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 June 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	16-0968385
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One M & T Plaza Buffalo, New York	14240
(Address of principal executive offices)	(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 August 2, 1995: 6,481,105 shares.

FIRST EMPIRE STATE CORPORATION

FORM 10-Q

For the Quarterly Period Ended June 30, 1995

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

FIRST EMPIRE STATE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

Dollars in thousands, except per share		June 30, 1995 (unaudited)	December 31, 1994
Assets	Cash and due from banks	$ 308,079	377,781
	Money-market assets		
	Interest-bearing deposits at banks	125,500	143
	Federal funds sold and agreements to resell securities	472	3,080
	Trading account	35,349	5,438
	Total money-market assets	161,321	8,661
	Investment securities		
	Available for sale (cost: $1,801,468 at June 30, 1995; $1,602,916 at December 31, 1994)	1,790,217	1,514,395
	Held to maturity (market value: $319,506 at June 30, 1995; $221,165 at December 31, 1994)	317,656	227,651
	Other (market value: $50,802 at June 30, 1995; $48,994 at December 31, 1994)	50,802	48,994
	Total investment securities	2,158,675	1,791,040
	Loans and leases	9,166,641	8,447,117
	Unearned discount	(285,670)	(229,824)
	Allowance for possible credit losses	(253,842)	(243,332)
	Loans and leases, net	8,627,129	7,973,961
	Premises and equipment	125,396	127,274
	Accrued interest and other assets	249,020	249,927
	Total assets	$ 11,629,620	10,528,644
Liabilities	Noninterest-bearing deposits	$ 1,181,989	1,087,102
	NOW accounts	778,598	748,199
	Savings deposits	2,874,652	3,098,438
	Time deposits	3,955,635	3,106,723
	Deposits at foreign office	74,997	202,611
	Total deposits	8,865,871	8,243,073
	Federal funds purchased and agreements to repurchase securities	1,516,707	695,665
	Other short-term borrowings	206,260	669,185
	Accrued interest and other liabilities	150,617	103,538
	Long-term borrowings	96,207	96,187
	Total liabilities	10,835,662	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	98,473	98,014
	Undivided profits	743,249	694,274
	Unrealized investment losses, net	(6,440)	(50,555)
	Treasury stock - common, at cost - 1,600,917 shares at June 30, 1995; 1,486,969 shares at December 31, 1994	(121,811)	(101,224)
	Total stockholders' equity	793,958	720,996
	Total liabilities and stockholders' equity	$ 11,629,620	10,528,644

FIRST EMPIRE STATE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME (unaudited)

Amounts in thousands, except per share		Three months ended June 30 1995	Three months ended June 30 1994	Six months ended June 30 1995	Six months ended June 30 1994
Interest income	Loans and leases, including fees	$ 195,963	152,586	380,979	301,069
	Money-market assets				
	Deposits at banks	2,225	57	3,519	211
	Federal funds sold and agreements to resell securities	2,227	1,390	2,427	2,833
	Trading account	348	91	520	223
	Investment securities				
	Fully taxable	29,692	25,472	57,269	51,714
	Exempt from federal taxes	738	574	1,565	1,290
	Total interest income	231,193	180,170	446,279	357,340
Interest expense	NOW accounts	2,948	2,814	5,713	5,660
	Savings deposits	21,920	20,921	44,232	41,610
	Time deposits	60,008	20,797	111,581	39,544
	Deposits at foreign office	1,504	817	3,840	1,745
	Short-term borrowings	23,787	17,391	39,450	31,892
	Long-term borrowings	1,929	1,537	3,859	3,075
	Total interest expense	112,096	64,277	208,675	123,526
	Net interest income	119,097	115,893	237,604	233,814
	Provision for possible credit losses	8,515	14,022	17,015	33,884
	Net interest income after provision for possible credit losses	110,582	101,871	220,589	199,930
Other income	Trust income	5,847	5,770	11,584	11,205
	Service charges on deposit accounts	9,574	8,785	18,793	17,678
	Merchant discount and other credit card fees	2,415	2,197	4,688	4,093
	Trading account gain (loss)	359	93	1,052	(115)
	Loss on sales of bank investment securities	(46)	--	(46)	--
	Other revenues from operations	15,739	12,533	24,219	24,966
	Total other income	33,888	29,378	60,290	57,827
Other expense	Salaries and employee benefits	44,148	41,623	90,375	81,454
	Equipment and net occupancy	12,179	12,445	24,885	25,257
	Printing, postage and supplies	3,504	3,333	7,099	6,520
	Deposit insurance	4,264	4,080	8,528	8,224
	Other costs of operations	26,174	20,534	48,876	39,775
	Total other expense	90,269	82,015	179,763	161,230
	Income before income taxes	54,201	49,234	101,116	96,527
	Income taxes	22,747	20,553	42,494	40,218
	Net income	$ 31,454	28,681	58,622	56,309
	Net income per common share				
	Primary	$4.51	3.96	8.36	7.73
	Fully diluted	4.31	3.80	7.99	7.43
	Cash dividends per common share	.60	.50	1.20	1.00
	Average common shares outstanding				
	Primary	6,768	7,014	6,794	7,048
	Fully diluted	7,293	7,541	7,338	7,578

