



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2011

Institution: Manufacturers & Traders Trust Company
One M&T Plaza
Buffalo, NY 14203

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Manufacturers & Traders Trust Company (“M&T Bank”) prepared by the New York State Department of Financial Services (“Department” or “DFS”). The evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of *December 31, 2011*.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve record of meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Manufacturers and Traders Trust Company's ("M&T Bank's") performance was evaluated according to the large bank performance criteria. The assessment period included calendar years 2010 and 2011 for the Lending Test while Community Development Activities included calendar years 2010 and 2011 and six months ended June 30, 2012.

M&T Bank is rated "1," indicating an "**Outstanding**" record of helping to meet community credit needs. M&T Bank was also rated "Outstanding" during the prior evaluation period.

This rating is based on the following factors:

Lending Test – "High Satisfactory"

The bank's lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Borrower Characteristics; (5) Community Development Lending and (6) Flexible and/or Innovative Lending Practices.

- Lending Activity: "High Satisfactory"

M&T Bank's lending levels demonstrated a high degree of responsiveness to its assessment area's credit needs considering its size, business strategy and financial condition, as well as peer group activity and demographics. While lending activity fell, M&T Bank's average LTD ratio for the eight quarters of calendar years 2010 and 2011 was 99.9%, compared to the peer ratio of 80.1%.

- Assessment Area Concentration: "Outstanding"

M&T Bank originated a substantial majority of its HMDA-reportable and small business loans inside its assessment area demonstrating an excellent record of lending. During the evaluation period, M&T Bank originated 95.8% by number and 96.6% by dollar value of its loans within the assessment area.

- Geographic Distribution of Loans: "High Satisfactory"

The distribution of HMDA-reportable and small business loans based on lending in census tracts of varying income levels demonstrated an adequate penetration rate of lending. Lending in LMI geographies was on par with aggregate market levels.

In HMDA-Lending, in 2010, M&T Bank outperformed aggregate market levels by number (2.5% vs. 1.6%); and underperformed the aggregate in terms of dollar value (1.7% vs. 2.1%) in lending to low income tracts. Similarly, in 2011, the same rate of lending to low income geographies was noted where M&T Bank outperformed

aggregate levels by number (2.1% vs. 1.7%); and underperformed by dollar value (2.0% vs. 3.0%).

In small business lending, in 2010, M&T Bank extended 6.7% by number and 6.1% by dollar value in low income tracts, outperforming aggregate market levels of 4.4% and 5.6%, respectively. In 2011, M&T Bank extended 7.0% in both number of loans and dollar value in low income tracts, outperforming the market aggregate of 4.4% by number and 5.6% by dollar value, respectively. Small business lending to low income tracts for 2010 and 2011 indicated strong performance compared to aggregate levels. Small business lending to LMI tracts by number at 17.6% and 16.4% by dollar value was reasonable compared with aggregate levels of 18.5% and 19.2%, respectively.

- Distribution by Borrower Characteristics: “High Satisfactory”

The distribution of loans based on borrower characteristics demonstrated a strong rate of lending among individuals of different income levels; and more than reasonable to businesses of different revenue sizes.

In its 1-4 family reportable lending, M&T Bank’s combined rate of lending to low and moderate income individuals was significantly better than aggregate levels by both loan number (31% vs. 21.7%) and dollar value (17.8% vs. 10.1%). Individually, lending to low and moderate income individuals also showed the same strong performance.

Overall, M&T Bank’s small business and farm loans significantly outperformed the aggregate levels by loan count to both businesses under revenue size of \$1 million and farms under revenue size of \$500,000 (46.7% vs. 28.6%). Lending to small business and small farms of the aforementioned revenue size however, was slightly below the aggregate level by dollar value (26.1% vs. 26.7%).

- Community Development Lending: “Outstanding”

During the evaluation period, M&T Bank originated \$1.3 billion in new community development loans, and had \$328 million outstanding from prior evaluation periods. The level of response to a wide variety of credit needs demonstrated strong leadership in community development lending.

