334	228,151
Less: other expense	367,337	361,922	406,922	357,207	389,967
Income before income taxes	289,096	293,894	264,830	283,412	241,717
Applicable income taxes	95,686	97,624	73,843	94,538	77,997
Taxable-equivalent adjustment	4,120	4,065	4,546	4,489	4,230
Net income	$189,290	192,205	186,441	184,385	159,490
Per common share data					
Basic earnings	$ 1.65	1.66	1.59	1.56	1.33
Diluted earnings	1.62	1.62	1.56	1.53	1.30
Cash dividends	$ .40	.40	.40	.40	.40
Average common shares outstanding					
Basic	114,773	115,953	116,897	118,224	119,738
Diluted	117,184	119,010	119,665	120,655	122,316
Performance ratios, annualized					
Return on					
Average assets	1.44%	1.45%	1.42%	1.45%	1.29%
Average common stockholders' equity	13.41%	13.37%	13.02%	13.12%	11.19%
Net interest margin on average earning assets (taxable-equivalent basis)	3.83%	3.82%	3.85%	3.92%	3.92%
Nonperforming loans to total loans and leases, net of unearned discount	.46%	.45%	.48%	.51%	.70%
Efficiency ratio (a)	54.00%	52.95%	59.08%	53.27%	60.07%
Net operating (tangible) results (b)					
Net income (in thousands)	$199,135	202,215	197,822	196,158	172,423
Diluted net income per common share	1.70	1.70	1.65	1.63	1.41
Annualized return on					
Average tangible assets	1.61%	1.62%	1.60%	1.64%	1.48%
Average tangible common stockholders' equity	29.67%	29.69%	29.42%	30.12%	26.02%
Efficiency ratio (a)	51.63%	50.56%	56.38%	50.39%	56.81%
Balance sheet data					
In millions, except per share					
Average balances					
Total assets (c)	$ 53,306	52,725	52,170	51,251	49,915
Total tangible assets (c)	50,305	49,647	49,075	48,137	46,781
Earning assets	47,240	46,535	45,874	44,923	43,444
Investment securities	8,573	8,326	8,195	7,943	7,516
Loans and leases, net of unearned discount	38,580	38,142	37,611	36,904	35,843
Deposits	35,282	34,768	34,569	33,702	32,856
Stockholders' equity (c)	5,723	5,721	5,697	5,654	5,732
Tangible stockholders' equity (c)	2,722	2,710	2,675	2,619	2,665
At end of quarter					
Total assets (c)	$ 53,887	52,939	52,887	52,094	50,832
Total tangible assets (c)	50,891	49,869	49,801	48,990	47,708
Earning assets	47,853	46,970	46,454	45,757	44,335
Investment securities	8,679	8,475	8,437	8,161	7,656
Loans and leases, net of unearned discount	39,073	38,398	37,950	37,522	36,515
Deposits	36,293	35,429	34,976	34,954	33,341
Stockholders' equity (c)	5,674	5,730	5,710	5,657	5,734
Tangible stockholders' equity (c)	2,678	2,724	2,694	2,629	2,674
Equity per common share	49.78	49.68	49.11	48.21	48.17
Tangible equity per common share	23.49	23.62	23.17	22.40	22.47
Market price per common share					
High	$ 108.04	108.75	98.66	92.70	98.65
Low	96.71	95.40	86.80	82.90	88.08
Closing	102.06	107.84	95.70	87.30	89.85

(a) Excludes impact of merger-related expenses and net securities transactions.

(b) Excludes amortization and balances related to goodwill and core deposit and other intangible assets and merger-related expenses which, except in the calculation of the efficiency ratio, are net of applicable income tax effects. A reconciliation of net income and net operating income appears on table 2.

(c) The difference between total assets and total tangible assets, and stockholders' equity and tangible stockholders' equity, represents goodwill, core deposit and other intangible assets, net of applicable deferred tax balances. A reconciliation of such balances appears on table 2.