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

Dollars in thousands		Six months ended June 30 1995	1994
Cash flows from operating activities	Net income	$ 58,622	56,309
	Adjustments to reconcile net income to net cash provided by operating activities		
	Provision for possible credit losses	17,015	33,884
	Depreciation and amortization of premises and equipment	9,524	8,943
	Provision for deferred income taxes	(7,452)	(15,617)
	Asset write-downs	3,183	1,141
	Net gain on sales of assets	(261)	(4,211)
	Net change in accrued interest receivable, payable	(1,601)	(1,716)
	Net change in other accrued income and expense	53,580	(10,935)
	Net change in loans held for sale	(110,781)	135,795
	Net change in trading account assets	(29,911)	2,535
	Net cash provided (used) by operating activities	(8,082)	206,128
Cash flows from investing activities	Proceeds from sales of investment securities		
	Available for sale	41,348	--
	Proceeds from maturities of investment securities		
	Available for sale	130,128	392,191
	Held to maturity	27,824	18,198
	Other	--	3,052
	Purchases of investment securities		
	Available for sale	(381,383)	(4,663)
	Held to maturity	(117,905)	(16,500)
	Other	(2,641)	(12,741)
	Net increase in interest-bearing deposits at banks	(125,357)	(355,099)
	Proceeds from sales of loans and leases	--	7,601
	Net increase in loans and leases	(530,123)	(287,687)
	Capital expenditures, net	(5,918)	(2,116)
	Acquisitions, net of cash acquired	(18,691)	--
	Other, net	(59)	2,510
	Net cash used by investing activities	(982,777)	(255,254)
Cash flows from financing activities	Net increase (decrease) in deposits	621,366	(77,288)
	Net increase in short-term borrowings	325,117	70,281
	Payments on long-term borrowings	(56)	(51)
	Purchases of treasury stock	(22,727)	(22,107)
	Dividends paid - common	(7,847)	(6,805)
	Dividends paid - preferred	(1,800)	(1,800)
	Other, net	4,496	(1,613)
	Net cash provided (used) by financing activities	918,549	(39,383)
	Net decrease in cash and cash equivalents	$ (72,310)	(88,509)
	Cash and cash equivalents at beginning of period	380,861	525,221
	Cash and cash equivalents at end of period	$ 308,551	436,712
Supplemental disclosure of cash flow information	Interest received during the period	$ 428,922	359,625
	Interest paid during the period	184,091	125,539
	Income taxes paid during the period	20,873	69,501
Supplemental schedule of noncash investing and financing activities	Real estate acquired in settlement of loans	$ 3,392	6,763

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	--	--	--	56,309	--	--	56,309
Preferred stock cash dividends	--	--	--	(1,800)	--	--	(1,800)
Common stock cash dividends - $1.00 per share	--	--	--	(6,805)	--	--	(6,805)
Exercise of stock options	--	--	121	--	--	536	657
Purchases of treasury stock	--	--	--	--	--	(22,107)	(22,107)
Unrealized losses on investment securities available for sale, net	--	--	--	--	(32,549)	--	(32,549)
Balance - June 30, 1994	$ 40,000	40,487	97,908	643,026	(23,401)	(80,321)	$ 717,699
1995							
Balance - January 1, 1995	$ 40,000	40,487	98,014	694,274	(50,555)	(101,224)	$ 720,996
Net income	--	--	--	58,622	--	--	58,622
Preferred stock cash dividends	--	--	--	(1,800)	--	--	(1,800)
Common stock cash dividends - $1.20 per share	--	--	--	(7,847)	--	--	(7,847)
Exercise of stock options	--	--	459	--	--	2,140	2,599
Purchases of treasury stock	--	--	--	--	--	(22,727)	(22,727)
Unrealized gains on investment securities available for sale, net	--	--	--	--	44,115	--	44,115
Balance - June 30, 1995	$ 40,000	40,487	98,473	743,249	(6,440)	(121,811)	$ 793,958

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

Dollars in thousands	Six months ended June 30 1995	1994
Beginning balance	$243,332	195,878
Provision for possible credit losses	17,015	33,884
Net charge-offs		
Charge-offs	(11,625)	(15,929)
Recoveries	5,120	9,295
Total net charge-offs	(6,505)	(6,634)
Ending balance	$253,842	223,128

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:

In thousands	June 30, 1995 Amortized cost	June 30, 1995 Estimated fair value	December 31, 1994 Amortized cost	December 31, 1994 Estimated fair value
Investment securities available for sale:				
U.S. Treasury and federal agencies	$ 333,499	339,631	5,775	5,762
Mortgage-backed securities				
Government issued or guaranteed	817,106	803,658	869,031	822,533
Other	634,128	628,645	706,909	665,209
Other debt securities	4,380	4,443	6,537	6,557
Equity securities	12,355	13,840	14,664	14,334
	1,801,468	1,790,217	1,602,916	1,514,395
Investment securities held to maturity:				
U.S. Treasury and federal agencies	270,247	271,686	171,112	164,602
Obligations of states and political subdivisions	46,740	47,153	55,787	55,872
Other debt securities	669	667	752	691
	317,656	319,506	227,651	221,165
Other securities	50,802	50,802	48,994	48,994
Total	$2,169,926	2,160,525	1,879,561	1,784,554

