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, 1999

or

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

Commission File Number 1-9861

M&T BANK 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	14203
(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 November 5, 1999: 7,794,263 shares.

M&T BANK CORPORATION

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1999

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (Unaudited)

DOLLARS IN THOUSANDS, EXCEPT PER SHARE		September 30, 1999	December 31, 1998
Assets	Cash and due from banks	$ 517,461	493,792
	Money-market assets		
	Interest-bearing deposits at banks	747	674
	Federal funds sold and agreements to resell securities	517,381	229,066
	Trading account	555,007	173,122
	Total money-market assets	1,073,135	402,862
	Investment securities		
	Available for sale (cost: $1,779,804 at September 30, 1999; $2,578,940 at December 31, 1998)	1,742,508	2,583,740
	Held to maturity (market value: $94,732 at September 30, 1999; $87,365 at December 31, 1998)	95,750	87,282
	Other (market value: $115,193 at September 30, 1999; $114,542 at December 31, 1998)	115,193	114,542
	Total investment securities	1,953,451	2,785,564
	Loans and leases	17,155,460	16,005,701
	Unearned discount	(171,837)	(214,171)
	Allowance for possible credit losses	(314,965)	(306,347)
	Loans and leases, net	16,668,658	15,485,183
	Premises and equipment	169,709	162,842
	Goodwill and core deposit intangible	662,580	546,036
	Accrued interest and other assets	714,307	707,612
	Total assets	$ 21,759,301	20,583,891
Liabilities	Noninterest-bearing deposits	$ 2,176,130	2,066,814
	NOW accounts	538,328	509,307
	Savings deposits	5,345,378	4,830,678
	Time deposits	7,107,121	7,027,083
	Deposits at foreign office	249,559	303,270
	Total deposits	15,416,516	14,737,152
	Federal funds purchased and agreements to repurchase securities	1,370,044	1,746,078
	Other short-term borrowings	459,987	483,898
	Accrued interest and other liabilities	920,689	446,854
	Long-term borrowings	1,774,897	1,567,543
	Total liabilities	19,942,133	18,981,525
Stockholders' equity	Preferred stock, $1 par, 1,000,000 shares authorized, none outstanding	--	--
	Common stock, $5 par, 15,000,000 shares authorized, 8,101,539 shares issued	40,508	40,508
	Common stock issuable - 8,584 shares at September 30, 1999; 8,028 shares at December 31, 1998	4,025	3,752
	Additional paid-in capital	460,246	480,014
	Retained earnings	1,445,114	1,271,071
	Accumulated other comprehensive income, net	(22,078)	2,869
	Treasury stock - common, at cost - 226,804 shares at September 30, 1999; 403,769 shares at December 31, 1998	(110,647)	(195,848)
	Total stockholders' equity	1,817,168	1,602,366
	Total liabilities and stockholders' equity	$ 21,759,301	20,583,891

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

AMOUNTS IN THOUSANDS, EXCEPT PER SHARE		Three months ended September 30 1999	Three months ended September 30 1998	Nine months ended September 30 1999	Nine months ended September 30 1998
Interest income	Loans and leases, including fees	$ 336,186	317,568	$ 973,002	884,907
	Money-market assets				
	Deposits at banks	25	16	80	386
	Federal funds sold and agreements to resell securities	5,732	1,634	14,936	4,603
	Trading account	355	1,763	2,980	2,368
	Investment securities				
	Fully taxable	28,539	36,959	91,425	102,827
	Exempt from federal taxes	2,220	2,084	6,499	5,757
	Total interest income	373,057	360,024	1,088,922	1,000,848
Interest expense	NOW accounts	1,055	1,328	3,460	3,472
	Savings deposits	30,708	31,395	88,632	84,638
	Time deposits	90,955	103,525	271,029	289,659
	Deposits at foreign office	2,720	3,964	8,906	10,765
	Short-term borrowings	26,886	29,376	75,389	78,942
	Long-term borrowings	27,637	15,262	79,052	36,603
	Total interest expense	179,961	184,850	526,468	504,079
	NET INTEREST INCOME	193,096	175,174	562,454	496,769
	Provision for possible credit losses	13,500	10,500	30,500	35,700
	Net interest income after provision for possible credit losses	179,596	164,674	531,954	461,069
Other income	Mortgage banking revenues	16,893	16,405	56,980	48,741
	Service charges on deposit accounts	20,268	15,940	52,851	41,354
	Trust income	10,227	9,355	30,828	28,778
	Merchant discount and other credit card fees	1,906	2,321	5,409	10,889
	Trading account and foreign exchange gains (losses)	742	(148)	(1,331)	2,137
	Gain on sales of bank investment securities	1,355	376	1,575	698
	Other revenues from operations	21,108	19,737	65,709	65,357
	Total other income	72,499	63,986	212,021	197,954
Other expense	Salaries and employee benefits	71,570	63,520	211,385	191,783
	Equipment and net occupancy	18,617	18,876	54,121	50,233
	Printing, postage and supplies	4,877	4,743	13,335	13,342
	Amortization of goodwill and core deposit intangible	12,538	10,879	34,568	23,579
	Other costs of operations	37,296	40,472	116,502	148,430
	Total other expense	144,898	138,490	429,911	427,367
	Income before income taxes	107,197	90,170	314,064	231,656
	Income taxes	39,633	33,693	114,556	81,525
	NET INCOME	$ 67,564	56,477	$ 199,508	150,131
	Net income per common share				
	Basic	$ 8.57	7.09	$ 25.57	19.84
	Diluted	8.29	6.81	24.63	19.01
	Cash dividends per common share	1.25	1.00	3.25	2.80
	Average common shares outstanding				
	Basic	7,880	7,966	7,802	7,566
	Diluted	8,147	8,288	8,101	7,897

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

DOLLARS IN THOUSANDS		Nine months ended September 30 1999	1998
Cash flows from operating activities	Net income	$ 199,508	150,131
	Adjustments to reconcile net income to net cash provided by operating activities		
	Provision for possible credit losses	30,500	35,700
	Depreciation and amortization of premises and equipment	20,918	18,936
	Amortization of capitalized servicing rights	14,840	14,733
	Amortization of goodwill and core deposit intangible	34,568	23,579
	Provision for deferred income taxes	(1,708)	(2,225)
	Asset write-downs	1,342	3,304
	Net gain on sales of assets	(1,416)	(4,257)
	Net change in accrued interest receivable, payable	(13,208)	12,451
	Net change in other accrued income and expense	(4,354)	32,927
	Net change in loans held for sale	171,853	(141,177)
	Net change in trading account assets and liabilities	113,068	(141,036)
	Net cash provided by operating activities	565,911	3,066
Cash flows from investing activities	Proceeds from sales of investment securities		
	Available for sale	89,509	124,553
	Other	7,223	3,976
	Proceeds from maturities of investment securities		
	Available for sale	981,968	821,178
	Held to maturity	39,620	74,536
	Other	--	7,930
	Purchases of investment securities		
	Available for sale	(137,940)	(141,230)
	Held to maturity	(39,791)	(34,405)
	Other	(5,206)	(21,873)
	Net increase in interest-bearing deposits at banks	(73)	(241)
	Additions to capitalized servicing rights	(13,373)	(9,516)
	Net increase in loans and leases	(955,840)	(771,606)
	Proceeds from sale of retail credit card business	--	189,818
	Capital expenditures, net	(11,191)	(17,207)
	Acquisitions, net of cash acquired:		
	Banks and bank holding companies	(51,423)	20,790
	Deposits and banking offices	529,754	--
	Purchases of bank owned life insurance	--	(150,000)
	Other, net	19,099	(13,204)
	Net cash provided by investing activities	452,336	83,499
Cash flows from financing activities	Net decrease in deposits	(465,505)	(533,682)
	Net increase (decrease) in short-term borrowings	(399,837)	250,960
	Proceeds from long-term borrowings	353,152	500,000
	Payments on long-term borrowings	(165,050)	(2,479)
	Purchases of treasury stock	(6,244)	(135,528)
	Dividends paid - common	(25,437)	(21,279)
	Other, net	2,658	11,168
	Net cash provided (used) by financing activities	(706,263)	69,160
	Net increase in cash and cash equivalents	$ 311,984	155,725
	Cash and cash equivalents at beginning of period	722,858	386,892
	Cash and cash equivalents at end of period	$ 1,034,842	542,617
Supplemental disclosure of cash flow information	Interest received during the period	$ 1,086,518	1,004,594
	Interest paid during the period	537,677	500,793
	Income taxes paid during the period	113,365	48,162
Supplemental schedule of noncash investing and financing activities	Real estate acquired in settlement of loans	$ 7,422	5,754
	Acquisition of banks and bank holding companies:		
	Common stock issued	58,746	587,819
	Fair value of:		
	Assets acquired (noncash)	650,841	5,206,168
	Liabilities assumed	540,672	4,619,715
	Stock options	--	19,424

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)

DOLLARS IN THOUSANDS, EXCEPT PER SHARE	Preferred stock	Common stock	Common stock issuable	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income, net	Treasury stock
1998							
Balance - January 1, 1998	$ --	40,487	--	103,233	1,092,106	12,016	(217,576)
Comprehensive income:							
Net income	--	--	--	--	150,131	--	--
Other comprehensive income, net of tax:							
Unrealized losses on investment securities, net of reclassification adjustment	--	--	--	--	--	(5,234)	--
Purchases of treasury stock	--	--	--	--	--	--	(135,528)
Acquisition of ONBANCorp:							
Common stock issued	--	10	--	364,427	--	--	223,382
Fair value of stock options	--	--	--	19,424	--	--	--
Stock-based compensation plans:							
Exercise of stock options	--	11	--	(2,303)	--	--	21,768
Directors' stock plan	--	--	--	49	--	--	177
Deferred bonus plan, net, including dividend equivalents	--	--	3,834	(1)	(16)	--	59
Common stock cash dividends - $2.80 per share	--	--	--	--	(21,279)	--	--
Balance - September 30, 1998	$ --	40,508	3,834	484,829	1,220,942	6,782	(107,718)
1999							
Balance - January 1, 1999	$ --	40,508	3,752	480,014	1,271,071	2,869	(195,848)
Comprehensive income:							
Net income	--	--	--	--	199,508	--	--
Other comprehensive income, net of tax:							
Unrealized losses on investment securities, net of reclassification adjustment	--	--	--	--	--	(24,947)	--
Purchases of treasury stock	--	--	--	--	--	--	(6,244)
Acquisition of FNB Rochester Corp.:							
Common stock issued	--	--	--	(718)	--	--	59,464
Stock-based compensation plans:							
Exercise of stock options	--	--	--	(19,050)	--	--	31,398
Directors' stock plan	--	--	--	13	--	--	219
Deferred bonus plan, net, including dividend equivalents	--	--	273	(13)	(28)	--	364
Common stock cash dividends - $3.25 per share	--	--	--	--	(25,437)	--	--
Balance - September 30, 1999	$ --	40,508	4,025	460,246	1,445,114	(22,078)	(110,647)

DOLLARS IN THOUSANDS, EXCEPT PER SHARE	Total
1998	
Balance - January 1, 1998	$ 1,030,266
Comprehensive income:	
Net income	150,131
Other comprehensive income, net of tax:	
Unrealized losses on investment securities, net of reclassification adjustment	(5,234)
	144,897
Purchases of treasury stock	(135,528)
Acquisition of ONBANCorp:	
Common stock issued	587,819
Fair value of stock options	19,424
Stock-based compensation plans:	
Exercise of stock options	19,476
Directors' stock plan	226
Deferred bonus plan, net, including dividend equivalents	3,876
Common stock cash dividends -	

$2.80 per share	(21,279)
Balance - September 30, 1998	$ 1,649,177
1999	
Balance - January 1, 1999	$ 1,602,366
Comprehensive income:	
Net income	199,508
Other comprehensive income, net of tax:	
Unrealized losses on investment securities, net of reclassification adjustment	(24,947)
	174,561
Purchases of treasury stock	(6,244)
Acquisition of FNB Rochester Corp.:	
Common stock issued	58,746
Stock-based compensation plans:	
Exercise of stock options	12,348
Directors' stock plan	232
Deferred bonus plan, net, including dividend equivalents	596
Common stock cash dividends -	
$3.25 per share	(25,437)
Balance - September 30, 1999	$ 1,817,168

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

	Nine months ended September 30	
DOLLARS IN THOUSANDS	1999	1998
Beginning balance	$ 306,347	274,656
Provision for possible credit losses	30,500	35,700
Allowance obtained through acquisition	5,636	27,905
Net charge-offs		
Charge-offs	(41,044)	(41,088)
Recoveries	13,526	12,362
Total net charge-offs	(27,518)	(28,726)
Ending balance	$ 314,965	309,535

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of M&T Bank Corporation ("M&T") and subsidiaries (referred to collectively as "the Company") were compiled in accordance with the accounting policies set forth in note 1 of Notes to Financial Statements included in the Company's 1998 Annual Report, except as described below. In the opinion of management, all adjustments necessary for a fair presentation have been made and were all of a normal recurring nature. Certain reclassifications have been made to the 1998 financial statements to conform with the current year presentation.