Table 2

RECONCILIATION OF QUARTERLY GAAP TO NON-GAAP MEASURES

	2005	2004 Quarters			
	First Quarter	**Fourth**	**Third**	**Second**	**First**
Income statement data					
In thousands, except per share					
Net income					
Net income	$189,290	192,205	186,441	184,385	159,490
Amortization of core deposit and other intangible assets (1)	9,845	10,010	11,381	11,773	12,933
Net operating income	$199,135	202,215	197,822	196,158	172,423
Earnings per share					
Diluted earnings per common share	$ 1.62	1.62	1.56	1.53	1.30
Amortization of core deposit and other intangible assets (1)	.08	.08	.09	.10	.11
Diluted net operating earnings per share	$ 1.70	1.70	1.65	1.63	1.41
Other expense					
Other expense	$367,337	361,922	406,922	357,207	389,967
Amortization of core deposit and other intangible assets	(16,121)	(16,393)	(18,619)	(19,250)	(21,148)
Noninterest operating expense	$351,216	345,529	388,303	337,957	368,819
Balance sheet data					
In millions					
Average assets					
Average assets	$ 53,306	52,725	52,170	51,251	49,915
Goodwill	(2,904)	(2,904)	(2,904)	(2,904)	(2,904)
Core deposit and other intangible assets	(157)	(174)	(191)	(210)	(230)
Deferred taxes	60	—	—	—	—
Average tangible assets	$ 50,305	49,647	49,075	48,137	46,781
Average equity					
Average equity	$ 5,723	5,721	5,697	5,654	5,732
Goodwill	(2,904)	(2,904)	(2,904)	(2,904)	(2,904)
Core deposit and other intangible assets	(157)	(174)	(191)	(210)	(230)
Deferred taxes	60	67	73	79	67
Average tangible equity	$ 2,722	2,710	2,675	2,619	2,665
At end of quarter					
Total assets					
Total assets	$ 53,887	52,939	52,887	52,094	50,832
Goodwill	(2,904)	(2,904)	(2,904)	(2,904)	(2,904)
Core deposit and other intangible assets	(149)	(166)	(182)	(200)	(220)
Deferred taxes	57	—	—	—	—
Total tangible assets	$ 50,891	49,869	49,801	48,990	47,708
Total equity					
Total equity	$ 5,674	5,730	5,710	5,657	5,734
Goodwill	(2,904)	(2,904)	(2,904)	(2,904)	(2,904)
Core deposit and other intangible assets	(149)	(166)	(182)	(200)	(220)
Deferred taxes	57	64	70	76	64
Total tangible equity	$ 2,678	2,724	2,694	2,629	2,674

(1) After any related tax effect.

M&T BANK CORPORATION AND SUBSIDIARIES

Table 3

AVERAGE BALANCE SHEETS AND ANNUALIZED TAXABLE-EQUIVALENT RATES

Average balance in millions; interest in thousands	2005 First Quarter Average balance	Interest	Average rate	2004 Fourth Quarter Average balance	Interest	Average rate
Assets						
Earning assets						
Loans and leases, net of unearned discount*						
Commercial, financial, etc.	$10,094	$127,148	5.11%	9,919	112,823	4.52%
Real estate - - commercial	14,193	216,519	6.10	13,894	205,802	5.93
Real estate - - consumer	3,246	48,467	5.97	3,161	46,564	5.89
Consumer	11,047	158,907	5.83	11,168	160,246	5.71
Total loans and leases, net	38,580	551,041	5.79	38,142	525,435	5.48
Money-market assets						
Interest-bearing deposits at banks	10	28	1.15	9	20	.89
Federal funds sold and agreements to resell securities	24	169	2.86	10	51	2.11
Trading account	53	100	.75	48	76	.62
Total money-market assets	87	297	1.38	67	147	.87
Investment securities**						
U.S. Treasury and federal agencies	3,859	36,891	3.88	4,165	39,940	3.82
Obligations of states and political subdivisions	193	2,904	6.02	197	3,816	7.74
Other	4,521	51,308	4.60	3,964	43,674	4.38
Total investment securities	8,573	91,103	4.31	8,326	87,430	4.18
Total earning assets	47,240	642,441	5.52	46,535	613,012	5.24
Allowance for credit losses	(633)			(630)		
Cash and due from banks	1,420			1,527		
Other assets	5,279			5,293		
Total assets	$53,306			52,725		
Liabilities and stockholders' equity						
Interest-bearing liabilities						
Interest-bearing deposits						
NOW accounts	$ 376	318	.34	375	287	.30
Savings deposits	15,082	27,889	.75	15,363	25,032	.65
Time deposits	7,419	48,754	2.67	7,089	41,970	2.36
Deposits at foreign office	4,203	25,380	2.45	3,539	17,267	1.94
Total interest-bearing deposits	27,080	102,341	1.53	26,366	84,556	1.28
Short-term borrowings	5,194	31,991	2.50	5,370	26,679	1.98
Long-term borrowings	6,403	61,934	3.92	6,104	55,520	3.62
Total interest-bearing liabilities	38,677	196,266	2.06	37,840	166,755	1.75
Noninterest-bearing deposits	8,202			8,402		
Other liabilities	704			762		
Total liabilities	47,583			47,004		
Stockholders' equity	5,723			5,721		
Total liabilities and stockholders' equity	$53,306			52,725		
Net interest spread			3.46			3.49
Contribution of interest-free funds			.37			.33
Net interest income/margin on earning assets		$446,175	3.83%		446,257	3.82%

[Additional columns below]

[Continued from above table, first column(s) repeated]

Average balance in millions; interest in thousands	2004 Third Quarter Average balance	Average Interest	Average rate
Assets			
Earning assets			
Loans and leases, net of unearned discount*			
Commercial, financial, etc.	9,648	104,076	4.29%
Real estate - - commercial	13,669	197,180	5.77
Real estate - - consumer	2,980	44,303	5.95
Consumer	11,314	156,287	5.50
Total loans and leases, net	37,611	501,846	5.31