3. Interest rate swap agreements

At June 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 decrease net interest income by $480 thousand and $929 thousand during the three months and six months ended June 30, 1995, respectively, and to increase net interest income by $3.2 million and $9.8 million during the three months and six months ended June 30, 1994, respectively. As of June 30, 1995, the Company had also entered into forward swaps with an aggregate notional amount of $15 million. These forward interest rate swap commitments had no effect on net income. The Company estimates that as of June 30, 1995, it would have received approximately $14 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, however those servicing rights are acquired. 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 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 June 30, 1995, the carrying value and estimated fair value of capitalized mortgage servicing rights was $28.5 million and $36 million, respectively. There was no impairment of capitalized mortgage servicing rights at June 30, 1995.

The effect of adopting SFAS No. 122 was to increase net income in 1995 by approximately $1.5 million. The effect of adopting SFAS No. 122 was not significant to the Company's consolidated financial statements as of and for the three months ended March 31, 1995 and, accordingly, such financial statements have not been restated. Retroactive application of the provisions of SFAS No. 122 to prior years is prohibited.

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

Overview

First Empire State Corporation ("First Empire") earned $31.5 million or $4.51 per common share in the second quarter of 1995, increases of 10% and 14%, respectively, from the second quarter of 1994 when net income was $28.7 million or $3.96 per common share. For the six months ended June 30, 1995, net income was $58.6 million or $8.36 per common share, up 4% and 8%, respectively, from $56.3 million or $7.73 per common share earned during the comparable period of 1994. The rate of return on average assets for First Empire and its consolidated subsidiaries ("the Company") in the second quarter of 1995 was 1.10%, compared with 1.16% in the year-earlier quarter and 1.03% in 1995's first quarter. The return on average common stockholders' equity increased to 16.87% in the second quarter of 1995, from 16.32% in the second quarter of 1994 and 15.29% in the initial quarter of 1995. The rate of return on average assets was 1.07% in the first six months of 1995, compared with 1.14% during the corresponding 1994 period. Through the first half of 1995, the return on average common stockholders' equity was 16.10%, up from 16.00% in the comparable 1994 period.

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. The acquired operations were merged into First Empire's commercial bank subsidiary, Manufacturers and Traders Trust Company ("M&T Bank").

On March 6, 1995, M&T Bank'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. As a result of the Statewide acquisition, M&T Mortgage Corporation acquired residential mortgage offices in New York and Massachusetts. In addition, in the first quarter of 1995, M&T Mortgage Corporation established offices in the states of Washington, Oregon and Utah. These new offices have expanded M&T Mortgage Corporation's out-of-state operations, which previously were limited to Ohio and Pennsylvania.

The acquisitions noted in the two preceding paragraphs were consummated for cash and have been accounted for as purchase transactions and, 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.

On July 21, 1995, M&T Bank acquired four branch offices from The Chase Manhattan Bank, N.A. Two of the branch offices are located in Dutchess County, one in Ulster County and one in Niagara County, New York. The branches held approximately $84 million in deposits as of the acquisition date.

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. SFAS No. 122 requires that a mortgage banking enterprise recognize as separate assets the rights to service mortgage loans for others, whether those servicing rights are originated or purchased. A mortgage banking enterprise that acquires mortgage servicing rights through either the origination or purchase of mortgage loans and then sells or securitizes those loans while retaining the servicing rights should allocate the total cost of the mortgage loans to the mortgage servicing rights and the loans (without the mortgage servicing rights) based on their relative fair values. These mortgage servicing rights should be amortized in proportion to and over the period of the estimated net servicing income. Prior to the adoption of SFAS No. 122, only mortgage servicing rights acquired through purchase transactions were recorded as assets. As a result of adopting SFAS No. 122, net income in 1995 increased by approximately $1.5 million or $.22 per common share. The effect of adopting SFAS No. 122 was not significant to the Company's consolidated financial statements as of and for the three months ended March 31, 1995 and, accordingly, such financial statements have not been restated. Retroactive application of the provisions of SFAS No. 122 to prior years is not permitted.

Taxable-equivalent Net Interest Income

Net interest income expressed on a taxable-equivalent basis was $120.4 million in the second quarter of 1995, up $3.5 million from $116.9 million in the second quarter of 1994 and slightly higher than $119.7 million in the first quarter of 1995. The improvement in net interest income in the recent quarter was largely attributable to growth in average loans outstanding. Increased demand for loans coupled with the December 1994 acquisition of Ithaca Bancorp resulted in a $1.4 billion increase in average loans to $8.7 billion in the second quarter of 1995 from $7.3 billion in the second quarter of 1994. Average loans totaled $8.3 billion during the first quarter of 1995.