2. EARNINGS PER SHARE

The computations of basic earnings per share follow:

	Three months ended September 30		Nine months ended September 30	
	1999	1998	1999	1998
	(in thousands, except per share)			
Income available to common stockholders:				
Net income	$67,564	56,477	199,508	150,131
Weighted-average shares outstanding (including common stock issuable)	7,880	7,966	7,802	7,566
Basic earnings per share	$ 8.57	7.09	25.57	19.84

The computations of diluted earnings per share follow:

	Three months ended September 30		Nine months ended September 30	
	1999	1998	1999	1998
	(in thousands, except per share)			
Income available to common stockholders	$67,564	56,477	199,508	150,131
Weighted-average shares outstanding (including common stock issuable)	7,880	7,966	7,802	7,566
Plus: incremental shares from assumed conversions of stock options	267	322	299	331
Adjusted weighted-average shares outstanding	8,147	8,288	8,101	7,897
Diluted earnings per share	$ 8.29	6.81	24.63	19.01

3. COMPREHENSIVE INCOME

The following table displays the components of other comprehensive income:

NINE MONTHS ENDED SEPTEMBER 30, 1999

	Before-tax amount	Income taxes	Net
	(in thousands)		
Unrealized losses on investment securities:			
Unrealized holding losses during period	$(40,521)	(16,510)	(24,011)
Less: reclassification adjustment for gains realized in net income	1,575	639	936
Net unrealized losses	$(42,096)	(17,149)	(24,947)

3. COMPREHENSIVE INCOME, CONTINUED

NINE MONTHS ENDED SEPTEMBER 30, 1998

	Before-tax Amount	Income Taxes	Net
	(in thousands)		
Unrealized losses on investment securities:			
Unrealized holding losses during period(a)	$(8,112)	(3,291)	(4,821)
Less: reclassification adjustment for gains realized in net income	698	285	413
Net unrealized losses	$(8,810)	(3,576)	(5,234)

(a) Including the effect of the contribution of appreciated investment securities described in note 4.

4. CONTRIBUTION OF APPRECIATED INVESTMENT SECURITIES

In January 1998, M&T contributed appreciated investment securities with a fair value of $24.6 million to an affiliated, tax-exempt private charitable foundation. As a result of this transfer, the Company recognized tax-exempt other income of $15.3 million and incurred charitable contributions expense of $24.6 million that are included in the Consolidated Statement of Income in "Other revenues from operations" and "Other costs of operations," respectively. The transfer provided an income tax benefit of approximately $10.0 million and, accordingly, resulted in an after-tax increase in net income of $0.7 million.

5. ACQUISITIONS

On September 24, 1999, Manufacturers and Traders Trust Company ("M&T Bank"), M&T's principal banking subsidiary, acquired 29 upstate New York branches from The Chase Manhattan Bank ("Chase"). Acquired loans and deposits totaled approximately $44 million and $634 million, respectively, on September 24, 1999. In addition, on September 30, 1999 M&T Bank acquired from Chase investment management and custody accounts associated with the branches having assets of approximately $286 million. Chase has also agreed to transfer up to approximately $195 million of other trust and fiduciary account assets to M&T Bank following the receipt of required regulatory and court approvals. It is expected that this transfer will be completed at or about the end of March 2000. In connection with the acquisition, the Company recorded approximately $55 million of goodwill and core deposit intangible. The goodwill is being amortized on a straight-line basis over five years and the core deposit intangible is being amortized on an accelerated basis over seven years.

On June 1, 1999, M&T consummated the merger of FNB Rochester Corp.("FNB"), a bank holding company headquartered in Rochester, New York, with and into Olympia Financial Corp. ("Olympia"), a wholly owned subsidiary of M&T. Following the merger with FNB, First National Bank of Rochester, a wholly owned subsidiary of FNB, was merged into M&T Bank. In accordance with the terms of the merger agreements with FNB, M&T paid $76.3 million in cash and issued 122,516 shares of M&T common stock in exchange for FNB shares outstanding at the time of the acquisition. The purchase price of the transaction was approximately $135.0 million based on the cash paid to FNB stockholders and the market price of M&T common shares on December 8, 1998 before the terms of the merger were agreed to and announced by M&T and FNB. Acquired assets, loans and deposits of FNB on June 1, 1999 totaled approximately $676 million, $393 million and $511 million, respectively. The transaction was accounted for as a purchase and, accordingly, operations acquired from FNB have been included in the Company's financial results since the acquisition date. In connection with the acquisition, the Company recorded approximately $98 million of goodwill and core deposit intangible. The goodwill is being amortized on a straight-line basis over twenty years and the core deposit intangible is being amortized on an accelerated basis over eight years.

5. ACQUISITIONS, CONTINUED

In connection with the transactions described in the two preceding paragraphs, the Company incurred expenses related to systems conversions and other costs of integrating and conforming the acquired operations with and into the Company of approximately $2.2 million ($1.3 million net of applicable income taxes) and $4.7 million ($3.0 million net of applicable income taxes) during the three-month and nine-month periods ended September 30, 1999, respectively.

On April 1, 1998, M&T consummated the merger of ONBANCorp, Inc. ("ONBANCorp") with and into Olympia. Following the merger with ONBANCorp, OnBank & Trust Co., Syracuse, New York, and Franklin First Savings Bank, Wilkes-Barre, Pennsylvania, both wholly owned subsidiaries of ONBANCorp, were merged with and into M&T Bank.

After application of the election, allocation and proration procedures contained in the merger agreement with ONBANCorp, M&T paid $266.3 million in cash and issued 1,429,998 shares of common stock in exchange for the ONBANCorp common shares outstanding at the time of acquisition. In addition, based on the merger agreement and the exchange ratio provided for therein, M&T converted outstanding and unexercised stock options granted by ONBANCorp into options to purchase 61,772 shares of M&T common stock. The purchase price of the transaction was approximately $873.6 million based on the cash paid to ONBANCorp stockholders, the market price of M&T common shares on October 28, 1997 before the terms of the merger were agreed to and announced by M&T and ONBANCorp, and the estimated fair value of ONBANCorp stock options converted into M&T stock options.

Acquired assets, loans and deposits of ONBANCorp on April 1, 1998 totaled approximately $5.5 billion, $3.0 billion and $3.8 billion, respectively. The transaction was accounted for as a purchase and, accordingly, operations acquired from ONBANCorp have been included in the Company's financial results since the acquisition date. In connection with the acquisition, the Company recorded approximately $501 million of goodwill and $61 million of core deposit intangible. The goodwill is being amortized on a straight-line basis over twenty years and the core deposit intangible is being amortized on an accelerated basis over ten years. The Company incurred expenses related to systems conversions and other costs of integrating and conforming the acquired operations with and into the Company of approximately $21.3 million ($14.0 million net of applicable income taxes) during 1998. The expenses were incurred during the first nine months of 1998 including approximately $3.0 million ($1.8 million net of applicable income taxes) during the three-month period ended September 30, 1998.

6. BORROWINGS

In January 1997, First Empire Capital Trust I ("Trust I"), a Delaware business trust organized by the Company on January 17, 1997, issued $150 million of 8.234% preferred capital securities. In June 1997, First Empire Capital Trust II ("Trust II"), a Delaware business trust organized by the Company on May 30, 1997, issued $100 million of 8.277% preferred capital securities. As a result of the ONBANCorp acquisition, the Company assumed responsibility for similar preferred capital securities previously issued by a special-purpose entity formed by ONBANCorp. In February 1997, OnBank Capital Trust I ("OnBank Trust I" and, together with Trust I and Trust II, the "Trusts"), a Delaware business trust organized by ONBANCorp on January 24, 1997, issued $60 million of 9.25% preferred capital securities. Including the unamortized portion of a purchase accounting adjustment to reflect estimated fair value at the April 1, 1998 acquisition of ONBANCorp, the preferred capital securities of OnBank Trust I had a financial statement carrying value of approximately $69 million at September 30, 1999 and December 31, 1998.

6. BORROWINGS, CONTINUED

Other than the following payment terms (and the redemption terms described below), the preferred capital securities issued by the Trusts ("Capital Securities") are similar in all material respects:

TRUST	DISTRIBUTION RATE	DISTRIBUTION DATES
Trust I	8.234%	February 1 and August 1
Trust II	8.277%	June 1 and December 1
OnBank Trust I	9.25%	February 1 and August 1

The common securities of Trust I and Trust II are wholly owned by M&T and the common securities of OnBank Trust I are wholly owned by Olympia. The common securities of each trust ("Common Securities") are the only class of each Trust's securities possessing general voting powers. The Capital Securities represent preferred undivided interests in the assets of the corresponding Trust and are classified in the Company's consolidated balance sheet as long-term borrowings, with accumulated distributions on such securities included in interest expense. Under the Federal Reserve Board's current risk-based capital guidelines, the Capital Securities are includable in the Company's Tier 1 capital.

The proceeds from the issuances of the Capital Securities and Common Securities were used by the Trusts to purchase the following amounts of junior subordinated deferrable interest debentures ("Junior Subordinated Debentures") issued by M&T in the case of Trust I and Trust II and Olympia in the case of OnBank Trust I:

TRUST	CAPITAL SECURITIES	COMMON SECURITIES	JUNIOR SUBORDINATED DEBENTURES
Trust I	$150 million	$4.64 million	$154.64 million aggregate liquidation amount of 8.234% Junior Subordinated Debentures due February 1, 2027.
Trust II	$100 million	$3.09 million	$103.09 million aggregate liquidation amount of 8.277% Junior Subordinated Debentures due June 1, 2027.
OnBank Trust I	$60 million	$1.856 million	$61.856 million aggregate liquidation amount of 9.25% Junior Subordinated Debentures due February 1, 2027.

The Junior Subordinated Debentures represent the sole assets of each Trust and payments under the Junior Subordinated Debentures are the sole source of cash flow for each Trust.