Money-market assets			
Interest-bearing deposits at banks	11	14	.50
Federal funds sold and agreements to resell securities	6	27	1.75
Trading account	51	81	.64
Total money-market assets	68	122	.72
Investment securities**			
U.S. Treasury and federal agencies	4,561	44,018	3.84
Obligations of states and political subdivisions	206	3,609	7.03
Other	3,428	38,003	4.41
Total investment securities	8,195	85,630	4.16
Total earning assets	45,874	587,598	5.10
Allowance for credit losses	(629)		
Cash and due from banks	1,627		
Other assets	5,298		
Total assets	52,170		
Liabilities and stockholders' equity			
Interest-bearing liabilities			
Interest-bearing deposits			
NOW accounts	349	242	.28
Savings deposits	15,432	22,037	.57
Time deposits	7,265	40,121	2.20
Deposits at foreign office	3,334	11,940	1.42
Total interest-bearing deposits	26,380	74,340	1.12
Short-term borrowings	5,281	19,338	1.46
Long-term borrowings	5,789	50,093	3.44
Total interest-bearing liabilities	37,450	143,771	1.53
Noninterest-bearing deposits	8,189		
Other liabilities	834		
Total liabilities	46,473		
Stockholders' equity	5,697		
Total liabilities and stockholders' equity	52,170		
Net interest spread			3.57
Contribution of interest-free funds			.28
Net interest income/margin on earning assets		443,827	3.85%

* *Includes nonaccrual loans.*

** *Includes available for sale securities at amortized cost.*(continued)

Table 3 (continued)

AVERAGE BALANCE SHEETS AND ANNUALIZED TAXABLE-EQUIVALENT RATES (continued)

	2004 Second Quarter			2004 First Quarter		
Average balance in millions; interest in thousands	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Assets						
Earning assets						
Loans and leases, net of unearned discount*						
Commercial, financial, etc.	$ 9,464	$ 101,169	4.30%	9,100	92,190	4.07%
Real estate – commercial	12,962	181,307	5.60	12,521	178,845	5.71
Real estate – consumer	3,218	47,366	5.89	3,083	45,892	5.95
Consumer	11,260	152,884	5.46	11,139	156,838	5.66
Total loans and leases, net	36,904	482,726	5.26	35,843	473,765	5.32
Money-market assets						
Interest-bearing deposits at banks	16	16	.40	15	15	.41
Federal funds sold and agreements to resell securities	9	28	1.26	9	28	1.27
Trading account	51	97	.75	61	164	1.07
Total money-market assets	76	141	.74	85	207	.98
Investment securities**						
U.S. Treasury and federal agencies	4,308	40,953	3.82	3,640	34,042	3.76
Obligations of states and political subdivisions	228	4,038	7.10	240	3,554	5.92
Other	3,407	37,232	4.40	3,636	38,794	4.29
Total investment securities	7,943	82,223	4.16	7,516	76,390	4.09
Total earning assets	44,923	565,090	5.06	43,444	550,362	5.10
Allowance for credit losses	(624)			(620)		
Cash and due from banks	1,633			1,610		
Other assets	5,319			5,481		
Total assets	$ 51,251			49,915		
Liabilities and stockholders' equity						
Interest-bearing liabilities						
Interest-bearing deposits						
NOW accounts	$ 368	279	.30	1,114	994	.36
Savings deposits	15,667	22,074	.57	14,755	22,921	.62
Time deposits	6,842	36,242	2.13	6,591	36,389	2.22
Deposits at foreign office	2,829	6,945	.99	2,833	6,882	.98
Total interest-bearing deposits	25,706	65,540	1.03	25,293	67,186	1.07
Short-term borrowings	5,141	13,097	1.02	4,771	12,058	1.02
Long-term borrowings	5,869	48,168	3.30	5,566	47,585	3.44
Total interest-bearing liabilities	36,716	126,805	1.39	35,630	126,829	1.43
Noninterest-bearing deposits	7,996			7,563		
Other liabilities	885			990		
Total liabilities	45,597			44,183		
Stockholders' equity	5,654			5,732		
Total liabilities and stockholders' equity	$ 51,251			49,915		
Net interest spread			3.67			3.67
Contribution of interest-free funds			.25			.25
Net interest income/margin on earning assets		$ 438,285	3.92%		423,533	3.92%

* Includes nonaccrual loans.

** Includes available for sale securities at amortized cost.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Incorporated by reference to the discussion contained under the caption “Taxable-equivalent Net Interest Income” in Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Item 4. 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)), Robert G. Wilmers, Chairman of the Board, President and Chief Executive Officer, and Michael P. Pinto, Executive Vice President and Chief Financial Officer, believe that M&T’s disclosure controls and procedures were effective as of March 31, 2005.

(b) Changes in internal control over financial reporting. M&T continually 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 March 31, 2005 or through the date of this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, M&T’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

M&T and its subsidiaries are subject in the normal course of business to various pending and threatened legal proceedings in which claims for monetary damages are asserted. Management, after consultation with legal counsel, does not anticipate that the aggregate ultimate liability arising out of litigation pending against M&T or its subsidiaries will be material to M&T’s consolidated financial position, but at the present time is not in a position to determine whether such litigation will have a material adverse effect on M&T’s consolidated results of operations in any future reporting period.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) – (b) Not applicable.