The increase in average loans, combined with a $137 million increase in average money market assets led to a $1.6 billion increase in average earning assets to $11.1 billion in the second quarter of 1995 from $9.5 billion in the second quarter of 1994. Average earning assets in the recent quarter increased $779 million from $10.3 billion in the initial 1995 quarter. The effect of increases in average earning assets on net interest income was partially offset by reductions in the net interest spread, or the difference between the yield on earning assets and the rate paid on interest-bearing liabilities. In general, interest rates paid on interest-bearing liabilities have increased more than yields on earning assets. Furthermore, a higher proportion of discretionary holdings of money-market assets and investment securities, which generally yield less than loans, also contributed to the decline in net interest spread from the first quarter of 1995. As a result of a decline in interest rates near the end of the recent quarter, the Company assumed an increase in the rate of expected prepayments of residential mortgage loans underlying collateralized mortgage obligations purchased at premiums in prior periods. Together these last two factors reduced net interest spread in the recent quarter by approximately 23 basis points (hundredths of one percent).

For the first six months of 1995, taxable-equivalent net interest income was $240.0 million, up from $235.8 million in the corresponding 1994 period. An increase in earning assets of $1.1 billion, partially offset by a narrowing of the net interest spread, contributed to this improvement.

The Company's net interest margin, which is taxable-equivalent net interest income expressed as an annualized percentage of average earning assets, narrowed to 4.35% in the second quarter of 1995, compared with 4.93% in the second quarter of 1994 and 4.70% in the first quarter of 1995. Although the overall yield on average earning assets increased 75 basis points to 8.39% in the recent quarter from 7.64% in the year earlier quarter, higher interest rates also resulted in an increase in the cost of interest-bearing liabilities to 4.69% during the second quarter of 1995 compared with 3.19% in the like period in

1994. The yield on average earning assets in the initial 1995 quarter was 8.49%, while the rate paid on interest-bearing liabilities totaled 4.43%. As a result, the Company's net interest spread was 3.70% in the recent quarter, compared with 4.45% and 4.06% in the second quarter of 1994 and the first quarter of 1995, respectively.

Although narrowing the net interest spread, higher interest rates resulted in an increased contribution to net interest margin from interest-free funds. The contribution of interest-free funds rose to .65% in the second quarter of 1995 from .48% in the comparable 1994 quarter and .64% in the first quarter of 1995. A 150 basis point increase in the rate paid on interest-bearing liabilities used to value these funds resulted in the improvement in the second quarter of 1995 from a year earlier. Average interest-free funds, which consist primarily of noninterest-bearing demand deposits and stockholders' equity, totaled $1.5 billion in the second quarter of 1995, up $86 million or 6% from a year earlier, and $25 million or 2% from the first quarter of 1995.

For the first half of 1995, net interest margin decreased to 4.52% from 4.96% in the corresponding period in 1994. The decrease was caused by a decline in the net interest spread to 3.87% from 4.51%, partially offset by an increased contribution of interest-free funds, to .65% from .45% in 1994's first two quarters.

The Company's net interest income is sensitive to the effects of changing interest rates. Management assesses this interest rate risk by the variability of projected net interest income under a number of 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 June 30, 1995 the weighted average rates to be received and paid under interest rate swap agreements were 6.18% and 6.05%, 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 June 30			
	1995		1994	
	Amount	Rate(1)	Amount	Rate(1)
Increase (decrease) in:				
Interest income	$ (1,818)	(.07)%	$ 2,699	.12%
Interest expense	(1,338)	(.06)	(478)	(.03)
Net interest income/margin	$ (480)	(.02)%	$ 3,177	.14%
Average notional amount (2)	$ 2,562,949		$ 1,335,165	

	Six months ended June 30			
	1995		1994	
	Amount	Rate(1)	Amount	Rate(1)
Increase (decrease) in:				
Interest income	$ (3,343)	(.06)%	$ 7,404	.16%
Interest expense	(2,414)	(.05)	(2,414)	(.06)
Net interest income/margin	$ (929)	(.02)%	$ 9,818	.21%
Average notional amount (2)	$ 2,549,616		$ 1,273,152	

(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 June 30, 1995 it would have received approximately $14 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 $2.1 billion in the second quarter of 1995, virtually unchanged from the comparable 1994 period, but up from $1.9 billion in the first quarter of 1995. Factors influencing the size of the investment securities portfolio include 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 19% to $8.7 billion in the second quarter of 1995 from $7.3 billion in the corresponding 1994 quarter and 4% from $8.3 billion in the first quarter of 1995. Solid loan demand due, 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

		Percent increase from	
	2nd Qtr. 1995	2nd Qtr. 1994	1st Qtr. 1995
Commercial, financial, etc.	$1,805	23 %	8 %
Real estate - commercial	3,456	12	2
Real estate - consumer	1,731	25	5
Consumer	1,690	27	6
Total	$8,682	19 %	4 %

Core deposits, which include noninterest-bearing demand deposits, interest-bearing transaction accounts, savings deposits and nonbrokered time deposits under $100,000, represent a significant source of funding, at generally lower interest rates than are available on wholesale funds of comparable maturities. Including core deposits obtained in the December 1994 acquisitions, average core deposits increased to $7.3 billion in 1995's second quarter, up from $6.8 billion in the year earlier quarter and $7.2 billion in the first quarter of 1995. Increases in interest rates paid on deposits in response to higher money-market rates have served to mitigate the tendency displayed by depositors in recent years to seek potentially higher returns by redeploying deposits, primarily time deposits, out of the banking system into alternative investment vehicles, such as mutual funds, and also contributed 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

