M&T Bank Corporation Announces Second Quarter Results

PRNewswire-FirstCall BUFFALO, N.Y.

M&T Bank Corporation ("M&T") today reported its results of operations for the quarter ended June 30, 2008.

GAAP Results of Operations. Diluted earnings per share measured in accordance with generally accepted accounting principles ("GAAP") for the second quarter of 2008 were \$1.44, compared with \$1.95 in the year-earlier quarter. GAAP-basis net income in the recent quarter aggregated \$160 million, compared with \$214 million in the second quarter of 2007. GAAP-basis net income for 2008's second quarter expressed as an annualized rate of return on average assets and average common stockholders' equity was .98% and 9.96%, respectively, compared with 1.49% and 13.92%, respectively, in the corresponding quarter of 2007.

Commenting on M&T's results for the recent quarter, Rene F. Jones, Executive Vice President and Chief Financial Officer, observed, "While M&T is not immune to the effects of the higher credit costs evident throughout the banking industry as we move through the current credit cycle, we, nevertheless, recorded significant profits during the quarter. The combination of growth in loans and deposits, a stable net interest margin, core noninterest income growth and controlled expense levels demonstrate the strength of our organization amid a challenging environment. Our focus is to continue to prudently provide credit and other banking services to our customers throughout the current economic cycle while using our capital generation ability to strengthen our already sound capital position."

For the first half of 2008, GAAP-basis diluted earnings per share were \$3.26, compared with \$3.51 in the first six months of 2007. On the same basis, net income for the first two quarters of the year totaled \$362 million in 2008 and \$390 million in 2007. GAAP-basis net income for the six-month period ended June 30, 2008 expressed as an annualized rate of return on average assets and average common stockholders' equity was 1.12% and 11.23%, respectively, compared with 1.37% and 12.65%, respectively, in the similar 2007 period.

Supplemental Reporting of Non-GAAP Results of Operations. M&T consistently provides 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 \$10 million (\$.09 per diluted share) in each of the second quarters of 2008 and 2007. Similar after tax effect amortization charges were \$21 million (\$.19 per diluted share) for each of the six-month periods ended June 30, 2008 and 2007. Merger and integration-related expenses during the first three months of 2008 related to acquisition transactions completed in the fourth quarter of 2007 totaled \$2 million, after tax effect, or \$.02 of diluted earnings per share. There were no similar expenses in either the second quarter of 2008 or during the first six months of 2007.

Diluted net operating earnings per share, which exclude the impact of amortization of core deposit and other intangible assets and merger-related expenses, were \$1.53 in 2008's second quarter, compared with \$2.04 in the year-earlier quarter. Net operating income during the recently completed quarter was \$170 million, compared with \$224 million in the second quarter of 2007. Expressed as an annualized rate of return on average tangible assets and average tangible stockholders' equity, net operating income was 1.10% and 22.20%, respectively, in the second quarter of 2008, compared with 1.65% and 29.35% in the year-earlier quarter.

Diluted net operating earnings per share for the six-month period ended June 30, 2008 were \$3.47, compared with \$3.70 in the first half of 2007. Net operating income for the first six months of 2008 was \$386 million, compared with \$411 million in the corresponding 2007 period. For the first six months of 2008, net operating income expressed as an annualized rate of return on average tangible assets and average tangible equity was 1.25% and 25.04%, respectively, compared with 1.53% and 26.71% in the first two quarters of 2007.