Holders of the Capital Securities receive preferential cumulative cash distributions semi-annually on each distribution date at the stated distribution rate unless M&T, in the case of Trust I and Trust II, or Olympia, in the case of OnBank Trust I, exercise the right to extend the payment of interest on the Junior Subordinated Debentures for up to ten semi-annual periods, in which case payment of distributions on the respective Capital Securities will be deferred for a comparable period. During an extended interest period, M&T and/or Olympia may not pay dividends or distributions on, or repurchase, redeem or acquire any shares of the respective company's capital stock. The agreements governing the Capital Securities, in the aggregate, provide a full, irrevocable and unconditional guarantee by M&T in the case of Trust I and Trust II and Olympia in the case of OnBank Trust I of the payment of distributions on, the redemption of, and any liquidation distribution with respect to the Capital Securities. The

6. BORROWINGS, CONTINUED

obligations under such guarantee and the Capital Securities are subordinate and junior in right of payment to all senior indebtedness of M&T and Olympia.

The Capital Securities are mandatorily redeemable in whole, but not in part, upon repayment at the stated maturity dates of the Junior Subordinated Debentures or the earlier redemption of the Junior Subordinated Debentures in whole upon the occurrence of one or more events ("Events") set forth in the indentures relating to the Capital Securities, and in whole or in part at any time after the stated optional redemption dates (February 1, 2007 in the case of Trust I and OnBank Trust I, and June 1, 2007 in the case of Trust II) contemporaneously with the Company's optional redemption of the related Junior Subordinated Debentures in whole or in part. The Junior Subordinated Debentures are redeemable prior to their stated maturity dates at M&T's option in the case of Trust I and Trust II and Olympia's option in the case of OnBank Trust I (i) on or after the stated optional redemption dates, in whole at any time or in part from time to time, or (ii) in whole, but not in part, at any time within 90 days following the occurrence and during the continuation of one or more of the Events, in each case subject to possible regulatory approval. The redemption price of the Capital Securities upon their early redemption will be expressed as a percentage of the liquidation amount plus accumulated but unpaid distributions. In the case of Trust I, such percentage adjusts annually and ranges from 104.117% at February 1, 2007 to 100.412% for the annual period ending January 31, 2017, after which the percentage is 100%, subject to a make-whole amount if the early redemption occurs prior to February 1, 2007. In the case of Trust II, such percentage adjusts annually and ranges from 104.139% at June 1, 2007 to 100.414% for the annual period ending May 31, 2017, after which the percentage is 100%, subject to a make-whole amount if the early redemption occurs prior to June 1, 2007. In the case of OnBank Trust I, such percentage adjusts annually and ranges from 104.625% at February 1, 2007 to 100.463% for the annual period ending January 31, 2017, after which the percentage is 100%, subject to a make-whole amount if the early redemption occurs prior to February 1, 2007.

7. SEGMENT INFORMATION

In accordance with the provisions of Statement of Financial Accounting Standards No. 131, "Disclosures About Segments of an Enterprise and Related Information," reportable segments have been determined based upon the Company's internal profitability reporting system, which is organized by strategic business units. Certain strategic business units have been combined for segment information reporting purposes where the nature of the products and services, the type of customer and the distribution of those products and services are similar. The reportable segments are Commercial Banking, Commercial Real Estate, Discretionary Portfolio, Residential Mortgage Banking and Retail Banking.

The financial information of the Company's segments was compiled utilizing the accounting policies described in note 21 to the Company's consolidated financial statements as of and for the year ended December 31, 1998. The management accounting policies and processes utilized in compiling segment financial information are highly subjective and, unlike financial accounting, are not based on authoritative guidance similar to generally accepted accounting principles. As a result, the financial information of the reported segments is not necessarily comparable with similar information reported by other financial institutions. Information about the Company's segments is presented in the following tables.

7. SEGMENT INFORMATION, CONTINUED

	THREE MONTHS ENDED SEPTEMBER 30 1999 TOTAL REVENUES(a)	1999 INTER-SEGMENT REVENUES	1999 NET INCOME (LOSS)	1998 TOTAL REVENUES(a)	1998 INTER-SEGMENT REVENUES	1998 NET INCOME (LOSS)
	(in thousands)					
Commercial Banking	$ 47,561	102	17,406	41,473	178	17,818
Commercial Real Estate	32,103	293	16,258	29,351	324	14,296
Discretionary Portfolio	19,204	(167)	10,351	15,156	(570)	8,706
Residential Mortgage Banking	31,594	7,272	4,599	34,941	12,069	4,576
Retail Banking	119,255	1,984	29,554	113,775	1,466	30,427
All Other	15,878	(9,484)	(10,604)	4,464	(13,467)	(19,346)
Total	$265,595	--	67,564	239,160	--	56,477

	NINE MONTHS ENDED SEPTEMBER 30 1999 TOTAL REVENUES(a)	1999 INTER-SEGMENT REVENUES	1999 NET INCOME (LOSS)	1998 TOTAL REVENUES(a)	1998 INTER-SEGMENT REVENUES	1998 NET INCOME (LOSS)
	(in thousands)					
Commercial Banking	$138,285	326	58,068	116,349	448	50,314
Commercial Real Estate	92,548	971	47,147	87,048	968	44,698
Discretionary Portfolio	51,256	(979)	27,862	43,519	(1,406)	22,283
Residential Mortgage Banking	103,360	26,205	17,551	99,652	33,191	14,826
Retail Banking	335,118	6,497	80,715	310,242	4,860	74,746
All Other	53,908	(33,020)	(31,835)	37,913	(38,061)	(56,736)
Total	$774,475	--	199,508	694,723	--	150,131

(a) Total revenues are comprised of net interest income and other income. Net interest income is the difference between taxable-equivalent interest earned on assets and interest paid on liabilities owned by a segment and a funding charge (credit) based on the Company's internal funds transfer pricing methodology. Segments are charged a cost to fund any assets (e.g., loans) and are paid a funding credit for any funds provided (e.g., deposits). The taxable-equivalent adjustment aggregated $1,964,000 and $1,897,000 for the three-month periods ended September 30, 1999 and 1998, respectively, and $5,627,000 and $5,217,000 for the nine-month periods ended September 30, 1999 and 1998, respectively, and is eliminated in "All Other" total revenues. Total revenues in "All Other" for the nine months ended September 30, 1998 include the impact of the contribution of appreciated investment securities described in note 4. Intersegment revenues are included in total revenues of the reportable segments. The elimination of intersegment revenues is included in the determination of "All Other" total revenues.

7. SEGMENT INFORMATION, CONTINUED

	AVERAGE TOTAL ASSETS		
	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,
	1999	1998	1998
	(in millions)		
Commercial Banking	$ 4,189	3,473	3,653
Commercial Real Estate	4,028	3,559	3,527
Discretionary Portfolio	6,763	5,731	6,025
Residential Mortgage Banking	642	551	581
Retail Banking	4,166	3,702	3,781
All Other	902	690	742
Total	$20,690	17,706	18,309

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

OVERVIEW

M&T Bank Corporation ("M&T") earned $67.6 million or $8.29 of diluted earnings per common share in the third quarter of 1999, increases of 20% and 22%, respectively, from the year-earlier quarter when net income was $56.5 million or $6.81 of diluted earnings per common share. Net income was $65.0 million or $8.00 of diluted earnings per common share in the second quarter of 1999. Basic earnings per common share rose 21% to $8.57 in the recent quarter from $7.09 in the third quarter of 1998 and were up 3% from $8.35 earned in the second quarter of 1999. The after-tax impact of nonrecurring acquisition-related expenses associated with the merger and acquisition activity described below was $1.3 million ($2.2 million pre-tax) or $.15 of diluted earnings per share and $.16 of basic earnings per share in the third quarter of 1999, compared with $1.8 million ($3.0 million pre-tax) or $.21 of diluted earnings per share and $.22 of basic earnings per share in the year-earlier quarter and $1.7 million ($2.5 million pre-tax) or $.21 of diluted earnings per share and $.22 of basic earnings per share in the second quarter of 1999.

For the nine months ended September 30, 1999, net income was $199.5 million or $24.63 per diluted share, up 33% and 30%, respectively, from $150.1 million or $19.01 per diluted share during the first nine months of 1998. Basic earnings per share rose to $25.57 in the first nine months of 1999 from $19.84 in the similar 1998 period. Nonrecurring merger-related expenses lowered net income during the first three quarters of 1999 by $3.0 million and diluted and basic earnings per share by $.37 and $.38, respectively. Similar expenses in the first nine months of 1998 lowered net income by $14.0 million and reduced diluted and basic earnings per share by $1.77 and $1.85, respectively.

The annualized rate of return on average total assets for M&T and its consolidated subsidiaries ("the Company") in the third quarter of 1999 was 1.27%, up from 1.15% in the year-earlier quarter and equal to 1999's second quarter. The annualized return on average common stockholders' equity was 14.97% in the recent quarter, compared with 13.48% in the third quarter of 1998 and 15.23% in the second quarter of 1999. During the first nine months of 1999, the annualized rates of return on average assets and average common stockholders' equity were 1.29% and 15.56%, respectively, compared with 1.13% and 13.73%, respectively, in the corresponding 1998 period. Excluding the impact of merger-related expenses, the annualized returns on average assets and average common equity were 1.29% and 15.25%, respectively, during the recent quarter, compared with 1.19% and 13.91%, respectively, during the third quarter of 1998. On the same basis, the annualized returns on average assets and average common equity during the first nine months of 1999 were 1.31% and 15.79%, respectively, compared with 1.24% and 15.01%, respectively, during the comparable period in 1998.

On September 24, 1999, Manufacturers and Traders Trust Company ("M&T Bank"), the principal commercial bank subsidiary of M&T, completed the acquisition of 29 upstate New York branches from The Chase Manhattan Bank ("Chase"). The branches had approximately $634 million of deposits and approximately $44 million of retail installment and small business loans at the closing. In addition, on September 30, 1999 M&T Bank acquired investment management and custody accounts having assets of approximately $286 million. Chase has also agreed to transfer up to approximately $195 million of other trust and fiduciary account assets to M&T Bank following the receipt of required regulatory and court approvals. It is expected that this transaction will be completed at or about the end of March 2000. The impact of this acquisition on the Company's financial results for the third quarter of 1999 was not significant.

On June 1, 1999, M&T completed the acquisition of FNB Rochester Corp. ("FNB"), a bank holding company headquartered in Rochester, New York.

Immediately after the acquisition, FNB's banking subsidiary, First National Bank of Rochester, which had 17 banking offices in western and central New York State, was merged with and into M&T Bank. The acquisition was accounted for using the purchase method of accounting, and, accordingly, the operations of FNB have been included in the financial results of the Company since the acquisition date. FNB's stockholders received $76.3 million in cash and 122,516 shares of M&T common stock in exchange for FNB shares outstanding at the time of acquisition. Assets acquired totaled approximately $676 million and included loans and leases of $393 million and approximately $98 million of goodwill and core deposit intangible. Liabilities assumed on June 1 were approximately $541 million and included $511 million of deposits.

Nonrecurring expenses related to systems conversions and other costs of integrating and conforming the acquired operations described in the two preceding paragraphs with and into M&T Bank totaled $2.2 million ($1.3 million after-tax) and $4.7 million ($3.0 million after-tax) during the three-month and nine-month periods ended September 30, 1999, respectively. Merger-related expenses incurred in 1998 related to the April 1, 1998 merger with ONBANCorp, Inc. ("ONBANCorp") totaled $3.0 million ($1.8 million after-tax) and $21.3 million ($14.0 million after-tax) during the three-month and nine-month periods ended September 30, 1998, respectively.