		Percent increase (decrease) from	
	2nd Qtr. 1995	2nd Qtr. 1994	1st Qtr. 1995
NOW accounts	$ 760	1 %	4 %
Savings deposits	2,950	(13)	(3)
Time deposits under $100,000	2,577	55	6
Demand deposits	1,043	5	-
Total	$7,330	8 %	1 %

To reduce short-term borrowings and lengthen the average maturity of interest-bearing liabilities, the Company began accepting brokered retail certificates of deposit in the fourth quarter of 1994 under a program to solicit up to approximately $900 million of deposits. Brokered deposits averaged $888 million during the second quarter of 1995 and equaled that amount at June 30, 1995, compared with an average balance of $775 million during the first quarter of 1995 and a total balance of $888 million at March 31, 1995. The weighted average remaining term to maturity of brokered deposits at June 30, 1995 was 2.0 years.

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 $1.6 billion in the recent quarter compared with $1.8 billion in the year earlier quarter and $1.1 billion in the first quarter of 1995.

Repayments of loans and investment securities, maturities of money-market assets, 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

Improved economic conditions in market areas served by the Company and lower nonperforming loans resulted in a provision for possible credit losses of $8.5 million in the second quarter of 1995, which was $5.5 million lower than the $14.0 million provision in the year earlier quarter, but approximately equal to the first quarter of 1995. Net loan charge-offs in the second quarter of 1995 totaled $3.4 million, down from $3.9 million in 1994's second quarter but up slightly from $3.1 million in the first quarter of 1995. Net charge-offs as an annualized percentage of average loans and leases were .16% in the recent quarter, .22% in the corresponding 1994 quarter and .15% in the first quarter of 1995.

Nonperforming loans were $75.4 million or .85% of total loans and leases outstanding at June 30, 1995, down from $80.3 million or 1.09% at June 30, 1994 and $79.8 million or .93% at March 31, 1995. Nonperforming commercial real estate loans totaled $42.9 million at June 30, 1995, $49.4 million at June 30, 1994 and $47.7 million at March 31, 1995. Included in these totals were loans secured by properties located in the New York City metropolitan area of $21.0 million at June 30, 1995, $35.3 million at June 30, 1994 and $26.3 million at March 31, 1995. Assets taken in foreclosure of defaulted loans were $8.4 million at June 30, 1995, down from $12.4 million at June 30, 1994 and $8.8 million at March 31, 1995.

The allowance for possible credit losses was $253.8 million, or 2.86% of total loans and leases at June 30, 1995, compared with $223.1 million or 3.01% a year earlier, $243.3 million or 2.96% at December 31, 1994 and $248.7 million or 2.91% at March 31, 1995. The ratio of the allowance for possible credit losses to nonperforming loans was 337% at the most recent quarter-end, up from 278% a year earlier, 314% at December 31, 1994 and 312% at March 31, 1995.

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 June 30, 1995 was adequate to absorb credit losses from existing loans, leases and credit commitments.

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		
	Second	First	Fourth	Third	Second
Nonaccrual loans	$60,889	64,941	62,787	72,355	68,881
Loans past due 90 days or more	14,530	12,275	11,754	9,663	11,444
Renegotiated loans	--	2,600	2,994	--	--
Total nonperforming loans	75,419	79,816	77,535	82,018	80,325
Other real estate owned	8,390	8,824	10,065	11,281	12,418
Total nonperforming assets	$83,809	88,640	87,600	93,299	92,743
Nonperforming loans to total loans and leases, net of unearned discount	.85%	.93%	.94%	1.08%	1.09%
Nonperforming assets to total net loans and other real estate owned	.94%	1.03%	1.06%	1.23%	1.25%

Other Income

Other income totaled $33.9 million in the second quarter of 1995, up 15% from $29.4 million in the year-earlier quarter and 28% from $26.4 million in the first quarter of 1995. Other income for the first six months of 1995 was $60.3 million, up 4% from $57.8 million in the comparable period of 1994.

Service charges on deposit accounts totaled $9.6 million in the second quarter of 1995, up 9% from $8.8 million in the second quarter of 1994 and 4% higher than the first three months of 1995. The increase from 1994 was largely attributable to deposit accounts associated with the franchises obtained in the December 1994 acquisitions. Trust income of $5.8 million in the second quarter of 1995 was virtually unchanged from both last year's second quarter and the first quarter of 1995. Merchant discount and credit card fees were $2.4 million in the recent quarter, up from $2.2 million and $2.3 million in the second quarter of 1994 and first quarter of 1995, respectively. Trading account gains totaled $359 thousand in the second quarter of 1995, compared with $93 thousand in the corresponding quarter of 1994 and $693 thousand in the first quarter of 1995.