(c)

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that may yet be Purchased Under the Plans or Programs (2)
January 1 - January 31, 2005	556,342	$102.52	525,000	4,322,100
February 1 - February 28, 2005	767,198	100.94	766,400	3,555,700
March 1 - March 31, 2005	575,296	100.11	575,000	2,980,700
Total	1,898,836	$101.15	1,866,400	

(1) The total number of shares purchased during the periods indicated includes shares purchased as part of publicly announced programs and shares deemed to have been received from employees who exercised stock options by attesting to previously acquired common shares in satisfaction of the exercise price, as is permitted under M&T's stock option plans.

(2) In December 2004, M&T announced a program to purchase up to 5 million of its common shares.

Item 3. Defaults Upon Senior Securities.

(Not applicable.)

Item 4. Submission of Matters to a Vote of Security Holders.

The 2005 Annual Meeting of Stockholders of M&T was held on April 19, 2005. At the 2005 Annual Meeting, stockholders elected twenty-four (24) directors, all of whom were then serving as directors of M&T, for terms of one (1) year and until their successors are elected and qualified. The following table reflects the tabulation of the votes with respect to each director who was elected at the 2005 Annual Meeting.

	Number of Votes	
Nominee	**For**	**Withheld**
William F. Allyn	106,293,296	349,628
Brent D. Baird	105,583,679	1,059,245
Robert J. Bennett	106,160,887	482,037
C. Angela Bontempo	106,105,867	537,057
Robert T. Brady	98,921,412	7,721,512
Emerson L. Brumback	105,930,798	712,126
Michael D. Buckley	105,233,896	1,409,028
Patrick J. Callan	106,149,954	492,970
R. Carlos Carballada	105,255,559	1,387,365
T. Jefferson Cunningham III	105,264,967	1,377,957
Richard E. Garman	105,032,512	1,610,412
Derek C. Hathaway	105,813,541	829,383
Daniel R. Hawbaker	106,302,647	340,277
Patrick W.E. Hodgson	106,103,851	539,073
Gary Kennedy	106,093,533	549,391
Richard G. King	106,319,967	322,957
Reginald B. Newman, II	106,306,296	336,628
Jorge G. Pereira	104,993,527	1,649,397
Michael P. Pinto	105,332,945	1,309,979
Robert E. Sadler, Jr.	105,986,751	656,173
Eugene J. Sheehy	105,876,438	766,486
Stephen G. Sheetz	106,273,071	369,853
Herbert L. Washington	106,363,806	279,118
Robert G. Wilmers	106,001,219	641,705

At the 2005 Annual Meeting, stockholders approved the M&T Bank Corporation 2005 Incentive Compensation Plan. The following table presents the tabulation of the votes with respect to such approval.

Number of Votes			
For	Against	Abstain	Broker Non-Votes
77,511,191	16,915,884	684,814	11,531,035

At the 2005 Annual Meeting, stockholders also ratified the appointment of PricewaterhouseCoopers LLP as the independent public accountant of M&T Bank Corporation for the year ending December 31, 2005. The following table presents the tabulation of the votes with respect to such ratification.

Number of Votes		
For	Against	Abstain
105,688,332	813,396	141,196

Item 5. Other Information.

(a) On April 21, 2005, M&T filed a Current Report on Form 8-K dated April 19, 2005 to disclose that Michael P. Pinto, Executive Vice President and Chief Financial Officer, had been appointed Chairman and Chief Executive Officer of the Mid-Atlantic Division of M&T Bank, and that Rene F. Jones, Senior Vice President of M&T Bank, would succeed Mr. Pinto as Chief Financial Officer of M&T and M&T Bank. The effective date of the appointment of Mr. Jones as Chief Financial Officer of M&T and M&T Bank to succeed Mr. Pinto was not indicated in the Current Report on Form 8-K dated April 19, 2005, but such appointment will become effective as of May 15, 2005.

M&T's Board of Directors approved the M&T Bank Corporation Employee Severance Pay Plan on April 19, 2005 and such plan became effective as of May 1, 2005. The M&T Bank Corporation Employee Severance Pay Plan, which is intended to meet the definition of a "severance pay plan" under Department of Labor Regulation §2510.3-2(b), covers all full-time and part-time employees and provides for the payment of a severance benefit to any such employee that is involuntarily terminated for certain qualifying reasons, such as a reduction in force, restructuring, outsourcing or elimination of positions, in an amount that is based upon the employee's level and length of service.

Item 6. Exhibits.

The following exhibits are filed as a part of this report.

Exhibit No.	
10.1	M&T Bank Corporation 2005 Incentive Compensation Plan. Incorporated by reference to Exhibit No. 10 to the Form 8-K dated April 19, 2005 (File No. 1-9861).
10.2	M&T Bank Corporation Employee Severance Pay Plan. Filed herewith.
31.1	Certificate of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
31.2	Certificate 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.

SIGNATURES

Pursuant to the requirements 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.

