# M&T Bank Corporation Announces 2009 Fourth Quarter and Full-Year Profits

PRNewswire-FirstCall BUFFALO, N.Y.

M&T Bank Corporation ("M&T") today reported its results of operations for 2009.

GAAP Results of Operations. Diluted earnings per common share measured in accordance with generally accepted accounting principles ("GAAP") increased to \$1.04 in the fourth quarter of 2009, up 13% from 2008's fourth quarter. GAAP-basis net income in the recent quarter totaled \$137 million. Expressed as an annualized rate of return on average assets and average common stockholders' equity, GAAP-basis net income for the fourth quarter of 2009 was .79% and 7.09%, respectively.

During the recent quarter, M&T recognized \$21 million of after-tax other-than-temporary impairment charges on certain available-for-sale investment securities. However, because those investment securities were previously reflected at fair value on the consolidated balance sheet, the impairment charges did not reduce shareholders' equity. M&T also incurred merger-related expenses of \$4 million, after applicable tax effect, associated with its second quarter acquisition of Provident Bankshares Corporation ("Provident") and with its third quarter agreement with the Federal Deposit Insurance Corporation ("FDIC") to assume all of the deposits and acquire certain assets of Bradford Bank ("Bradford"). Aggregating \$25 million, those two charges reduced diluted earnings per common share in the final quarter of 2009 by \$.21. GAAP-basis diluted earnings per common share and net income for the year ended December 31, 2009 were \$2.89 and \$380 million, respectively. Reflected in 2009's results were \$36 million of net merger-related expenses, after tax effect, or \$.31 of diluted earnings per common share. GAAP-basis net income for 2009 expressed as a rate of return on average assets and average common stockholders' equity was .56% and 5.07%, respectively.

Reflecting on M&T's financial performance, René F. Jones, Executive Vice President and Chief Financial Officer, commented, "By sticking with our approach of providing lending and banking services in our local markets, M&T produced solid earnings for both the fourth quarter and the full-year of 2009. We were pleased to see a continued widening of our net interest margin, which improved 10 basis points to 3.71% in the quarter. That key measure has increased for three consecutive quarters. Credit costs in the fourth quarter were down slightly and continue to be below current industry experience. The tangible common equity ratio strengthened impressively during the recent quarter, and was 5.13% at the end of 2009, up from 4.89% at September 30, 2009. Finally, our 2009 acquisitions of Provident and Bradford in the Mid-Atlantic region have proved to be meaningful, both in terms of the customer base to which we now provide our banking services and in our profitability, as they supplemented M&T's full-year diluted net operating earnings per common share by \$.16."

Diluted earnings per common share were \$.92 and \$.97 in the fourth quarter of 2008 and the third quarter of 2009, respectively. Net income for those respective quarters was \$102 million and \$128 million. Net income expressed as an annualized rate of return on average assets and average common stockholders' equity for the fourth quarter of 2008 was .63% and 6.41%, respectively, compared with .73% and 6.72%, respectively, in the third quarter of 2009. For the year ended December 31, 2008, diluted earnings per common share and net income were \$5.01 and \$556 million, respectively. Expressed as a rate of return on average assets and average common stockholders' equity, net income was .85% and 8.64%, respectively, in 2008.

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. Reconciliations of GAAP to non-GAAP measures are provided herein.

During the fourth quarter of 2009, diluted net operating earnings per common share were \$1.16, up 16% from \$1.00 in the similar 2008 period and 18% above \$.98 in 2009's third quarter. Net operating income for the fourth quarters of 2009 and 2008 was \$151 million and \$112 million, respectively, compared with \$129 million in the third quarter of 2009. For the three months ended December 31, 2009, net operating income expressed as an annualized rate of return on average tangible assets and average tangible common equity was .92% and 16.73%, respectively, up from .72% and 15.01% in the corresponding period of 2008 and .78% and 14.87%, respectively, in 2009's third quarter.

Diluted net operating earnings per common share were \$3.54 in 2009 and \$5.39 in 2008. Net operating income for 2009 and 2008 aggregated \$455 million and \$599 million, respectively. Net operating income in 2009 expressed as a rate of return on average tangible assets and average tangible common stockholders' equity was .71% and 13.42%, respectively, compared with .97% and 19.63% in 2008.

Taxable-equivalent Net Interest Income. Taxable-equivalent net interest income was \$565 million during the fourth quarter of 2009, up 15% from \$491 million in the similar 2008 quarter and 2% higher than \$553 million in the third quarter of 2009. The growth in such income as compared with the third quarter of 2009 reflects a widening of the net interest margin, which improved to 3.71% from 3.61%. That improvement resulted from lower interest rates paid on deposits and borrowings and continued growth in noninterest-bearing deposits.

Taxable-equivalent net interest income was \$2.08 billion in 2009, 6% higher than \$1.96 billion in 2008. Contributing to that improvement was growth in average loans and leases outstanding, which rose 4% to \$51.0 billion in 2009 from \$48.8 billion in 2008, and a widening of the net interest margin, which rose to 3.49% from 3.38%. The increase in average loans and leases was attributable to the 2009 acquisition transactions and the improved net interest margin resulted from lower interest rates paid on deposits and borrowings.

