UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1995

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-9861

FIRST EMPIRE STATE CORPORATION
(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	16-0968385 (I.R.S. Employer Identification No.)
One M & T Plaza Buffalo, New York (Address of principal executive offices)	14240 (Zip Code)

(716) 842-5445
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No

Number of shares of the registrant's Common Stock, $5 par value, outstanding as of the close of business on November 3, 1995: 6,443,804 shares.

FIRST EMPIRE STATE CORPORATION

FORM 10-Q

For the Quarterly Period Ended September 30, 1995

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

FIRST EMPIRE STATE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

Dollars in thousands, except per share		September 30, 1995 (unaudited)	December 31, 1994
Assets	Cash and due from banks	$ 310,019	377,781
	Money-market assets		
	Interest-bearing deposits at banks	125,500	143
	Federal funds sold and agreements to resell securities	--	3,080
	Trading account	18,850	5,438
	Total money-market assets	144,350	8,661
	Investment securities		
	Available for sale (cost: $1,453,215 at September 30, 1995; $1,602,916 at December 31, 1994)	1,434,401	1,514,395
	Held to maturity (market value: $471,010 at September 30, 1995; $221,165 at December 31, 1994)	469,219	227,651
	Other (market value: $50,802 at September 30, 1995; $48,994 at December 31, 1994)	50,802	48,994
	Total investment securities	1,954,422	1,791,040
	Loans and leases	9,531,247	8,447,117
	Unearned discount	(309,106)	(229,824)
	Allowance for possible credit losses	(259,110)	(243,332)
	Loans and leases, net	8,963,031	7,973,961
	Premises and equipment	125,262	127,274
	Accrued interest and other assets	256,778	249,927
	Total assets	$11,753,862	10,528,644
Liabilities	Noninterest-bearing deposits	$ 1,157,229	1,087,102
	NOW accounts	767,252	748,199
	Savings deposits	2,825,934	3,098,438
	Time deposits	4,262,481	3,106,723
	Deposits at foreign office	157,152	202,611
	Total deposits	9,170,048	8,243,073
	Federal funds purchased and agreements to repurchase securities	1,247,819	695,665
	Other short-term borrowings	150,583	669,185
	Accrued interest and other liabilities	179,862	103,538
	Long-term borrowings	196,206	96,187
	Total liabilities	10,944,518	9,807,648
Stockholders' equity	Preferred stock, $1 par, 1,000,000 shares authorized, 40,000 shares issued, stated at aggregate liquidation value	40,000	40,000
	Common stock, $5 par, 15,000,000 shares authorized, 8,097,472 shares issued	40,487	40,487
	Surplus	98,525	98,014
	Undivided profits	774,110	694,274
	Unrealized investment losses, net	(10,838)	(50,555)
	Treasury stock - common, at cost - 1,661,312 shares at September 30, 1995; 1,486,969 shares at December 31, 1994	(132,940)	(101,224)
	Total stockholders' equity	809,344	720,996
	Total liabilities and stockholders' equity	$11,753,862	10,528,644

FIRST EMPIRE STATE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME (unaudited)

Amounts in thousands, except per share		Three months ended September 30 1995	1994	Nine months ended September 30 1995	1994
Interest income	Loans and leases, including fees	$203,683	161,107	584,662	462,176
	Money-market assets				
	Deposits at banks	2,331	1,863	5,850	2,074
	Federal funds sold and agreements to resell securities	189	244	2,616	3,077
	Trading account	565	77	1,085	300
	Investment securities				
	Fully taxable	32,766	25,583	90,035	77,297
	Exempt from federal taxes	660	676	2,225	1,966
	Total interest income	240,194	189,550	686,473	546,890
Interest expense	NOW accounts	3,129	2,840	8,842	8,500
	Savings deposits	21,770	21,258	66,002	62,868
	Time deposits	60,943	24,307	172,524	63,851
	Deposits at foreign office	1,297	1,610	5,137	3,355
	Short-term borrowings	25,559	20,841	65,009	52,733
	Long-term borrowings	3,631	1,537	7,490	4,612
	Total interest expense	116,329	72,393	325,004	195,919
	Net interest income	123,865	117,157	361,469	350,971
	Provision for possible credit losses	11,310	13,802	28,325	47,686
	Net interest income after provision for possible credit losses	112,555	103,355	333,144	303,285
Other income	Trust income	6,533	5,099	18,117	16,304
	Service charges on deposit accounts	9,649	8,817	28,442	26,495
	Merchant discount and other credit card fees	2,815	2,147	7,503	6,240
	Trading account gain (loss)	(579)	591	473	476
	Gain on sales of bank investment securities	4,933	128	4,887	128
	Other revenues from operations	21,047	10,479	45,266	35,445
	Total other income	44,398	27,261	104,688	85,088
Other expense	Salaries and employee benefits	49,650	40,784	140,025	122,238
	Equipment and net occupancy	13,252	11,881	38,137	37,138
	Printing, postage and supplies	3,561	3,224	10,660	9,744
	Deposit insurance	4,701	4,065	13,229	12,289
	Other costs of operations	26,468	20,630	75,344	60,405
	Total other expense	97,632	80,584	277,395	241,814
	Income before income taxes	59,321	50,032	160,437	146,559
	Income taxes	23,694	20,934	66,188	61,152
	Net income	$ 35,627	29,098	94,249	85,407
	Net income per common share				
	Primary	$5.14	4.09	13.50	11.82
	Fully diluted	4.89	3.93	12.83	11.34
	Cash dividends per common share	.60	.60	1.80	1.60
	Average common shares outstanding				
	Primary	6,763	6,899	6,783	6,998
	Fully diluted	7,291	7,406	7,347	7,530

