M&T Bank Corporation Announces First Quarter Earnings

M&T Bank Corporation ("M&T")(NYSE: MTB) today reported that diluted cash earnings per share rose 29% to $9.51 for the quarter ended March 31, 1999 from $7.37 in the first quarter of 1998. Cash net income for the recent quarter was $76.3 million, an increase of 48% from $51.4 million in the year-earlier quarter. Expressed as an annualized rate of return on average tangible assets, cash net income was 1.57% in the recent quarter, compared with 1.49% in the first quarter of 1998. Cash return on average tangible common equity rose to an annualized 27.66% in the first quarter of this year from 20.13% in the corresponding 1998 quarter. Cash earnings exclude the after-tax effect of amortization of goodwill and core deposit intangible and for 1998 also exclude the impact of $1.0 million ($1.6 million pre-tax), or $.14 per share, of nonrecurring merger-related expenses associated with M&T's 1998 acquisition of ONBANCorp, Inc. ("ONBANCorp").

Growth in average loans outstanding was the leading factor contributing to a 27% increase in taxable-equivalent net interest income to $183.1 million in the recent quarter from $144.7 million in the year-earlier quarter. Including the impact of the ONBANCorp acquisition, average loans outstanding increased 36% to $15.8 billion in the first quarter of 1999 from $11.6 billion in the corresponding quarter of 1998. Partially mitigating the favorable impact of loan growth was a decline in the net interest margin, or taxable-equivalent net interest income expressed as an annualized percentage of average earning assets, in 1999's first quarter to 3.98% from 4.39% in the comparable 1998 quarter. The net interest margin in the recent quarter was, however, improved from 3.82% in the fourth quarter of last year after having been in a declining trend during the last three quarters of 1998.

The provision for possible credit losses was $8.5 million in the recent quarter, down from $12.0 million in the corresponding 1998 quarter. Net charge-offs expressed as an annualized percentage of average loans outstanding declined to .21% in the recent quarter from .28% in the year-earlier period. Despite the significant growth in the loan portfolio, net charge-offs increased only slightly to $8.1 million in the first quarter of 1999, compared with $7.9 million in the corresponding 1998 period. The allowance for possible credit losses was $306.7 million or 1.94% of total loans as of March 31, 1999, compared with $278.7 million or 2.32% of total loans a year earlier. Nonperforming loans totaled $115.4 million at March 31, 1999, or .73% of total loans, compared with $70.0 million or .58% at March 31, 1998. The ratio of the allowance for possible credit losses to nonperforming loans was 266% and 398% at March 31, 1999 and 1998, respectively. Assets taken in foreclosure of defaulted loans were $11.1 million and $7.8 million at March 31, 1999 and 1998, respectively.

Other income rose 36% to $72.7 million in the recent quarter from $53.6 million in the first quarter of 1998, excluding $15.3 million of tax-exempt income recognized in last year's first quarter resulting from a contribution of appreciated investment securities with a fair value of $24.6 million to an affiliated charitable foundation. The impact of the ONBANCorp acquisition as well as higher revenues from mortgage banking activities contributed to the increase. Other expense was $128.6 million in the recent quarter, up 22% from $105.8 million in the corresponding 1998 period, excluding $1.6 million of nonrecurring merger-related expenses and $24.6 million of expense related to the previously mentioned contribution to the affiliated charitable foundation in last year's first quarter, and amortization of goodwill and core deposit intangible for both periods. Such amortization totaled $10.9 million in the first quarter of 1999 and $1.8 million in the first quarter of 1998. Expenses related to the acquired operations of ONBANCorp were the major factor contributing to the higher expense level. Calculated on the basis of the noninterest income and expense totals as adjusted above, the efficiency ratio, or noninterest expense divided by the sum of taxable-equivalent net interest income and noninterest income, improved to 50.3% in the first quarter of 1999 from 53.4% a year earlier.

Including the effect of amortization of goodwill and core deposit intangible and 1998's nonrecurring merger-related expenses, diluted earnings per share, measured in accordance with generally accepted accounting principles, for the quarter ended March 31, 1999 were $8.34, up 19% from $7.01 in the year-earlier quarter. On the same basis, net income for the recent quarter was $66.9 million, an increase of 37% from $49.0 million in the first quarter of 1998. Net income for the first quarter of 1999 expressed as an annualized rate of return on average assets and average common stockholders' equity was 1.34% and 16.56%, respectively. The comparable rates for the corresponding 1998 quarter were 1.41% and 18.86%.

M&T had total assets of $20.3 billion at March 31, 1999, up from $14.6 billion a year earlier. Loans and leases, net of unearned discount, increased 31% to $15.8 billion from $12.0 billion at March 31, 1998. Deposits were $14.5 billion at the recent quarter-end, compared with $11.1 billion at March 31, 1998. Total stockholders' equity increased 56% to $1.7 billion at March 31, 1999 from $1.1 billion a year earlier. Common stockholders' equity per share was $215.34 at the recent quarter-end, an increase of 35% from $160.06 at March 31, 1998. Tangible equity per common share was $148.95 and $157.75 at March 31, 1999 and 1998, respectively.

As previously announced, in December 1998 M&T entered into a definitive agreement with FNB Rochester Corp., Rochester, New York, for a merger between the two companies. Subject to the approval of stockholders of FNB Rochester Corp., the merger is expected to be completed on or about June 1, 1999.

During January 1999, M&T acquired 1,581 shares of its common stock pursuant to, and thereby completing, the repurchase program announced in October 1998. In February 1999, M&T's board of directors authorized another plan to repurchase up to 134,342 additional shares for reissuance upon the possible future exercise of outstanding stock options. As of March 31, 1999, no shares had been repurchased under the current plan.