Provision for Credit Losses/Asset Quality. The provision for credit losses was \$145 million during the recently completed quarter, compared with \$151 million in the corresponding 2008 period. Net charge-offs of loans were \$135 million in the final quarter of 2009, representing an annualized 1.03% of average loans outstanding, improved from \$144 million or 1.17% in the year-earlier quarter. During 2009's third quarter, the provision for credit losses totaled \$154 million and net charge-offs aggregated \$141 million, or 1.07% of average loans outstanding. The provision for credit losses rose to \$604 million for the year ended December 31, 2009 from \$412 million in 2008. Net loan charge-offs in 2009 totaled \$514 million, or 1.01% of average loans outstanding, compared with \$383 million or .78% of average loans in 2008.

Reflecting the poor economic environment and its impact on businesses and consumers, loans classified as nonaccrual totaled \$1.33 billion, or 2.56% of total loans at December 31, 2009, compared with \$755 million or 1.54% a year earlier and \$1.23 billion or 2.35% at September 30, 2009. Assets taken in foreclosure of defaulted loans were \$95 million at December 31, 2009, compared with \$100 million at December 31, 2008 and \$85 million at September 30, 2009.

In an effort to assist borrowers, M&T has modified the terms of select residential real estate loans, consisting largely of loans in M&T's portfolio of Alt-A loans. At December 31, 2009, outstanding balances of those modified loans totaled \$292 million, of which \$108 million were classified as nonaccrual. The remaining modified loans have demonstrated payment capability consistent with the modified terms and, accordingly, were classified as renegotiated loans and were accruing interest at the 2009 year-end.

Loans past due 90 days or more and accruing interest totaled \$208 million at the recent year-end, including loans guaranteed by government-related entities of \$193 million. Such past due loans were \$159 million and \$183 million at December 31, 2008 and September 30, 2009, respectively, including \$114 million and \$173 million of government guaranteed loans at those respective dates.

Allowance for Credit Losses. M&T regularly performs detailed analyses of individual borrowers and portfolios for purposes of assessing the adequacy of the allowance for credit losses. Reflecting those analyses, the allowance for credit losses was \$878 million at December 31, 2009, increased from \$788 million a year earlier and \$868 million at September 30, 2009. Beginning in 2009, GAAP requires that expected credit losses associated with loans obtained in an acquisition be reflected in the estimation of loan fair value as of each respective acquisition date and prohibits any carryover of an allowance for credit losses. Excluding loans obtained in the Provident and Bradford acquisition transactions, the allowance-to-legacy loan ratio increased to 1.83% at December 31, 2009 from 1.61% at December 31, 2008. That same ratio was 1.81% at September 30, 2009.

Noninterest Income and Expense. Excluding gains and losses from investment securities, noninterest income of \$300 million in the fourth quarter of 2009 was up 13% from \$265 million in the similar 2008 quarter. Also excluding gains and losses from investment securities and the \$29 million gain recorded on the Bradford transaction, noninterest income in 2009's third quarter was \$296 million. On the same basis, noninterest income was \$1.16 billion in 2009, 6% higher than \$1.09 billion in 2008. Contributing to the improvements in the 2009 periods as compared with 2008 were higher mortgage banking revenues and service charges on acquisition-related deposit accounts.

Noninterest expense in the final quarter of 2009 totaled \$478 million, compared with \$447 million in the year-earlier quarter and \$500 million in 2009's third quarter. Included in such amounts are expenses considered to be nonoperating in nature consisting of amortization of core deposit and other intangible assets and merger-related expenses. Exclusive of these expenses, noninterest operating expenses were \$455 million in the recent quarter, compared with \$431 million in 2008's fourth quarter and \$469 million in the third quarter of 2009. Noninterest expense for the year ended December 31, 2009 totaled \$1.98 billion, compared with \$1.73 billion in 2008. Excluding those expenses considered to be nonoperating in nature, noninterest operating expenses were \$1.83 billion in 2009 and \$1.66 billion in 2008. The higher levels of operating expenses in the 2009 periods as compared with 2008 were due largely to the operations obtained in the 2009 acquisitions and higher deposit insurance assessments, including a \$33 million special assessment levied by the FDIC in the second quarter of 2009. Partially offsetting those factors were reversals of the valuation allowance for capitalized residential mortgage servicing rights of \$4 million in the fourth quarter and \$22 million for the full year of 2009, as compared with additions to that allowance of \$19 million and \$16

million in those respective periods of 2008. Contributing to the decline in noninterest operating expenses from the third to the fourth quarter of 2009 were lower costs for salaries, including incentive compensation.

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 and gains on merger transactions), measures the relationship of operating expenses to revenues. M&T's efficiency ratio improved to 52.7% in the fourth quarter of 2009 from 57.0% in the year-earlier quarter and 55.2% in the third quarter of 2009. M&T's efficiency ratio for the years ended December 31, 2009 and 2008 was 56.5% and 54.4%, respectively.

If the second quarter 2009 special assessment by the FDIC was excluded from the computation, the efficiency ratio for 2009 would have been 55.5%.

Balance Sheet. M&T had total assets of \$68.9 billion at December 31, 2009, up from \$65.8 billion a year earlier. Loans and leases, net of unearned discount, totaled \$51.9 billion at the 2009 year-end, up 6% from \$49.0 billion at December 31, 2008. Total deposits were \$47.4 billion at December 31, 2009, 11% higher than \$42.6 billion at the end of 2008. Deposits at domestic offices rose \$7.9 billion, or 20%, to \$46.4 billion at the recent year-end from \$38.5 billion at December 31, 2008. When excluding the impact of the 2009 acquisition transactions, core customer deposits jumped 16% to \$39.9 billion at December 31, 2009 from \$34.3 billion a year earlier. That substantial rise was largely driven by a \$4.0 billion or 45% increase in noninterest-bearing deposits.