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:

Three months ended Six months ended
June 30 June 30
2008 2007 2008 2007
---- ---- ---(in thousands, except per share)

```
Diluted earnings per share $ 1.44 1.95 3.26 3.51
Amortization of core deposit
and other intangible assets(1) .09
                                  .19
Merger-related expenses(1) - .02
Diluted net operating earnings
per share $ 1.53 2.04 3.47 3.70
             -----
Net income
                $160,265 214,169 362,461 390,142
Amortization of core deposit
and other intangible assets(1) 10,096 10,021 21,337 21,210
Merger-related expenses(1) - - 2,160
             _____
Net operating income $170,361 224,190 385,958 411,352
             _____ ____
 (1) After any related tax effect
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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:

| | June | nonths e 30 2007 (in mill | Ju 200 | ine 30 | | ded |
|---|---------------------|--|--------------------|------------------------|---------|--------|
| Average assets Goodwill Core deposit and intangible assets Deferred taxes | (3,19 other | 92) (2, 222) | 909) (| (3,194) | (2,909 | 9) |
| Average tangible | assets | \$62,201 ==== | I 54,4 ==== | 415 6 | 1,908 | 54,251 |
| Average equity Goodwill Core deposit and intangible assets Deferred taxes | (3,19 other (| 92) (2, 222) | 909) (| (3,194) | (2,909) | 9) |
| Average tangible | | \$ 3,086 | 3,06 | 34 3, ⁻ | 100 | |

Taxable-equivalent Net Interest Income. Taxable-equivalent net interest income totaled \$492 million in the second quarter of 2008, up 5% from \$467 million in the year-earlier period. Growth in average loans and leases, which rose 14% to \$49.5 billion in the recent quarter from \$43.6 billion in the second quarter of 2007, was the most significant contributor to the improvement. Such growth was predominantly attributable to average outstanding balance increases in commercial loans, commercial real estate loans and consumer loans and includes the impact of the loans added in the fourth quarter of 2007 as a result of acquisitions. 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 3.39% in the recent quarter from 3.67% in the second quarter of 2007. That narrowing of the net interest margin was attributable to several factors, including the impact of the fourth quarter 2007 acquisition transactions and the issuances of subordinated notes in the fourth quarter of 2007 and Enhanced Trust Preferred Securities in the initial 2008 quarter. The recent quarter's net interest margin was improved slightly from 3.38% in the first quarter of 2008.

Provision for Credit Losses/Asset Quality. The provision for credit losses increased to \$100 million in the second quarter of 2008 from \$30 million in the year-earlier quarter. Net charge-offs of loans totaled \$99 million during the recent quarter, up from \$22 million in the second quarter of 2007. That increase reflects the unfavorable conditions in the residential real estate marketplace that have resulted in declining real estate valuations and affected the ability of individual homeowners and builders and developers of residential real estate properties to repay loans. As a result, the levels of charge-offs and delinquencies have risen significantly as compared with the second quarter of 2007. Specifically, \$38 million of the net charge-offs recorded in the

recent quarter were related to loans to builders and developers of residential real estate, while there were no such loans charged off in the year-earlier quarter and just \$3 million in the first quarter of 2008. Net charge-offs of residential real estate loans to individuals, consisting predominantly of Alt-A residential mortgage loans, aggregated \$13 million in the recent quarter, up from \$2 million in the comparable quarter of 2007, but down from \$15 million in 2008's initial quarter. Net charge-offs of home equity loans and lines of credit totaled \$9 million in the recent quarter, and included \$5 million related to Alt-A second mortgage loans. Net charge-offs of home equity loans and lines of credit were \$2 million in 2007's second quarter and \$6 million in 2008's initial quarter. Expressed as an annualized percentage of average loans outstanding, net charge-offs were .81% and .20% in the second quarter of 2008 and 2007, respectively.

Loans classified as nonperforming increased to \$587 million, or 1.20% of total loans at June 30, 2008 from \$296 million or .68% a year earlier, \$447 million or .93% at December 31, 2007 and \$495 million or 1.00% at March 31, 2008. Significant factors contributing to the jump in nonperforming loans from June 30, 2007 to June 30, 2008 were a \$139 million rise in residential real estate loans and a \$124 million increase in loans to builders and developers of residential real estate. The higher level of nonperforming residential real estate loans reflects a December 2007 change in accounting procedure whereby residential real estate loans previously classified as nonaccrual when payments were 180 days past due now stop accruing interest when principal or interest is delinquent 90 days. The impact of the acceleration of the classification of such loans as nonaccrual resulted in an increase in nonperforming loans at June 30, 2008 and December 31, 2007 of \$65 million and \$84 million, respectively. Contributing to the increase in nonperforming loans from March 31, 2008 was the addition of \$67 million of loans to residential real estate builders and developers, including \$41 million of loans to residential home builders and developers in the Mid- Atlantic region.