- Innovative and/or Flexible Lending Practices:

M&T Bank used an array of innovative and flexible lending practices in its community development, small business and residential mortgage lending. Some of these products were designed to provide financing to borrowers who might not qualify for credit under traditional underwriting standards such as the SBA 7(a) and the New York State Business Development Corporation (“NYSBDC”) loan programs.

Investment Test: “Outstanding”

M&T Bank’s investment performance is evaluated pursuant to the following criteria: (1) the dollar amount of qualified investments; (2) the innovativeness or complexity of qualified investments; and (3) the responsiveness of qualified investments to credit and community development needs.

Amount of Community Development Investments:

During the evaluation period, M&T Bank made \$103.5 million in new community development investments, and had \$113.1 million outstanding from prior evaluation periods. In addition, M&T Bank made \$14.03 million in community development grants, compared to \$5.3 million from the prior two-year evaluation period, an increase of more than two-fold on an annualized basis.

This performance demonstrated an excellent level of community development investments over the course of the evaluation period.

Innovativeness of Community Development Investments:

M&T Bank made reasonable use of innovative and/or complex investments to support community development. For example, M&T Bank invested in projects that required the cleanup and redevelopment of Brownfield sites under the NYS Department of Environmental Conservation Brownfields Cleanup Program. The LIHTC investments are also considered a complex financing scheme which entails the coordination with several state and federal housing agencies in funding the project.

Responsiveness of Community Development Investments to Credit and Community Development Needs:

M&T Bank’s community development investments exhibited good responsiveness to credit and community development needs.

SERVICE TEST: “Outstanding”

M&T Bank’s retail service performance is evaluated pursuant to the following criteria: (1) the current distribution of the banking institution’s branches; (2) the institutions record of opening and closing branches; (3) the availability and effectiveness of alternative systems for delivering retail services; and (4) the range of services provided.

M&T Bank’s community development service performance is evaluated pursuant to the following criteria: (1) the extent to which the banking institution provides community development services; and (2) the innovativeness and responsiveness of community development services.

Retail Banking Service: “Outstanding”

M&T Bank’s had and continues to have excellent delivery systems, branch network, branch hours and services, and alternative delivery systems.

Community Development Services: “Outstanding”

M&T Bank was a leader in providing high level of community development services.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution Profile:

Chartered by the State of New York in 1892, Manufacturers and Traders Trust Company, (“M&T Bank”) is a commercial bank headquartered in Buffalo, New York. It has offices in New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, and Washington, D.C. As of the evaluation date, M&T Bank has 260 branches in New York State.

M&T Bank reorganized under a bank holding company in 1969, now known as M&T Bank Corporation (“M&T”). M&T has significantly expanded its market area as a result of a series of bank acquisitions during the past ten years. It has two wholly owned bank subsidiaries: “M&T Bank” and “M&T Bank, N. A.” M&T Bank is the corporation’s principal banking subsidiary.

As per the Consolidated Report of Condition (“Call Report”) as of June 30, 2012, filed with the Federal Deposit Insurance Corporation (“FDIC”), M&T Bank reported total assets of \$79.8 billion, of which \$60.9 billion were net loans and lease finance receivables. The bank also reported total deposits of \$63.0 billion, resulting in a loan-to-deposit ratio of 96.7%.

Deposit Market Share

According to the FDIC’s Deposit Market Share Report as of June 30, 2011, M&T Bank obtained a market share of 2.44% or \$24.1 billion out of \$990.2 billion and ranked 7th out of 239 deposit-taking institutions in New York State. M&T Bank’s assessment area consisted of 43 counties in the New York State.