M&T BANK CORPORATION

Date: May 9, 2005

By: /s/ Michael P. Pinto
Michael P. Pinto
Executive Vice President
and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	
10.1	M&T Bank Corporation 2005 Incentive Compensation Plan. Incorporated by reference to Exhibit No. 10 to the Form 8-K dated April 19, 2005 (File No. 1-9861).
10.2	M&T Bank Corporation Employee Severance Pay Plan. 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.

Exhibit 10.2

M&T BANK CORPORATION
EMPLOYEE SEVERANCE PAY PLAN
(Effective as of May 1, 2005)

ARTICLE 1
ESTABLISHMENT OF THE PLAN

Section 1.1 Establishment of the Plan. M&T Bank Corporation hereby establishes the M&T Bank Corporation Employee Severance Pay Plan (the “Plan”). The Plan is designed to provide severance pay and other benefits to eligible employees of M&T Bank Corporation and its direct and indirect subsidiaries (collectively, the “Company”) who are involuntarily terminated because of a reduction in force, restructuring, outsourcing or elimination of positions in an effort to aid the employee during their transition to other employment opportunities. The Plan is a welfare benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and is intended to meet the definition of a “severance pay plan” under Department of Labor Regulations §2510.3-2(b).

Section 1.2 Effective Date and Plan Year. The effective date of the Plan is May 1, 2005 (the “Effective Date”). The Plan Year will be the 12-month period beginning each January 1 and ending on the following December 31.

ARTICLE 2
PARTICIPANT

Section 2.1 Eligibility. Each full-time and part-time employee of the Company, whether compensated on a salaried or hourly basis, who works regularly scheduled hours and customarily performs services for the Company (excluding on call, occasional, fixed-term, or temporary employees) who has not previously agreed in writing to a different severance pay arrangement (a “Participant”) becomes a Participant in the Plan on the later of:

(a) Date of hire; or

(b) The Effective Date.

Any person that is treated by the Company as an independent contractor or a temporary worker, but who is later determined to be an employee, will not be eligible to participate in the Plan. The purpose of this provision is to exclude from participation in the Plan all persons who may actually be common law employees of the Company, but who are not paid as they were employees, regardless of the reason they are excluded from the payroll, and regardless of whether that exclusion is correct. Moreover any person who has signed an agreement with the Company stating that he or she is not eligible to participate in the Plan is not eligible to participate in the Plan during the term of that agreement, whether the person is a common law employee or not.

Section 2.2 **Employees on Leave.** An employee who is on an indefinite or extended leave of absence at the time of termination is not eligible to receive a Benefit (as hereinafter defined) under the Plan, except as otherwise required by law.

ARTICLE 3
BENEFIT AND PAYMENT OF BENEFIT

Section 3.1 **Benefit.** A Participant will receive a severance pay benefit ("Benefit") and certain other benefits, as determined in accordance with this Article 3, if the Plan Administrator (as hereinafter defined) determines the Participant satisfies the following conditions:

(a) The Participant applies for the Benefit by completing and signing forms provided by the Plan Administrator and by submitting those forms to the Plan Administrator;

(b) The Participant's employment is involuntarily terminated and that termination is a Qualifying Event, as defined in Section 3.2; and

(c) The Participant (i) agrees in a written instrument satisfactory to the Company, in its sole discretion, to release the Company, its employees, agents, and related entities from any and all claims arising out of or related to the Participant's employment or termination of employment and (ii) acknowledges the receipt of a Benefit under the Plan is subject to the terms and conditions of the written release.

Notwithstanding any other provision to the contrary, the Company, through the Plan Administrator, may in its sole and absolute discretion enter into alternative severance arrangements or award a severance benefit to an employee who has been terminated on terms that are different than those provided in the Plan. In such case no benefit will be provided to such employee under the Plan.

Section 3.2 **Qualifying Event.** Subject to Section 3.6, a Qualifying Event is any permanent, involuntary termination of a Participant's active employment with the Company as a result of a reduction in force, restructuring, outsourcing or elimination of position, as determined by the Plan Administrator in his or her sole and absolute discretion. A Participant will be advised by the Plan Administrator of the date on which his or her employment will officially terminate (the "Termination Date").

Section 3.3 **Benefit Amount**.

(a) A Participant's Benefit is equal to the product of (i) his or her Weekly Pay as determined immediately prior to the Termination Date by the Plan Administrator and (ii) the number of weeks specified for the Participant's position and Years of Service in Appendix A attached hereto.

(b) In the case of a salaried employee, "Weekly Pay" is the Participant's annual base salary divided by 52.

(c) In the case of an hourly employee, "Weekly Pay" is the Participant's straight time hourly wage rate in effect immediately prior to the Termination Date, multiplied by the Participant's number of normal scheduled hours of work per week.

(d) For purposes of Sections 3.3(b) and 3.3(c), Weekly Pay does not include overtime, shift pay, bonuses, stock options, commissions, incentive pay, merit awards or any other supplemental payments.

(e) In the case of an employee whose compensation is commission-based, the amount determined to be the current year's annual flex benefit salary will be used to derive the amount of Weekly Pay.