Other revenue from operations totaled $15.7 million in the recent quarter, up $3.2 million from the second quarter of 1994 and $7.3 million from the first quarter of 1995. Included in other revenue from operations in the recent quarter was $2.6 million related to the previously discussed adoption of SFAS No. 122. Additionally, the March 1995 acquisition of Statewide contributed to increased income from servicing residential mortgage loans owned by other investors. Residential mortgage loans serviced for others totaled $5.2 billion and $3.6 billion at June 30, 1995 and 1994, respectively. Furthermore, the second quarter of 1994 included a $2.2 million gain from the early repayment of a lease receivable.

For the first six months of the year, service charges on deposit accounts increased 6% to $18.8 million in 1995, including the impact of deposits from the

December 1994 acquisitions, from $17.7 million in 1994. Compared to the same period in 1994, trust income increased 3% to $11.6 million during the first six months of 1995, while merchant discount and credit card fees increased 15% to $4.7 million. Trading account activity resulted in income of $1.1 million for the first six months of 1995 compared with a loss of $115 thousand in the first half of 1994.

Exclusive of the income recognized upon adoption of SFAS No. 122, other revenues from operations decreased 14% to $21.6 million in the first six months of 1995 from $25.0 million in the comparable 1994 period. During the first half of 1994, the Company realized $1.4 million of gains from the sale of residential mortgage loan participations acquired in 1992 from the Federal Deposit Insurance Corporation and, as previously mentioned, $2.2 million of income relating to lease receivable termination payments.

Other Expense

Other expense totaled $90.3 million in the second quarter of 1995, compared with $82.0 million in the second quarter of 1994 and $89.5 million in the first quarter of 1995. During the first quarter of the current year, expenses were incurred for the write-off of $2.3 million of non-marketable securities of Nationar, a bank that provided services to financial institutions which was seized by banking regulators in February, and $1.3 million of costs to integrate Statewide into M&T Mortgage Corporation. Excluding these expenses, other expense was $4.4 million higher in this year's second quarter than in the immediately preceding quarter. This increase was partially the result of expenses associated with the operations of the Statewide acquisition. Exclusive of the expenses related to the integration of Statewide and the write-off of investment securities issued by Nationar, other expense for the first half of 1995 was $176.2 million, an increase of 9% from the first half of 1994. Such increase was largely attributable to operations of the December 1994 and March 1995 acquisitions.

For the second quarter of 1995, salaries and employee benefits expense was $44.1 million, 6% higher than a year earlier but 4% below the first quarter of 1995. The increase from a year earlier results from personnel costs from the completed acquisitions and merit salary increases. The decline from the first quarter of 1995 is largely attributable to $3.0 million of expenses incurred during that quarter associated with stock appreciation rights granted in 1990 and 1991. Such expense resulted from the 26% increase in the market value per share of First Empire's common stock in the first quarter of 1995. For the first half of 1995, salaries and benefits expense increased $8.9 million from the comparable 1994 period. Personnel costs resulting from the completed acquisitions and merit salary increases were largely responsible for this increase. Expenses for stock appreciation rights were $1.0 million higher during the first six months of 1995 than in the first half of 1994.

Nonpersonnel expenses totaled $46.1 million for the second quarter of 1995, an increase of $5.7 million from the second quarter of 1994 and $2.8 million from the first quarter of 1995. Such expenses were $89.4 million during the first six months of 1995, up 12% from $79.8 million during the comparable 1994 period. Higher mortgage banking-related expenses and expenses associated with operating the acquired entities contributed to the increases.

Capital

Common stockholders' equity totaled $754.0 million at June 30, 1995, up from $667.7 million a year earlier and $681.0 million at December 31, 1994. On a per share basis, common stockholders' equity was $116.05 at June 30, 1995, an increase of 15% from $100.63 at June 30, 1994 and 13% from $103.02 at December 31, 1994. Total stockholders' equity at June 30, 1995 was $794.0 million or

6.83% of total assets, compared with $717.7 million or 6.94% of total assets a year earlier and $721.0 million or 6.85% at December 31, 1994.

Stockholders' equity at June 30, 1995 was reduced by $6.4 million, or $.99 per common share, for the net after-tax impact of unrealized losses on investment securities classified as available for sale, compared with reductions of $23.4 million or $3.47 per common share at June 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 by M&T Mortgage Corporation, 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 June 30, 1995 are presented in the accompanying table.

REGULATORY CAPITAL RATIOS
June 30, 1995

	First Empire (Consolidated)	M&T Bank	East New York
Core capital	8.51%	8.23%	9.24%
Total capital	10.60%	10.48%	10.51%
Leverage	6.72%	6.39%	7.83%

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 13.95% and 13.14% during the three and six month periods ended June 30, 1995, respectively, compared with 13.55% and 13.23% 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.

In December 1993, First Empire announced a plan to repurchase and hold as treasury stock up to 506,930 shares of common stock for reissuance upon the possible future conversion of its 9% convertible preferred stock. As of June 30, 1995, First Empire had repurchased 442,900 shares pursuant to such plan at an average cost of $150.58.