The top five deposit generating Metropolitan Statistical Areas (“MSA”) and Metropolitan Districts (“MD”) based on their respective share of M&T Bank’s deposits in New York State are as follows:

- MSA 15380: Buffalo-Niagara Falls (Erie and Niagara counties) - 42.3%;

M&T Bank ranked 1st among 18 deposit taking institutions in the Buffalo-Niagara MSA 15380 with \$10.2 billion deposits

- MD 35644 Multistate MSA – Metropolitan NY (Bronx, Kings, New York, Putnam, Queens, Rockland & Westchester counties) – 15.0%;

M&T Bank ranked 19th among 135 deposit taking institutions in this deposit market of \$3.6 billion

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- MSA 40380: Rochester, NY (Livingston, Monroe, Ontario, Orleans & Wayne Counties) – 12.0%;

M&T Bank ranked 2nd among 22 deposit taking institutions in this \$2.9 billion deposit market

- MSA 45060: Syracuse, NY (Madison & Onondaga counties) – 9.3%

M&T Bank ranked 1st among 22 deposit taking institutions in this \$2.2 billion deposit market

- MSA 13780: Binghamton (Broome & Tioga counties) – 5.3%

M&T Bank ranked 1st among nine deposit taking institutions in this \$1.3 billion deposit market

Deposit Market Share of June 30, 2011					
County / MSA or MD	Deposits \$000	% of M&T's AA* Deposits	M&T's Market Share	M&T's Market Ranking	Number of Institutions
Erie	9,878,970	41.0	41.76	1	18
Niagara	332,533	1.4	13.03	3	8
MSA 15380 Buffalo-Niagara Falls	10,211,503	42.3	38.96	1	18
Livingston	25,944	0.1	3.30	6	8
Monroe	2,808,054	11.6	25.26	1	16
Ontario	20,340	0.1	1.25	11	12
Orleans	24,945	0.1	6.76	5	7
Wayne	22,305	0.1	2.82	9	10
MSA 40380 Rochester	2,901,588	12.0	19.75	2	22
Madison	33,024	0.1	3.20	5	9
Onondaga	2,198,443	9.1	26.74	1	18
MSA 45060 Syracuse**	2,231,467	9.3	21.21	1	22
Broome	1,242,692	5.2	56.49	1	9
Tioga	29,485	0.1	7.15	6	7
MSA 13780 Binghamton	1,272,177	5.3	48.70	1	9
Chemung	14,763	0.1	1.34	6	9
MSA 21300 Elmira	14,763	0.1	1.34	6	9
Tompkins	159,690	0.7	9.67	2	11
MSA 27060 Ithaca	159,690	0.7	9.67	2	11
Ulster	301,353	1.2	9.84	3	19
MSA 28740 Kingston	301,353	1.2	9.84	3	19
Herkimer	179,774	0.7	31.93	1	7
Oneida	435,454	1.8	14.04	2	16
MSA 46540 Utica-Rome	615,228	2.6	16.79	2	16
Albany	544,747	2.3	4.14	6	19
Rensselaer	126,212	0.5	6.82	7	13
Saratoga	26,019	0.1	0.77	16	18
Schenectady	29,226	0.1	1.23	11	12
MSA 10580 Albany**	726,204	3.0	3.44	8	27
Dutchess	550,855	2.3	13.96	1	17
Orange	331,024	1.4	6.07	8	21
MSA 39100 Poughkeepsie	881,879	3.7	9.38	3	28
Bronx	0	0.0	0.00	n/a	0
Kings	140,928	0.6	0.39	23	43
New York	1,992,115	8.3	0.32	21	93
Queens	163,683	0.7	0.39	33	53
Putnam	111,542	0.5	2.85	7	13
Rockland	1,000,928	4.2	12.02	3	15
Westchester	199,411	0.8	0.43	22	40
MD 35644 New York**	3,608,607	15.0	0.47	19	135
Nassau	275,365	1.1	0.48	23	43
Suffolk	171,215	0.7	0.48	18	30
MD 35004 Nassau-Suffolk	446,580	1.9	0.48	24	48
Allegany	11,339	0.0	2.60	5	5
Cattaraugus	50,249	0.2	6.07	6	9
Cayuga	49,430	0.2	5.28	8	13
Chautauqua	232,441	1.0	15.77	3	11
Chenango	32,858	0.1	5.64	4	4
Cortland	22,201	0.1	3.57	8	9
Genesee	131,840	0.5	12.24	3	9
Jefferson	9,472	0.0	0.61	10	11
Seneca	12,253	0.1	2.96	7	10
Steuben	66,982	0.3	8.16	5	8
Sullivan	55,173	0.2	4.48	6	11
Wyoming	69,224	0.3	10.15	3	4
Non-MSA	743,462	3.1			
Total A/A	24,114,501	100.0	5.93	7	239