FIRST EMPIRE STATE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

Dollars in thousands		Nine months ended September 30 1995	1994
Cash flows from operating activities	Net income	$ 94,249	85,407
	Adjustments to reconcile net income to net cash provided by operating activities		
	Provision for possible credit losses	28,325	47,686
	Depreciation and amortization of premises and equipment	14,427	13,339
	Provision for deferred income taxes	(9,492)	(20,336)
	Asset write-downs	3,622	2,422
	Net gain on sales of assets	(8,246)	(4,447)
	Net change in accrued interest receivable, payable	6,298	1,895
	Net change in other accrued income and expense	58,822	(22)
	Net change in loans held for sale	(151,611)	145,694
	Net change in trading account assets and liabilities	(1,032)	3,025
	Net cash provided by operating activities	35,362	274,663
Cash flows from investing activities	Proceeds from sales of investment securities		
	Available for sale	387,696	3,052
	Other	--	252
	Proceeds from maturities of investment securities		
	Available for sale	197,096	493,957
	Held to maturity	44,942	36,875
	Purchases of investment securities		
	Available for sale	(443,507)	(16,244)
	Held to maturity	(286,624)	(39,707)
	Other	(2,641)	(12,741)
	Net increase in interest-bearing deposits at banks	(125,357)	(15,099)
	Net increase in loans and leases	(832,004)	(488,190)
	Capital expenditures, net	(10,463)	(3,550)
	Acquisitions, net of cash acquired	58,697	--
	Other, net	5,567	2,255
	Net cash used by investing activities	(1,006,598)	(39,140)
Cash flows from financing activities	Net increase in deposits	840,819	9,277
	Net increase (decrease) in short-term borrowings	552	(52,076)
	Proceeds from the issuance of subordinated debt	100,000	--
	Payments on long-term borrowings	(86)	(77)
	Purchases of treasury stock	(34,141)	(39,719)
	Dividends paid - common	(11,713)	(10,780)
	Dividends paid - preferred	(2,700)	(2,700)
	Other, net	7,663	(4,380)
	Net cash provided (used) by financing activities	900,394	(100,455)
	Net increase (decrease) in cash and cash equivalents	$ (70,842)	135,068
	Cash and cash equivalents at beginning of period	380,861	525,221
	Cash and cash equivalents at end of period	$ 310,019	660,289
Supplemental disclosure of cash flow information	Interest received during the period	$ 670,928	548,519
	Interest paid during the period	292,415	194,610
	Income taxes paid during the period	42,013	85,160
Supplemental schedule of noncash investing and financing activities	Real estate acquired in settlement of loans	$ 5,152	8,912

FIRST EMPIRE STATE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)

Dollars in thousands, except per share	Preferred stock	Common stock	Surplus	Undivided profits	Unrealized investment gains (losses), net	Treasury stock	Total
1994							
Balance - January 1, 1994	$40,000	40,487	97,787	595,322	9,148	(58,750)	$723,994
Net income	--	--	--	85,407	--	--	85,407
Preferred stock cash dividends	--	--	--	(2,700)	--	--	(2,700)
Common stock cash dividends - $1.60 per share	--	--	--	(10,780)	--	--	(10,780)
Exercise of stock options	--	--	542	--	--	813	1,355
Purchases of treasury stock	--	--	--	--	--	(39,719)	(39,719)
Unrealized losses on investment securities available for sale, net	--	--	--	--	(36,840)	--	(36,840)
Balance - September 30, 1994	$40,000	40,487	98,329	667,249	(27,692)	(97,656)	$720,717
1995							
Balance - January 1, 1995	$40,000	40,487	98,014	694,274	(50,555)	(101,224)	$720,996
Net income	--	--	--	94,249	--	--	94,249
Preferred stock cash dividends	--	--	--	(2,700)	--	--	(2,700)
Common stock cash dividends - $1.80 per share	--	--	--	(11,713)	--	--	(11,713)
Exercise of stock options	--	--	511	--	--	2,425	2,936
Purchases of treasury stock	--	--	--	--	--	(34,141)	(34,141)
Unrealized gains on investment securities available for sale, net	--	--	--	--	39,717	--	39,717
Balance - September 30, 1995	$40,000	40,487	98,525	774,110	(10,838)	(132,940)	$809,344

CONSOLIDATED SUMMARY OF CHANGES IN ALLOWANCE FOR POSSIBLE CREDIT LOSSES (unaudited)

Dollars in thousands	Nine months ended September 30 1995	1994
Beginning balance	$243,332	195,878
Provision for possible credit losses	28,325	47,686
Net charge-offs		
Charge-offs	(19,693)	(23,093)
Recoveries	7,146	13,846
Total net charge-offs	(12,547)	(9,247)
Ending balance	$259,110	234,317

NOTES TO FINANCIAL STATEMENTS

1. Significant accounting policies

The consolidated financial statements of First Empire State Corporation and subsidiaries ("the Company") were compiled in accordance with the accounting policies set forth on pages 36 and 37 of the Company's 1994 Annual Report, except as noted below. The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 114, "Accounting by Creditors for Impairment of a Loan", in the first quarter of 1995. Adoption of SFAS No. 114 had no impact on the Company's results of operations. As described in Note 5, the Company adopted SFAS No. 122, "Accounting for Mortgage Servicing Rights", in 1995. In the opinion of management, all adjustments necessary for a fair presentation have been made and were all of a normal recurring nature.

2. Investment securities

The amortized cost and estimated fair value of investment securities were as follows:

	September 30, 1995		December 31, 1994	
In thousands	Amortized cost	Estimated fair value	Amortized cost	Estimated fair value
Investment securities available for sale:				
U.S. Treasury and federal agencies	$ 15,777	15,966	5,775	5,762
Mortgage-backed securities				
Government issued or guaranteed	812,335	798,291	869,031	822,533
Other	606,353	598,091	706,909	665,209
Other debt securities	3,937	4,007	6,537	6,557
Equity securities	14,813	18,046	14,664	14,334
	1,453,215	1,434,401	1,602,916	1,514,395
Investment securities held to maturity:				
U.S. Treasury and federal agencies	270,212	271,615	171,112	164,602
Obligations of states and political subdivisions	48,338	48,711	55,787	55,872
Other debt securities	150,669	150,684	752	691
	469,219	471,010	227,651	221,165
Other securities	50,802	50,802	48,994	48,994
Total	$1,973,236	1,956,213	1,879,561	1,784,554

3. Interest rate swap agreements

At September 30, 1995, the Company had outstanding currently effective interest rate swap agreements entered into for interest rate risk management purposes with a notional amount of approximately $2.6 billion. The swaps modify the repricing characteristics of certain portions of the loan and deposit portfolios. The net effect of interest rate swaps was to increase net interest income by $737 thousand and to decrease net interest income by $192 thousand during the three months and nine months ended September 30, 1995, respectively, and to increase net interest income by $2.6 million and $12.5 million during the three months and nine months ended September 30, 1994, respectively. As of September 30, 1995, the Company had also entered into a forward swap with an aggregate notional amount of $88 million. This forward interest rate swap commitment had no effect on net income. The

Company estimates that as of September 30, 1995, it would have received approximately $10.9 million if all interest rate swap agreements were terminated. This estimated market value is not recognized in the consolidated financial statements.