Loans past due 90 days or more and accruing interest were \$94 million at the end of the recent quarter, compared with \$135 million at June 30, 2007. Included in these past due but accruing amounts were loans guaranteed by government-related entities of \$89 million and \$70 million at June 30, 2008 and 2007, respectively. Assets taken in foreclosure of defaulted loans were \$53 million at June 30, 2008, compared with \$18 million at June 30, 2007. The rise in such assets from a year earlier resulted from higher residential real estate loan defaults.

Allowance for Credit Losses. The allowance for credit losses was \$774 million, or 1.58% of total loans, at June 30, 2008, compared with \$668 million, or 1.53%, a year earlier and \$759 million, or 1.58%, at December 31, 2007. The increase in the allowance as a percentage of loans from June 30, 2007 to the 2007 year-end and to the end of the second quarter of 2008 reflects the impact of lower valuations of residential real estate and higher levels of borrower delinquencies. The ratio of M&T's allowance for credit losses to nonperforming loans was 132%, 226% and 170% at June 30, 2008, June 30, 2007 and December 31, 2007, respectively.

Noninterest Income and Expense. Noninterest income in the second quarter of 2008 totaled \$271 million, compared with \$283 million in the year-earlier quarter. Higher service charges on deposit accounts, increases in revenues for providing mortgage banking and trust services, and higher credit-related fees were more than offset by a \$21 million decline in M&T's pro-rata portion of the operating results of Bayview Lending Group, LLC ("BLG"), a privately- held commercial mortgage lender in which M&T invested on February 5, 2007. Including expenses associated with M&T's investment in BLG, most notably interest expense, that investment reduced M&T's net income by approximately \$10 million (after tax effect) in the second quarter of 2008. BLG specializes in originating, securitizing and servicing small balance commercial real estate loans. The decline in M&T's share of BLG's operating results was primarily due to lower gains from securitizations resulting from significant disruptions in the commercial mortgage-backed securities market and higher expenses for severance and lease terminations. In response to the stagnant market conditions of recent months, BLG has reduced its originations activities, scaled back its workforce and begun using its contingent liquidity sources.

Noninterest expense in the second quarter of 2008 aggregated \$420 million, compared with \$393 million in the year-earlier quarter. Included in such amounts are expenses considered to be nonoperating in nature consisting of amortization of core deposit and other intangible assets of \$17 million in 2008 and \$16 million in 2007. Exclusive of these nonoperating expenses, noninterest operating expenses were \$403 million in the recent quarter, compared with \$376 million in the second quarter of 2007. Increased expenses for salaries, occupancy, professional services and foreclosed residential real estate properties contributed to that rise. During the recent quarter, the allowance for impairment of capitalized residential mortgage servicing rights was reduced by \$9 million, compared with a similar reduction of \$5 million in the second quarter of 2007. Those reversals reduced noninterest operating expenses and resulted from higher mortgage interest rates at the end of the respective quarters as compared with the immediately preceding quarter-ends.

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 52.4% in 2008's second quarter, compared with 50.2% in the year-earlier period.

Balance Sheet. M&T had total assets of \$65.9 billion at June 30, 2008, up from \$57.9 billion at June 30, 2007. Loans and

leases, net of unearned discount, rose 12% to \$49.1 billion at the recent quarter-end from \$43.7 billion a year earlier. Deposits were \$41.9 billion at June 30, 2008, compared with \$39.4 billion at June 30, 2007. Total stockholders' equity was \$6.5 billion at June 30, 2008, representing 9.89% of total assets, compared with \$6.2 billion or 10.67% a year earlier. Common stockholders' equity per share was \$59.12 and \$57.59 at June 30, 2008 and 2007, respectively. Tangible equity per common share was \$28.50 at June 30, 2008, compared with \$28.66 at June 30, 2007. 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 \$3.4 billion and \$3.1 billion at June 30, 2008 and 2007, respectively.

Conference Call. Investors will have an opportunity to listen to M&T's conference call to discuss second quarter financial results today at 10:00 a.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# 51895468. 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 Tuesday, July 15, 2008 by calling 800-642-1687, or 706-645- 9291 for international participants, and by making reference to ID# 51895468. 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, other assets and collateral securing loans; 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, including tax-related examinations and other matters; 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, acquisition and investment 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.