FINANCIAL HIGHLIGHTS

Amounts in thousands, except per share	Three months ended June 30 1995	1994	Change	Six months ended June 30 1995	1994	Change
For the period						
Net income	$31,454	28,681	+ 10 %	$58,622	56,309	+ 4 %
Per common share						
Net income						
Primary	$4.51	3.96	+ 14	$8.36	7.73	+ 8
Fully diluted	4.31	3.80	+ 13	7.99	7.43	+ 8
Cash dividends	.60	.50	+ 20	1.20	1.00	+ 20
Average common shares outstanding						
Primary	6,768	7,014	- 4	6,794	7,048	- 4
Fully diluted	7,293	7,541	- 3	7,338	7,578	- 3
Annualized return on						
Average total assets	1.10 %	1.16 %		1.07 %	1.14 %	
Average common stockholders' equity	16.87 %	16.32 %		16.10 %	16.00 %	
Market price per common share						
Closing	$171.50	156.50	+ 10	$171.50	156.50	+ 10
High	172.50	156.50		172.50	156.50	
Low	159.00	136.75		136.50	135.00	
At June 30						
Loans and leases, net of unearned discount	$ 8,880,971	7,401,229	+ 20 %			
Total assets	11,629,620	10,335,638	+ 13			
Total deposits	8,865,871	7,275,888	+ 22			
Total stockholders' equity	793,958	717,699	+ 11			
Stockholders' equity per common share	$116.05	100.63	+ 15			

FIRST EMPIRE STATE CORPORATION AND SUBSIDIARIES

AVERAGE BALANCE SHEETS AND ANNUALIZED TAXABLE-EQUIVALENT RATES

Average balance in millions; interest in thousands	1995 Second quarter Average balance	Interest	Average rate	1995 First quarter Average balance	Interest	Average rate
Assets						
Earning assets						
Loans and leases, net of unearned discount*						
Commercial, financial, etc.	$ 1,805	$ 39,410	8.76 %	1,671	35,772	8.68 %
Real estate	5,187	116,067	8.95	5,048	112,059	8.88
Consumer	1,690	41,110	9.75	1,592	37,788	9.62
Total loans and leases, net	8,682	196,587	9.08	8,311	185,619	9.06
Money-market assets						
Interest-bearing deposits at banks	121	2,225	7.39	67	1,294	7.82
Federal funds sold and agreements to resell securities	139	2,227	6.44	14	200	5.75
Trading account	29	371	5.02	13	193	5.94
Total money-market assets	289	4,823	6.69	94	1,687	7.25
Investment securities						
U.S. Treasury and federal agencies	1,340	19,658	5.88	1,100	15,671	5.78
Obligations of states and political subdivisions	57	965	6.84	56	948	6.86
Other	740	10,435	5.65	769	12,325	6.50
Total investment securities	2,137	31,058	5.83	1,925	28,944	6.10
Total earning assets	11,108	232,468	8.39	10,330	216,250	8.49
Allowance for possible credit losses	(251)			(247)		
Cash and due from banks	317			313		
Other assets	332			285		
Total assets	$ 11,506			10,681		
Liabilities and stockholders' equity						
Interest-bearing liabilities						
Interest-bearing deposits						
NOW accounts	$ 760	2,948	1.55	734	2,765	1.53
Savings deposits	2,950	21,920	2.98	3,040	22,312	2.98
Time deposits	4,075	60,008	5.91	3,702	51,573	5.65
Deposits at foreign office	117	1,504	5.16	184	2,336	5.14
Total interest-bearing deposits	7,902	86,380	4.38	7,660	78,986	4.18
Short-term borrowings	1,588	23,787	6.01	1,076	15,663	5.90
Long-term borrowings	96	1,929	8.04	96	1,930	8.13
Total interest-bearing liabilities	9,586	112,096	4.69	8,832	96,579	4.43
Demand deposits	1,043			1,038		
Other liabilities	111			74		
Total liabilities	10,740			9,944		
Stockholders' equity	766			737		
Total liabilities and stockholders' equity	$ 11,506			10,681		
Net interest spread			3.70			4.06
Contribution of interest-free funds			0.65			.64
Net interest income/margin on earning assets		$ 120,372	4.35 %		119,671	4.70 %

*Includes nonaccrual loans

FIRST EMPIRE STATE CORPORATION AND SUBSIDIARIES

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

Average balance in millions; interest in thousands	1994 Fourth quarter Average balance	Interest	Average rate
Assets			
Earning assets			
Loans and leases, net of unearned discount*			

