M&T Bank Corporation Announces First Quarter Results

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M&T Bank Corporation ("M&T") today reported its results of operations for the quarter ended March 31, 2007.

GAAP Results of Operations. Diluted earnings per share measured in accordance with generally accepted accounting principles ("GAAP") for the first quarter of 2007 were \$1.57, compared with \$1.77 in the year-earlier quarter. GAAP-basis net income in the recent quarter totaled \$176 million, down 13% from \$203 million in the similar 2006 period. GAAP-basis net income for 2007's initial quarter expressed as an annualized rate of return on average assets and average common stockholders' equity was 1.25% and 11.38%, respectively, compared with 1.49% and 13.97%, respectively, in the first quarter of 2006.

Supplemental Reporting of Non-GAAP Results of Operations. 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 M&T, 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. Amortization of core deposit and other intangible assets, after tax effect, was \$11 million (\$.10 per diluted share) in the recently completed quarter, compared with \$8 million (\$.07 per diluted share) in the first quarter of 2006. There were no merger-related expenses in either of the first quarters of 2007 or 2006.

Diluted net operating earnings per share, which exclude the impact of amortization of core deposit and other intangible assets, were \$1.67 for the first quarter of 2007, 9% below \$1.84 in the corresponding quarter of 2006. Net operating income for the quarter ended March 31, 2007 was \$187 million, compared with \$211 million in the year-earlier quarter. Expressed as an annualized rate of return on average tangible assets and average tangible stockholders' equity, net operating income was 1.40% and 24.11%, respectively, in the initial quarter of 2007, compared with 1.64% and 29.31% in the first quarter of 2006.

Reconciliation of GAAP and Non-GAAP Results of Operations. A reconciliation of diluted earnings per share and net income with diluted net operating earnings per share and net operating income follows:

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Three months ended
                          March 31
                       2007
                                 2006
                        (in thousands.
                       except per share)
Diluted earnings per share
                              $ 1.57
                                           1.77
Amortization of core deposit
                                 .10
and other intangible assets(1)
                                           .07
Diluted net operating earnings
                       $ 1.67
                                    1.84
per share
                     ======
                                 ======
Net income
                         $175.973
                                      202.917
Amortization of core deposit
and other intangible assets(1)
                                11,189
                                           7.939
Net operating income
                            $187.162
                                         210.856
                     ======
                                 ======
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(1) After any related tax effect

Reconciliation of Total Assets and Equity to Tangible Assets and Equity. A reconciliation of average assets and equity with average tangible assets and average tangible equity follows:

Three months ended March 31 2007 2006

	(III IIIIIIOIIS)	
Average assets Goodwill Core deposit and other	\$57,207 (2,909)	55,106 (2,907)
intangible assets	(241)	(112)
Deferred taxes	`28 ´	43
-		
Average tangible assets	\$54,0	85 52,130
=	===== =	====
Average equity	\$ 6,270	5,893
Goodwill	(2,909)	(2,907)
Core deposit and other		
	(0.14)	(4.4.6)
intangible assets	(241)	(112)
	(241) 28	(112) 43
intangible assets	, ,	43

(in millione)

Taxable-equivalent Net Interest Income. Taxable-equivalent net interest income totaled \$456 million in the first quarter of 2007, compared with \$452 million in the first quarter of 2006. Higher average loan balances outstanding, which rose 6% to \$43.1 billion in 2007's initial quarter from \$40.5 billion in the year-earlier period, were the most significant contributor to the increase. Partially offsetting the favorable impact of loan growth was a lower net interest margin, or taxable-equivalent net interest income expressed as an annualized percentage of average earning assets, which declined to 3.64% in the recent quarter from 3.73% in the first quarter of 2006. That decline reflects lower fees from customer prepayments of commercial real estate loans and higher rates paid on deposits.

Provision for Credit Losses/Asset Quality. The provision for credit losses was increased to \$27 million in the initial 2007 quarter from \$18 million in the first quarter of 2006. Net charge-offs of loans during the recent quarter and the year-earlier quarter were \$17 million. Expressed as an annualized percentage of average loans outstanding, net charge-offs were .16% and .17% in the first quarter of 2007 and 2006, respectively.