CASH OPERATING RESULTS

As a result of the acquisitions of the Chase branches, FNB and ONBANCorp and, to a significantly lesser extent, acquisitions of other entities in prior years, M&T had recorded as assets at September 30, 1999 goodwill and core deposit intangible totaling $663 million. Since the amortization of goodwill and core deposit intangible does not result in a cash expense, M&T believes that supplemental reporting of its operating results on a "cash" (or "tangible") basis (which excludes the after-tax effect of amortization of goodwill and core deposit intangible and the related asset balances) represents a relevant measure of financial performance. The supplemental cash basis data presented herein do not exclude the effect of other non-cash operating expenses such as depreciation, provision for possible credit losses, or deferred income taxes associated with the results of operations. Unless noted otherwise, cash basis data does, however, exclude the after-tax impact of nonrecurring merger-related expenses associated with the acquisitions of the Chase branches, FNB and ONBANCorp.

Cash net income rose 18% to $79.7 million in the third quarter of 1999 from $67.7 million in the year-earlier quarter. Diluted cash earnings per share for the recent quarter were $9.78, up 20% from $8.17 in the third quarter of 1998. Cash net income and diluted cash earnings per share were $76.5 million and $9.41, respectively, in the second 1999 quarter. For the first nine months of 1999, cash net income and diluted cash earnings per share were $232.6 million and $28.71, respectively, up 26% and 23%, respectively, from $184.6 million and $23.37 in the corresponding 1998 period.

On an annualized basis, cash return on average tangible assets was 1.54% in the recent quarter, compared with 1.42% in the third quarter of 1998 and 1.53% in the second quarter of 1999. Cash return on average tangible common equity was an annualized 26.43% in the third quarter of 1999, compared with 23.90% in the year-earlier quarter and 26.13% in the second 1999 quarter. For the first nine months of 1999, the annualized cash return on average tangible assets and average tangible common stockholders' equity was 1.54% and 26.72%, respectively, compared with 1.42% and 22.59%, respectively, in the corresponding 1998 period. Including the effect of merger-related expenses, the annualized cash return on average tangible assets for the third quarter of 1999 and 1998 was 1.51% and 1.38%, respectively, and the annualized cash return on average tangible common stockholders' equity was 26.00% and 23.28%, respectively.

TAXABLE-EQUIVALENT NET INTEREST INCOME

Net interest income expressed on a taxable-equivalent basis was $195.1 million in the third quarter of 1999, up 10% from $177.1 million in the year-earlier quarter and 3% above the $189.9 million earned in the second quarter of 1999. Growth in average loans and leases was the most significant factor contributing to the improvement in net interest income. Average loans and leases rose $1.6 billion, or 10%, to $16.7 billion in the third quarter of 1999 from $15.1 billion in the year-earlier quarter. Average loans and leases in the recent quarter were $622 million, or 4%, higher than the second quarter of 1999, due in part to the impact of the FNB transaction. 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 (decrease) from	
	3rd Qtr. 1999	3rd Qtr. 1998	2nd Qtr. 1999
Commercial, financial, etc.	$ 3,374	15 %	5 %
Real estate - commercial	6,039	16	5
Real estate - consumer	4,224	4	1
Consumer			
Automobile	1,445	1	-
Home equity	830	12	7
Credit cards	10	(86)	(5)
Other	756	12	7
Total consumer	3,041	4	4
Total	$16,678	10 %	4 %

For the first nine months of 1999, taxable-equivalent net interest income rose 13% to $568.1 million from $502.0 million in the corresponding 1998 period. An increase in average loans and leases of $2.3 billion, including the full nine-month effect in 1999 of loans acquired in the April 1, 1998 ONBANCorp transaction, was the leading factor contributing to this improvement.

Investment securities averaged $2.0 billion in 1999's third quarter, down from $2.5 billion in the third quarter of 1998 and $2.1 billion in the second quarter of 1999. The investment securities portfolio is largely comprised of mortgage-backed securities, collateralized mortgage obligations, and shorter-term U.S. Treasury notes. When purchasing investment securities, the Company considers its overall interest-rate risk profile as well as the adequacy of expected returns relative to prepayment and other risks assumed. The Company occasionally sells investment securities as a result of changes in interest rates and spreads, actual or anticipated prepayments, or credit risk associated with a particular security. Money-market assets averaged $458 million in the recent quarter, compared with $224 million in the third quarter of 1998 and $516 million in the second quarter of 1999. In general, the size of the investment securities and money-market assets portfolios are influenced by such factors as demand for loans, which generally yield more than investment securities and money-market assets, ongoing repayments, the levels of deposits, and the management of balance sheet size and resulting capital ratios.

As a result of the changes described herein, average earning assets rose to $19.2 billion in the third quarter of 1999, up 7% from $17.9 billion in the third quarter of 1998. Average earning assets were $18.6 billion in the second quarter of 1999 and aggregated $18.8 billion and $16.4 billion for the nine months ended September 30, 1999 and 1998, respectively.

Core deposits represent the most significant source of funding to the Company and generally carry lower interest rates than wholesale funds of comparable maturities. Such deposits consist of noninterest-bearing deposits, interest-bearing transaction accounts, savings deposits and nonbrokered domestic time deposits under $100,000. The Company's branch network is the principal source of core deposits, which also include certificates of deposit under $100,000 generated on a nationwide basis by M&T Bank, National Association ("M&T Bank, N.A."), a wholly owned bank subsidiary of M&T. Core deposits averaged $11.9 billion in the third quarter of 1999, compared with $11.4 billion in the year-earlier quarter and $11.6 billion in the second quarter of 1999. Core deposits obtained on June 1 in the acquisition of FNB were approximately $480 million. Core deposits obtained in the acquisition of the former Chase branches were approximately $550 million on September 24. However, these latter deposits had little impact on average core deposits in the recent quarter. The accompanying table provides an analysis of quarterly changes in the components of average core deposits. For the nine months ended September 30, 1999 and 1998, core deposits averaged $11.6 billion and $10.5 billion, respectively.

AVERAGE CORE DEPOSITS
Dollars in millions

		Percent increase (decrease) from	
	3rd Qtr. 1999	3rd Qtr. 1998	2nd Qtr. 1999
NOW accounts	$ 368	7 %	(1)%
Savings deposits	5,244	11	4
Time deposits less than $100,000	4,345	(6)	2
Noninterest-bearing deposits	1,982	11	5
Total	$11,939	4 %	3 %

Supplementing core deposits, the Company obtains funding through domestic time deposits of $100,000 or more, deposits originated through M&T Bank's offshore branch office, and brokered certificates of deposit. Brokered deposits have been used as an alternative to short-term borrowings to lengthen the average maturity of interest-bearing liabilities. Brokered deposits averaged $1.1 billion during the third quarter of 1999 and totaled $1.1 billion at September 30, 1999, compared with an average balance of $1.4 billion during the comparable 1998 period and a total balance of $1.4 billion at September 30, 1998. Brokered deposits averaged $1.2 billion in the second quarter of 1999. The weighted average remaining term to maturity of brokered deposits at September 30, 1999 was 1.4 years. However, certain of the deposits have provisions that allow early redemption. In connection with the Company's management of interest rate risk, interest rate swaps have been entered into under which the Company receives a fixed rate of interest and pays a variable rate and that have notional amounts and terms similar to the amounts and terms of the brokered deposits. Additional amounts of brokered deposits may be solicited in the future depending on market conditions and the cost of funds available from alternative sources at the time.

The Company also uses borrowings from banks, securities dealers, Federal Home Loan Banks ("FHLB") and others as sources of funding. Short-term borrowings averaged $2.1 billion in the third quarter of 1999, unchanged from the comparable 1998 quarter, but up from $1.9 billion in the second quarter of 1999. Long-term borrowings averaged $1.8 billion in the second and third quarters of 1999 and $861 million in the third quarter of 1998. Included in long-term borrowings during the second and third quarters of 1999 were $1.3 billion of FHLB borrowings, compared with $348 million in the third quarter of 1998. Long-term borrowings also include $319 million of trust preferred securities and $175 million of subordinated capital notes. Further information regarding the trust preferred securities is provided in note 6 of Notes to Financial Statements.

Net interest income is impacted by changes in the composition of the Company's earning assets and interest-bearing liabilities, as well as changes in interest rates and spreads. The yield on earning assets decreased 27 basis points (hundredths of one percent) to 7.76% in the third quarter of 1999 from 8.03% in the corresponding quarter of 1998. The rate paid on interest-bearing liabilities in the recent quarter was 4.27%, down 40 basis points from 4.67% in the third quarter of 1998. The declines in the recent quarter's yields on earning assets and rates paid on interest-bearing liabilities were due to generally lower interest rates when compared with the corresponding 1998 quarter. As a result of the changes described above, net interest spread, or the difference between the taxable-equivalent yield on earning assets and the rate paid on interest-bearing liabilities, was 3.49% in the third quarter of 1999, up 13 basis points from 3.36% in the year-earlier quarter. The net interest spread was 3.56% in the second quarter of 1999 when the yield on earning assets was 7.77% and the rate paid on interest-bearing liabilities was 4.21%. Increases in interest rates as a result of action taken by the Federal Reserve during the third quarter of 1999 contributed to the 6 basis point increase in the cost of interest-bearing liabilities and the resultant narrowing of the net interest spread.

Net interest-free funds consist largely of noninterest-bearing demand deposits and stockholders' equity, partially offset by goodwill and core deposit intangible, bank-owned life insurance, and other non-earning assets. Net interest-free funds contributed .54% to net interest margin, or taxable-equivalent net interest income expressed as an annualized percentage of average earning assets, in the third quarter of 1999, compared with .57% in the corresponding 1998 quarter and .53% in the second quarter of 1999. Average net interest-free funds totaled $2.5 billion in the third quarter of 1999, up from $2.2 billion a year earlier and $2.3 billion in the second 1999 quarter.

As a result of the changes described above, the Company's net interest margin was 4.03% in the recent quarter, up from 3.93% in the third quarter of 1998, but down from 4.09% in the second quarter of 1999. During the first nine months of 1999 and 1998, the net interest margin was 4.03% and 4.09%, respectively.

Interest rate swap agreements are utilized by the Company as part of the management of interest rate risk to modify the repricing characteristics of certain portions of the portfolios of earning assets and interest-bearing liabilities. Revenue and expense arising from these agreements are reflected in either the yields earned on assets or, as appropriate, the rates paid on interest-bearing liabilities. The notional amount of interest rate swap agreements used as part of the Company's management of interest rate risk in effect at September 30, 1999 and 1998 was $1.7 billion and $2.5 billion, respectively. Under the terms of these swaps, the Company generally receives payments based on the outstanding notional amount of the swaps at fixed rates of interest and makes payments at variable rates. However, under the terms of $82 million of swaps, the Company pays a fixed rate of interest and receives a variable rate. At September 30, 1999, the weighted average rates to be received and paid under interest rate swap agreements were 6.38% and 5.40%, respectively. The Company had also entered into forward-starting swaps as of September 30, 1999, with an aggregate notional amount of $391 million in which the Company will pay a fixed rate of interest and receive a variable rate. The forward-starting swaps had no effect on the Company's net interest income through September 30, 1999. The average notional amounts of interest rate swaps and the related effect on net interest income and margin are presented in the accompanying table.

INTEREST RATE SWAPS
Dollars in thousands

	THREE MONTHS ENDED SEPTEMBER 30			
	1999		1998	
	AMOUNT	RATE *	AMOUNT	RATE *
Increase (decrease) in:				
Interest income	$ 2,786	.06 %	$ 688	.02 %
Interest expense	(3,148)	(.07)	(2,859)	(.07)
Net interest income/margin	$ 5,934	.12 %	$ 3,547	.08 %
Average notional amount **	$1,712,328		$2,538,794	

	NINE MONTHS ENDED SEPTEMBER 30			
	1999		1998	
	AMOUNT	RATE *	AMOUNT	RATE *
Increase (decrease) in:				
Interest income	$ 10,869	.08 %	$ 1,378	.01 %
Interest expense	(11,796)	(.10)	(9,193)	(.09)
Net interest income/margin	$ 22,665	.16 %	$ 10,571	.09 %
Average notional amount **	$2,032,302		$2,530,748	

* COMPUTED AS AN ANNUALIZED PERCENTAGE OF AVERAGE EARNING ASSETS OR INTEREST-BEARING LIABILITIES.
** EXCLUDES FORWARD-STARTING INTEREST RATE SWAPS.