4. Acquisition

On March 6, 1995, the Company's mortgage banking subsidiary, M&T Mortgage Corporation, acquired Statewide Funding Corporation ("Statewide"), a privately-owned mortgage banking company based near Albany, New York. As of the acquisition date, Statewide serviced residential mortgage loans owned by other investors having an outstanding principal balance of approximately $1.0 billion. The acquisition has been accounted for as a purchase transaction and, accordingly, the operating results of Statewide have been included in the Company's results of operations since the acquisition date.

5. Capitalized mortgage servicing rights

In the second quarter of 1995, the Company adopted SFAS No. 122 retroactive to January 1, 1995. SFAS No. 122 requires that a mortgage banking enterprise recognize as separate assets rights to service mortgage loans for others, whether those servicing rights are originated or purchased. Pursuant to the provisions of SFAS No. 122, the total cost of mortgage loans sold with servicing rights retained is allocated to the mortgage servicing rights and the loans (without the mortgage servicing rights) based on their relative fair values. These mortgage servicing rights are amortized in proportion to and over the period of estimated net servicing income. Prior to the adoption of SFAS No. 122, only mortgage servicing rights acquired through purchase transactions were recorded as assets.

To estimate the fair value of mortgage servicing rights, the Company considers prices for similar assets and the present value of expected future cash flows associated with the servicing rights calculated using assumptions that market participants would use in estimating future servicing income and expense. For purposes of evaluating and measuring impairment of capitalized mortgage servicing rights, the Company stratifies such rights based on predominant risk characteristics of underlying loans, such as loan type, note rate and term. The amount of impairment recognized is the amount by which the capitalized mortgage servicing rights for a stratum exceed estimated fair value. Impairment is recognized through a valuation allowance. As of September 30, 1995, the carrying value and estimated fair value of capitalized mortgage servicing rights was $29.7 million and $40.1 million, respectively. There was no impairment of capitalized mortgage servicing rights at September 30, 1995.

The effect of implementing SFAS No. 122 during 1995 was to increase net income for the three and nine month periods ended September 30, 1995 by $1.8 million and $3.3 million, respectively. Retroactive application of the provisions of SFAS No. 122 to prior years is not permitted.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

Net income of First Empire State Corporation ("First Empire") reached $35.6 million or $5.14 per common share in the third quarter of 1995, increases of 22% and 26%, respectively, from the $29.1 million or $4.09 per common share earned in the third quarter of 1994. For the nine months ended September 30, 1995, net income was $94.2 million or $13.50 per common share, increases of 10% and 14%, respectively, from $85.4 million or $11.82 per common share in the corresponding 1994 period. Excluding the after-tax effect of securities transactions, net income in the recent quarter totaled $32.8 million, or $4.71 per common share, increases of 13% and 15%, respectively, from $29.0 million or $4.08 per common share in the comparable 1994 quarter. On the same basis, net income was $91.4 million or $13.08 per common share for the first nine months of 1995, up 7% and 11%, respectively, from $85.3 million or $11.81 per common share in the comparable 1994 period.

The rate of return on average assets for First Empire and its consolidated subsidiaries ("the Company") in the third quarter of 1995 was 1.19%, compared with 1.16% in the prior year third quarter and 1.10% in 1995's second quarter. The return on average common stockholders' equity increased to 18.10% in the recent quarter compared with 16.58% in the third quarter of 1994 and 16.87% in the second quarter of 1995. Exclusive of securities transactions, the recent quarter's annualized return on assets and common stockholders' equity were 1.10% and 16.61%, respectively. The rate of return on average assets was 1.11% in the first nine months of 1995, compared with 1.15% during the corresponding 1994 period. Through the first three quarters of 1995, the return on average common stockholders' equity was 16.81%, up from 16.19% in the comparable 1994 period. Excluding securities transactions, such ratios were 1.08% and 16.29% in 1995, compared with 1.14% and 16.18% in 1994.

As reported previously, on December 1, 1994 First Empire acquired Ithaca Bancorp, Inc. ("Ithaca Bancorp"), Ithaca, New York, with total assets of $470 million, including $369 million of loans, and liabilities of $425 million, including $330 million of deposits. On December 10, 1994, the Company purchased approximately $146 million of deposits from Chemical Bank, along with seven branch offices in the Hudson Valley region of New York State, and on July 21, 1995, acquired four branch offices from The Chase Manhattan Bank, N.A., including approximately $84 million in deposits.

On March 6, 1995, the Company's mortgage banking subsidiary, M&T Mortgage Corporation, acquired Statewide Funding Corporation ("Statewide"), a privately-owned mortgage banking company based near Albany, New York. Statewide had a mortgage servicing portfolio of approximately $1.0 billion at the acquisition date and originated more than $400 million of mortgage loans in 1994. Additionally, on October 2, 1995 M&T Mortgage Corporation acquired the mortgage servicing rights and origination franchise of Exchange Mortgage Corp. ("Exchange"), a mortgage banking company based in Huntington Station, New York. Exchange had total mortgage originations of approximately $177 million in 1994 and serviced a portfolio of approximately $370 million.

The acquisitions noted in the two preceding paragraphs were consummated for cash and have been accounted for as purchase transactions. Accordingly, the operating results of the acquired entities have been included in the consolidated results of operations of the Company since the respective acquisition dates.

As described in Note 5 of Notes to Financial Statements, during the second quarter of 1995 the Company adopted Statement of Financial Accounting

Standards ("SFAS") No. 122, "Accounting for Mortgage Servicing Rights," retroactive to January 1, 1995. The effect of implementing SFAS No. 122 was to increase net income $1.8 million and $3.3 million for the three and nine month periods ended September 30, 1995, respectively.

On October 2, 1995, M&T Bank, National Association ("M&T Bank, N.A."), a national bank subsidiary of First Empire headquartered in Oakfield, New York, commenced operations. Initially, M&T Bank, N.A. is offering consumer banking products, primarily credit cards and home equity lines of credit. Credit cards will be offered in New York and in selected markets outside the state, while home equity lines of credit will be offered by M&T Bank, N.A. only in markets outside of New York. Additionally, M&T Bank, N.A. will market retail certificates of deposits nationwide.

Taxable-equivalent Net Interest Income

Taxable-equivalent net interest income increased to $125.0 million in the third quarter of 1995, up $6.8 million from $118.2 million in the third quarter of 1994 and $4.6 million higher than the $120.4 million earned in the second quarter of 1995. Growth in average loans outstanding was the primary factor contributing to the improvement in net interest income. Increased demand for loans and the December 1994 acquisition of Ithaca Bancorp resulted in a $1.6 billion increase in average loans to $9.0 billion in the third quarter of 1995 from $7.4 billion in the third quarter of 1994. Average loans totaled $8.7 billion during the second quarter of 1995.

