



## M&T Bank Corporation Announces First Quarter Earnings

BUFFALO, N.Y.--April 16, 2002--M&T Bank Corporation ("M&T") today reported diluted cash earnings per share for the first quarter of 2002 of \$1.34, an increase of 18% from \$1.14 in the first quarter of 2001. Cash net income for the recent quarter was \$129 million, 15% higher than \$112 million in the comparable 2001 quarter. Cash net income in the initial quarter of 2002 represented an annualized rate of return on average tangible assets of 1.75%, up from 1.59% in the year-earlier quarter. Cash return on average tangible common equity rose to an annualized 30.38% in the recent quarter from 27.93% in the first quarter of 2001. Cash earnings exclude the after-tax effect of expenses associated with merging acquired operations into M&T and the amortization of intangible assets.

Taxable-equivalent net interest income rose 10% to \$305 million in the recently completed quarter from \$276 million in 2001's first quarter. The improvement reflects higher average loans outstanding and a widening of M&T's net interest margin, or taxable-equivalent net interest income expressed as an annualized percentage of average earning assets. Average loans and leases outstanding during the initial 2002 quarter were \$25.1 billion, up 7% from \$23.4 billion in the corresponding 2001 quarter. Net interest margin improved 21 basis points (hundredths of one percent) to 4.37% in the first quarter of 2002 from 4.16% in the year-earlier quarter.

The provision for credit losses was \$24 million in the recent quarter, up from \$19 million in the initial 2001 quarter. Net charge-offs of loans totaled \$16 million during both the first quarter of 2002 and 2001. Expressed as an annualized percentage of average loans outstanding, net charge-offs were .26% in the recent quarter, compared with .28% in the corresponding quarter of 2001. Nonperforming loans totaled \$182 million or .73% of total loans at March 31, 2002, compared with \$161 million or .67% a year earlier. Loans past due 90 days or more and accruing interest were \$148 million at the recent quarter-end, compared with \$141 million a year earlier. Included in these loans at March 31, 2002 and 2001 were \$109 million and \$105 million, respectively, of one-to-four family residential mortgage loans serviced by M&T and repurchased from the Government National Mortgage Association. The outstanding principal balances of these loans, which were repurchased to reduce servicing costs, are fully guaranteed by government agencies. In general, the remaining portion of accruing loans past due 90 days or more are either also guaranteed by government agencies or well-secured by collateral.

M&T's allowance for credit losses totaled \$433 million, or 1.72% of total loans at March 31, 2002, compared with \$399 million, or 1.65% a year earlier. The ratio of the allowance for credit losses to nonperforming loans was 238% at the recent quarter-end, compared with 248% at March 31, 2001. Assets taken in foreclosure of defaulted loans were \$22 million at March 31, 2002, compared with \$13 million a year earlier.

Noninterest income in the recent quarter totaled \$124 million, up 11% from \$112 million in the first quarter of 2001. Higher revenues from deposit account and mortgage banking services contributed to the year-over-year increase. Noninterest operating expenses, which exclude amortization of intangible assets and nonrecurring expenses associated with merging acquired operations into M&T, were \$210 million in the first quarter of 2002, compared with \$197 million in the corresponding 2001 period. Contributing to the rise in operating expenses were higher costs for salaries, including commissions and incentive compensation, and employee benefits. The efficiency ratio, or noninterest operating expenses divided by the sum of taxable-equivalent net interest income and noninterest income, measures the relationship of operating expenses to revenues. M&T's cash-basis efficiency ratio, calculated using the operating expense totals noted above and excluding gains from sales of bank investment securities from noninterest income, was 48.9% in the first quarter of 2002, improved from 50.8% a year earlier.