The Company estimates that as of September 30, 1999 it would have received approximately $24 million if all interest rate swap agreements entered into for interest rate risk management purposes had been terminated, compared with $31 million a year earlier and $23 million at December 31, 1998. The 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 recorded in the consolidated financial statements.

The Company is exposed to various risks as a financial intermediary, including liquidity and market risk. Liquidity risk arises whenever the maturities of financial instruments included in assets and liabilities differ. Accordingly, a critical element in managing a financial institution is ensuring that sufficient cash flow and liquid assets are available to satisfy demands for loans and deposit withdrawals, to fund operating expenses, and to be used for other corporate purposes. Deposits and borrowings, maturities of investment securities and money-market assets, repayments of loans and investment securities, and cash generated from operations, such as fees collected for services, provide the Company with sources of liquidity. M&T's banking subsidiaries have access to additional funding sources through membership in the FHLB, as well as other available borrowing facilities. M&T has historically utilized dividend payments from its banking subsidiaries, which are subject to various regulatory limitations, to pay for operating expenses, shareholder dividends and treasury stock repurchases. These historical sources of cash flows were augmented, in 1997, by the proceeds from issuance of $250 million of trust preferred securities. M&T also maintains a $25 million line of credit with an unaffiliated commercial bank, all of which was available for borrowing at September 30, 1999.

Management does not anticipate engaging in any activities, either currently or in the long-term, which would cause a significant strain on liquidity at either M&T or its subsidiary banks. Furthermore, management closely monitors the Company's liquidity position for compliance with internal policies and believes that available sources of liquidity are adequate to meet funding needs anticipated in the normal course of business. The Company has also completed a liquidity contingency plan in anticipation of the Year 2000, which is discussed under the heading "Year 2000 Initiatives."

Market risk is the risk of loss from adverse changes in market prices and/or interest rates of the Company's financial instruments. The primary market risk the Company is exposed to is interest rate risk. The core banking activities of lending and deposit-taking expose the Company to interest rate risk, which occurs when assets and liabilities reprice at different times as interest rates change. As a result, net interest income earned by the Company is subject to the effects of changing interest rates. The Company measures interest rate risk by calculating the variability of net interest income in future periods under various interest rate scenarios using projected balances for earning assets, interest-bearing liabilities and off-balance sheet financial instruments. Management's philosophy toward interest rate risk management is to limit the variability of net interest income. The balances of both on- and off-balance sheet financial instruments used in the projections are based on expected growth from forecasted business opportunities, anticipated prepayments of mortgage-related assets and expected maturities of investment securities, loans and deposits. Management supplements the modeling technique described above with analyses of market values of the Company's financial instruments.

The Asset-Liability Committee, which includes members of senior management, monitors the Company's interest rate sensitivity with the aid of a computer model which considers the impact of ongoing lending and deposit gathering activities, as well as statistically derived interrelationships in the magnitude and timing of the repricing of financial instruments, including the effect of changing interest rates on expected prepayments and maturities. When deemed prudent, management has taken actions, and intends to do so in the future, to mitigate exposure to interest rate risk through the use of on- or off-balance sheet financial instruments. Possible actions include, but are not limited to, changes in the pricing of loan and deposit products, modifying the composition of earning assets and interest-bearing liabilities, and entering into or modifying existing interest rate swap agreements.

The accompanying table as of September 30, 1999 and December 31, 1998 displays the estimated impact on net interest income from non-trading financial instruments resulting from changes in interest rates during the first modeling year.

SENSITIVITY OF NET INTEREST INCOME
TO CHANGES IN INTEREST RATES
(dollars in thousands)

	Calculated increase (decrease) in projected net interest income	
CHANGES IN INTEREST RATES	September 30, 1999	December 31, 1998
+200 basis points	$ (2,257)	(7,668)
+100 basis points	(2,453)	335
- -100 basis points	(1,077)	5,161
- -200 basis points	(3,624)	4,498

Many assumptions are utilized in calculating the impact of changes in interest rates on net interest income, including prepayments of mortgage-related assets, cash flows from derivative and other financial instruments held for non-trading purposes and loan and deposit volumes, pricing and maturities. The Company also assumes gradual changes in interest rates of 100 and 200 basis points up and down during a twelve-month period. These assumptions are inherently uncertain and, as a result, the Company cannot precisely predict the impact of changes in interest rates on net interest income. Actual results may differ significantly due to timing, magnitude and frequency of interest rate changes and changes in market conditions, as well as any actions, such as those previously described, which management may take to counter these changes.

The Company engages in trading activities to meet the financial needs of customers and to profit from perceived market opportunities. Trading activities are conducted utilizing financial instruments that include forward and futures contracts related to foreign currencies and mortgage-backed securities, U.S. Treasury and other government securities, and interest rate contracts, such as swaps. The Company generally mitigates the foreign currency and interest rate risk associated with trading activities by entering into offsetting trading positions. The amounts of gross and net trading positions as well as the type of trading activities conducted by the Company are subject to a well-defined series of potential loss exposure limits established by the Asset-Liability Committee.

The notional amounts of interest rate contracts and foreign exchange and other option and futures contracts totaled $1.5 billion and $.6 billion, respectively, at September 30, 1999, $1.5 billion and $2.2 billion, respectively, at September 30, 1998, and $.4 billion and $2.0 billion, respectively, at December 31, 1998. The notional amounts of these trading contracts are not recorded in the consolidated balance sheet. However, the fair values of all financial instruments used for trading activities are recorded in the consolidated balance sheet. Given the Company's policies, limits and positions, management believes that the potential loss exposure to the Company resulting from market risk associated with trading activities was not material as of September 30, 1999 and December 31, 1998.

PROVISION FOR POSSIBLE CREDIT LOSSES

The purpose of the provision for possible credit losses is to adjust the Company's allowance for possible credit losses to a level that is adequate to absorb losses inherent in the loan and lease portfolio. The provision for possible credit losses in the third quarter of 1999 was $13.5 million, up from $10.5 million in the corresponding 1998 quarter and $8.5 million in 1999's second quarter. Net loan charge-offs totaled $12.9 million in the recent quarter, compared with $11.8 million in the year-earlier quarter and $6.5 million in 1999's second quarter. The increase in charge-offs from the second quarter of 1999 was due to a $6.2 million partial charge-off of a commercial loan in the recent quarter. Net charge-offs as an annualized percentage of average loans and leases were .31% in the third quarter of 1999, equal to the corresponding 1998 quarter, but up from .16% in the second quarter of 1999. Net charge-offs of consumer loans in the recent quarter were $5.1 million, equal to 1999's second quarter, but down from $8.5 million in the third quarter of 1998. Net consumer loan charge-offs as an annualized percentage of average consumer loans and leases were .66% in the recent quarter, compared with 1.16% in the third quarter of 1998 and .69% in 1999's second quarter. Net charge-offs of credit card balances included in net consumer loan charge-offs were $141 thousand and $4.6 million in the third quarter of 1999 and 1998, respectively, and $89 thousand in the second quarter of 1999. The Company sold its retail credit card business in July 1998. For the nine months ended September 30, 1999 and 1998, the provision for possible credit losses was $30.5 million and $35.7 million, respectively. Through September 30, net charge-offs were $27.5 million in 1999 and $28.7 million in 1998, representing .23% and .28%, respectively, of average loans and leases. Consumer loan net charge-offs totaled $15.5 million and $25.6 million during the nine months ended September 30, 1999 and 1998, respectively. Net credit card charge-offs were $493 thousand during the first three quarters of 1999 and $13.8 million during the corresponding 1998 period.

Nonperforming loans totaled $116.3 million or .68% of total loans and leases outstanding at September 30, 1999, compared with $119.2 million or .79% at September 30, 1998, $117.0 million or .74% at December 31, 1998, and $108.4 million or .66% at June 30, 1999. The increase in nonperforming loans from June 30, 1999 was largely the result of the inclusion of the remaining $10 million carrying value of the partially charged off commercial loan discussed in the preceding paragraph. Nonperforming commercial real estate loans were $16.9 million at September 30, 1999, $18.7 million at September 30, 1998, $17.8 million at December 31, 1998, and $18.9 million at June 30, 1999. Nonperforming consumer loans and leases totaled $24.0 million at September 30, 1999, compared with $27.6 million at September 30, 1998, $25.8

million at December 31, 1998, and $17.8 million at June 30, 1999. As a percentage of consumer loan balances outstanding, nonperforming consumer loans and leases were .78% at September 30, 1999, .96% at September 30, 1998, .89% at December 31, 1998 and .59% at June 30, 1999. The remaining nonperforming loans consisted largely of residential mortgage loans and, to a lesser extent, commercial loans. Assets acquired in settlement of defaulted loans were $10.2 million at September 30, 1999, $11.1 million at both September 30 and December 31, 1998 and $10.1 million at June 30, 1999.

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

NONPERFORMING ASSETS
Dollars in thousands

	1999 Quarters			1998 Quarters	
	Third	Second	First	Fourth	Third
Nonaccrual loans	$ 77,716	68,285	69,393	70,999	73,778
Loans past due 90 days or more	29,618	31,988	37,988	37,784	37,746
Renegotiated loans	8,958	8,146	8,014	8,262	7,656
Total nonperforming loans	116,292	108,419	115,395	117,045	119,180
Real estate and other assets owned	10,237	10,108	11,052	11,129	11,106
Total nonperforming assets	$126,529	118,527	126,447	128,174	130,286
Government guaranteed nonperforming loans*	$ 16,137	14,618	13,368	14,316	13,776
Nonperforming loans to total loans and leases, net of unearned discount	.68%	.66%	.73%	.74%	.79%
Nonperforming assets to total net loans and leases and real estate and other assets owned	.74%	.72%	.80%	.81%	.86%

* INCLUDED IN TOTAL NONPERFORMING LOANS.

The allowance for possible credit losses was $315.0 million, or 1.85% of total loans and leases at September 30, 1999, compared with $309.5 million or 2.04% a year earlier, $306.3 million or 1.94% at December 31, 1998 and $314.4 million or 1.90% at June 30, 1999. The ratio of the allowance for possible credit losses to nonperforming loans was 271% at the most recent quarter-end, compared with 260% a year earlier, 262% at December 31, 1998 and 290% at June 30, 1999. The decline in the allowance as a percentage of total loans at September 30, 1999 reflects management's evaluation of the loan and lease portfolio, the July 1998 sale of the retail credit card business, the relatively favorable economic environment for many commercial borrowers, and other factors. Management regularly assesses the adequacy of the allowance by performing an ongoing evaluation of the loan and lease 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. Significant loans are individually analyzed, while other smaller balance loans are evaluated by loan category. Given the concentration of commercial real estate loans in the Company's loan portfolio, particularly the large concentration of loans secured by properties in New York State, in general, and in the New York City metropolitan area, in particular, coupled with the amount of commercial and industrial loans to businesses in New York State outside of the New York City metropolitan area and significant growth in recent years in loans to individual consumers, management cautiously evaluated the impact of interest rates and overall economic conditions on the ability of borrowers to meet repayment obligations when assessing the adequacy of the Company's allowance for possible credit losses as of September 30, 1999. Based upon the results of such review, management believes that the allowance for possible credit losses at September 30, 1999 was adequate to absorb credit losses from existing loans and leases.