Loans classified as nonperforming totaled \$273 million, or .63% of total loans at March 31, 2007, up from \$143 million or .35% a year earlier and \$224 million or .52% at December 31, 2006. The increase from a year ago was due in part to the addition of \$40 million of loans to automobile dealers. Lower domestic automobile sales have resulted in a difficult operating environment for certain automobile dealers, leading to deteriorating financial results. Also contributing to the year-over-year increase in nonperforming loans was the addition during 2007's first quarter of two commercial relationships totaling \$40 million, which also represented the majority of the rise in that category from the end of 2006. Loans past due 90 days or more and accruing interest were \$118 million at the end of the recently completed quarter, compared with \$109 million at March 31, 2006. Included in these past due but accruing amounts were loans guaranteed by government-related entities of \$71 million and \$86 million at March 31, 2007 and 2006, respectively. Assets taken in foreclosure of defaulted loans were \$15 million at March 31, 2007, compared with \$10 million a year earlier.

Allowance for Credit Losses. The allowance for credit losses totaled \$660 million, or 1.52% of total loans, at March 31, 2007, compared with \$639 million, or 1.56%, a year earlier and \$650 million, or 1.51%, at December 31, 2006. The decline in the allowance as a percentage of loans from March 31, 2006 to the two most recent quarter-ends reflects a change in portfolio mix resulting from higher balances of residential real estate loans and lower balances of consumer loans. In general, M&T experiences significantly lower charge-offs on residential real estate loans than on consumer loans. The ratio of M&T's allowance for credit losses to nonperforming loans was 241%, 448% and 290% at March 31, 2007, March 31, 2006 and December 31, 2006, respectively.

Noninterest Income and Expense. Noninterest income in the initial quarter of 2007 totaled \$236 million, compared with \$253 million in the year-earlier quarter. The decline was due to a \$21 million decrease in mortgage banking revenues and lower income from commercial leasing and educational lending, partially offset by higher deposit account service charges and trust income. As discussed in a news release issued by M&T on March 30, 2007, the lower mortgage banking revenues were predominantly the result of market conditions that affected the valuation of alternative ("Alt-A") residential mortgage loans that had been held for sale by M&T. As stated in the March news release, unfavorable market conditions and lack of market liquidity resulted in M&T deciding to transfer \$883 million of Alt-A loans previously held for sale (\$808 million of first mortgage loans and \$75 million of second mortgage loans) to its held-for-investment residential mortgage loan portfolio. As a result, the carrying value of those loans was reduced by \$12 million in the recent quarter, resulting in an after-tax reduction of net income of \$7 million, or \$.07 per diluted share. In addition, M&T accrued \$6 million to provide for declines in market value of previously sold loans that M&T may be required to repurchase. That accrual reduced M&T's net income in the recent quarter by \$4 million, or

\$.03 per diluted share.

Noninterest expense in the first quarter of 2007 totaled \$399 million, compared with \$382 million in the similar quarter of 2006. Included in such amounts are expenses considered to be nonoperating in nature consisting of amortization of core deposit and other intangible assets of \$18 million in 2007 and \$13 million in 2006. The increased amortization reflects M&T's acquisition of 21 branch offices in upstate New York on June 30, 2006. Exclusive of these nonoperating expenses, noninterest operating expenses were \$381 million in the recently completed quarter and \$369 million in the first quarter of 2006. Contributing to the rise in operating expenses in 2007 were higher salaries expenses, reflecting the impact of 2006 acquisitions, primarily the branch office acquisition noted above, annual merit increases, and stock-based and other incentive compensation costs. Also contributing to the increased level of operating expenses was a lower reversal of the valuation allowance for impairment of capitalized residential mortgage servicing rights of \$1 million in the recent quarter, compared with \$7 million in the year-earlier quarter. Excluding the impact of those reversals, operating expenses in 2007's first quarter were up only 1.6% from the year-earlier period.

The efficiency ratio, or noninterest operating expenses divided by the sum of taxable-equivalent net interest income and noninterest income (exclusive of gains and losses from bank investment securities), measures the relationship of operating expenses to revenues. M&T's efficiency ratio was 55.1% in the first quarter of 2007, compared with 52.4% in the year-earlier period.