M&T adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," as of January 1, 2002. SFAS No. 142 revised the accounting for purchased intangible assets and requires that goodwill no longer be amortized, but rather that it be tested periodically for impairment. Other intangible assets with finite lives, such as core deposit intangibles, are required to be amortized over their estimated useful economic lives and to be reviewed for impairment. Effective January 1, 2002, M&T ceased amortization of all of its goodwill associated with corporate acquisitions. Amortization of such goodwill during the first quarter of 2001, none of which was tax deductible, totaled \$15 million (\$.15 per diluted share). Charges for amortization of core deposit and other intangible assets totaled \$14 million (\$9 million after tax effect, or \$.09 per diluted share) during the first quarter of 2002, compared with \$15 million (\$9 million after tax effect, or \$.09 per diluted share) during the year-earlier quarter. To comply with the requirements of SFAS No. 142, M&T has assigned all of its recorded goodwill to the reporting units originally intended to benefit from past business combinations and has also completed the required transitional goodwill impairment test. As a result, M&T has determined that pursuant to the provisions of SFAS No. 142, impairment of goodwill was not permitted or required at the recent quarter-end or as of January 1, 2002. At March 31, 2002 and 2001, M&T had goodwill of \$1.1 billion and \$1.2 billion, respectively, recorded as assets.

Net income measured in accordance with generally accepted accounting principles ("GAAP") includes the impact of non-cash charges for the amortization of intangible assets, as well as nonrecurring merger-related expenses. GAAP-basis diluted

earnings per share for the first quarter of 2002 were \$1.25, up 47% from \$.85 in the year-earlier period. On the same basis, net income for the recent quarter rose 44% to \$121 million from \$84 million in the first quarter of 2001. As stated earlier, the after-tax impact of amortization of goodwill in the first quarter of 2001 was \$15 million, or \$.15 per diluted share. As a result, pro forma GAAP-basis diluted earnings per share and net income for last year's first quarter, computed as if SFAS No. 142 became effective on January 1, 2001, were \$1.00 and \$98 million, respectively. GAAP-basis net income for the first quarter of 2002 expressed as an annualized rate of return on average assets and average common stockholders' equity was 1.56% and 16.63%, respectively, compared with 1.14% and 11.84%, respectively, in the year-earlier quarter. Pro forma GAAP-basis annualized returns on average assets and average common stockholders' equity for the first quarter of 2001 were 1.34% and 13.92%, respectively, after excluding the impact of goodwill amortization. The after-tax impact of merger-related expenses incurred in the first quarter of 2001 was \$5 million (\$8 million pre-tax) or \$.05 per diluted share. There were no similar charges in the recently completed quarter.

Michael P. Pinto, Executive Vice President and Chief Financial Officer of M&T, noted, "We are pleased with the 18% growth in cash earnings per share achieved in the first quarter of 2002, particularly considering the challenging economic environment in which we are operating. Despite these difficult conditions, we remain comfortable with the current consensus of analysts' estimates for GAAP-basis diluted earnings per share in 2002 of \$4.95."

At March 31, 2002, M&T had total assets of \$31.3 billion, compared with \$30.9 billion a year earlier. Loans and leases, net of unearned discount, rose 4% to \$25.1 billion from \$24.2 billion at March 31, 2001. Deposits were \$21.6 billion at the recent quarter-end, compared with \$21.0 billion a year earlier. Total stockholders' equity was \$2.9 billion at March 31, 2002, representing 9.42% of total assets, compared with \$3.0 billion or 9.68% at March 31, 2001. Common stockholders' equity per share was \$31.67 at the recent quarter-end, up from \$30.84 at March 31, 2001. Tangible equity per common share was \$18.68 and \$17.33 at March 31, 2002 and 2001, respectively.

In November 2001, M&T announced that it had been authorized by its Board of Directors to repurchase up to 5,000,000 shares of its common stock. Through March 31, 2002, M&T had repurchased 1,931,013 shares of common stock pursuant to the repurchase program at an average cost of \$74.62 per share.

Investors will have an opportunity to listen to M&T's conference call to discuss first quarter financial results at 9:00 a.m. Eastern Standard Time ("EST") today, April 16, 2002. Those wishing to participate in the call may dial 800-374-0162. The conference call will also be webcast live at <http://ir.mandtbank.com/calendar.cfm>. A replay of the call will be available until April 17, 2002 by calling 800-642-1687, code 3483082. The event will also be archived and available by noon (EST), April 17, 2002 on M&T's web site at <http://ir.mandtbank.com/conference.cfm>.