OTHER INCOME

Other income totaled $72.5 million in the third quarter of 1999, compared with $64.0 million in the year-earlier quarter and $66.8 million in the second quarter of 1999. Growth in fees earned from deposit services was a significant factor contributing to the increases. Higher profits from trading account and foreign exchange activities also contributed to the increase from the second to the third quarter of 1999.

Mortgage banking revenues totaled $16.9 million in the recent quarter, compared with $16.4 million in the year-earlier quarter and $18.6 million in the second quarter of 1999. The decline from the second 1999 quarter reflects a decrease in gains from sales of loans and loan servicing rights which totaled $9.0 million in the third quarter of 1999, $8.1 million in the corresponding 1998 quarter and $10.7 million in 1999's second quarter. Residential mortgage loans originated for sale to other investors during the third quarter of 1999 were $691 million, compared with $710 million in 1998's third quarter and $663 million in the second quarter of 1999. Residential mortgage loans held for sale totaled $273 million at September 30, 1999, $331 million at September 30, 1998, $445 million at December 31, 1998, and $292 million at June 30, 1999. Residential mortgage loan servicing fees were $6.5 million in the third quarter of 1999, compared with $7.3 million in the third quarter of 1998 and $6.6 million in the second quarter of 1999. Residential mortgage loans serviced for others totaled $7.1 billion at September 30, 1999, compared with $7.5 billion at September 30, 1998 and $7.3 billion at December 31, 1998. Capitalized servicing assets were $60 million and $64 million at September 30, 1999 and 1998, respectively, and $62 million at December 31, 1998.

Reflecting a third quarter 1999 increase in fees, service charges on deposit accounts rose to $20.3 million in the recent quarter from $15.9 million in the corresponding quarter of 1998 and $16.7 million in the second quarter of 1999. Trust income was $10.2 million in the third quarter of 1999, up from $9.4 million a year earlier, but little changed from the previous quarter. Merchant discount and credit card fees were $1.9 million in the recent quarter, compared with $2.3 million in the similar period of 1998 and $1.8 million in the second quarter of 1999. Trading account and foreign exchange activity resulted in gains of $742 thousand in the third quarter of 1999, compared with losses of $148 thousand in the corresponding 1998 quarter and $3.2 million in the second quarter of 1999. The second quarter results were largely due to a $3 million loss incurred when a counterparty defaulted on the settlement of outstanding foreign exchange contracts. During the third quarter of 1999, the Company sold $63 million of fixed rate mortgage-backed securities resulting in a gain of $1.4 million. Gains on the sale of bank investment securities totaled $376 thousand in the third quarter of 1998, while there were no similar sales in the second quarter of 1999.

Other revenue from operations totaled $21.1 million in the recent quarter, compared with $19.7 million in the corresponding quarter of 1998 and $22.6 million in the second quarter of 1999. The improvement from the year-earlier period resulted from increased revenues from the sale of mutual funds and annuities and higher letter of credit and other credit-related fees, partially offset by the $3.2 million gain on the sale of the Company's retail credit card business in July 1998. The decrease from the second quarter of 1999 was predominately the result of lower income from the Company's ownership of bank-owned life insurance.

Excluding $15.3 million of tax-exempt other income the Company recognized in 1998's first quarter in connection with the contribution of appreciated investment securities with a fair value of $24.6 million to an affiliated, tax-exempt, private charitable foundation, other income of $212.0 million in the first nine months of 1999 was up 16% from $182.6 million in the year-earlier period. Growth in mortgage banking revenues, service charges on deposit accounts and fees for trust, investment and credit-related services, and a full nine months of revenues associated with operations obtained in the ONBANCorp acquisition, were factors contributing to the increase. As a result of the charitable contribution described in this paragraph, the Company also incurred $24.6 million of charitable contributions expense and realized income tax benefits of $10.0 million in 1998.

For the nine-month period ended September 30, 1999, mortgage banking revenues rose 17% to $57.0 million from $48.7 million in the corresponding 1998 period. Reflecting a generally favorable interest rate environment for borrowers in late 1998 and early 1999, gains from sales of loans and loan servicing rights in 1999 increased by $8.8 million compared with the first nine months of 1998. Including the impact of the ONBANCorp acquisition, when compared with the same period in 1998, service charges on deposit accounts increased 28% to $52.9 million during the first nine months of 1999, while trust income increased 7% to $30.8 million. Merchant discount and credit card fees decreased 50% to $5.4 million in 1999 from $10.9 million in the similar period of 1998, predominately the result of the July 1998 sale of the Company's retail credit card business. Trading account and foreign exchange activity resulted in losses of $1.3 million for the first nine months of 1999, compared with gains of $2.1 million during the similar period of 1998. The losses in 1999 were largely the result of the previously mentioned counterparty default on settling foreign exchange contracts. Gains on the sale of bank investment securities totaled $1.6 million and $.7 million for the nine months ended September 30, 1999 and 1998, respectively. Excluding the effect of the previously noted transfer of securities to the affiliated charitable foundation, other revenues from operations increased 31% to $65.7 million in the first nine months of 1999 from $50.0 million in the comparable 1998 period. The rise from 1998 resulted largely from increases in tax-exempt income earned from bank-owned life insurance of $4.7 million, letter of credit and other credit-related fees of $5.2 million and fees earned from the sales of mutual funds and annuities of $5.2 million. These latter fees totaled $18.6 million during the first nine months of 1999, while income from bank-owned life insurance was $17.2 million and letter of credit and other credit-related fees were $11.2 million.

OTHER EXPENSE

Excluding amortization of goodwill and core deposit intangible and nonrecurring merger-related expenses, other expense totaled $130.2 million in the third quarter of 1999, compared with $124.6 million in the third quarter of 1998 and $131.8 million in the second quarter of 1999. On the same basis, through the first nine months of 1999, other expense totaled $390.7 million, an increase of 9% from $357.9 million in the comparable 1998 period, after excluding from 1998 the $24.6 million non-cash charitable contribution expense previously noted. Goodwill and core deposit intangible amortization was $12.5 million in the third quarter of 1999, up from $10.9 million in the third quarter of 1998 and $11.2 million in the second quarter of 1999. The increases resulted from amortization related to the June 1, 1999 acquisition of FNB. Amortization of goodwill and core deposit intangible totaled $34.6 million in the first nine months of 1999, up from $23.6 million in the corresponding 1998 period, due largely to the impact of the ONBANCorp and FNB acquisitions. Nonrecurring merger-related expenses were $2.2 million and $2.5 million in the third and second quarters of 1999, respectively, and $4.7 million in the first nine months of 1999. Such costs were $3.0 million during the third quarter of 1998 and $21.3 million during the first nine months of 1998.

Salaries and employee benefits expense was $71.6 million in the recent quarter, 13% higher than the $63.5 million in the corresponding 1998 quarter, but little changed from $71.4 million in the second quarter of 1999. For the first nine months of 1999, salaries and employee benefits expense increased

10% to $211.4 million from $191.8 million in the corresponding 1998 period. Salaries and benefits related to acquired operations, merit salary increases, higher expenses for incentive compensation arrangements (including the impact of stock appreciation rights) and higher medical benefit costs were contributing factors for the increases from 1998.

Reflecting lower advertising, promotion and mortgage banking-related expenses, nonpersonnel expense, excluding one-time merger-related expenses and amortization of goodwill and core deposit intangible, totaled $58.7 million in the third quarter of 1999, down from $61.9 million in the third quarter of 1998. Similar expenses in the second quarter of 1999 were $60.5 million. On the same basis, and after excluding the $24.6 million non-cash charitable contribution expense from 1998, such expenses were $179.3 million during the first nine months of 1999, an increase of 7% from $168.2 million during the corresponding 1998 period. The increase from the first nine months of 1998 was due, in part, to expenses related to acquired operations and higher expenses for advertising and professional services, partially offset by lower co-branded credit card rebate expenses resulting from the Company's decision to terminate all of its co-branded credit card programs in 1997 and 1998.

CAPITAL

Stockholders' equity at September 30, 1999 was $1.8 billion or 8.35% of total assets, compared with $1.6 billion or 8.47% of total assets a year earlier and $1.6 billion or 7.78% at December 31, 1998. Stockholders' equity per share rose to $230.51 at September 30, 1999 from $209.03 and $207.94 at September 30 and December 31, 1998, respectively. Excluding goodwill and core deposit intangible, net of applicable tax effect, tangible equity per share was $149.37 at September 30, 1999, up from $141.43 at September 30, 1998 and $139.89 at December 31, 1998. To complete the acquisition of FNB on June 1, 1999, M&T issued 122,516 shares of common stock to former holders of FNB common stock resulting in an addition to stockholders' equity of $58.7 million.

Stockholders' equity at September 30, 1999 reflected a loss of $22.1 million, or $2.80 per share, for the net after-tax impact of unrealized losses on investment securities classified as available for sale, compared with unrealized gains of $6.8 million or $.86 per share at September 30, 1998 and $2.9 million or $.37 per share at December 31, 1998. Such unrealized gains and losses are generally due to changes in interest rates and represent the difference, net of applicable income tax effect, between the estimated fair value and amortized cost of investment securities classified as available for sale. The market valuation of investment securities 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 liabilities, and residential 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. Core capital includes the $319 million carrying value of trust preferred securities. As of September 30, 1999, total capital also included $145 million of subordinated notes issued by M&T Bank in prior years. The capital ratios of the Company and its banking subsidiaries, M&T Bank and M&T Bank, N.A., as of September 30, 1999 are presented in the accompanying table.

REGULATORY CAPITAL RATIOS
September 30, 1999

	M&T (CONSOLIDATED)	M&T BANK	M&T BANK, N.A.
Core capital	8.56%	8.06%	15.55%
Total capital	10.64%	10.17%	16.98%
Leverage	7.28%	6.95%	7.51%

The rate of internal capital generation, or net income less dividends paid expressed as an annualized percentage of average total stockholders' equity, was 12.79% and 13.57% during the three and nine-month periods ended September 30, 1999, compared with 11.59% and 11.79% during the comparable periods of 1998 and 13.39% in 1999's second quarter.

In February 1999, M&T's board of directors authorized a plan to repurchase up to 134,342 shares of M&T's common stock for reissuance upon the possible future exercise of outstanding stock options. During the three-month and nine-month periods ended September 30, 1999, 10,000 shares were repurchased under the plan at a total cost of $5.5 million. M&T completed a previously authorized plan by repurchasing 1,581 common shares during January 1999 at a cost of $789 thousand.

YEAR 2000 INITIATIVES

The "Year 2000" problem relates to the ability of computer systems, including those in non-information technology equipment and systems ("Computer Systems"), to distinguish date data between the twentieth and twenty-first centuries.

Addressing the Year 2000 problem has required that the Company identify, remediate and test its Computer Systems that have date sensitive functions. As part of this process, the Company identified those of its Computer Systems which, if uncorrected, would have a material adverse impact on the Company's customers, the Company's compliance with applicable regulations, or the Company's financial statements ("Mission Critical Systems"). Based on the remediation efforts completed and test work performed (either by the Company or through proxy testing) and, where appropriate, documentation provided by vendors, management believes that 100% of the Company's Mission Critical Systems should be able to accurately process date data before and after January 1, 2000. Moreover, management further believes that the Company's non-Mission Critical Computer Systems are also Year 2000 compliant.