The term, a "Year of Service" used in Appendix A means each full year, beginning with the Participant's most recent date of hire or service date, whichever is earlier, during which a Participant was employed for a period of at least six months or more by the Company, or any of its predecessors, including any periods during which an employee was on vacation, sick leave, or other authorized leave.

Section 3.4 **Form of Benefit Payment.** A Participant's Benefit will be paid, at the Participant's election, either in:

(a) periodic installments consistent with the biweekly or other payroll practices in effect at the Company at the time of severance commencing as soon as administratively practicable following the Termination Date, or

(b) the form of a single lump sum payment paid as soon as administratively practicable following the Termination Date.

The terms and applicable form of payment will be specified in the Participant's written release. A Participant, who has elected the bi-weekly option and subsequently secures other non-M&T related employment, may, in the sole and absolute discretion of the Plan Administrator, be paid his or her remaining Benefit in a lump sum upon providing written notice to the Company, in which event the Participant will no longer receive the additional benefits provided under Section 3.5 of the Plan. The Company retains the right, in the sole and absolute discretion of the Plan Administrator, to require a Participant who has elected the bi-weekly option to be paid his or her remaining Benefit in a lump sum at such time as deemed necessary or appropriate by the Plan Administrator, provided, however, that such election will not impact the Participant's receipt of additional benefits provided under Section 3.5 of the Plan.

Section 3.5 **Continuation of Certain Benefits.**

(a) A Participant, who in the determination and sole and absolute discretion of the Plan Administrator qualifies for a Benefit, will receive the following additional benefits:

(i) Medical/Dental/Vision Insurance: Coverage will continue for the period in which a Participant is receiving a Benefit when the bi-weekly payment option is elected in accordance with the Participant's previous elections with respect to this benefit. When the lump sum option is elected, these benefits will cease at the end of the month in which the Termination Date occurs, except as required by law.

(ii) Life Insurance and Personal Accident Insurance: Coverage will continue for the period in which a Participant is receiving a Benefit, up to a maximum of six months from the Termination Date, when the bi-weekly option is elected in accordance with the Participant's previous elections with respect to this benefit. When the lump sum option is elected, these benefits will cease upon the Termination Date.

(iii) Medical Reimbursement Plan: Participation in the Medical Reimbursement Plan will continue through the end of the month in which a Participant receives his or her last bi-weekly Benefit payment. When the lump sum option is elected, these benefits will cease upon the Termination Date in accordance with the terms of the Medical Reimbursement Plan, except as required by law.

(iv) Pension Plan: A Participant will continue to accrue creditable service hours under the M&T Bank Corporation Pension Plan for time paid as severance up to a maximum of 501 hours regardless of whether a Benefit is paid bi-weekly or as a lump sum payment as is provided in that Plan.

(v) Vacation Payout: Eligible unused vacation pay will be paid to the Participant in a lump sum, without pro-ration, based on the Participant's normal vacation eligibility at his or her Termination Date. Any eligible unused floating holidays will be paid to the Participant on or about his or her Termination Date. Adjustments for partial year vacation buy/sell deductions/credits will be reflected in the Participant's final pay. Payments under this provision will be made by the Company as soon as administratively practicable after the Termination Date.

(vi) Tuition Reimbursement: Any courses that were authorized by the Company and are in progress at or prior to the Termination Date will be honored in accordance with the provisions of the Company's Tuition Reimbursement Program.

(vii) Stock Option Plans: The terms of the Company's stock option plans or award agreements shall govern the vesting and exercise of any stock options held by the Participant. A Participant should consult with Corporate Compensation or HRDirect (1-877-473-4732) for additional information.

(viii) Employee Assistance Plan: Coverage under Employee Assistance Plan will continue to be available to a Participant and his or her immediate family members for the period in which a Participant is receiving a Benefit when the bi-weekly option is elected. When the lump sum option is elected, these benefits will cease upon the Termination Date, except as required by law.

(ix) Employee Discounted Financial Services: The provision of discounted financial services to a Participant is subject to the specifications of the product or service provided. The employee checking account discount will remain in effect for the period in which a Participant is receiving a Benefit when the bi-weekly option is elected. When the lump sum option is elected, the employee checking account discount will cease upon the Termination Date.

(b) A Participant, whose termination results from a Qualifying Event, will not be entitled to the following benefits or to participate in the following plans as of the Termination Date:

(i) Dependent Care Reimbursement Plan.

(ii) Short Term Disability Benefits and Salary Continuation Pay: A Participant is not eligible for Short Term Disability and Salary Continuation Pay after the Termination Date, unless a Participant is eligible for benefits under a state mandatory disability law.

(iii) Long Term Disability.

(iv) Employee Stock Purchase Plan.

(v) Retirement Savings Plan.

(vi) Parking/Transit Reimbursement Program.

(vii) Miscellaneous: Cellular phone service, systems access, car allowances, and corporate credit card authorization will cease upon the Termination Date. Any undocumented business expenditures or credit card balances will be withheld from the payment of a Benefit until appropriate documentation is approved.

