



## M&T Bank Corporation Announces Second Quarter Earnings

M&T Bank Corporation today reported that diluted cash earnings per share rose 21% to \$9.41 for the quarter ended June 30, 1999 from \$7.78 in the second quarter of 1998. Cash net income for the recent quarter was \$76.5 million, an increase of 17% from \$65.4 million in the corresponding quarter of last year. For the first six months of 1999, diluted cash earnings per share were \$18.92, up 25% from \$15.18 in the similar 1998 period. Cash net income for the first half of 1999 was \$152.8 million, an increase of 31% from \$116.9 million in the year-earlier period. Expressed as an annualized rate of return on average tangible assets, cash net income was 1.53% in the recent quarter, compared with 1.38% in the second quarter of 1998. Cash return on average tangible common equity rose to an annualized 26.13% in the second quarter of this year from 23.50% in the corresponding 1998 quarter. For the first half of 1999, cash return on average tangible assets was an annualized 1.55%, up from 1.43% in the similar period of 1998. Cash return on average tangible common equity for the first six months of 1999 rose to 26.88% from 21.89% in the year-earlier period. On June 1, 1999, M&T completed its acquisition of FNB Rochester Corp. ("FNB"). The transaction was accounted for using the purchase method of accounting and, accordingly, the results of operations of the former FNB subsequent to the acquisition date have been included in M&T's reported results for the recent quarter.

Cash earnings exclude the after-tax effect of amortization of goodwill and core deposit intangible and nonrecurring expenses associated with merging the acquired operations of FNB in 1999 and ONBANCorp, Inc. ("ONBANCorp") in 1998 into M&T's operations. The impact of FNB merger-related expenses was \$1.7 million (\$2.5 million pre-tax) during the second quarter and first half of 1999, or approximately \$.21 per diluted share. The effect of ONBANCorp merger-related expenses was \$11.3 million (\$16.7 million pre-tax), or \$1.34 per diluted share, during the second quarter of 1998 and \$12.3 million (\$18.4 million pre-tax), or \$1.59 per diluted share, during the first half of 1998.

Taxable-equivalent net interest income was \$189.9 million in the recent quarter, compared with \$180.2 million in the year-earlier quarter. Average loans outstanding increased 7% to \$16.1 billion in 1999's second quarter from \$15.0 billion in the comparable 1998 period. Net interest margin, or taxable-equivalent net interest income expressed as an annualized percentage of average earning assets, was 4.09% in the second quarter of this year, up from 4.02% in the corresponding quarter of 1998.

The provision for possible credit losses was \$8.5 million in the recent quarter, down from \$13.2 million a year earlier. Net charge-offs were \$6.5 million in the second quarter of 1999, down from \$9.0 million in the second quarter of 1998. Expressed as an annualized percentage of average loans outstanding, net charge-offs declined to .16% in the recent quarter from .24% in the year-earlier period. As of June 30, 1999 the allowance for possible credit losses was \$314.4 million or 1.90% of total loans, compared with \$310.8 million or 2.04% of total loans a year earlier. Nonperforming loans were \$108.4 million at June 30, 1999, or .66% of total loans, compared with \$127.2 million or .83% at June 30, 1998. The ratio of the allowance for possible credit losses to nonperforming loans was 290% and 244% at June 30, 1999 and 1998, respectively. Assets taken in settlement of defaulted loans were \$10.1 million and \$12.2 million at June 30, 1999 and 1998, respectively.

Other income in the recent quarter was \$66.8 million, compared with \$65.1 million in the second quarter of 1998. Excluding the nonrecurring merger-related expenses noted earlier and amortization of goodwill and core deposit intangible, other expense was \$131.8 million in the recent quarter, compared with \$127.4 million in the corresponding 1998 period. Calculated using the adjusted expense totals noted above, the efficiency ratio, or noninterest expense divided by the sum of taxable-equivalent net interest income and noninterest income, improved to 51.36% in the second quarter of 1999 from 52.01% a year earlier.

Including the effect of amortization of goodwill and core deposit intangible and nonrecurring merger-related expenses, diluted earnings per share, measured in accordance with generally accepted accounting principles, for the quarter ended June 30, 1999 were \$8.00, up 50% from \$5.32 in the year-earlier quarter. On the same basis, net income for the recent quarter was \$65.0 million, an increase of 46% from \$44.7 million in the second quarter of 1998. For the first half of 1999 and 1998, diluted earnings per share were \$16.33 and \$12.16, respectively, and net income was \$131.9 million and \$93.7 million, respectively. Net income for the recent quarter expressed as an annualized rate of return on average assets and average common stockholders' equity was 1.27% and 15.23%, respectively. The comparable rates for the corresponding 1998 quarter were .92% and 10.77%. During the first six months of 1999, the annualized rates of return on average assets and average common stockholders' equity were 1.30% and 15.88%, respectively, compared with 1.12% and 13.89%, respectively, in the first half of 1998.

At June 30, 1999, M&T had total assets of \$21.2 billion, up from \$20.1 billion a year earlier. Loans and leases, net of unearned discount, increased 8% to \$16.5 billion from \$15.2 billion at June 30, 1998. Deposits were \$14.9 billion at the recent quarter-end, compared with \$14.8 billion at June 30, 1998. Total stockholders' equity increased 7% to \$1.8 billion at June 30, 1999 from \$1.7 billion a year earlier. Common stockholders' equity per share was \$224.81 at June 30, 1999, compared with \$207.18

at June 30, 1998. Tangible equity per common share was \$149.14 and \$139.37 at June 30, 1999 and 1998, respectively.