The following is a summary of M&T Bank's loan portfolio, based on Schedule RC-C of the bank's Call Reports for calendar years ended December 31, 2010 and December 31, 2011; and six months ended June 30, 2012:

TOTAL GROSS LOANS OUTSTANDING						
Loan Type	12/31/2010		12/31/2011		6/30/2012	
	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	11,708,008	22.9	13,920,748	23.5	15,659,348	25.2
Commercial Mortgage Loans	14,751,525	28.8	17,311,757	29.2	18,120,102	29.2
Construction Loans - 1-4 family resi.	524,873	1.0	516,262	0.9	433,769	0.7
Construction Loans (other than 1-4)	3,864,142	7.5	3,769,352	6.4	3,163,590	5.1
Secured by farmland	44,649	0.1	116,185	0.2	115,657	0.2
Multifamily Mortgages	1,976,239	3.9	2,669,559	4.5	3,045,665	4.9
Total Real Estate Loans	32,869,436	64.2	38,303,863	64.6	40,538,131	65.3
Commercial & Industrial Loans	10,584,688	20.7	12,666,229	21.3	13,097,800	21.1
Consumer Loans	4,925,321	9.6	5,336,497	9.0	5,238,917	8.4
Agricultural Loans	29,520	0.1	69,991	0.1	77,810	0.1
Lease financing	1,401,609	2.7	1,325,064	2.2	1,272,934	2.0
Other Loans	1,403,652	2.7	1,635,440	2.8	1,889,381	3.0
Total Gross Loans	51,214,226	100.0	59,337,084	100.0	62,114,973	100.0

As illustrated in the above chart, M&T Bank is primarily engaged in commercial and real estate lending with 86.4% of its portfolio in various types of real estate secured loans, other commercial and industrial loans as of June 30, 2012.

Assessment Area:

New York State's 10 regions are represented in M&T Bank's assessment area ("AA"). The AA includes the entire Western, Mid-Hudson and Long Island regions as well as most counties in the Finger Lakes, Central New York and New York City regions. The assessment area also includes parts of the Southern Region, Mohawk Valley and Capital regions and one county from the North Country region.

Western Region

- MSA 15380 Buffalo-Niagara Falls -- Erie and Niagara counties in their entirety
- Non-MSA – Allegany, Cattaraugus and Chautauqua counties in their entirety

Finger Lakes Region

- MSA 40380 Rochester - Livingston, Monroe, Ontario, Orleans and Wayne counties in their entirety
- Non-MSA – Genesee, Seneca and Wyoming counties in their entirety

Southern Region

- MSA 13780 Binghamton -- Broome and Tioga counties in their entirety
- MSA 21300 Elmira -- Chemung County in its entirety

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- MSA 27060 Ithaca -- Tompkins County in its entirety
 - Non-MSA – Chenango and Steuben counties in their entirety

NYC/Mid-Hudson Regions

- MD 35644 New York -- Bronx, Kings, New York, Queens, Putnam, Rockland and Westchester counties in their entirety
- MSA 39100 Poughkeepsie -- Dutchess and Orange counties in their entirety
- MSA 28740 Kingston -- Ulster County in its entirety
- Non-MSA – Sullivan county in its entirety

Capital Region

- MSA 10580 Albany -- Albany, Rensselaer, Saratoga and Schenectady counties in their entirety