The Company could also be adversely affected if its customers and other parties that rely on data processing systems are not Year 2000 compliant prior to the end of 1999. For example, the credit quality of commercial and other loans may be adversely affected by the failure of customers' operating systems resulting from Year 2000 issues. In this regard, the Company's second survey of commercial customers (which was completed in the second quarter of 1999) indicated that a large majority of the Company's commercial customers were well along in their preparation for potential Year 2000 issues. Nevertheless, the Company continues to monitor the Year 2000 status of customers considered to have a potentially high Year 2000 business risk. Furthermore, lending officers have received training to address Year 2000 issues with customers, including assessing customer needs for Year 2000 compliance. The Company has addressed the Year 2000 risks posed by other parties such as its funds providers and capital market/asset management counterparties. Lack of corrective measures by government agencies or service providers which the Company either receives data from or provides data to could also have a negative impact on the Company's operations. To be adequately prepared in the event its customers place higher than normal demands for cash or funding during the period surrounding January 1, 2000, the Company developed cash and liquidity contingency plans that include arrangements with the Federal Reserve and others to ensure the availability of funding sources and the supply of currency. The Company also continues to evaluate information regarding Year 2000 activities received from significant vendors. Based on information provided to date by these vendors, management believes that such parties are taking steps to address Year 2000 issues on a timely basis. Notwithstanding the Company's efforts, a risk remains that all aspects of Year 2000 issues will not be adequately resolved by each of the parties referred to above before January 1, 2000. If that were to be the case, the Company's future business operations, financial position and results of operations could be adversely impacted.

Management is closely monitoring the Company's progress regarding Year 2000 issues. The Company has established a Year 2000 Steering Committee consisting of senior members of management to oversee all Year 2000 activities. In conjunction with its assessment of the Company's Year 2000 remediation plans, and the remediation efforts of other parties such as those described in the preceding paragraph, management has developed contingency plans to mitigate risks associated with critical Year 2000 issues that could arise during the period leading up to and after January 1, 2000. All significant Year 2000 activities of the Company have been reviewed by the Company's Internal Audit department.

Through September 30, 1999, the Company has spent approximately $8.0 million (including approximately $.5 million and $2.6 million during the third quarter and first nine months of 1999, respectively,) in addressing its potential Year 2000 problems. Management believes that the Company is continuing to devote appropriate financial and human resources to monitor and resolve Year 2000 issues in a timely manner. The Company estimates that additional costs to finalize and monitor implementation of its Year 2000 program will not be material. A majority of the Company's Year 2000 costs relate to internal costs and constitute resources that would otherwise have been reallocated within the Company. The utilization of these resources has not had a material adverse impact on the Company's financial condition or results of operations, nor is it expected to have a material adverse impact in future periods. Costs associated with Year 2000 issues are recognized in expense as incurred.

The preceding discussion of Year 2000 initiatives contains forward-looking statements as to Year 2000 issues. See also the discussion of Future Factors under the caption "Forward-Looking Statements," which are incorporated by reference into the preceding discussion.

SEGMENT INFORMATION

The Company's reportable segments have been determined based upon its internal profitability reporting system, which is organized by strategic business unit. Certain strategic business units have been combined for segment information reporting purposes where the nature of the products and services, the type of customer, and the distribution of those products and services are similar. The reportable segments are Commercial Banking, Commercial Real Estate, Discretionary Portfolio, Residential Mortgage Banking and Retail Banking.

The financial information of the Company's segments was compiled utilizing the accounting policies described in note 21 to the Company's consolidated financial statements as of and for the year ended December 31, 1998. The management accounting policies and processes utilized in compiling segment financial information are highly subjective and, unlike financial accounting, are not based on authoritative guidance similar to generally accepted accounting principles. As a result, reported segments and the financial results of such segments are not necessarily comparable with similar information reported by other financial institutions.

The Commercial Banking segment's earnings were $17.4 million in the third quarter of 1999, $17.8 million in the comparable 1998 quarter and $19.9 million in the second quarter of 1999. The decrease from the second quarter was due to a $6.2 million partial charge-off of a commercial loan in the recent quarter. This partial charge-off also was the major factor for the decrease from the third quarter of 1998, but was largely offset by higher revenues generated from loan growth. For the nine months ended September 30, 1999 and 1998, earnings were $58.1 million and $50.3 million, respectively. Commercial loans obtained from ONBANCorp and loan growth in most of the markets already served by the Company were the leading factors contributing to the increase from the first nine months of 1998.

In the third quarter of 1999, the Commercial Real Estate segment contributed net income of $16.3 million, compared with $14.3 million in the year-earlier period and $16.5 million in the second quarter of 1999. The major factor in the improvement in earnings over the third quarter of 1998 was higher loan balances. Earnings in the first nine months of 1999 and 1998 were $47.1 million and $44.7 million, respectively. The increase in net income was due in part to commercial real estate loans acquired from ONBANCorp and loan growth in the markets already served by the Company.

Net income contributed by the Discretionary Portfolio segment in the third quarter of 1999 totaled $10.4 million, compared with $8.7 million in both the third quarter of 1998 and the second quarter of 1999. Higher income from trading account and foreign exchange activity and gains on the sale of bank investment securities contributed to the increases. In the first three quarters, net income from this segment was $27.9 million in 1999 and $22.3 million in 1998. The increase over 1998 was largely the result of a $4.7 million increase in tax-exempt income earned from bank-owned life insurance and higher net interest income from holdings of residential mortgage loans. Partially offsetting these increases was the previously mentioned $3 million settlement loss on foreign exchange contracts.

The Residential Mortgage Banking segment had net income of $4.6 million in the third 1999 quarter, unchanged from the corresponding 1998 quarter but down from $6.0 million in the second 1999 quarter. The decrease from the previous quarter was predominately the result of a $1.7 million decrease in gains from sales of loans and loan servicing rights. Reflecting the impact on gains from sales of loans and loan servicing rights resulting from a generally favorable interest rate environment for borrowers in late 1998 and early 1999, net income in this segment for the first nine months of the year increased to $17.6 million in 1999 from $14.8 million in 1998. As of September 30, 1999, loans serviced by the Residential Mortgage Banking segment totaled $10.7 billion, including $3.6 billion of loans serviced for the Company, compared with $11.0 billion a year earlier.

Retail Banking earned $29.6 million in 1999's third quarter, down from $30.4 million in the year-earlier period (which included the $3.2 million gain on the sale of the Company's retail credit card business) but up from $26.6 million in the second quarter of 1999. Higher loan and deposit balances and service charges on deposit accounts were the major factors contributing to the improvement in net income, after factoring in the sale of the retail credit card business. For the first nine months of the year, Retail Banking net income totaled $80.7 million in 1999 and $74.7 million in 1998. The acquisitions of ONBANCorp on April 1, 1998 and FNB on June 1, 1999, increased service charges on deposit accounts and higher earnings from indirect consumer lending were the leading factors contributing to the increase.

RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET ADOPTED

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction, or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available for sale security, or a foreign currency denominated forecasted transaction.

The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. An entity that elects to apply hedge accounting is required to establish at the inception of the hedge the method it will use for assessing the effectiveness of the hedging derivative and the measurement approach for determining the ineffective aspect of the hedge. Those methods must be consistent with the entity's approach to managing risk.

SFAS No. 133 was to be effective for all fiscal quarters of fiscal years beginning after June 15, 1999. In June 1999, the Financial Accounting Standards Board amended SFAS No. 133, deferring the effective date by one year. Initial application of SFAS No. 133 must be as of the beginning of an entity's fiscal quarter; on that date, hedging relationships must be designated anew and documented pursuant to the provisions of the statement. Early application of all of the provisions of SFAS No. 133 is encouraged, but is permitted only as of the beginning of any fiscal quarter that begins after issuance of the statement. SFAS No. 133 may not be applied retroactively to financial statements of prior periods.

The method of adoption expected to be utilized by the Company has yet to be determined and the estimated impact that adopting the provisions of SFAS No. 133 will have on the Company's financial statements has not been quantified.

FORWARD-LOOKING STATEMENTS

Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this quarterly report contain forward-looking statements that are based on current expectations, estimates and projections about the Company's business, management's beliefs and assumptions made by management. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Future Factors") which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Future Factors include changes in interest rates, spreads on earning assets and interest-bearing liabilities, and interest rate sensitivity; credit losses; sources of liquidity; legislation affecting the financial services industry as a whole, and the Company individually; regulatory supervision and oversight, including required capital levels; increasing price and product/service competition by competitors, including new entrants; rapid technological developments and changes; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; the mix of products/services; containing costs and expenses; governmental and public policy changes, including environmental regulations; protection and validity of intellectual property rights; reliance on large customers; technological, implementation and cost/financial risks in large, multi-year contracts; technological, implementation and financial risks associated with Year 2000 issues; the outcome of pending and future litigation and governmental proceedings; continued availability of financing; and financial resources in the amounts, at the times and on the terms required to support the Company's future businesses. These are representative of the Future Factors that could affect the outcome of the forward-looking statements. In addition, such statements could be affected by general industry and market conditions and growth rates, general economic conditions, including interest rate and currency exchange rate fluctuations, and other Future Factors.

M&T BANK CORPORATION AND SUBSIDIARIES

QUARTERLY TRENDS

	1999 Quarters			1998 Quarters			
	Third	Second	First	Fourth	Third	Second	First
EARNINGS AND DIVIDENDS							
AMOUNTS IN THOUSANDS, EXCEPT PER SHARE							
Interest income (taxable-equivalent basis)	$375,021	361,158	358,370	360,571	361,921	364,838	279,306
Interest expense	179,961	171,269	175,238	183,424	184,850	184,644	134,585
Net interest income	195,060	189,889	183,132	177,147	177,071	180,194	144,721
Less: provision for possible credit losses	13,500	8,500	8,500	7,500	10,500	13,200	12,000
Other income	72,499	66,806	72,716	64,985	63,986	65,075	68,893
Less: other expense	144,898	145,547	139,466	138,756	138,490	155,004	133,873
Income before income taxes	109,161	102,648	107,882	95,876	92,067	77,065	67,741
Applicable income taxes	39,633	35,772	39,151	36,064	33,693	30,587	17,245
Taxable-equivalent adjustment	1,964	1,838	1,825	1,969	1,897	1,779	1,541
Net income	$ 67,564	65,038	66,906	57,843	56,477	44,699	48,955
Per common share data							
Net income							
Basic	$ 8.57	8.35	8.65	7.44	7.09	5.55	7.34
Diluted	8.29	8.00	8.34	7.14	6.81	5.32	7.01
Cash dividends	$ 1.25	1.00	1.00	1.00	1.00	1.00	.80
Average common shares outstanding							
Basic	7,880	7,793	7,731	7,778	7,966	8,051	6,666
Diluted	8,147	8,132	8,023	8,105	8,288	8,409	6,981
PERFORMANCE RATIOS, ANNUALIZED							
Return on							
Average assets	1.27 %	1.27 %	1.34 %	1.14 %	1.15 %	.92 %	1.41 %
Average common stockholders' equity	14.97 %	15.23 %	16.56 %	14.20 %	13.48 %	10.77 %	18.86 %
Net interest margin on average earning assets (taxable-equivalent basis)	4.03 %	4.09 %	3.98 %	3.82 %	3.93 %	4.02 %	4.39 %
Nonperforming assets to total assets, at end of quarter	.58 %	.56 %	.62 %	.62 %	.67 %	.69 %	.53 %
Efficiency ratio (1)	53.62 %	55.72 %	54.56 %	57.56 %	56.30 %	56.45 %	54.29 %
CASH (TANGIBLE) OPERATING RESULTS (2)							
Net income (in thousands)	$ 79,714	76,511	76,333	67,326	67,703	65,445	51,448
Diluted net income per common share	9.78	9.41	9.51	8.31	8.17	7.78	7.37
Annualized return on							
Average tangible assets	1.54 %	1.53 %	1.57 %	1.36 %	1.42 %	1.38 %	1.49 %
Average tangible common stockholders' equity	26.43 %	26.13 %	27.66 %	24.57 %	23.90 %	23.50 %	20.13 %
Efficiency ratio (1)	48.91 %	51.36 %	50.31 %	53.03 %	51.78 %	52.01 %	53.37 %
BALANCE SHEET DATA							
DOLLARS IN MILLIONS, EXCEPT PER SHARE							
Average balances							
Total assets	$ 21,183	20,579	20,298	20,101	19,455	19,547	14,055
Earning assets	19,184	18,636	18,664	18,401	17,881	17,992	13,357
Investment securities	2,048	2,064	2,497	2,617	2,533	2,858	1,614
Loans and leases, net of unearned discount	16,678	16,056	15,761	15,389	15,124	14,978	11,602
Deposits	14,821	14,578	14,497	14,617	14,552	14,726	10,988
Stockholders' equity	1,791	1,713	1,638	1,616	1,662	1,664	1,053
At end of quarter							
Total assets	$ 21,759	21,205	20,285	20,584	19,478	20,138	14,570
Earning assets	19,467	19,050	18,382	18,926	17,905	18,419	13,778
Investment securities	1,953	2,078	2,088	2,786	2,446	2,707	1,530
Loans and leases, net of unearned discount	16,984	16,513	15,813	15,792	15,163	15,245	12,033
Deposits	15,417	14,909	14,476	14,737	14,394	14,813	11,085
Stockholders' equity	1,817	1,773	1,667	1,602	1,649	1,659	1,069
Equity per common share	230.51	224.81	215.34	207.94	209.03	207.18	160.06
Tangible equity per common share	149.37	149.14	148.95	139.89	141.43	139.37	157.75
MARKET PRICE PER COMMON SHARE							
High	$ 575	582 1/2	518 3/4	539 1/2	582	554	504
Low	412 1/2	462 1/2	464	400	410	480	429
Closing	459	550	479	518 15/16	461	554	499 7/8