Total stockholders' equity was \$7.8 billion and \$6.8 billion at December 31, 2009 and 2008, representing 11.26% and 10.31% respectively, of total assets. Common stockholders' equity was \$7.0 billion, or \$59.31 per share at December 31, 2009, up from \$6.2 billion, or \$56.29 per share, a year earlier. Tangible equity per common share was \$28.27 and \$25.94 at December 31, 2009 and 2008, respectively. 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 \$3.7 billion and \$3.4 billion at December 31, 2009 and 2008, respectively. M&T's tangible common equity to tangible assets ratio was 5.13% at December 31, 2009, compared with 4.59% and 4.89% at December 31, 2008 and September 30, 2009, respectively.

Conference Call. Investors will have an opportunity to listen to M&T's conference call to discuss fourth quarter and full year financial results today at 2:00 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 the conference ID #49940743. The conference call will be webcast live on M&T's website at <a href="http://ir.mandtbank.com/conference.cfm">http://ir.mandtbank.com/conference.cfm</a>. A replay of the call will be available until Friday, January 22, 2010 by calling 800-642-1687, or 706-645-9291 for international participants, and by making reference to ID #49940743. The event will also be archived and available by 7:00 p.m. today on M&T's website at <a href="http://ir.mandtbank.com/conference.cfm">http://ir.mandtbank.com/conference.cfm</a>.

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, collateral securing 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, 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.

```
M&T BANK CORPORATION
Financial Highlights
            Three months
              ended
                              Year ended
Amounts in thousands, December 31
                                         December 31
except per share -----
           2009 2008 Change 2009
                                          2008 Change
Performance
Net income
               $136,818 102,241 34% $ 379,891
                                                 555,887 -32%
Net income
available to
common
                122,910 101,451 21
shareholders
                                      332,006 555,096 -40
Per common share:
                                              5.04 -42%
Basic earnings $ 1.05
                         .92 14% $ 2.90
 Diluted earnings
                 1.04
                         .92 13
                                     2.89
                                            5.01 -42
 Cash dividends $ .70
                          .70 - $
                                    2.80
                                            2.80
Common shares
outstanding:
Average -
 diluted (1)
              117,672 110,620 6%
                                    114,776 110,904 3%
 Period end (2)
               118,298 110,444 7
                                     118,298 110,444 7
Return on (annualized):
Average total
                .79%
                       .63%
                                           .85%
 assets
                                   .56%
 Average common
 stockholders'
 equity
               7.09% 6.41%
                                   5.07%
                                            8.64%
Taxable-equivalent
net interest
              $564,606 491,042 15% $2,077,577 1,961,657 6%
income
Yield on average
                                      4.61%
                  4.58% 5.35%
earning assets
                                              5.69%
Cost of
interest-bearing
              1.13% 2.32%
                                  1.40% 2.68%
liabilities
Net interest spread 3.45% 3.03%
                                       3.21%
                                                3.01%
Contribution
of interest-free
funds
                .26% .34%
                                   .28%
                                           .37%
Net interest margin 3.71% 3.37%
                                       3.49%
                                                3.38%
Net charge-offs to
average total
net loans
(annualized)
                 1.03% 1.17%
                                     1.01%
                                               .78%
Net operating
results (3)
Net operating
income
              $150,776 111,784 35% $ 455,376 598,551 -24%
Diluted net
operating earnings
                                               5.39 -34
per common share
                    1.16 1.00 16
                                       3.54
Return on
(annualized):
Average tangible
                                           .97%
 assets
                .92%
                      .72%
                                   .71%
 Average tangible
```

common equity

16.73% 15.01%

13.42%

19.63%

-	_		
Δt	Decem	her	31

Loan quality 2009 2008 Change \$1,331,702 Nonaccrual loans 755,397 76% Real estate and other foreclosed 94,604 99,617 assets -5% Total nonperforming \$1,426,306 855,014 assets

======== ======

Accruing loans past

due 90 days or more \$ 208,080 158,991

Government guaranteed loans included in totals above:

Nonaccrual loans \$ 38,579 32,506 19% Accruing loans past due 90 days or more 193,495 114,183 69%

Renegotiated loans \$ 212,548 91,575 132%

Purchased impaired loans (4):

Outstanding customer

\$ 172,772 balance Carrying amount 88,170

Nonaccrual loans to

total net loans 2.56% 1.54%

Allowance for credit

losses to:

M&T legacy loans 1.83% 1.61% Total loans 1.69% 1.61%

- (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 gains and expenses which, except in the calculation of the efficiency ratio, are net of applicable income tax effects. Reconciliations of net income with net operating income appear herein.
- (4) Accruing loans that were impaired at acquisition date and recorded at fair value.