Balance Sheet. M&T had total assets of \$57.8 billion at March 31, 2007, up from \$55.4 billion a year earlier. Loans and leases, net of unearned discount, rose 6% to \$43.5 billion at the recent quarter-end from \$40.9 billion at March 31, 2006. Deposits were \$38.9 billion at March 31, 2007, compared with \$38.2 billion a year earlier. Total stockholders' equity was \$6.3 billion and \$5.9 billion at March 31, 2007 and 2006, respectively, representing 10.81% of total assets at the recent quarter-end and 10.68% a year earlier. Common stockholders' equity per share was \$57.32 and \$53.11 at March 31, 2007 and 2006, respectively. Tangible equity per common share was \$28.77 at March 31, 2007, compared with \$26.41 a year earlier. In the calculation of tangible equity per common share, stockholders' equity is reduced by the carrying values of goodwill and core deposit and other intangible assets, net of applicable deferred tax balances, which aggregated \$3.1 billion and \$3.0 billion at March 31, 2007 and 2006, respectively.

During the first quarter of 2007, M&T repurchased, 1,736,800 shares of common stock under authorized repurchase plans at an average cost of \$119.69 per share, including a new plan authorized by M&T's Board of Directors allowing for the purchase of up to 5,000,000 shares of common stock. Under that new plan, M&T repurchased 40,500 shares in the recent quarter at an average cost per share of \$116.52.

Conference Call. Investors will have an opportunity to listen to M&T's conference call to discuss first quarter financial results today at 3:00 p.m. Eastern Time. Those wishing to participate in the call may dial 877-780-2276. International participants, using any applicable international calling codes, may dial 973-582-2700. Callers should reference M&T Bank Corporation or conference ID #8628825. The conference call will be webcast live on M&T's website at http://ir.mandtbank.com/conference.cfm. A replay of the call will be available until Wednesday, April 18, 2007 by calling 877-519-4471, or 973- 341-3080 for international participants, and by making reference to ID #8628825. The event will also be archived and available by 7:00 p.m. today on M&T's website at http://ir.mandtbank.com/conference.cfm.

M&T is a bank holding company whose banking subsidiaries, M&T Bank and M&T Bank, National Association, operate branch offices in New York, Pennsylvania, Maryland, Virginia, West Virginia, Delaware, New Jersey and the District of Columbia.

Forward-Looking Statements. 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.

Future Factors include changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity; prepayment speeds, loan originations, credit losses and market values on loans and other assets; sources of liquidity; common shares outstanding; common stock price volatility; fair value of and number of stock-based compensation awards to be issued in future periods; legislation affecting the financial services industry as a whole, and M&T and its subsidiaries individually or collectively, including tax legislation; regulatory supervision and oversight, including monetary policy and required capital levels; changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies; 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; 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 with 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 and political conditions, either nationally or in the states in which M&T and its subsidiaries do business, including interest rate and currency exchange rate fluctuations, changes and trends in the securities markets, and other Future Factors.

M&T BANK CORPORA Financial Highlights			
Amounts in thousands, except per share	Three months ended March 31		
except per snare	2007 2006 Change		
Performance			
Net income	\$175,973 202,917 -13%		
Per common share: Basic earnings Diluted earnings Cash dividends	\$ 1.60		
Common shares outsta Average - diluted (1) Period end (2)	anding: 112,187 114,347 -2% 109,090 111,447 -2		
Return on (annualized) Average total assets Average common stool equity	1.25% 1.49%		
Taxable-equivalent net income	interest \$455,550 451,757 1%		
Yield on average earning Cost of interest-bearing liabilities Net interest spread Contribution of interest- funds Net interest margin	3.90% 3.28% 3.03% 3.18%		
Net charge-offs to avera			
Net operating results (3	3)		
Net operating income Diluted net operating ea common share Return on (annualized) Average tangible asse	1.67 1.84 -9 :		
	At March 31		
Loan quality	2007 2006 Change		

	At March 31		
Loan quality	2007	2006	Change
Nonaccrual loans Renegotiated loans	\$259,01 14,210		
		,	
Total nonperforming loans \$273,225 142,724 91%			
Accruing loans past due 90 days or more \$118,094 109,287 8%			

Nonperforming loans to total net

loans .35%

Allowance for credit losses to

total net loans 1.52% 1.56%

- (2) Includes common stock issuable under deferred compensation plans.
- (3) 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 is included herein.