This news release contains forward-looking statements that are based on current expectations, estimates and projections about M&T'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. M&T undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Future Factors include changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity; credit losses; sources of liquidity; legislation affecting the financial services industry as a whole, and 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 M&T and its subsidiaries' future businesses; and material differences in the actual financial results of merger and acquisition activities compared to M&T's initial 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 conditions, including interest rate and currency exchange rate fluctuations, and other Future Factors.

M&T BANK CORPORATION  
Financial Highlights

Amounts in thousands, except per share	Three months ended		
	2002	2001	Change
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Performance			
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Net income	\$	120,564	83,666	44 %
Per common share:				
Basic earnings	\$	1.29	.88	47 %
Diluted earnings		1.25	.85	47
Cash dividends	\$	.25	.25	--
Common shares outstanding:				
Average - diluted (1)		96,494	98,605	-2 %
Period end (2)		93,071	97,013	-4
Return on (annualized):				
Average total assets		1.56%	1.14%	
Average common stockholders' equity		16.63%	11.84%	
Taxable-equivalent net interest income	\$	304,659	276,368	10 %
Net charge-offs to average total net loans (annualized)				
		.26%	.28%	
Cash operating results (3)				
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Cash net income	\$	129,357	107,547	20 %
Cash net income, excluding acquisition-related expenses		129,357	112,391	15
Diluted cash earnings per common share		1.34	1.09	23
Diluted cash earnings per common share, excluding acquisition-related expenses		1.34	1.14	18
Return on (annualized):				
Average tangible assets		1.75%	1.52%	
Average tangible assets, excluding acquisition-related expenses		1.75%	1.59%	
Average tangible common equity		30.38%	26.73%	
Average tangible common equity, excluding acquisition-related expenses		30.38%	27.93%	
Efficiency ratio, excluding acquisition-related expenses		48.91%	50.77%	

At March 31

	2002	2001	Change
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Loan quality			
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Nonaccrual loans	\$173,197	151,927	14 %

Renegotiated loans	9,057	8,864	2
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Total nonperforming loans	\$182,254	160,791	13
	=====	=====	
Accruing loans past due 90 days or more	\$148,038	141,355	5 %
Nonperforming loans to total net loans	.73%	.67%	
Allowance for credit losses to total net loans	1.72%	1.65%	

- (1) Includes common stock equivalents
- (2) Includes common stock issuable under deferred compensation plans
- (3) Excludes amortization and balances related to goodwill and core deposit intangible which, except in the calculation of the efficiency ratio, are net of applicable income tax effects

M&T BANK CORPORATION  
Condensed Consolidated Statement of Income

Dollars in thousands	Three months ended		
	March 31		
	2002	2001	Change
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Interest income	\$461,187	548,578	-16 %
Interest expense	160,127	276,597	-42
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Net interest income	301,060	271,981	11
Provision for credit losses	24,000	18,500	30
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Net interest income after provision for credit losses	277,060	253,481	9
Other income			
Mortgage banking revenues	27,912	25,660	9
Service charges on deposit accounts	39,525	32,534	21
Trust income	15,805	15,827	--
Brokerage services income	10,919	10,010	9
Trading account and foreign exchange gains	1,043	802	30
Gain on sales of bank investment securities	171	79	--
Other revenues from operations	28,853	26,815	8
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Total other income	124,228	111,727	11
Other expense			
Salaries and employee benefits	113,403	105,887	7
Equipment and net occupancy	27,204	28,158	-3
Printing, postage and supplies	6,033	7,074	-15
Amortization of goodwill	--	14,747	--
Amortization of core deposit and other intangible assets	13,543	15,064	-10

Other costs of operations	63,050	63,871	-1
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Total other expense	223,233	234,801	-5
Income before income taxes	178,055	130,407	37
Applicable income taxes	57,491	46,741	23
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Net income	\$120,564	83,666	44 %
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M&T BANK CORPORATION  
Condensed Consolidated Balance Sheet