### **M&T BANK CORPORATION**

Financial Highlights, Five Quarter Trend

Amounts in thousands.		Three m	onths end	ded 		
,		31, Septer	mber 30,	June 30,	March 31,	December 31,
share	2009	2009	2009	2009	2008	
					-	

### Performance

Net income \$136,818 127,664 51,188 64,221 102,241 Net income

available to

common

shareholders 122,910 113,894 40,516 54,618 101,451

```
Basic earnings $1.05
                       .97
                              .36
                                    .49
                                           .92
 Diluted earnings 1.04
                       .97
                              .36
                                    .49
                                          .92
 Cash dividends $.70
                                          .70
Common shares
outstanding:
Average -
 diluted (1) 117,672 117,547 113,521 110,439 110,620
 Period end (2) 118,298 118,156 118,012 111,132 110,444
Return on
(annualized):
Average total
            .79%
 assets
                     .73%
                            .31%
                                    .40%
                                           .63%
 Average common
 stockholders'
 equity
            7.09%
                    6.72%
                            2.53%
                                    3.61%
                                            6.41%
Taxable-equivalent
net interest
           $564,606 553,450 506,781 452,740 491,042
income
Yield on average
earning assets
               4.58%
                       4.60%
                               4.62%
                                       4.65%
                                               5.35%
Cost of interest-
bearing
           1.13% 1.26% 1.47% 1.74%
liabilities
                                            2.32%
Net interest spread 3.45%
                        3.34%
                                3.15%
                                        2.91%
Contribution of
interest-free funds .26%
                        .27%
                               .28%
                                       .28%
Net interest margin 3.71%
                        3.61%
                                3.43%
                                        3.19%
Net charge-offs to
average total
net loans
(annualized)
              1.03%
                      1.07%
                              1.09%
                                       .83%
                                              1.17%
Net operating
results (3)
_____
Net operating
income
           $150,776 128,761 100,805 75,034 111,784
Diluted net
operating
earnings per
common share
              1.16
                        .98
                              .79
                                     .59
                                           1.00
Return on
(annualized):
 Average tangible
                     .78%
                                    .50%
 assets
             .92%
                            .64%
                                           .72%
 Average tangible
 common equity 16.73% 14.87% 12.08%
                                          9.36% 15.01%
Efficiency ratio 52.69% 55.21% 60.03% 58.68% 57.03%
       December 31, September 30, June 30, March 31, December 31,
Loan quality 2009 2009
                          2009 2009
Nonaccrual
        $1,331,702 1,228,341 1,111,423 1,003,987 755,397
loans
Real estate
and other
foreclosed
           94,604
                    84,676 90,461 100,270
assets
                                             99,617
Total
 assets $1,426,306 1,313,017 1,201,884 1,104,257 855,014
      _______
```

Accruing loans past due 90 days or

Per common share:

more \$ 208,080 182,750 155,125 142,842 158,991

Government

guaranteed loans

included in

totals above:

Nonaccrual

loans \$ 38,579 38,590 38,075 38,460 32,506

Accruing loans

past due 90

days or more 193,495 172,701 143,886 127,237 114,183

Renegotiated

loans \$ 212,548 190,917 170,950 130,932 91,575

Purchased

impaired

loans (4):

Outstanding

customer

balance \$ 172,772 209,138 170,400

Carrying

amount 88,170 108,058 97,730 -

Nonaccrual loans

to total net

loans 2.56% 2.35% 2.11% 2.05% 1.54%

Allowance for credit

losses to:

M&T legacy loans 1.83% 1.81% 1.76% 1.73% 1.61% Total loans 1.69% 1.66% 1.62% 1.73% 1.61%

(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 gains and expenses which, except in the calculation of the efficiency ratio, are net of applicable income tax effects. Reconciliations of net income with net operating income appear herein.
- (4) Accruing loans that were impaired at acquisition date and recorded at fair value.

### M&T BANK CORPORATION

Condensed Consolidated Statement of Income

-----

Three months ended Year ended December 31 December 31

Dollars in thousands 2009 2008 Change 2009 2008 Change

Interest income \$692,669 774,501 -11% \$2,725,197 3,277,591 -17% Interest expense 133,950 288,426 -54 669,449 1,337,795 -50

Net interest income 558,719 486,075 15 2,055,748 1,939,796 6

Provision for credit

losses 145,000 151,000 -4 604,000 412,000 47

Net interest income

after provision for

credit losses 413,719 335,075 23 1,451,748 1,527,796 -5

Other income

Mortgage banking

revenues 50,176 39,721 26 207,561 156,012 33

Service charges on

deposit accounts 127,185 106,367 20 469,195 430,532 9 Trust income 29,660 36,630 -19 128,568 156,149 -18

Brokerage services

14,396 15,284 -6 57,611 64,186 -10 income Trading account and foreign exchange gains 6,669 2,003 233 23,125 17,630 31 Gain on bank investment securities 354 392 - 1,165 34,470 -Total other-thantemporary impairment ("OTTI") losses (61,626) (23,896) - (264,363) (182,221) -Portion of OTTI losses recognized in other comprehensive income (before taxes) 27,330 - - 126,066 Net OTTI losses recognized in earnings (34,296) (23,896) - (138,297) (182,221) -Equity in earnings of Bayview Lending (10,635) (8,687) - (25,898) (37,453) -Group LLC Other revenues from operations 82,381 73,603 12 325,076 299,674 8 Total other income 265,890 241,417 10 1,048,106 938,979 12 Other expense Salaries and employee benefits 247,080 232,410 6 1,001,873 957,086 5 Equipment and net 53,703 47,795 12 211,391 188,845 12 occupancy Printing, postage and supplies 9,338 8,401 11 38,216 35,860 7 Amortization of core deposit and other intangible 16.730 15,708 7 64,255 66,646 -4 assets Deposit insurance 19,902 2,094 850 96,519 6,689 1,343 Other costs of 131,698 140,411 -6 568,309 471,870 20 operations -----Total other expense 478,451 446,819 7 1,980,563 1,726,996 15 Income before income taxes 201,158 129,673 55 519,291 739,779 -30 Applicable income 64,340 27,432 135 139,400 183,892 -24 ------Net income \$136,818 102,241 34% \$379,891 555,887 -32% \_\_\_\_\_ \_\_\_\_\_ M&T BANK CORPORATION Condensed Consolidated Statement of Income, Five Quarter Trend Three months ended -----December September June March December 31, 30, 30, 31, 31, Dollars in 2009 2009 2009 2009 2008 thousands ------Interest income \$692,669 700,593 677,423 654,512 774,501 Interest expense 133,950 152,938 175,856 206,705 288,426 -----