The increase in average loans, combined with a $187 million increase in average investment securities, led to a $1.8 billion increase in average earning assets to $11.4 billion in the third quarter of 1995 from $9.6 billion in the third quarter of 1994. Average earning assets in the recent quarter increased $296 million from $11.1 billion in the second quarter of 1995. The effect of increases in average earning assets on net interest income was partially offset by a narrowing of the net interest spread, or the difference between the yield on earning assets and the rate paid on interest-bearing liabilities.

For the first nine months of 1995, taxable-equivalent net interest income was $365.1 million, up from $354.0 million in the corresponding 1994 period. An increase in earning assets of $1.4 billion, partially offset by a reduction in the net interest spread, contributed to this improvement.

The Company's net interest margin, or taxable-equivalent net interest income expressed as an annualized percentage of average earning assets, was 4.35% in the third quarter of 1995, compared with 4.87% in the third quarter of 1994 and 4.35% in the second quarter of 1995. A higher proportion of loans, which generally yield more than investment securities and money-market assets, in the earning assets portfolio and generally higher interest rates resulted in an overall yield on average earning assets of 8.40% in the third quarter of 1995, up 54 basis points (hundredths of one percent) from the corresponding 1994 quarter. However, higher interest rates also contributed to a 119 basis point rise in the cost of interest-bearing liabilities to 4.72% from the year earlier quarter, more than offsetting the gain on the yield on earning assets. The yield on average earning assets in the second quarter of 1995 was 8.39%, while the rate paid on interest-bearing liabilities totaled 4.69%. As a result, the Company's net interest spread was 3.68% in the recent quarter, compared with 4.33% and 3.70% in the third quarter of 1994 and the second quarter of 1995, respectively.

While narrowing the net interest spread, higher interest rates resulted in a more significant contribution to net interest margin from interest-free funds. The contribution of interest-free funds rose to .67% in the third quarter of 1995 from .54% in the comparable 1994 quarter. Interest-free funds contributed .65% to net interest margin during the second quarter of 1995. A higher level of interest-free funds and a 119 basis point increase in the rate paid on interest-bearing liabilities used to value these funds resulted in the improvement in the third quarter of 1995 from a year earlier. Average interest-free funds, which consist primarily of noninterest-bearing demand deposits and stockholders' equity, totaled $1.6 billion in the third quarter of 1995, up $146 million or 10% from a year earlier, and $100 million or 7% from the second quarter of 1995.

For the first nine months of 1995, net interest margin decreased to 4.46% from 4.93% in the corresponding period in 1994. The decrease was caused by a decline in the net interest spread to 3.81% from 4.45%, partially offset by an increased contribution of interest-free funds, to .65% from .48% in 1994's first three quarters.

Changing interest rates and spreads impact the Company's net interest income. Management analyzes the Company's exposure to such changes by projecting net interest income under a number of different interest rate scenarios. As part of its management of interest rate risk, the Company utilizes interest rate swap agreements to modify the repricing characteristics of certain portions of the loan and deposit portfolios. Revenue and expense arising from these agreements are reflected in either the yields earned on loans or, as appropriate, rates paid on interest-bearing deposits. In general, under the terms of these swaps, the Company receives payments based on the outstanding notional amount of the swaps at a fixed rate of interest and makes payments at a variable rate. At September 30, 1995, the weighted average rates to be received and paid under interest rate swap agreements were 6.20% and 5.82%, respectively. The effect of interest rate swaps on the Company's net interest income and margin as well as average notional amounts are presented in the accompanying table.

INTEREST RATE SWAPS
Dollars in thousands

	Three months ended September 30			
	1995		1994	
	Amount	Rate(1)	Amount	Rate(1)
Increase (decrease) in:				
Interest income	$ (1,312)	(.04)%	$ 2,672	.11%
Interest expense	(2,049)	(.08)	36	--
Net interest income/margin	$ 737	.03%	$ 2,636	.11%
Average notional amount (2)	$2,571,181		$1,740,217	

	Nine months ended September 30			
	1995		1994	
	Amount	Rate(1)	Amount	Rate(1)
Increase (decrease) in:				
Interest income	$ (4,655)	(.05)%	$ 10,076	.14%
Interest expense	(4,463)	(.06)%	(2,378)	(.04)
Net interest income/margin	$ (192)	--	$ 12,454	.17%
Average notional amount (2)	$2,556,883		$1,430,552	

(1) Computed as an annualized percentage of earning assets or interest-bearing liabilities

(2) Excludes forward-starting interest rate swaps

The Company estimates that as of September 30, 1995 it would have received approximately $10.9 million if all interest rate swap agreements entered into for interest rate risk management purposes were terminated. This estimated fair value of the interest rate swap portfolio results from the effects of changing interest rates and should be considered in the context of the entire balance sheet and the Company's overall interest rate risk profile. Changes in the estimated fair value of interest rate swaps entered into for interest rate risk management purposes are not reflected in the consolidated financial statements.

Average investment securities totaled $2.2 billion in the third quarter of 1995, up from $2.0 billion and $2.1 billion in the third quarter of 1994 and the second quarter of 1995, respectively. During the recent quarter, the Company sold $325 million of U. S. Treasury securities for a pre-tax gain of approximately $4.9 million. The level of investment securities is influenced by such factors as the management of balance sheet size and resulting capital ratios, ongoing repayments, growth in loans, which generally yield more than investment securities, and the level of deposits.

Average loans and leases increased 21% to $9.0 billion in the third quarter of 1995 from $7.4 billion in the corresponding 1994 quarter and 4% from $8.7 billion in the second quarter of 1995. Stronger loan demand resulting in part from improved economic conditions and the December 1994 addition of $369 million of loans in the Ithaca Bancorp acquisition contributed to this growth. The accompanying table summarizes quarterly changes in the major components of the loan and lease portfolio.