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M&T BANK CORPORATION

Financial Highlights

Three months ended June 30

Amounts in thousands.

2008 2007 Change

except per share

Performance

Net income \$ 160,265 214,169 -25%

| Per common share: Basic earnings Diluted earnings Cash dividends | \$ 1.45 1.98 -27% 1.44 1.95 -26 \$.70 .60 17 | | | | |
|--|--|--|--|--|--|
| Common shares outstanding: Average - diluted (1) Period end (2) | 111,227 109,919 1% 110,268 107,230 3 | | | | |
| Return on (annualized): Average total assets Average common stockhold | .98% 1.49% ers' equity 9.96% 13.92% | | | | |
| Taxable-equivalent net interesincome \$ | st 492,483 466,884 5% | | | | |
| Yield on average earning assets5.66%6.95%Cost of interest-bearing liabilities2.64%3.87%Net interest spread3.02%3.08%Contribution of interest-free funds.37%.59%Net interest margin3.39%3.67% | | | | | |
| Net charge-offs to average total net loans (annualized) .81% .20% | | | | | |
| Net operating results (3) | | | | | |
| Net operating income Diluted net operating earnings common share Return on (annualized): Average tangible assets Average tangible common e Efficiency ratio | \$ 170,361 224,190 -24% s per 1.53 2.04 -25 1.10% 1.65% quity 22.20% 29.35% 52.41% 50.18% | | | | |
| Six months ended June 30 | | | | | |
| Amounts in thousands, except per share | 2008 2007 Change | | | | |
| Performance | | | | | |
| Net income | \$ 362,461 390,142 -7% | | | | |
| Per common share: Basic earnings Diluted earnings Cash dividends | \$ 3.29 3.59 -8% 3.26 3.51 -7 \$ 1.40 1.20 17 | | | | |
| Common shares outstanding: Average - diluted (1) Period end (2) | 111,097 111,046 -% 110,268 107,230 3 | | | | |
| Return on (annualized): Average total assets Average common stockhold | 1.12% 1.37% ers' equity 11.23% 12.65% | | | | |
| Taxable-equivalent net interesincome \$ | st 977,116 922,434 6% | | | | |
| Yield on average earning ass Cost of interest-bearing liabili Net interest spread Contribution of interest-free fu | ties 2.95% 3.88% 2.98% 3.06% | | | | |

Net charge-offs to average total net loans (annualized) .59% .18%

Net operating results (3)
----Net operating income \$ 385,958 411,352 -6%

Diluted net operating earnings per

common share 3.47 3.70 -6

Return on (annualized):

1.25% 1.53% Average tangible assets Average tangible common equity 25.04% 26.71%

Efficiency ratio 52.63% 52.53%

At June 30

Loan quality 2008 2007 Change

\$ 568,460 101% Nonaccrual loans 282,133 Renegotiated loans 18.905 13,706 38

Total nonperforming loans \$ 587,365 295,839 99%

> ======= ======

Accruing loans past due 90 days or

134,906 more \$ 93,894

Nonperforming loans to total net

loans .68%

Allowance for credit losses to total

net loans 1.58% 1.53%

(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 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 June 30

| Dollars in thousands | | 2008 | 2007 | Change |
|--|-------|--------------------|--------------------|------------|
| Interest income Interest expense | \$ | 817,574 330,942 | 878,176 416,264 | -7% -20 |
| Net interest income | | 486,632 | 461,912 | 5 |
| Provision for credit losses | S | 100,000 | 30,000 | 233 |
| Net interest income after provision for credit losse | S | 386,632 | 431,912 | 2 -10 |

Other income