Net interest income 558,719 547,655 501,567 447,807 486,075

```
Provision for credit
        145,000 154,000 147,000 158,000 151,000
losses
Net interest income
after provision
for credit losses 413,719 393,655 354,567 289,807 335,075
Other income
 Mortgage banking
                50,176 48,169 52,983 56,233 39,721
 revenues
 Service charges
 on deposit accounts 127,185 128,502 112,479 101,029 106,367
 Trust income
                29,660 31,586 32,442 34,880 36,630
 Brokerage services
 income
               14,396 14,329 13,493 15,393 15,284
 Trading account and
 foreign exchange
               6,669 7,478 7,543 1,435 2,003
 gains
 Gain (loss) on
 bank investment
 securities
                354 (56) 292
                                    575
                                           392
 Total other-than-
 temporary impairment
                (61,626) (64,232) (75,697) (62,808) (23,896)
 ("OTTI") losses
 Portion of OTTI
 losses recognized
 in other
 comprehensive
 income (before
              27,330 17,199 50,928 30,609
  Net OTTI losses
   recognized in
   earnings
               (34,296) (47,033) (24,769) (32,199) (23,896)
 Equity in earnings
 of Bayview Lending
                (10,635) (10,912) (207) (4,144) (8,687)
 Group LLC
 Other revenues
 from operations 82,381 106,163 77,393 59,139 73,603
           ------
    Total other
              265,890 278,226 271,649 232,341 241,417
    income
Other expense
 Salaries and
 employee benefits 247,080 255,449 249,952 249,392 232,410
 Equipment and net
 occupancy
                 53,703 58,195 51,321 48,172 47,795
 Printing, postage
 and supplies
                 9,338 8,229 11,554 9,095 8,401
 Amortization of
 core deposit and
 other intangible
 assets
           16,730 16,924 15,231 15,370 15,708
 Deposit insurance 19,902 21,124 49,637 5,856 2,094
 Other costs of
               131,698 140,135 186,015 110,461 140,411
 operations
           _____
    Total other
    expense
               478,451 500,056 563,710 438,346 446,819
Income before
                 201,158 171,825 62,506 83,802 129,673
income taxes
Applicable income
             64,340 44,161 11,318 19,581 27,432
taxes
```

\$136,818 127,664 51,188 64,221 102,241

\_\_\_\_\_

Net income

### M&T BANK CORPORATION Condensed Consolidated Balance Sheet

December 31

Dollars in thousands 2009 2008 Change

----------

**ASSETS** 

Cash and due from banks \$1,226,223 1,546,804 -21%

Interest-bearing deposits at banks 133,335 10,284 1,197

Federal funds sold and agreements

to resell securities 20,119 111,347 -82

Trading account assets 386,984 617,821 -37

Investment securities 7,780,609 7,919,207 -2

Loans and leases:

 Commercial, financial, etc.
 13,479,447 14,261,882
 -5

 Real estate - commercial
 20,949,931 18,837,665
 11

 Real estate - consumer
 5,463,463 4,904,424
 11

 Consumer
 12,043,845 10,996,492
 10

Total loans and leases, net

of unearned discount 51,936,686 49,000,463 6

Less: allowance for

credit losses 878,022 787,904 11

-----

Net loans and leases 51,058,664 48,212,559 6

Goodwill 3,524,625 3,192,128 10

Core deposit and other intangible

assets 182,418 183,496 -1

Other assets 4,567,422 4,022,111 14

------

Total assets \$68,880,399 65,815,757 5%

LIABILITIES AND STOCKHOLDERS' EQUITY

Noninterest-bearing deposits at

U.S. offices \$13,794,636 8,856,114 56%

Other deposits at U.S. offices 32,604,764 29,677,163 10

Deposits at foreign office 1,050,438 4,047,986 -74

-----

Total deposits 47,449,838 42,581,263 11

Short-term borrowings 2,442,582 3,009,735 -19

Accrued interest and other

liabilities 995,056 1,364,879 -27

Long-term borrowings 10,240,016 12,075,149 -15

-----

Total liabilities 61,127,492 59,031,026 4

Stockholders' equity:

Preferred 730,235 567,463 29 Common (1) 7,022,672 6,217,268 13

-----

-----

Total liabilities and stockholders' equity

\$68,880,399 65,815,757 5%

 Reflects accumulated other comprehensive loss, net of applicable income tax effect, of \$336.0 million at December 31, 2009 and \$736.9 million at December 31, 2008.