AVERAGE LOANS AND LEASES
(net of unearned discount)
Dollars in millions

	3rd Qtr. 1995	Percent increase from 3rd Qtr. 1994	Percent increase from 2nd Qtr. 1995
Commercial, financial, etc.	$1,838	26%	2%
Real estate - commercial	3,540	12	2
Real estate - consumer	1,861	32	8
Consumer	1,799	26	6
Total	$9,038	21%	4%

Core deposits represent a significant source of funding to the Company and are commonly generated through the branch network at generally lower interest rates than are available on wholesale funds of similar maturities. Such deposits include noninterest-bearing demand deposits, interest-bearing transaction accounts, savings deposits and nonbrokered domestic time deposits under $100,000. Including core deposits obtained in the December 1994 and July 1995 acquisitions, average core deposits increased to $7.4 billion in 1995's third quarter, up from $6.8 billion in the year earlier quarter and $7.3 billion in the second quarter of 1995. Increases in interest rates paid on deposits in response to higher money-market rates have contributed to the higher level of core deposits and to a shift into time deposits from more liquid deposit accounts. The accompanying table provides an analysis of quarterly changes in the components of average core deposits.

AVERAGE CORE DEPOSITS
Dollars in millions

	3rd Qtr. 1995	Percent increase (decrease) from 3rd Qtr. 1994	2nd Qtr. 1995
NOW accounts	$ 784	6%	3%
Savings deposits	2,869	(11)	(3)
Time deposits under $100,000	2,619	47	2
Demand deposits	1,143	12	10
Total	$7,415	10%	1%

The Company began accepting brokered retail certificates of deposit in the fourth quarter of 1994 in order to reduce short-term borrowings and lengthen the average maturity of interest-bearing liabilities. Brokered deposits averaged $919 million during the third quarter of 1995 and totaled $946 million at September 30, 1995, compared with an average balance of $888 million during the second quarter of 1995 and an equal amount outstanding at June 30, 1995. The weighted average remaining term to maturity of brokered deposits at September 30, 1995 was 1.8 years. Additional amounts of brokered deposits may be solicited from time to time depending on such factors as current market conditions and the cost of funds available from alternative sources.

In addition to deposits, the Company uses short-term borrowings from banks, securities dealers, the Federal Home Loan Bank of New York ("FHLB") and others as sources of funding. Short-term borrowings averaged $1.7 billion in the recent quarter compared with $1.8 billion in the comparable quarter of 1994 and $1.6 billion in the second quarter of 1995.

Maturities of money-market assets, repayments of loans and investment securities, and cash generated from operations provide the Company with sources of liquidity. Through membership in the FHLB and borrowing arrangements with other financial institutions, which are informal and sometimes reciprocal, First Empire's banking subsidiaries have access to funding aggregating several times anticipated needs. First Empire's ability to pay dividends, repurchase treasury stock and fund operating expenses is primarily dependent on the receipt of dividend payments from its banking subsidiaries, which are subject to various regulatory limitations. First Empire also maintains a line of credit with an unaffiliated commercial bank. Management does not anticipate engaging in any activity, either currently or in the long-term, which would cause a significant strain on liquidity at either First Empire or its subsidiary banks. Furthermore, management believes that available sources of liquidity are more than adequate to meet anticipated funding needs.

Provision for Possible Credit Losses

The purpose of the provision is to replenish or build the Company's allowance for possible credit losses to a level necessary to maintain an adequate reserve position. In assessing the adequacy of the allowance for possible credit losses, management performs an ongoing evaluation of the loan portfolio, including such factors as the differing economic risks associated with each loan category, the current financial condition of specific borrowers, the economic environment in which borrowers operate, the level of delinquent loans and the value of any collateral. Based upon the results of such review, management believes that the allowance for possible credit losses at September 30, 1995 was adequate to absorb credit losses from existing loans, leases and credit commitments.

Improved economic conditions in market areas served by the Company contributed to a reduction in the provision for possible credit losses to $11.3 million in the third quarter of 1995 from $13.8 million in the year earlier quarter. However, the provision in the recent quarter increased from $8.5 million in the second quarter of 1995 reflecting, in part, continued growth in the loan portfolio. Net loan charge-offs totaled $6.0 million in the third quarter of 1995, up from $2.6 million in 1994's third quarter and $3.4 million in the second quarter of 1995. Net charge-offs as an annualized percentage of average loans and leases were .27% in the recent quarter, .14% in the corresponding 1994 quarter and .16% in the second quarter of 1995. For the nine months ended September 30, 1995 and 1994, the provision for possible credit losses was $28.3 million and $47.7 million, respectively. Through September 30, net charge-offs were $12.5 million in 1995 and $9.2 million in 1994, representing .19% and .17%, respectively, of average loans and leases.

Nonperforming loans were $76.2 million or .83% of total loans and leases outstanding at September 30, 1995, compared with $82.0 million or 1.08% at September 30, 1994 and $75.4 million or .85% at June 30, 1995. Nonperforming commercial real estate loans totaled $42.4 million at September 30, 1995, $54.5 million at September 30, 1994 and $42.9 million at June 30, 1995. Included in these totals were loans secured by properties located in the New York City metropolitan area of $17.8 million at the recent quarter-end, $35.1 million at September 30, 1994 and $21.0 million at June 30, 1995. Assets taken in foreclosure of defaulted loans were $8.5 million at September 30, 1995, compared with $11.3 million at September 30, 1994 and $8.4 million at June 30, 1995.

The allowance for possible credit losses was $259.1 million, or 2.81% of total loans and leases at September 30, 1995, compared with $234.3 million or 3.09% a year earlier, $243.3 million or 2.96% at December 31, 1994 and $253.8 million or 2.86% at June 30, 1995. The ratio of the allowance for possible credit losses to nonperforming loans was 340% at the most recent quarter-end, compared with 286% a year earlier, 314% at December 31, 1994 and 337% at June 30, 1995.

A comparative summary of nonperforming assets and certain credit quality ratios is presented in the accompanying table.

NONPERFORMING ASSETS
Dollars in thousands

	1995 Quarters			1994 Quarters	
	Third	Second	First	Fourth	Third
Nonaccrual loans	$59,720	60,889	64,941	62,787	72,355
Loans past due 90 days or more	16,516	14,530	12,275	11,754	9,663
Renegotiated loans	--	--	2,600	2,994	--
Total nonperforming loans	76,236	75,419	79,816	77,535	82,018
Other real estate owned	8,520	8,390	8,824	10,065	11,281
Total nonperforming assets	$84,756	83,809	88,640	87,600	93,299
Nonperforming loans to total loans and leases, net of unearned discount	.83%	.85%	.93%	.94%	1.08%
Nonperforming assets to total net loans and other real estate owned	.92%	.94%	1.03%	1.06%	1.23%

Other Income

Excluding the effects of investment securities transactions, other income totaled $39.5 million in the third quarter of 1995, up 45% from $27.1 million in the year-earlier quarter and 16% from $33.9 million in the second quarter of 1995. On the same basis, other income for the first nine months of 1995 was $99.8 million, up 17% from $85.0 million in the comparable period of 1994. As previously noted, the Company realized a gain of approximately $4.9 million upon the sale of U. S. Treasury securities during the recent quarter. These securities had been previously classified as available for sale.