Mohawk Valley and Central Regions

- MSA 45060 Syracuse -- Madison and Onondaga counties in their entirety
- MSA 46540 Utica-Rome – Oneida and Herkimer counties in their entirety
- Non-MSA – Cayuga and Cortland counties in their entirety

Long Island Region

- MD 35004 Nassau-Suffolk -- Nassau and Suffolk counties in their entirety

North Country Region

- Non-MSA – Jefferson county in its entirety

There are 4,532 census tracts in the area, of which 473 are low-income, 969 are moderate-income, 1,864 are middle-income, 1,127 are upper-income and 99 are tracts with no income indicated. There are also 87 distressed middle-income tracts in six of the 12 non-MSA counties. Low-income census tracts represented 10.4% of all census tracts while the combined LMI tracts including distressed middle income represented 33.7% of the census tracts in the assessment area.

ASSESSMENT AREA BY MSA/MD/COUNTY									
County / MSA or MD	Low	%	Moderate	Dist. Middle	% LMI+ Dist.Mid.	Middle	Upper	N/A	# of CTs
Erie	25	0.6%	51	-	1.7%	106	51	10	243
Niagara	7	0.2%	12	-	0.4%	31	8	1	59
MSA 15380 Buffalo-Niagara Falls	32	0.7%	63	-	2.1%	137	59	11	302
Livingston	-	0.0%	3	-	0.1%	9	1	2	15
Monroe	37	0.8%	32	-	1.5%	63	51	3	186
Ontario	1	0.0%	3	-	0.1%	17	2	-	23
Orleans	-	0.0%	4	-	0.1%	5	-	-	9
Wayne	-	0.0%	3	-	0.1%	15	2	-	20
MSA 40380 Rochester	38	0.8%	45	-	1.8%	109	56	5	253
Madison	-	0.0%	3	-	0.1%	10	3	-	16
Onondaga	21	0.5%	23	-	1.0%	56	44	-	144
MSA 45060 Syracuse**	21	0.5%	26	-	1.0%	66	47	-	160
Broome	4	0.1%	13	-	0.4%	26	12	-	55
Tioga	-	0.0%	-	-	0.0%	8	2	-	10
MSA 13780 Binghamton	4	0.1%	13	-	0.4%	34	14	-	65
Chemung	2	0.0%	4	-	0.1%	13	3	1	23
MSA 21300 Elmira	2	0.0%	4	-	0.1%	13	3	1	23
Tompkins	-	0.0%	5	-	0.1%	15	3	-	23
MSA 27060 Ithaca	-	0.0%	5	-	0.1%	15	3	-	23
Ulster	-	0.0%	7	-	0.2%	35	7	-	49
MSA 28740 Kingston	-	0.0%	7	-	0.2%	35	7	-	49
Herkimer	-	0.0%	3	-	0.1%	16	-	-	19
Oneida	10	0.2%	14	-	0.5%	32	16	1	73
MSA 46540 Utica-Rome	10	0.2%	17	-	0.6%	48	16	1	92
Albany	10	0.2%	10	-	0.4%	35	18	-	73
Rensselaer	3	0.1%	8	-	0.2%	25	5	-	41
Saratoga	-	0.0%	9	-	0.2%	24	11	1	45
Schenectady	7	0.2%	11	-	0.4%	17	12	-	47
MSA 10580 Albany**	20	0.4%	38	-	1.3%	101	46	1	206
Dutchess	5	0.1%	7	-	0.3%	43	9	2	66
Orange	5	0.1%	14	-	0.4%	35	13	-	67
MSA 39100 Poughkeepsie	10	0.2%	21	-	0.7%	78	22	2	133
Bronx	132	2.9%	98	-	5.1%	65	46	14	355
Kings	119	2.6%	297	-	9.2%	235	117	15	783
New York	60	1.3%	59	-	2.6%	24	144	9	296
Queens	12	0.3%	148	-	3.5%	310	185	18	673
Putnam	-	0.0%	-	-	0.0%	-	19	-	19
Rockland	2	0.0%	2	-	0.1%	9	45	-	58
Westchester	4	0.1%	21	-	0.6%	39	153	4	221
MD 35644 New York**	329	7.3%	625	-	21.0%	682	709	60	2,405
Nassau	2	0.0%	20	-	0.5%	178	69	8	277
Suffolk	2	0.0%	64	-	1.5%	197	49	8	320
MD 35004 Nassau-Suffolk	4	0.1%	84	-	1.9%	375	118	16	597
Allegany	-	0.0%	-	11	0.2%	11	1	1	13
Cattaraugus	1	0.0%	3	16	0.4%	16	1	-	21
Cayuga	-	0.0%	1	-	0.0%	14	4	1	20
Chautauqua	2	0.0%	5	-	0.2%	24	3	-	34
Chenango	-	0.0%	1	10	0.2%	10	-	-	11
Cortland	-	0.0%	-	10	0.2%	10	2	-	12
Genesee	-	0.0%	1	-	0.0%	8	6	-	15
Jefferson	-	0.0%	6	16	0.5%	16	1	-	23
Seneca	-	0.0%	-	-	0.0%	9	1	-	10
Steuben	-	0.0%	2	24	0.6%	24	4	-	30
Sullivan	-	0.0%	2	-	0.0%	18	4	-	24
Wyoming	-	0.0%	-	-	0.0%	11	-	-	11
Non-MSA	3	0.1%	21	87	2.4%	171	27	2	224
Total A/A	473	10.4%	969	87	33.7%	1,864	1,127	99	4,532