#### M&T BANK CORPORATION

Condensed Consolidated Balance Sheet, Five Quarter Trend

### **ASSETS**

Cash and due from

banks \$1,226,223 1,356,508 1,148,428 1,117,845 1,546,804

Interest-bearing

deposits at banks 133,335 54,443 59,950 27,374 10,284

Federal funds sold and agreements

to resell securities 20,119 17,206 2,300 125,800 111,347

Trading account

assets 386,984 497,064 495,324 591,802 617,821

Investment

securities 7,780,609 7,634,262 8,155,434 7,686,845 7,919,207

#### Loans and leases:

Commercial,

financial,

etc. 13,479,447 13,517,538 14,180,609 13,986,663 14,261,882

Real estate -

commercial 20,949,931 21,007,376 20,787,198 18,833,865 18,837,665

Real estate -

consumer 5,463,463 5,427,260 5,471,775 5,171,953 4,904,424 Consumer 12,043,845 12,251,598 12,275,062 10,925,659 10,996,492

------

Total loans

and leases,

net of unearned

discount 51,936,686 52,203,772 52,714,644 48,918,140 49,000,463

Less: allowance for credit

losses 878,022 867,874 855,365 845,971 787,904

Net loans and

leases 51,058,664 51,335,898 51,859,279 48,072,169 48,212,559

Goodwill 3,524,625 3,524,625 3,524,625 3,192,128 3,192,128

Core deposit and other intangible

assets 182,418 199,148 216,072 168,126 183,496

Other assets 4,567,422 4,378,296 4,451,805 3,901,106 4,022,111

----------

Total assets \$68,880,399 68,997,450 69,913,217 64,883,195 65,815,757

### LIABILITIES AND STOCKHOLDERS' EQUITY

Noninterest-

bearing deposits

at U.S. offices \$13,794,636 12,730,083 12,403,999 9,544,932 8,856,114

Other deposits at

U.S. offices 32,604,764 32,813,698 33,265,704 30,763,204 29,677,163

Deposits at foreign

office 1,050,438 1,318,070 1,085,004 2,169,220 4,047,986

-----------

Total deposits 47,449,838 46,861,851 46,754,707 42,477,356 42,581,263

Short-term

borrowings 2,442,582 2,927,268 2,951,149 2,641,811 3,009,735

Accrued interest

and other

liabilities 995,056 1,241,576 1,238,959 1,326,545 1,364,879

Long-term

borrowings 10,240,016 10,354,392 11,568,238 11,535,644 12,075,149

Total

liabilities 61,127,492 61,385,087 62,513,053 57,981,356 59,031,026

Stockholders' equity:

Preferred 730,235 727,748 725,472 568,284 567,463 Common (1) 7,022,672 6,884,615 6,674,692 6,333,555 6,217,268

------

Total

stockholders'

equity 7,752,907 7,612,363 7,400,164 6,901,839 6,784,731

------

Total liabilities

and

stockholders'

equity \$68,880,399 68,997,450 69,913,217 64,883,195 65,815,757

-----

### **M&T BANK CORPORATION**

Condensed Consolidated Average Balance Sheet and Annualized Taxable-equivalent Rates

Three months ended

December 31, December 31, September 30,

Dollars in millions

2009 2008 2009

Balance Rate Balance Rate

-----

**ASSETS** 

Interest-bearing deposits at

banks \$ 74 .08% 13 .55% 66 .04%

Federal funds sold and agreements

to resell securities 23 .19 103 .41 11 .58

<sup>(1)</sup> Reflects accumulated other comprehensive loss, net of applicable income tax effect, of \$336.0 million at December 31, 2009, \$419.3 million at September 30, 2009, \$580.8 million at June 30, 2009, \$622.4 million at March 31, 2009, and \$736.9 million at December 31, 2008.

Trading account assets 70 .66 99 3.16 83 .82

Investment securities 8,197 4.63 8,894 4.90 8,420 4.81

Loans and leases, net of unearned discount

 Commercial, financial, etc.
 13,527 3.87
 14,213 4.74
 13,801 3.78

 Real estate - commercial
 20,950 4.48
 18,666 5.55
 20,843 4.48

 Real estate - consumer
 5,457 5.37
 4,904 5.85
 5,429 5.43

 Consumer
 12,153 5.32
 11,027 6.08
 12,247 5.37

Total loans and

leases, net 52,087 4.59 48,810 5.45 52,320 4.58

------

Total earning assets 60,451 4.58 57,919 5.35 60,900 4.60

Goodwill 3,525 3,192 3,525

Core deposit and other

intangible assets 191 191 208

Other assets 4,752 3,640 4,521

------

Total assets \$68,919 64,942 69,154

LIABILITIES AND STOCKHOLDERS' EQUITY

Interest-bearing deposits

 NOW accounts
 \$ 579 .18
 528 .45
 541 .21

 Savings deposits
 24,237 .36
 19,540 1.27
 23,367 .37

 Time deposits
 8,304 1.89
 9,388 3.06
 9,246 2.17

 Deposits at foreign office
 1,300 .11
 2,985 .71
 1,444 .13

-----

Total interest-bearing

deposits 34,420 .72 32,441 1.72 34,598 .84

------

Short-term borrowings 2,308 .17 4,950 .82 2,663 .26 Long-term borrowings 10,253 2.73 12,058 4.55 11,008 2.80

------

Total interest-bearing

liabilities 46,981 1.13 49,449 2.32 48,269 1.26

Noninterest-bearing deposits 12,945 8,006 12,122

Other liabilities 1,307 1,133 1,242

Total liabilities 61,233 58,588 61,633

Stockholders' equity 7,686 6,354 7,521

Total liabilities and stockholders' equity \$68,919 64,942 69,154

====== ======

Net interest spread 3.45 3.03 3.34 Contribution of interest-free funds .26 .34 .27