(c) The Company reserves the right to modify or change the terms and conditions of any of the benefits described in Section 3.5 (a) during the period in which a Participant is receiving a Benefit.

(d) Nothing is this Section 3.5 shall be construed as providing a benefit to a Participant that is not otherwise provided in the benefit plans or arrangements described in Section 3.5(a).

Section 3.6 Forfeitures of Benefit.

(a) A termination of employment is not a Qualifying Event if the termination is for any of the following reasons:

(i) The Participant breaches any written agreement between the Participant and the Company;

(ii) The Participant fails to remain in his or her assigned employment position by either resigning or being terminated for cause after notification of separation and prior to the Termination Date;

(iii) After notification of separation, the Participant acts or fails to act in a manner that results in or is intended to result in detrimental consequences to the Company;

(iv) The Participant improperly discloses proprietary or confidential information or trade secrets of the Company;

(v) The commission of misconduct or other terminable offense by the Participant;

(vi) The Participant receives an offer of employment by the Company or a successor-in-interest resulting from a merger, sale, outsourcing or other divestiture for an employment position that is comparable in terms of pay, duties and salary grade, unless the new position requires a transfer to a location that is more than 35 one-way daily commuting miles from the Participant's current work location. For purposes of this Section 3.6(a)(vi), the following changes in hours and pay will be considered comparable:

(A) a change in scheduled hours of work per week which is no more than 5 hours more or less than the weekly hours worked in the Participant's current position, provided benefit status remains the same; or

(B) a reduction of up to 10% in the Participant's Weekly Pay

(b) A Participant will forfeit his or her right to receive or continue to receive a Benefit and any additional benefits provided under Section 3.5(a) of the Plan if any of the foregoing events occurs prior to or subsequent to the Termination Date, in either case as determined in the sole and absolute discretion of the Plan Administrator. In the event any of the foregoing events occurs subsequent to a Participant's termination of employment that constituted a Qualifying Event, where the Benefit was paid out in a lump sum, the Participant will be required to forfeit and reimburse to the Company the amount of his or her Benefit that relates to the period of time after such event is deemed to have occurred as if they had elected the bi-weekly option and would not have received the remaining Benefit payments.

Section 3. 7 **Beneficiary.** In the event that a Participant dies during the period in which he or she is are receiving a Benefit, the remaining Benefit will be paid in a lump sum to the designated beneficiary of record for the Participant under the Company's life insurance plan. If no such beneficiary is designated, the remaining Benefit will be paid as provided under the default provisions of that plan.

Section 3. 8 **Reemployment.** If a Participant is reemployed by the Company while a Benefit is still payable under the Plan, all remaining Benefit payments will cease upon first day of rehire or two weeks from offer, whichever comes first. If a Participant who receives a lump sum payment of the Benefit is reemployed by the Company within the period in which the Benefit would have otherwise been in pay status under an installment form of payment, as described in Section 3.4(a), the reemployed Participant will repay to the Company that portion of the Benefit attributable to the installment payments that would have been remaining had the employee not elected a lump sum payment.

ARTICLE 4
ADMINISTRATION OF PLAN

Section 4.1 **Appointment of Plan Administrator and Responsibility for Administration of Plan.** The Executive Vice President of Human Resources is hereby appointed as the "Plan Administrator" and shall administer the Plan in accordance with its terms. The Plan Administrator may designate other persons to carry out the responsibilities to control and manage the operation of the Plan.

Section 4.2 **Agents.** The Plan Administrator may employ such agents, including counsel, as it deems advisable for the administration of the Plan.

Section 4.3 **Compensation.** The Company shall indemnify, in the manner and to the extent provided for in the Company's By-Laws, the Plan Administrator as well as any employee of the Company to whom responsibilities have been delegated under Section 4.1, against any liability incurred in the course of administration of the Plan, except liability arising from their own gross negligence or willful misconduct.

Section 4.4 **Records.** The acts and decisions of the Plan Administrator will be duly recorded. The Plan Administrator will make a copy of this Plan available for examination by any Participant during the business hours of the Company.

Section 4.5 **Liability.** Except for its own negligence, willful misconduct or breach of fiduciary duty, neither the Plan Administrator nor any agents appointed by the Plan Administrator will be liable to anyone for any act or omission in the course of the administration of the Plan.

Section 4.6 **Withholding.** The Company has the right to deduct or withhold from the Benefit paid under the Plan (or from other amounts payable to a Participant, if necessary) all employment, income or other taxes that are required to be deducted or withheld under any provision of law and amounts related to any additional benefits that a Participant may continue to receive under Section 3.5(a) of this Plan in accordance with the Participant's previous elections with respect to such benefit.

Section 4.7 **Claims Procedure.** The Plan Administrator has discretionary authority to interpret the Plan in its entirety and any of its provisions. Any question as to the eligibility of any employee to become a Participant or the computation of a Participant's Benefit will be determined by the Plan Administrator in accordance with the terms of the Plan. If any employee or any Participant objects to the decision of the Plan Administrator and seeks to file a claim, they may do so by submitting a written request to the Corporate Employee Relations Department, located at One M&T Plaza, 11th Floor, Buffalo, New York 14203.