M&T BANK CORPORATION

Condensed Consolidated Statement of Income

Three months ended
March 31

	March 31			
Dollars in thousands	200	7 20 	06 C	hange
Interest income Interest expense		49 777 22 330		
Net interest income	450,4	127 44	7,026	1
Provision for credit losses	27,	000 1	8,000	50
Net interest income after provision for credit losses	423	,427 4	29,026	-1
Other income Mortgage banking rever Service charges on dep accounts Trust income Brokerage services inco Trading account and for exchange gains Gain on bank investmer securities Other revenues from op	osit 94,587 36,973 ome eign 6,22 nt 1,063		6 6 96 9 14,724	9 4 3
Total other income	236,4	 183 25	2,931	-7

Ot

Other expense Salaries and employee benefit Equipment and net occupancy Printing, postage and supplies Amortization of core deposit at	42,8 8,906	43,4	
other intangible assets	18,356	13,028	41
Other costs of operations	92,175	92,924	-1
Total other expense	399,037	382,003	4
Income before income taxes	260,87	73 299,9	54 -13
Applicable income taxes	84,900	97,037	-13

Net income \$175,973 202,917 -13%

M&T BANK CORPORATION Condensed Consolidated Balance Sheet

March 31

⁽¹⁾ Includes common stock equivalents.

Dollars in thousands	2007 2006 Change		
ASSETS			
Interest-bearing deposits at Federal funds sold and agre to resell securities Trading account assets Investment securities Loans and leases, net of und discount Less: allowance for credit le	\$ 1,437,859 1,277,809 13% banks 7,908 14,271 -45 ements 429,895 8,670 - 153,511 201,268 -24 7,027,709 8,294,067 -15 earned 43,507,176 40,858,598 6 osses 659,757 638,831 3		
Net loans and leases	42,847,419 40,219,767 7		
Goodwill Core deposit and other intar assets Other assets	2,908,849 2,908,849 - lgible 231,877 110,614 110 2,797,444 2,384,547 17		
Total assets	\$57,842,471 55,419,862 4% ====================================		
LIABILITIES AND STOCKHOLDERS' EQUITY Noninterest-bearing deposits at U.S. offices \$7,614,624 7,697,855 -1% Other deposits at U.S. offices 26,561,707 27,306,015 -3			
	4,761,575 3,167,515 50 38,937,906 38,171,385 2		
	4,048,782 4,351,347 -7 938,290 885,091 6 7,664,309 6,092,570 26		
Total liabilities	51,589,287 49,500,393 4		
Stockholders' equity (1)	6,253,184 5,919,469 6		
Total liabilities and stockholders' equity \$57,842,471 55,419,862 4% ===================================			
(1) Reflects accumulated ot	her comprehensive loss, net of applicable 2 million at March 31, 2007 and \$122.9		
M&T BANK CORPORATION Condensed Consolidated Average Balance Sheet and Annualized Taxable-equivalent Rates			
Thi	ree months ended		

Three months ended March 31

-----Dollars in millions 2007 2006 Change in Balance Rate Balance Rate balance

ASSETS

Interest-bearing deposits at banks \$ 8 3.56% 10 3.03% -22%

Federal funds sold and agreements to resell

securities	304 6.40 31 4.88 -	
Trading account assets	53 .83 98 2.75 -4	45
Investment securities	7,214 5.04 8,383 4.71	-14
Loans and leases, net of unearned discount Commercial, financial, e Real estate - commercia Real estate - consumer Consumer		7 5 29 3
net 43,	, 114 7.26 40,544 6.84 6 	
Total earning assets	50,693 6.93 49,066 6.46	3
Goodwill	2,909 2,907 -	
Core deposit and other intangible assets	241 112 116	
Other assets	3,364 3,021 11	
Total assets	57,207 55,106 4% == =====	
LIABILITIES AND STOCK	(HOLDERS' EQUITY	
Interest-bearing deposits NOW accounts Savings deposits Time deposits Deposits at foreign office	\$ 437 1.08 409 .65 14,733 1.67 14,335 1.23 11,657 4.76 11,870 4.03 3,717 5.20 3,383 4.41	3 -2
Total interest-bearing deposits 3),544 3.27 29,997 2.69 2 	
Short-term borrowings Long-term borrowings	4,852 5.31 4,555 4.50 7,308 5.59 6,293 5.19	7 16
Total interest-bearing liabilities 42,	704 3.90 40,845 3.28 5	
Noninterest-bearing depo	sits 7,422 7,572	-2
Other liabilities	811 796 2	
Total liabilities 5	0,937 49,213 4	
Stockholders' equity	6,270 5,893 6 	
Total liabilities and stockholders' equity	\$57,207 55,106 4 == =====	! %
Net interest spread Contribution of interest-fre funds Net interest margin	3.03 3.18 ee .61 .55 3.64% 3.73%	

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Web site: http://www.mandtbank.com/

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