The assessment area appears reasonable based upon the location of the bank's offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data

The assessment area had a population of 17.57 million during the examination period. About 12.9% of the population was over the age of 65 and 22.01% was under the age of 16.

Of the 4.3 million families in the assessment area, 23.7% were low-income, 17.2% were moderate-income, 20.0% were middle-income and 39.1% were upper-income families. There were 6.5 million households in the assessment area, of which 14.1% had income below the poverty level and 5.0% were on public assistance.

The Census MSA median family income within the assessment area was \$53,306. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the assessment area was \$72,494 in 2011.

There were 7.0 million housing units within the AA, of which 65.3% were one- to four-family units, and 34.7% were multifamily units. A majority (47.9 %) of the area's housing units were owner-occupied, while 47.6% were rental units. Of the 3.4 million owner-occupied housing units, 14.0% were in LMI census tracts while 86.0% were in middle- and upper-income census tracts. The median age of the housing stock was 57 years and the median home value in the assessment area was \$189,402.

There were 1.7 million non-farm businesses in the assessment area. Of these, 67.1% were businesses with reported revenues of less than or equal to \$1 million, 3.6% reported revenues of more than \$1 million and 29.3% did not report their revenues. Of the total businesses in the assessment area, 73.8% were businesses with less than fifty employees and 94.0% operated from a single location.

The largest industries in the area were Services (41.6%), followed by Retail Trade (12.3%) and Finance, Insurance & Real Estate (7.0%), while 20.6% of businesses in the assessment area were not classified.

Unemployment Rates

According to the New York State Department of Labor, the average unemployment rate for New York State surged from 5.4% in 2008 to the average of 8.4% for the last three years of the evaluation period (2009-2011), which reflects the impact of the economic recession. However, in 2011 unemployment rates were lower for both state and county wide, which was indicative of a slowly improving job market.

Among the upstate MSAs, MSA 13780 (Binghamton) showed the highest averaged unemployment rate of 8.5% for the three years from 2009 to 2011, while MSA 27060

(Ithaca) had the lowest unemployment rate of 5.9% for the same period. Among counties that are not in MSA areas, Cayuga, Genesee and Seneca showed unemployment rates that were lower than the state average; while the remaining 9 of the 12 counties in Non-MSAs have the same or higher unemployment rates than the state average.

In the Metropolitan New York area, Bronx followed by Kings Counties registered the highest averaged unemployment rates at 12.3% and 9.9% for the last three years of the evaluation period, respectively. Putnam and Rockland counties had the lowest rates for the same evaluation period, both at 6.8%.