Section 4.8 **Contributions and Financing.** All benefits required to be paid by the Company under the Plan will be paid as due directly by the Company from its general assets.

ARTICLE 5
MISCELLANEOUS PROVISIONS

Section 5.1 **Terms are Legally Enforceable.** The Company intends that the terms of this Plan, including those relating to coverage and benefits, are legally enforceable.

Section 5.2 **Plan Exclusively Benefits Employees.** The Company intends that the Plan is maintained for the exclusive benefit of employees of the Company.

Section 5.3 **Illegality of Particular Provision.** The illegality of any particular provision of the Plan will not affect the other provisions, and the Plan will be construed in all other respects as if such invalid provision were omitted.

Section 5.4 **Applicable Laws.** To the extent not pre-empted by ERISA, the Plan will be governed by the laws of the State of New York without regard to conflicts of law principles.

Section 5.5 **Non-Guaranty of Employment.** Nothing in this Plan may be construed as granting any Participant a right to employment with the Company.

Section 5.6 **409A Savings Clause.** Notwithstanding any other provision in this Plan, to the extent that any amounts payable under this Plan (1) are subject to §409A of the Internal Revenue Code of 1986, as amended (the "Code"), and (2) the time or form of payment of those amounts would not be in compliance with Code §409A, then payment of those amounts will be made at such time and in such a manner that the payment will be in compliance with Code §409A. If the time or form of payment cannot be modified in such a way as to be in compliance with Code §409A, then the payment will be made as otherwise provided in this Plan, disregarding this Section 5.6.

ARTICLE 6
AMENDMENT AND TERMINATION

Section 6.1 **Amendment of the Plan.** The Company intends to maintain this Plan indefinitely, but reserves the right to amend, modify or terminate the Plan at any time, prospectively or retroactively, for any reason, without notice by action of the Board of Directors of M&T Bank Corporation. However, no amendment, modification, or termination will reduce or otherwise adversely affect the Benefit of any Participant who is in pay status at the time the amendment, modification or termination is effective. The Plan Administrator, on behalf of the Company, may make modifications or amendments to the Plan that are necessary or appropriate to (i) maintain the Plan as a plan meeting the requirements of the applicable provisions of ERISA or other legal or tax qualification requirements, or (ii) improve or simplify Plan administration; provided, however, that no such modification or amendment shall significantly increase or decrease Benefits payable under the Plan, or significantly alter the Plan's design.

IN WITNESS WHEREOF, M&T Bank Corporation adopts this Plan effective May 1, 2005

M&T BANK CORPORATION

By: /s/ Stephen J. Braunscheidel
Executive Vice President

M&T Bank Corporation Employee Severance Pay Plan – Appendix A
May 1, 2005

LEVEL	**BENEFIT (Number of Weeks of Weekly Pay)**
Executive Vice President	Per Agreement — Minimum 52 weeks to a maximum of 104 weeks
Senior Vice President	52 weeks
Administrative Vice President	26 weeks base plus one week for every Year of Service to a maximum of 52 weeks
Vice President	Twelve weeks base plus one week for every Year of Service to a maximum of 37 weeks
Asst. Vice President	Eight weeks base plus one week for every Year of Service to a maximum of 33 weeks
Banking Officer	Six weeks Base plus one week for every Year of Service to a maximum of 31 weeks
Non-Officers	
· **Grade 7 and Above**	Four weeks base plus one week for every Year of Service to a maximum of 29 weeks
· **Grade 6 and Below**	Two weeks base plus one week for every Year of Service for an employee with less than 10 Years of Service; three weeks base plus one week for every Year of Service for an employee with 10 to 19 Years of Service; four weeks base plus one week for every Year of Service for an employee with 20 or more Years of Service, to a maximum of 26 weeks

EXHIBIT 31.1

CERTIFICATIONS

I, Robert G. Wilmers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of M&T Bank Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2005

By: /s/ Robert G. Wilmers

Robert G. Wilmers
Chairman of the Board, President
and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Michael P. Pinto, certify that:

1. I have reviewed this quarterly report on Form 10-Q of M&T Bank Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2005

By: /s/ Michael P. Pinto
Michael P. Pinto
Executive Vice President
and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER UNDER 18 U.S.C. §1350

I, Robert G. Wilmers, Chairman of the Board, President and Chief Executive Officer of M&T Bank Corporation, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of M&T Bank Corporation for the quarterly period ended March 31, 2005 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of M&T Bank Corporation.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.

/s/ Robert G. Wilmers

Robert G. Wilmers
May 9, 2005

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to M&T Bank Corporation and will be retained by M&T Bank Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER UNDER 18 U.S.C. §1350

I, Michael P. Pinto, Executive Vice President and Chief Financial Officer of M&T Bank Corporation, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of M&T Bank Corporation for the quarterly period ended March 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of M&T Bank Corporation.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.

/s/ Michael P. Pinto

Michael P. Pinto
May 9, 2005

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to M&T Bank Corporation and will be retained by M&T Bank Corporation and furnished to the Securities and Exchange Commission or its staff upon request.