(1) Excludes impact of nonrecurring merger-related expenses, net securities transactions and contribution of appreciated investment securities to affiliated, tax-exempt charitable foundation during the quarter ended March 31, 1998.

(2) Excludes amortization and balances related to goodwill and core deposit intangible and nonrecurring merger-related expenses, net of applicable income tax effects.

AVERAGE BALANCE SHEETS AND ANNUALIZED TAXABLE-EQUIVALENT RATES

AVERAGE BALANCE IN MILLIONS; INTEREST IN THOUSANDS	1999 Third quarter Average balance	Interest	Average rate	1999 Second quarter Average balance	Interest	Average rate
ASSETS						
Earning assets						
Loans and leases, net of unearned discount*						
Commercial, financial, etc	$ 3,374	$ 68,452	8.05%	3,201	62,928	7.88%
Real estate	10,263	205,772	8.02	9,928	198,370	7.99
Consumer	3,041	62,626	8.17	2,927	61,114	8.37
Total loans and leases, net	16,678	336,850	8.01	16,056	322,412	8.05
Money-market assets						
Interest-bearing deposits at banks	2	25	3.93	5	49	4.08
Federal funds sold and agreements to resell securities	430	5,732	5.29	430	5,381	5.02
Trading account	26	374	5.77	81	1,398	6.89
Total money-market assets	458	6,131	5.31	516	6,828	5.30
Investment securities**						
U.S. Treasury and federal agencies	880	12,800	5.77	902	13,063	5.81
Obligations of states and political subdivisions	76	1,176	6.20	71	1,121	6.30
Other	1,092	18,064	6.56	1,091	17,734	6.52
Total investment securities	2,048	32,040	6.21	2,064	31,918	6.20
TOTAL EARNING ASSETS	19,184	375,021	7.76	18,636	361,158	7.77
Allowance for possible credit losses	(316)			(310)		
Cash and due from banks	438			439		
Other assets	1,877			1,814		
Total assets	$ 21,183			20,579		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities						
Interest-bearing deposits						
NOW accounts	$ 368	1,055	1.14	370	1,125	1.22
Savings deposits	5,244	30,708	2.32	5,038	29,114	2.32
Time deposits	7,000	90,955	5.15	7,041	89,182	5.08
Deposits at foreign office	227	2,720	4.75	243	2,757	4.56
Total interest-bearing deposits	12,839	125,438	3.88	12,692	122,178	3.86
Short-term borrowings	2,058	26,886	5.18	1,876	22,768	4.87
Long-term borrowings	1,806	27,637	6.07	1,763	26,323	5.99
TOTAL INTEREST-BEARING LIABILITIES	16,703	179,961	4.27	16,331	171,269	4.21
Noninterest-bearing deposits	1,982			1,886		
Other liabilities	707			649		
Total liabilities	19,392			18,866		
Stockholders' equity	1,791			1,713		
Total liabilities and stockholders' equity	$ 21,183			20,579		
Net interest spread			3.49			3.56
Contribution of interest-free funds			0.54			0.53
Net interest income/margin on earning assets		$195,060	4.03%		189,889	4.09%

AVERAGE BALANCE IN MILLIONS; INTEREST IN THOUSANDS	1999 First quarter Average balance	Interest	Average rate
ASSETS			
Earning assets			
Loans and leases, net of unearned discount*			
Commercial, financial, etc	3,179	64,028	8.17%
Real estate	9,691	191,482	7.90
Consumer	2,891	60,003	8.42
Total loans and leases, net	15,761	315,513	8.12
Money-market assets			

Interest-bearing deposits at banks	1	7	2.68
Federal funds sold and agreements to resell securities	331	3,823	4.68
Trading account	74	1,256	6.91
Total money-market assets	406	5,086	5.08
Investment securities**			
U.S. Treasury and federal agencies	1,112	15,832	5.77
Obligations of states and political subdivisions	72	1,116	6.30
Other	1,313	20,823	6.43
Total investment securities	2,497	37,771	6.13
TOTAL EARNING ASSETS	18,664	358,370	7.79
Allowance for possible credit losses	(308)		
Cash and due from banks	442		
Other assets	1,500		
Total assets	20,298		
LIABILITIES AND STOCKHOLDERS' EQUITY			
Interest-bearing liabilities			
Interest-bearing deposits			
NOW accounts	399	1,280	1.30
Savings deposits	4,881	28,810	2.39
Time deposits	7,049	90,892	5.23
Deposits at foreign office	303	3,429	4.59
Total interest-bearing deposits	12,632	124,411	3.99
Short-term borrowings	2,138	25,735	4.88
Long-term borrowings	1,647	25,092	6.18
TOTAL INTEREST-BEARING LIABILITIES	16,417	175,238	4.33
Noninterest-bearing deposits	1,865		
Other liabilities	378		
Total liabilities	18,660		
Stockholders' equity	1,638		
Total liabilities and stockholders' equity	20,298		
Net interest spread			3.46
Contribution of interest-free funds			0.52
Net interest income/margin on earning assets		183,132	3.98%

*INCLUDES NONACCRUAL LOANS.
**INCLUDES AVAILABLE FOR SALE SECURITIES AT AMORTIZED COST.

(continued)

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

AVERAGE BALANCE IN MILLIONS; INTEREST IN THOUSANDS	1998 Fourth quarter Average balance	Interest	Average rate	1998 Third quarter Average balance	Interest	Average rate
ASSETS						
Earning assets						
Loans and leases, net of unearned discount*						
Commercial, financial, etc.	$ 3,034	$ 61,936	8.10	2,935	61,711	8.34%
Real estate	9,458	189,222	8.00	9,273	191,102	8.24
Consumer	2,897	63,154	8.65	2,916	65,389	8.90
Total loans and leases, net	15,389	314,312	8.10	15,124	318,202	8.35
Money-market assets						
Interest-bearing deposits at banks	2	14	3.80	2	16	3.07
Federal funds sold and agreements to resell securities	276	3,690	5.30	119	1,634	5.44
Trading account	117	2,066	6.99	103	1,797	6.93
Total money-market assets	395	5,770	5.80	224	3,447	6.11
Investment securities**						
U.S. Treasury and federal agencies	1,398	20,905	5.93	1,561	23,644	6.01
Obligations of states and political subdivisions	78	1,217	6.19	85	1,321	6.18
Other	1,141	18,367	6.39	887	15,307	6.84
Total investment securities	2,617	40,489	6.14	2,533	40,272	6.31
TOTAL EARNING ASSETS	18,401	360,571	7.77	17,881	361,921	8.03
Allowance for possible credit losses	(310)			(311)		
Cash and due from banks	425			413		
Other assets	1,585			1,472		
Total assets	$ 20,101			19,455		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities						
Interest-bearing deposits						
NOW accounts	$ 390	1,379	1.40	344	1,328	1.53
Savings deposits	4,828	30,707	2.52	4,709	31,395	2.65
Time deposits	7,216	98,526	5.42	7,414	103,525	5.54
Deposits at foreign office	341	4,208	4.89	293	3,964	5.36
Total interest-bearing deposits	12,775	134,820	4.19	12,760	140,212	4.36
Short-term borrowings	2,055	26,640	5.14	2,069	29,376	5.63
Long-term borrowings	1,344	21,964	6.48	861	15,262	7.03
TOTAL INTEREST-BEARING LIABILITIES	16,174	183,424	4.50	15,690	184,850	4.67
Noninterest-bearing deposits	1,842			1,792		
Other liabilities	469			311		
Total liabilities	18,485			17,793		
Stockholders' equity	1,616			1,662		
Total liabilities and stockholders' equity	$ 20,101			19,455		
Net interest spread			3.27			3.36
Contribution of interest-free funds			0.55			0.57
Net interest income/margin on earning assets		$177,147	3.82%		177,071	3.93%

*INCLUDES NONACCRUAL LOANS.
**INCLUDES AVAILABLE FOR SALE SECURITIES AT AMORTIZED COST.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Incorporated by reference to the discussion contained under the caption "Taxable-equivalent Net Interest Income" in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

M&T and its subsidiaries are subject in the normal course of business to various pending and threatened legal proceedings in which claims for monetary damages are asserted. Management, after consultation with legal counsel, does not anticipate that the aggregate ultimate liability, if any, arising out of litigation pending against M&T or its subsidiaries will be material to M&T's consolidated financial position, but at the present time is not in a position to determine whether such litigation will have a material adverse effect on M&T's consolidated results of operations in any future reporting period.

Item 2. Changes in Securities and Use of Proceeds.
(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.	
27.1	Financial Data Schedule. Filed herewith.

(b) Reports on Form 8-K. The following Current Report on Form 8-K was filed with the Securities and Exchange Commission:

On September 30, 1999, a Current Report on Form 8-K dated September 24, 1999 was filed to announce the consummation of M&T Bank's acquisition of 32 branches (29 sites) from The Chase Manhattan Bank ("Chase"). The branches are located in the Binghamton, Corning, Buffalo, Jamestown and Albany areas of upstate New York. The Current Report on Form 8-K also reported Chase's agreement to transfer up to $533 million of trust and fiduciary account assets to M&T Bank following receipt of required approvals and the satisfaction of necessary closing conditions, to be completed in two phases commencing at the end of September 1999 and concluding at or about the end of March 2000.

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.

M&T BANK CORPORATION

Date: November 10, 1999 By: /S/ MICHAEL P. PINTO

Michael P. Pinto
Executive Vice President
and Chief Financial Officer

EXHIBIT INDEX

Exhibit NO.	
27.1	Financial Data Schedule. Filed herewith.

Article 9 Financial Data Schedule for Form 10-Q for the nine-month period ended
September 30, 1999.

9-MOS
DEC-31-1999
SEP-30-1999
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