Reflecting the effect of recent acquisitions, service charges on deposit accounts totaled $9.6 million in the third quarter of 1995, up 9% from $8.8 million in the third quarter of 1994 and essentially unchanged from the second quarter of 1995. Trust income of $6.5 million in the third quarter of 1995 was up from $5.1 million and $5.8 million in the third quarter of 1994 and second quarter of 1995, respectively. The increases were attributable to enhanced earnings from the personal and institutional trust businesses, and mutual fund management fees. Merchant discount and credit card fees were $2.8 million in the recent quarter, up from $2.1 million and $2.4 million in the third quarter of 1994 and second quarter of 1995, respectively. Trading account losses totaled $579 thousand in the third quarter of 1995, compared with gains of $591 thousand in the corresponding quarter of 1994 and $359 thousand in the second quarter of 1995.

Other revenue from operations totaled $21.0 million in the recent quarter, up from $10.5 million in the third quarter of 1994 and $15.7 million from the second quarter of 1995. Higher mortgage banking revenues contributed to this rise, including increased servicing fees resulting from origination activities and acquisitions, the effect of the 1995 implementation of SFAS No. 122, and a $3.2 million gain from the sale of approximately $300 million of servicing rights. Residential mortgage loans serviced for others totaled $5.2 billion and $3.7 billion at September 30, 1995 and 1994, respectively.

For the first nine months of the year, service charges on deposit accounts, including the impact of deposit accounts associated with the franchises obtained in the 1994 and 1995 acquisitions, increased 7% to $28.4 million in 1995, from $26.5 million in 1994. Compared to the same period in 1994, trust income increased 11% to $18.1 million during the first nine months of 1995, while merchant discount and credit card fees increased 20% to $7.5 million. Trading account activity resulted in a gain of $473 thousand for the first nine months of 1995 compared with $476 thousand in the comparable 1994 period.

Other revenues from operations increased 28% to $45.3 million in the first nine months of 1995 from $35.4 million in the comparable 1994 period. Higher mortgage banking revenues, including $5.9 million of income related to the implementation of SFAS No. 122, were a significant factor contributing to the increase in revenue over the comparable 1994 period. During the first three quarters of 1994, the Company realized a gain of $1.4 million from the sale of residential mortgage loan participations acquired from the Federal Deposit Insurance Corporation ("FDIC") and $2.2 million of income relating to lease receivable termination payments.

Other Expense

Other expense totaled $97.6 million in the third quarter of 1995, compared with $80.6 million in the third quarter of 1994 and $90.3 million in the second quarter of 1995. Through the first nine months of 1995, other expense totaled $277.4 million or 15% higher than in the comparable 1994 period.

Salaries and employee benefits expense was $49.7 million in the recent quarter, 22% higher than the corresponding 1994 quarter and 12% above the second quarter of 1995. For the first nine months of 1995, salaries and benefits expense increased $17.8 million or 15% from the comparable 1994 period. Expenses associated with the entities acquired in 1994 and 1995, expansion of subsidiaries providing mortgage banking services and sales of mutual funds and annuities, as well as higher expenses for stock appreciation rights and other incentive-based compensation arrangements contributed to these increases.

Nonpersonnel expenses totaled $48.0 million in the third quarter of 1995, up $8.2 million from the third quarter of 1994 and $1.9 million from the second quarter of 1995. Such expenses were $137.4 million during the first nine months of 1995, up 15% from $119.6 million during the comparable 1994 period. Higher mortgage banking-related expenses and expenses associated with operating the acquired entities contributed to the increases, together with the write-off in February 1995 of $2.3 million of non-marketable securities of Nationar, a bank that provided services to financial institutions, which was seized by banking regulators. During the third quarter of 1995, the Company's assessment from the FDIC for deposit insurance provided by the Bank Insurance Fund ("BIF") was reduced retroactive to June 1, 1995. The effect of the change in assessment rate was to lower the Company's nonpersonnel expenses for the third quarter of 1995 by $4.4 million, including $830 thousand relating to the assessment for the second quarter of 1995. Recently, congressional committees have passed proposals that would require a one-time special assessment related to deposits insured by the Savings Association Insurance Fund of the FDIC. The Company has approximately $1.2 billion of such deposits obtained in acquisitions. Although the amount of any such special assessment cannot be precisely predicted, management believes that it is likely that a special assessment will ultimately be levied against the Company.

Capital

Common stockholders' equity totaled $769.3 million at September 30, 1995, compared with $680.7 million a year earlier and $681.0 million at December 31, 1994. On a per share basis, common stockholders' equity was $119.53 at September 30, 1995, increases of 16% from both $102.73 at September 30, 1994 and $103.02 at December 31, 1994. Total stockholders' equity at September 30, 1995 was $809.3 million or 6.89% of total assets, compared with $720.7 million or 7.00% of total assets a year earlier and $721.0 million or 6.85% at December 31, 1994.

Stockholders' equity at September 30, 1995 was reduced by $10.8 million, or $1.68 per common share, for the net after-tax impact of unrealized losses on investment securities classified as available for sale, compared with reductions of $27.7 million or $4.18 per common share at September 30, 1994 and $50.6 million or $7.65 per common share at December 31, 1994. The market valuation of investment securities and other assets and liabilities should be considered in the context of the entire balance sheet of the Company. With the exception of investment securities classified as available for sale, trading account assets and mortgage loans held for sale, the carrying values of financial instruments in the balance sheet are generally not adjusted for appreciation or depreciation in market value resulting from changes in interest rates.

Federal regulators generally require banking institutions to maintain "core capital" and "total capital" ratios of at least 4% and 8%, respectively, of risk-adjusted total assets. In addition to the risk-based measures, Federal bank regulators have also implemented a minimum "leverage" ratio guideline of 3% of the quarterly average of total assets. Under regulatory guidelines, unrealized gains or losses on investment securities classified as available for sale are not recognized in determining regulatory capital. The regulatory capital ratios of the Company and its banking subsidiaries, M&T Bank and The East New York Savings Bank ("East New York"), as of September 30, 1995 are presented in the accompanying table.