Contribution of interest-free funds .26 .34 .27 Net interest margin 3.71% 3.37% 3.61%

> Change in balance December 31, 2009 from

December 31, September 30,

Dollars in millions 2008 2009

**ASSETS** 

Interest-bearing deposits at ba	nks 470% 12%			
Federal funds sold and agreer to resell securities	nents -77 103			
Trading account assets	-29 -15			
Investment securities	-8 -3			
Loans and leases, net of unea Commercial, financial, etc. Real estate - commercial Real estate - consumer Consumer Total loans and leases, net	-5 -2 12 1 11 1 10 -1			
Total earning assets	4 -1			
Goodwill 10 -				
Core deposit and other intangible assets8				
Other assets	31 5			
Total assets	6% -%			
Interest-bearing deposits NOW accounts Savings deposits Time deposits Deposits at foreign office Total interest-bearing depo	10% 7% 24 4 -12 -10 -56 -10 sits 6 -1			
Short-term borrowings Long-term borrowings	-53 -13 -15 -7			
Total interest-bearing liabilities	-5 -3			
Noninterest-bearing deposits	62 7			
Other liabilities	15 5			
Total liabilities	5 -1			
Stockholders' equity	21 2			
Total liabilities and stockhold	ers' equity 6% -%			
De	ar ended cember 31			
Dollars in millions	2009 2008 Change in			

Balance Rate Balance Rate balance

ASSETS

Interest-bearing deposits at banks \$ 50 .07% 10 1.07% 397%

Federal funds sold and agreements

to resell securities 52 .25 109 1.91 -52

Trading account assets 87 .74 79 1.95 9

8,403 4.79 8,973 5.05 -6 Investment securities

Loans and leases, net of unearned discount

 

 Commercial, financial, etc.
 13,855 3.79
 13,802 5.24

 Real estate - commercial
 20,085 4.45
 18,428 5.82

 Real estate - consumer
 5,297 5.45
 5,465 6.03

 20,085 4.45 18,428 5.82 9 5,297 5.45 5,465 6.03 -3 11,722 5.43 11,150 6.43 Consumer ----------Total loans and leases, net 50,959 4.60 48,845 5.82 4 Total earning assets 59,551 4.61 58,016 5.69 3 Goodwill 3,393 3,193 6 Core deposit and other intangible assets 214 -11 Other assets 4,337 3,709 17 4% Total assets \$67,472 65,132

======

LIABILITIES AND STOCKHOLDERS' EQUITY

-----

======

Interest-bearing deposits

 NOW accounts
 \$ 543 .21
 502 .58
 8%

 Savings deposits
 22,832 .49
 18,170 1.37
 26

 Time deposits
 8,782 2.35
 9,583 3.45
 -8

 Deposits at foreign office
 1,665 .14
 3,986 2.12
 -58

Total interest-bearing

deposits 33,822 .95 32,241 2.07 5

-----

Short-term borrowings 2,911 .24 6,086 2.34 -52 Long-term borrowings 11,092 3.07 11,605 4.56 -4

Total interest-bearing

Total liabilities and

liabilities 47,825 1.40 49,932 2.68 -4

Noninterest-bearing deposits 11,054 7,674 44

 Other liabilities
 1,311
 1,089
 20

-----

Total liabilities 60,190 58,695 3

Stockholders' equity 7,282 6,437 13

stockholders' equity \$67,472 65,132 4%

=======

Net interest spread 3.21 3.01 Contribution of interest-free funds .28 .37 Net interest margin 3.49% 3.38%