Commercial, financial, etc.	$ 1,551	$ 32,609	8.34 %
Real estate	4,757	103,982	8.74
Consumer	1,497	34,881	9.25
Total loans and leases, net	7,805	171,472	8.72
Money-market assets			
Interest-bearing deposits at banks	11	138	4.85
Federal funds sold and agreements to resell securities	124	1,674	5.35
Trading account	6	86	5.62
Total money-market assets	141	1,898	5.32
Investment securities			
U.S. Treasury and federal agencies	1,075	14,841	5.48
Obligations of states and political subdivisions	53	841	6.24
Other	795	12,491	6.24
Total investment securities	1,923	28,173	5.81
Total earning assets	9,869	201,543	8.10
Allowance for possible credit losses	(240)		
Cash and due from banks	314		
Other assets	257		
Total assets	$ 10,200		
Liabilities and stockholders' equity			
Interest-bearing liabilities			
Interest-bearing deposits			
NOW accounts	$ 734	2,786	1.51
Savings deposits	3,105	21,936	2.80
Time deposits	2,606	33,216	5.06
Deposits at foreign office	221	2,539	4.55
Total interest-bearing deposits	6,666	60,477	3.60
Short-term borrowings	1,609	21,135	5.21
Long-term borrowings	83	1,675	8.06
Total interest-bearing liabilities	8,358	83,287	3.95
Demand deposits	1,037		
Other liabilities	81		
Total liabilities	9,476		
Stockholders' equity	724		
Total liabilities and stockholders' equity	$ 10,200		
Net interest spread			4.15
Contribution of interest-free funds			.60
Net interest income/margin on earning assets		$118,256	4.75 %

*Includes nonaccrual loans

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

Average balance in millions; interest in thousands	1994 Third quarter Average balance	Interest	Average rate	1994 Second quarter Average balance	Interest	Average rate
Assets						
Earning assets						
Loans and leases, net of unearned discount*						
Commercial, financial, etc.	$ 1,457	$ 29,797	8.11 %	1,463	27,993	7.68 %
Real estate	4,562	98,574	8.64	4,471	95,067	8.50
Consumer	1,423	33,281	9.28	1,332	30,071	9.06
Total loans and leases, net	7,442	161,652	8.62	7,266	153,131	8.45
Money-market assets						
Interest-bearing deposits at banks	158	1,863	4.68	5	57	4.38
Federal funds sold and agreements to resell securities	20	244	4.86	138	1,390	4.03
Trading account	8	110	5.34	9	126	5.65
Total money-market assets	186	2,217	4.73	152	1,573	4.14
Investment securities						
U.S. Treasury and federal agencies	1,116	13,954	4.96	1,186	13,217	4.47
Obligations of states and political subdivisions	53	760	5.69	54	740	5.49
Other	823	11,972	5.77	857	12,510	5.86
Total investment securities	1,992	26,686	5.32	2,097	26,467	5.06
Total earning assets	9,620	190,555	7.86	9,515	181,171	7.64
Allowance for possible credit losses	(230)			(219)		
Cash and due from banks	298			309		
Other assets	271			281		
Total assets	$ 9,959			9,886		
Liabilities and stockholders' equity						
Interest-bearing liabilities						
Interest-bearing deposits						
NOW accounts	$ 739	2,840	1.52	751	2,814	1.50
Savings deposits	3,214	21,258	2.62	3,380	20,921	2.48
Time deposits	2,119	24,307	4.55	1,993	20,797	4.18
Deposits at foreign office	159	1,610	4.01	104	817	3.14
Total interest-bearing deposits	6,231	50,015	3.18	6,228	45,349	2.92
Short-term borrowings	1,836	20,841	4.50	1,775	17,391	3.93
Long-term borrowings	76	1,537	8.07	76	1,537	8.16
Total interest-bearing liabilities	8,143	72,393	3.53	8,079	64,277	3.19
Demand deposits	1,019			992		
Other liabilities	82			92		
Total liabilities	9,244			9,163		
Stockholders' equity	715			723		
Total liabilities and stockholders' equity	$ 9,959			9,886		
Net interest spread			4.33			4.45
Contribution of interest-free funds			.54			.48
Net interest income/margin on earning assets		$118,162	4.87 %		116,894	4.93 %

*Includes nonaccrual loans

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

A number of lawsuits were pending against First Empire and its subsidiaries at June 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.

Information concerning the matters submitted to a vote of stockholders at First Empire's Annual Meeting of Stockholders held on April 18, 1995 was previously reported in response to Item 4 of Part II of First Empire's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1995.

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 June 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: August 9, 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.

Exhibit No. 11

FIRST EMPIRE STATE CORPORATION

COMPUTATION OF EARNINGS PER COMMON SHARE

Amounts in thousands, except per share data		Three months ended June 30 1995	1994	Six months ended June 30 1995	1994
Primary	Average common shares outstanding	6,506	6,797	6,547	6,834
	Common stock equivalents *	262	217	247	214
	Primary common shares outstanding	6,768	7,014	6,794	7,048
	Net income	$31,454	28,681	58,622	56,309
	Less: Cash dividends on preferred stock	900	900	1,800	1,800
	Net income available to common shareholders	$30,554	27,781	56,822	54,509
	Earnings per common share - primary	$4.51	3.96	8.36	7.73
Fully diluted	Average common shares outstanding	6,506	6,797	6,547	6,834
	Common stock equivalents *	280	237	284	237
	Assumed conversion of 9% cumulative convertible preferred stock	507	507	507	507
	Fully diluted average common shares outstanding	7,293	7,541	7,338	7,578
	Net income	$31,454	28,681	58,622	56,309
	Earnings per common share - fully diluted	$4.31	3.80	7.99	7.43

* 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.

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3-MOS
DEC-31-1995
APR-01-1995
JUN-30-1995
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