Mortgage banking revenues 38,219 35,546 Service charges on deposit accounts 110,340 104,626 Trust income 40,426 37,550 Brokerage services income 16,654 3 17,211 Trading account and foreign 6,636 exchange gains 6,963 -5 Gain (loss) on bank investment securities 260 (5,421)Equity in earnings of Bayview (13,026)Lending Group LLC 8,128 Other revenues from operations 76,797 73,390 5

Total other income 271,182 283,117

Other expense

Salaries and employee benefits 236,127 224,700 Equipment and net occupancy 47,252 41,099 15

| Printing, postage and supplie Amortization of core deposits other intangible assets Other costs of operations | and | | | | | |
|---|--|--|--|--|--|--|
| Total other expense | 419,710 392,651 7 | | | | | |
| Income before income taxes | 238,104 322,378 -26 | | | | | |
| Applicable income taxes | | | | | | |
| | 160,265 214,169 -25% | | | | | |
| | Six months ended June 30 | | | | | |
| Dollars in thousands | 2008 2007 Change | | | | | |
| | 1,701,736 1,739,225 -2% 736,254 826,886 -11 | | | | | |
| Net interest income | 965,482 912,339 6 | | | | | |
| Provision for credit losses | | | | | | |
| Net interest income after provision for credit losses | 805,482 855,339 -6 | | | | | |
| Service charges on deposit a Trust income Brokerage services income Trading account and foreign exchange gains Gain (loss) on bank investme securities 28 Equity in earnings of Bayview Lending Group LLC | 11,349 13,186 -14 nt 3,026 1,323 - | | | | | |
| | 583,845 519,600 12 | | | | | |
| Other expense Salaries and employee beneficially salaries and net occupant printing, postage and supplie Amortization of core deposition other intangible assets Other costs of operations | s 19,016 17,890 6 and 35,098 34,813 1 209,285 193,586 8 | | | | | |
| | 845,414 791,688 7 | | | | | |
| Income before income taxes | 543,913 583,251 -7 | | | | | |
| Applicable income taxes | 181,452 193,109 -6 | | | | | |
| | 362,461 390,142 -7% | | | | | |
| M&T BANK CORPORATION Condensed Consolidated Balance Sheet | | | | | | |
| J | une 30 | | | | | |
| Dollars in thousands | 2008 2007 Change | | | | | |

ASSETS

Cash and due from banks \$ 1,624,753 1,301,894 25%

Interest-bearing deposits at banks 5,654 6,954 -19

Federal funds sold and agreements

to resell securities 103,750 334,924 -69

Trading account assets 243,050 152,410 59

Investment securities 8,658,775 6,982,323 24

Loans and leases, net of unearned

discount 49,114,616 43,743,822 12 Less: allowance for credit losses 774,076 668,138 16

Net loans and leases 48,340,540 43,075,684 12

Goodwill 3,192,128 2,908,849 10

Core deposit and other intangible

assets 213,528 215,897 -1

Other assets 3,511,250 2,890,134 21

Other assets 5,511,250 2,690,154 21

Total assets \$65,893,428 57,869,069 14%

LIABILITIES AND STOCKHOLDERS' EQUITY

Noninterest-bearing deposits at U.S.

offices \$8,483,856 7,477,576 13%

Other deposits at U.S. offices 27,684,858 25,330,140 9

Deposits at foreign office 5,756,976 6,610,919 -13

Total deposits 41,925,690 39,418,635 6

Short-term borrowings 3,761,550 2,933,081 28

Accrued interest and other

liabilities 917,022 897,249 2

Long-term borrowings 12,770,110 8,444,797 51

Total liabilities 59,374,372 51,693,762 15

Stockholders' equity (1) 6,519,056 6,175,307 6

Total liabilities and stockholders'

equity \$65,893,428 57,869,069 14%

 Reflects accumulated other comprehensive loss, net of applicable income tax effect, of \$332.9 million at June 30, 2008 and \$66.8 million at June 30, 2007.