The following tables illustrate the trend of unemployment rates for calendar years 2008, 2009, 2010 and 2011 covering the last two evaluation periods, for New York State, MSA counties in MDs and non-MSA counties.

Statewide & Upstate MSA Annual Unemployment Rates											
Year	State-wide	MSA 10580	MSA 13780	MSA 15380	MSA 21300	MSA 27060	MSA 28740	MSA 39100	MSA 40380	MSA 45060	MSA 46540
2008	5.4	4.9	5.5	5.9	5.6	4.1	5.5	5.3	5.6	5.6	5.5
2009	8.3	7.0	8.2	8.4	9.0	5.9	7.8	7.9	8.0	8.2	7.6
2010	8.6	7.4	8.8	8.5	8.5	5.9	8.2	8.0	8.2	8.6	8.0
2011	8.2	7.2	8.4	8.0	7.9	5.8	8.2	7.6	7.7	8.2	8.2
Last 3-yr.ave	8.4	7.2	8.5	8.3	8.5	5.9	8.1	7.8	8.0	8.3	7.9

Statewide and Non-MSA counties - Annual Unemployment Rates													
Year	State-wide	Alle-gany	Catta-raugus	Cayuga	Chau-tauqua	Chenan-go	Cort-land	Gene-see	Jeffer-son	Seneca	Steuben	Sullivan	Wyo-ming
2008	5.4	6.4	6.1	5.6	5.5	6.4	6.4	5.6	6.8	5.5	6.1	6.5	6.2
2009	8.3	8.8	8.7	8.4	8.4	9.0	9.2	7.7	8.9	7.7	9.8	8.8	9.1
2010	8.6	9.1	9.1	8.4	8.8	9.0	9.0	7.8	9.5	8.1	10.0	9.3	9.3
2011	8.2	8.7	8.7	7.7	7.9	8.3	8.4	7.5	9.7	7.7	9.4	9.1	8.4
Last 3 yr.ave	8.4	8.9	8.8	8.2	8.4	8.8	8.9	7.7	9.4	7.8	9.7	9.1	8.9

Multistate Metropolitan Area MSA 35620- NY/NJ/PA										
Statewide and counties in MD 35644 & 35004 Annual Unemployment Rates										
Year	State-wide	Bronx	Kings	NY	Queens	Putnam	Rock-land	West-chester	Nassau	Suffolk
2008	5.4	7.4	5.9	4.8	4.9	4.4	4.8	4.8	4.7	5.0
2009	8.3	11.9	9.8	8.4	8.3	6.8	7.0	7.2	7.0	7.4
2010	8.6	12.7	10.3	8.1	8.7	6.9	7.0	7.3	7.1	7.6
2011	8.2	12.3	9.7	7.4	8.1	6.6	6.5	6.8	6.7	7.4
Last 3 yr.ave	8.4	12.3	9.9	8.0	8.4	6.8	6.8	7.1	6.9	7.5

Community Information

Community information was obtained from contacts made with Community Development Corporations (“CDC”), other community organizations and government agencies operating in M&T Bank’s deposit market areas.

These CDCs include a local chapter of a national CDFI helping transform distressed neighborhoods into healthy and sustainable communities through loans, investments, grants and technical assistance as well as non-profits involved in affordable housing and other social services in Western New York, Syracuse and New York City. A city government agency that helps provide financial empowerment services and helps protect New Yorkers with low-incomes to build up their assets and make the most of their financial resources was also contacted.

Community contacts cited the need for financial support to rehabilitate and preserve homes while making them affordable to buy or rent to low-income individuals. The officers of these organizations also cited the need to finance economic development initiatives to revitalize and stabilize the communities and generate permanent jobs. A community contact also noted that there is also a credit need to provide new home improvement loan products, especially to homeowners with little or no home equity due to flat or declining home values after the financial crisis.