Dollars in thousands	March 31		Change
	2002	2001	
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ASSETS			
Cash and due from banks	\$ 695,999	691,104	1 %
Money-market assets	356,137	53,527	565
Investment securities	2,861,453	3,704,788	-23
Loans and leases, net of unearned discount	25,137,849	24,167,786	4
Less: Allowance for credit losses	433,029	399,412	8
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Net loans and leases	24,704,820	23,768,374	4
Goodwill	1,097,553	1,164,435	-6
Core deposit and other intangible assets	156,730	215,026	-27
Other assets	1,423,283	1,327,289	7
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Total assets	\$31,295,975	30,924,543	1 %
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LIABILITIES AND STOCKHOLDERS' EQUITY

Noninterest-bearing deposits at U.S. offices	\$ 3,549,650	3,236,649	10 %
Other deposits at U.S. offices	17,391,961	17,480,164	-1
Deposits at foreign office	682,484	260,870	162
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Total deposits	21,624,095	20,977,683	3
Short-term borrowings	2,142,870	2,943,979	-27
Accrued interest and other liabilities	472,494	520,376	-9
Long-term borrowings	4,109,158	3,490,447	18

Total liabilities	28,348,617	27,932,485	1
Stockholders' equity (1)	2,947,358	2,992,058	-1
Total liabilities and stockholders' equity	\$31,295,975	30,924,543	1 %

(1) Reflects accumulated other comprehensive income, net of applicable income taxes, of \$12.6 million at March 31, 2002 and \$21.1 million at March 31, 2001.

M&T BANK CORPORATION  
Condensed Consolidated Average Balance Sheet  
and Annualized Taxable-equivalent Rates

Dollars in thousands	Three months ended March 31				
	2002		2001		Change in balance
	Balance	Rate	Balance	Rate	
<b>ASSETS</b>					
Money-market assets	\$ 261,763	1.79%	74,634	5.11%	251%
Investment securities	2,909,897	5.93	3,470,016	7.04	-16
Loans and leases, net of unearned discount					
Commercial, financial, etc	5,058,508	5.23	5,178,321	8.45	-2
Real estate - commercial	9,371,220	7.11	8,934,976	8.42	5
Real estate - consumer	5,240,366	7.33	4,991,217	7.96	5
Consumer	5,438,613	6.94	4,287,470	9.14	27
Total loans and leases, net	25,108,707	6.80	23,391,984	8.53	7
Total earning assets	28,280,367	6.67	26,936,634	8.33	5
Goodwill	1,097,553		1,091,641		1
Core deposit and other intangible assets	163,320		208,571		-22
Other assets	1,728,825		1,641,344		5
Total assets	\$31,270,065		29,878,190		5%

LIABILITIES AND STOCKHOLDERS' EQUITY

Interest-bearing deposits					
NOW accounts	737,838	.51	717,232	1.80	3%
Savings deposits	8,458,625	1.29	6,765,003	2.29	25

Time deposits	8,141,440	3.63	9,803,311	5.80	-17
Deposits at foreign office	478,989	1.53	263,141	5.25	82
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Total interest-bearing deposits	17,816,892	2.34	17,548,687	4.27	2
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Short-term borrowings	2,963,301	1.76	2,451,864	5.67	21
Long-term borrowings	3,724,373	4.86	3,442,773	6.76	8
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Total interest-bearing liabilities	24,504,566	2.65	23,443,324	4.78	5
Noninterest-bearing deposits	3,454,961		3,185,347		8
Other liabilities	370,112		383,129		-3
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Total liabilities	28,329,639		27,011,800		5
Stockholders' equity	2,940,426		2,866,390		3
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Total liabilities and stockholders' equity	\$ 31,270,065		29,878,190		5%
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Net interest spread		4.02		3.55	
Contribution of interest-free funds		.35		.61	
Net interest margin		4.37%		4.16%	