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

Three months ended June 30

| | | 2007 | • | |
|--|---|----------------------------|--------------------|--|
| Bala | nce Rate | Change Balance Rate | balance | |
| ASSETS | | | | |
| Interest-bearing deposits banks \$ | at 8 1.14% | 9 3.12% | -7% | |
| Federal funds sold and agreements to resell securities | 101 1.96 | 448 6.03 | -78 | |
| Trading account assets | 64 | .90 67 1 | .40 -5 | |
| Investment securities | 8,770 | 5.07 6,886 | 5.01 27 | |
| Loans and leases, net of unearned discount Commercial, financial, etc 13,800 5.14 12,155 7.23 14 Real estate - commercial 18,491 5.76 15,578 7.45 19 Real estate - consumer 6,026 6.04 5,875 6.49 3 Consumer 11,205 6.41 9,964 7.47 12 Total loans and | | | | |
| Total earning assets | 58,465 | 5.66 50,982 | 6.95 15 | |
| Goodwill | 3,192 | 2,909 | 10 | |
| Core deposit and other intangible assets | 222 | 223 | -1 | |
| | 3,705 | 3,409 | 9 | |
| Total assets \$ | 65,584 ==== | | 14% | |
| LIABILITIES AND STOC EQUITY | KHOLDER | 6' | | |
| Savings deposits Time deposits Deposits at foreign office | \$ 512 18,092 9,216 3 se 4,314 | .47 10,523 4 2.06 3,706 | 1.63 20 .73 -12 | |
| Total interest-bearing deposits 3 | 2,134 2.0 | 3 29,709 3.1 | 6 8 | |
| Short-term borrowings Long-term borrowings | 6,869 11,407 | 4.44 7,905 | 5.31 24 5.52 44 | |
| Total interest-bearing liabilities 50, | 410 2.64 | 43,169 3.87 | 17 | |
| Noninterest-bearing deposits 7,577 7,339 3 | | | | |
| Other liabilities | 1,128 | 843 | 34 | |
| Total liabilities 5 | | | 15 | |
| Stockholders' equity | | | 5 | |
| Total liabilities and stockholders' equity | \$ 65,584 ==== | | 14% | |

Net interest spread 3.02 3.08 Contribution of interest-free

funds .37 .59 Net interest margin 3.39% 3.67%

> Six months ended June 30

Dollars in millions 2008 2007

----- Change in Balance Rate Balance

ASSETS

Interest-bearing deposits at

banks \$ 9 1.43% 8 3.33% 15%

Federal funds sold and agreements to resell

securities 115 2.54 377 6.18 -70

Trading account assets 69 1.16 60 1.15 15

Investment securities 8,847 5.15 7,049 5.03 26

Loans and leases, net of unearned discount

 Commercial, financial, etc
 13,554
 5.59
 11,955
 7.25
 13

 Real estate - commercial
 18,242
 6.05
 15,526
 7.37
 17

 Real estate - consumer
 6,002
 6.11
 5,907
 6.48
 2

 Consumer
 11,251
 6.66
 9,956
 7.45
 13

Total loans and ------

leases, net 49,049 6.09 43,344 7.27 13

------ ------ Total earning assets 58,089 5.93 50,838 6.94 14

Goodwill 3,194 2,909 10

Core deposit and other

intangible assets 230 232 -1

Other assets 3,786 3,387 12

Total assets \$65,299 57,366 14%

LIABILITIES AND STOCKHOLDERS' EQUITY

Interest-bearing deposits

 NOW accounts
 \$ 498
 .67
 445
 .99
 12%

 Savings deposits
 17,468
 1.46
 14,881
 1.65
 17

 Time deposits
 9,816
 3.81
 11,087
 4.74
 -11

 Deposits at foreign office
 4,567
 2.66
 3,711
 5.20
 23

Total interest-bearing

deposits 32,349 2.33 30,124 3.22 7

 Short-term borrowings
 7,011
 2.99
 5,206
 5.31
 35

 Long-term borrowings
 10,838
 4.77
 7,608
 5.55
 42

Total interest-bearing

liabilities 50,198 2.95 42,938 3.88 17

Noninterest-bearing deposits 7,506 7,380 2

Other liabilities 1,104 827 34 58,808 Total liabilities 51,145 15 Stockholders' equity 6,491 6,221 4 Total liabilities and stockholders' equity \$ 65,299 57,366 14% Net interest spread 2.98 3.06 Contribution of interest-free funds 3.38% 3.66% Net interest margin

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Web site: http://www.mandtbank.com/ http://ir.mandtbank.com/conference.cfm

https://newsroom.mtb.com/2008-07-14-M-T-Bank-Corporation-Announces-Second-Quarter-Results