REGULATORY CAPITAL RATIOS
September 30, 1995

	First Empire (Consolidated)	M&T Bank	East New York
Core capital	8.49%	7.72%	11.44%
Total capital	11.64%	11.13%	12.70%
Leverage	6.68%	6.19%	7.41%

First Empire has historically maintained capital ratios well in excess of minimum regulatory guidelines largely through a high rate of internal capital generation. The rate of internal capital generation, or net income less dividends paid expressed as an annualized percentage of average total stockholders' equity, was 15.28% and 13.89% during the three and nine month periods ended September 30, 1995, respectively, compared with 13.44% and 13.30% during the comparable periods of 1994. To further strengthen the "total capital" ratios of M&T Bank and the Company, M&T Bank issued $100 million of ten-year subordinated capital notes in July 1995.

During the recent quarter, First Empire acquired 64,030 shares and thereby completed the program announced in December 1993 to repurchase and hold as treasury stock up to 506,930 shares of its common stock for reissuance upon the possible future conversion of its 9% convertible preferred stock. The 506,930 repurchased shares were acquired at an average per share cost of $154.08.

FINANCIAL HIGHLIGHTS

Amounts in thousands, except per share	Three months ended September 30 1995	1994	Change	Nine months ended September 30 1995	1994	Change
For the period						
Net income	$35,627	29,098	+ 22%	$94,249	85,407	+ 10%
Per common share						
Net income						
Primary	$5.14	4.09	+ 26	$13.50	11.82	+ 14
Fully diluted	4.89	3.93	+ 24	12.83	11.34	+ 13
Cash dividends	.60	.60	--	1.80	1.60	+ 13
Average common shares outstanding						
Primary	6,763	6,899	- 2	6,783	6,998	- 3
Fully diluted	7,291	7,406	- 2	7,347	7,530	- 2
Annualized return on						
Average total assets	1.19%	1.16%		1.11%	1.15%	
Average common stockholders' equity	18.10%	16.58%		16.81%	16.19%	
Market price per common share						
Closing	$190.00	151.50	+ 25	$190.00	151.50	+ 25
High	194.50	165.00		194.50	165.00	
Low	170.00	146.00		136.50	135.00	
At September 30						
Loans and leases, net of unearned discount	$ 9,222,141	7,590,158	+ 22%			
Total assets	11,753,862	10,300,556	+ 14			
Total deposits	9,170,048	7,362,453	+ 25			
Total stockholders' equity	809,344	720,717	+ 12			
Stockholders' equity per common share	$119.53	102.73	+ 16			

AVERAGE BALANCE SHEETS AND ANNUALIZED TAXABLE-EQUIVALENT RATES

Average balance in millions; interest in thousands	1995 Third quarter Average balance	Interest	Average rate	1995 Second quarter Average balance	Interest	Average rate
Assets						
Earning assets						
Loans and leases, net of unearned discount*						
Commercial, financial, etc.	$ 1,838	$ 39,821	8.59%	1,805	39,410	8.76%
Real estate	5,401	120,430	8.92	5,187	116,067	8.95
Consumer	1,799	44,029	9.71	1,690	41,110	9.75
Total loans and leases, net	9,038	204,280	8.97	8,682	196,587	9.08
Money-market assets						
Interest-bearing deposits at banks	126	2,331	7.37	121	2,225	7.39
Federal funds sold and agreements to resell securities	12	189	6.05	139	2,227	6.44
Trading account	49	600	4.90	29	371	5.02
Total money-market assets	187	3,120	6.64	289	4,823	6.69
Investment securities						
U.S. Treasury and federal agencies	1,336	20,532	6.10	1,340	19,658	5.88
Obligations of states and political subdivisions	46	809	6.96	57	965	6.84
Other	797	12,633	6.29	740	10,435	5.65
Total investment securities	2,179	33,974	6.18	2,137	31,058	5.83
Total earning assets	11,404	241,374	8.40	11,108	232,468	8.39
Allowance for possible credit losses	(256)			(251)		
Cash and due from banks	336			317		
Other assets	364			332		
Total assets	$ 11,848			11,506		
Liabilities and stockholders' equity						
Interest-bearing liabilities						
Interest-bearing deposits						
NOW accounts	$ 784	3,129	1.58	760	2,948	1.55
Savings deposits	2,869	21,770	3.01	2,950	21,920	2.98
Time deposits	4,119	60,943	5.87	4,075	60,008	5.91
Deposits at foreign office	96	1,297	5.36	117	1,504	5.16
Total interest-bearing deposits	7,868	87,139	4.39	7,902	86,380	4.38
Short-term borrowings	1,719	25,559	5.90	1,588	23,787	6.01
Long-term borrowings	194	3,631	7.42	96	1,929	8.04
Total interest-bearing liabilities	9,781	116,329	4.72	9,586	112,096	4.69
Demand deposits	1,143			1,043		
Other liabilities	123			111		
Total liabilities	11,047			10,740		
Stockholders' equity	801			766		
Total liabilities and stockholders' equity	$ 11,848			11,506		
Net interest spread			3.68			3.70
Contribution of interest-free funds			0.67			0.65
Net interest income/margin on earning assets		$ 125,045	4.35%		120,372	4.35%

*Includes nonaccrual loans

AVERAGE BALANCE SHEETS AND ANNUALIZED TAXABLE-EQUIVALENT RATES (continued)

Average balance in millions; interest in thousands	1995 First quarter Average balance	Interest	Average rate
Assets			
Earning assets			
Loans and leases, net of unearned discount*			
Commercial, financial, etc.	1,671	35,772	8.68%
Real estate	5,048	112,059	8.88
Consumer	1,592	37,788	9.62
Total loans and leases, net	8,311	185,619	9.06
Money-market assets			
Interest-bearing deposits at banks	67	1,294	7.82
Federal funds sold and agreements to resell securities	14	200	5.75
Trading account	13	193	5.94
Total money-market assets	94	1,687	7.25
Investment securities			
U.S. Treasury and federal agencies	1,100	15,671	5.78
Obligations of states and political subdivisions	56	948	6.86
Other	769	12,325	6.50
Total investment securities	1,925	28,944	6.10
Total earning assets	10,330	216,250	8.49
Allowance for possible credit losses	(247)		
Cash and due from banks	313		
Other assets	285		
Total assets	10,681		
Liabilities and stockholders' equity			
Interest-bearing liabilities			
Interest-bearing deposits			
NOW accounts	734	2,765	1.53
Savings deposits	3,040	22,312	2.98
Time deposits	3,702	51,573	5.65
Deposits at foreign office	184	2,336	5.14
Total interest-bearing deposits	7,660	78,986	4.18
Short-term borrowings	1,076	15,663	5.90
Long-term borrowings	96	1,930	8.13
Total interest-bearing liabilities	8,832	96,579	4.43
Demand deposits	1,038		
Other liabilities	74		
Total liabilities	9,944		
Stockholders' equity	737		
Total liabilities and stockholders' equity	10,681		
Net interest spread			4.06
Contribution of interest-free funds			0.64
Net interest income/margin on earning assets		119,671	4.70%