M&T BANK CORPORATION

Reconciliation of Quarterly GAAP to Non-GAAP Measures

Three months ended Year ended December 31 December 31 2009 2008 2009 2008

Income statement data

In thousands, except per share

Net income

Net income \$136,818 102,241 \$ 379,891 555,887

------

Amortization of core deposit and other intangible assets (1)
Net operating income \$150,776 111,784 \$ 455,376 598,551
Earnings per common share Diluted earnings per common share \$ 1.04 .92 \$ 2.89 5.01  Amortization of core deposit and other intangible assets (1) .09 .08 .34 .36  Merger-related gain (1) (.15)  Merger-related expenses (1) .0346 .02
Merger-related expenses (1) .0346 .02
Diluted net operating earnings per common share \$ 1.16 1.00 \$ 3.54 5.39
Other expense Other expense \$478,451 446,819 \$1,980,563 1,726,996 Amortization of core deposit and other intangible assets (16,730) (15,708) (64,255) (66,646) Merger-related expenses (6,264) - (89,157) (3,547)
Noninterest operating expense \$455,457 431,111 \$1,827,151 1,656,803
Merger-related expenses Salaries and employee benefits \$ 381 - \$ 10,030 62 Equipment and net occupancy 545 - 2,975 49 Printing, postage and supplies 233 - 3,677 367 Other costs of operations 5,105 - 72,475 3,069
Total \$ 6,264 - \$ 89,157 3,547
Balance sheet data
In millions  Average assets  Average assets  Sodwill  Average assets  Sodwill  Solution  (3,525) (3,192) (3,393) (3,193)  Core deposit and other
intangible assets (191) (191) (191) (214) Deferred taxes 37 25 33 30
Average tangible assets \$65,240 61,584 \$ 63,921 61,755
Average common equity  Average total equity \$ 7,686 6,354 \$ 7,282 6,437  Preferred stock (729) (55) (666) (14)
Average common equity 6,957 6,299 6,616 6,423 Goodwill (3,525) (3,192) (3,393) (3,193) Core deposit and other
intangible assets (191) (191) (191) (214) Deferred taxes 37 25 33 30
Average tangible common equity \$ 3,278 2,941 \$ 3,065 3,046
At end of quarter Total assets Total assets \$ 68,880 65,816 \$ 68,880 65,816 Goodwill (3,525) (3,192) (3,525) (3,192)
Core deposit and other intangible assets (182) (183) (182) (183) (182) (183) (182) (183) (

```
Total common equity
                 $ 7,753 6,785 $ 7,753
                                         6,785
Total equity
                 (730) (568)
Preferred stock
                                  (730)
                                         (568)
Unamortized discount and
undeclared dividends -
preferred stock
                     (6) - (6)
Total common equity 7,017 6,217 7,017 6,217
Goodwill
               (3,525) (3,192) (3,525) (3,192)
Core deposit and other
intangible assets
                    (182) (183)
                                   (182)
                                         (183)
Deferred taxes
                    35 23
                                  35
                                         23
              -----
Total tangible common
 equity
              $ 3,345 2,865 $ 3,345 2,865
(1) After any related tax effect.
M&T BANK CORPORATION
Reconciliation of Quarterly GAAP to Non-GAAP Measures, Five Quarter Trend
                 Three months ended
      -----
      December 31, September 30, June 30, March 31, December 31,
        2009 2009 2009 2009
                                     2008
      -----------
Income statement data
In thousands,
except per share
Net income
           $136,818 127,664 51,188 64,221
Net income
                                              102,241
Amortization of
core deposit and
other intangible
          10,152
                    10,270 9,247
assets (1)
                                   9,337
                                            9,543
Merger-related
gain (1)
             - (17,684)
Merger-related
expenses (1)
             3,806
                      8,511 40,370 1,476
 Net operating
 income $150,776 128,761 100,805 75,034 111,784
      Earnings per
common share
Diluted earnings
per common
        $ 1.04
share
                                 .49
                                        .92
Amortization of
core deposit and
other intangible
            .09
assets (1)
                    .09
                          .08
                                 .09
                                        .08
Merger-related
gain (1)
                  (.15)
Merger-related
                                 .01
expenses (1)
             .03
                   .07 .35
 Diluted net
 operating
 earnings
 per common
       $ 1.16 .98 .79 .59
 share
                                       1.00
Other expense
Other expense $478,451 500,056 563,710 438,346 446,819
Amortization of
core deposit
and other
intangible
assets
          (16,730) (16,924) (15,231) (15,370) (15,708)
Merger-related
```

```
(6,264) (14,010) (66,457) (2,426)
expenses
Noninterest
 operating
 expense
         $455,457 469,122 482,022 420,550 431,111
     _____
Merger-related
expenses
Salaries and
employee
benefits $ 381
                  870 8,768
                              11
Equipment and net
occupancy 545
                  1,845 581
Printing, postage
            233
                   629 2,514
and supplies
                               301
Other costs of
operations 5,105 10,666 54,594 2,110
     $ 6,264 14,010 66,457 2,426
Total
     Balance sheet data
In millions
Average assets
Average assets $68,919 69,154 66,984 64,766 64,942
         (3,525) (3,525) (3,326) (3,192) (3,192)
Goodwill
Core deposit and
other intangible
assets (191) (208) (188) (176) (191)
Deferred taxes 37 41 30 22
Average
 tangible
        $ 65,240 65,462 63,500 61,420 61,584
 assets
Average common
equity
Average total
     $ 7,686
                 7,521 7,127 6,780
                                    6,354
equity
Preferred
       (729) (727) (636) (568)
                                    (55)
Average common
      6,957
 equity
                 6,794 6,491 6,212
                                    6,299
Goodwill
         (3,525) (3,525) (3,326) (3,192) (3,192)
Core deposit
and other
intangible
assets (191) (208) (188) (176)
Deferred taxes 37 41 30 22
                                    (191)
                                    25
Average
 tangible
 common
      $ 3,278 3,102 3,007 2,866 2,941
     At end of quarter
Total assets
Total assets $ 68,880 68,997 69,913 64,883 65,816
Goodwill
         (3,525) (3,525) (3,192) (3,192)
Core deposit
and other
intangible
                (199) (216) (168) (183)
39 43 21 23
        (182)
assets
Deferred taxes 35
     -----
Total tangible
 assets $ 65,208 65,312 66,215 61,544 62,464
     ______
Total common
equity
Total equity $ 7,753 7,612 7,400 6,902
                                      6,785
Preferred stock (730) (728) (725) (568)
                                      (568)
```

Unamortized discount and undeclared dividends preferred stock (6) (5) (6) (5) -Total common equity 7,017 6,879 6,669 6,329 Goodwill (3,525)(3,525) (3,525) (3,192) (3,192)Core deposit and other intangible (168) (182) (199) (216) (183)assets Deferred taxes 35 23 Total tangible common \$ 3,345 3,194 2,971 2,990 2,865 equity

(1) After any related tax effect.

### **Media Contact:**

C. Michael Zabel

(716) 842-5385

## **Investor Contact:**

Donald J. MacLeod

(716) 842-5138

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

https://newsroom.mtb.com/2010-01-20-M-T-Bank-Corporation-Announces-2009-Fourth-Quarter-and-Full-Year-Profits