*Includes nonaccrual loans

AVERAGE BALANCE SHEETS AND ANNUALIZED TAXABLE-EQUIVALENT RATES (continued)

	1994 Fourth quarter			1994 Third quarter		
Average balance in millions; interest in thousands	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Assets						
Earning assets						
Loans and leases, net of unearned discount*						
Commercial, financial, etc.	$ 1,551	$ 32,609	8.34%	1,457	29,797	8.11%
Real estate	4,757	103,982	8.74	4,562	98,574	8.64
Consumer	1,497	34,881	9.25	1,423	33,281	9.28
Total loans and leases, net	7,805	171,472	8.72	7,442	161,652	8.62
Money-market assets						
Interest-bearing deposits at banks	11	138	4.85	158	1,863	4.68
Federal funds sold and agreements to resell securities	124	1,674	5.35	20	244	4.86
Trading account	6	86	5.62	8	110	5.34
Total money-market assets	141	1,898	5.32	186	2,217	4.73
Investment securities						
U.S. Treasury and federal agencies	1,075	14,841	5.48	1,116	13,954	4.96
Obligations of states and political subdivisions	53	841	6.24	53	760	5.69
Other	795	12,491	6.24	823	11,972	5.77
Total investment securities	1,923	28,173	5.81	1,992	26,686	5.32
Total earning assets	9,869	201,543	8.10	9,620	190,555	7.86
Allowance for possible credit losses	(240)			(230)		
Cash and due from banks	314			298		
Other assets	257			271		
Total assets	$ 10,200			9,959		
Liabilities and stockholders' equity						
Interest-bearing liabilities						
Interest-bearing deposits						
NOW accounts	$ 734	2,786	1.51	739	2,840	1.52
Savings deposits	3,105	21,936	2.80	3,214	21,258	2.62
Time deposits	2,606	33,216	5.06	2,119	24,307	4.55
Deposits at foreign office	221	2,539	4.55	159	1,610	4.01
Total interest-bearing deposits	6,666	60,477	3.60	6,231	50,015	3.18
Short-term borrowings	1,609	21,135	5.21	1,836	20,841	4.50
Long-term borrowings	83	1,675	8.06	76	1,537	8.07
Total interest-bearing liabilities	8,358	83,287	3.95	8,143	72,393	3.53
Demand deposits	1,037			1,019		
Other liabilities	81			82		
Total liabilities	9,476			9,244		
Stockholders' equity	724			715		
Total liabilities and stockholders' equity	$ 10,200			9,959		
Net interest spread			4.15			4.33
Contribution of interest-free funds			0.60			.54
Net interest income/margin on earning assets		$ 118,256	4.75%		118,162	4.87%

*Includes nonaccrual loans

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

A number of lawsuits were pending against First Empire and its subsidiaries at September 30, 1995. In the opinion of management, the potential liabilities, if any, arising from such litigation will not have a materially adverse impact on the Company's consolidated financial condition. Moreover, management believes that First Empire and its subsidiaries have substantial defenses in such litigation, but that there can be no assurance that the potential liabilities, if any, arising from such litigation will not have a materially adverse impact on the Company's consolidated results of operations in the future.

Item 2. Changes in Securities.
(Not applicable.)

Item 3. Defaults Upon Senior Securities.
(Not applicable.)

Item 4. Submission of Matters to a Vote of Security Holders.
(Not applicable.)

Item 5. Other Information. (None.)

Item 6. Exhibits and Reports on Form 8-K.

(a) The following exhibits are filed as a part of this report:

Exhibit No.	
11	Statement re: Computation of Earnings Per Common Share. Filed herewith.
27	Financial Data Schedule. Filed herewith.

(b) Reports on Form 8-K.

First Empire did not file any Current Reports on Form 8-K during the fiscal quarter ended September 30, 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST EMPIRE STATE CORPORATION

Date: November 10, 1995 By: /s/ James L. Vardon

James L. Vardon
Executive Vice President
and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	
11	Statement re: Computation of Earnings Per Common Share. Filed herewith.
27	Financial Data Schedule. Filed herewith.

FIRST EMPIRE STATE CORPORATION

COMPUTATION OF EARNINGS PER COMMON SHARE

Amounts in thousands, except per share data		Three months ended September 30 1995	Three months ended September 30 1994	Nine months ended September 30 1995	Nine months ended September 30 1994
Primary	Average common shares outstanding	6,463	6,647	6,519	6,771
	Common stock equivalents*	300	252	264	227
	Primary common shares outstanding	6,763	6,899	6,783	6,998
	Net income	$35,627	29,098	94,249	85,407
	Less: Cash dividends on preferred stock	900	900	2,700	2,700
	Net income available to common shareholders	$34,727	28,198	91,549	82,707
	Earnings per common share - primary	$5.14	4.09	13.50	11.82
Fully diluted	Average common shares outstanding	6,463	6,647	6,519	6,771
	Common stock equivalents*	321	252	321	252
	Assumed conversion of 9% cumulative convertible preferred stock	507	507	507	507
	Fully diluted average common shares outstandin	7,291	7,406	7,347	7,530
	Net income	$35,627	29,098	94,249	85,407
	Earnings per common share - fully diluted	$4.89	3.93	12.83	11.34

* Represents shares of First Empire's common stock issuable upon the assumed exercise of outstanding stock options granted pursuant to the First Empire State Corporation 1983 Stock Option Plan under the "treasury stock" method of accounting.

9
1,000

3-MOS
Dec-31-1994
Jul-01-1995
Sep-30-1995
310,019
125,500
0
18,850
1,434,401
520,021
521,812
9,531,247
259,110
11,753,862
9,170,048
1,398,402
179,862
196,206
40,487
0
40,000
728,857
11,753,862
203,683
33,426
2,520
240,194
87,139
116,329
123,865
11,310
4,933
97,632
59,321
35,627
0
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35,627
5.14
4.89
4.35
59,720
16,516
0
0
243,332
19,693
7,146
259,110
259,110
0
124,596