Community contacts in New York City (“NYC”) indicated that affordable housing remains a pivotal need, citing the higher cost of owning or renting in NYC. New York City has a large population of diverse cultural groups who may have limited English proficiency (“LEP”). Community contacts mentioned the need for more branch locations, financial services and written advertising materials provided in languages other than English. In addition, some community contacts mentioned the need for credit facilities to help small business owners who have done business on a cash basis in the past to help them establish credit history for their business, as well as themselves.

Finally, community contacts also indicated the lack of safe and affordable financial products and services to help low and moderate households in New York City achieve financial stability. Unpredictable fees such as overdraft fees were stated as an important factor causing people to avoid mainstream financial institutions. These contacts indicated that innovative banking products were needed to help LMI families access mainstream banking services and have the opportunity to build wealth.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

M&T Bank was evaluated under the large bank's performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board which consist of the lending, investment and service tests. The following factors were also considered in assessing the bank's record of performance:

- 1. The extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications,*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs.*

Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

Statistics employed in this evaluation were derived from various sources. Bank-specific information was submitted by the bank both as part of the examination process and on its Call Report submitted to the FDIC. Aggregate lending data were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data were obtained from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as submitted to the FDIC.

The demographic data referred to in this report was derived from the 2000 U.S. Census ("Census") and the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report is based on Dun & Bradstreet reports which are updated annually. Unemployment data was obtained from the New York State Department of Labor. Some non-specific bank data is only available on a county-wide basis, and was used even where the institution's assessment area includes partial counties.

The assessment period included calendar years 2010 and 2011 for HMDA and Small Business Loans, while Community Development Activities included 2010 and 2011 and the first six months of 2012.

Examiners considered M&T Bank's small business, small farm, and HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test as noted below.

HMDA-reportable lending was given greater weight in this evaluation, as it accounted for a larger percentage of the total number and dollar value of loans originated in the assessment area. Small business loan data for both M&T Bank and the aggregate include small farm loans.

M&T Bank received a rating of "1", reflecting an "Outstanding" record of helping to meet

community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2009.

Current CRA Rating: “Outstanding”

LENDING TEST: “High Satisfactory”

The bank’s lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Borrower Characteristics; (5) Community Development Lending and (6) Flexible and/or Innovative Lending Practices.

M&T Bank’s HMDA-reportable and small business lending activities were more than reasonable in light of size, business strategy and financial condition, as well as peer group activity, demographics, and its assessment area’s credit needs.

Lending Activity: “High Satisfactory”

M&T Bank’s lending levels demonstrated a high degree of responsiveness to its assessment area’s credit needs considering its size, business strategy and financial condition, as well as peer group activity and demographics. The state of the mortgage market, both locally and nationally, improved since the last evaluation period. M&T Bank continues to rely on FHA/HUD and in New York, SONYMA loan products to meet the majority of its affordable and community lending needs in its assessment area. Lending activity for HMDA reportable loans decreased slightly by number of loans but small business lending fell significantly during the examination period. Despite this reduction, M&T Bank continued its focus on small business lending, with the bank ranked 6th largest SBA lender nationwide.

As shown in the quarterly LTD ratios of calendar years 2010 and 2011 below, M&T Bank outperformed its peer group (99.9% vs. 80.1%), in utilizing the deposits generated in its market area to make loans.

Loan-to-Deposit (LTD) Ratios									
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	Avg.
Bank	105.1	104.1	101.2	101.1	99.7	95.6	94.7	97.5	99.9
Peer	82.7	82.1	81.6	79.9	78.6	79.1	78.2	78.2	80.1

In 2010, M&T Bank ranked 6th among 711 lenders in the assessment area’s mortgage market representing 3.22% market share by number and 2.21% by dollar value. M&T Bank ranked 12th among 232 lenders in the small business lending in the New York assessment area with 1.17% market share by number and 6.51% market share by dollar value.

Assessment Area Concentration: “Outstanding”

M&T Bank originated a substantial majority of its HMDA-reportable and small business loans inside its assessment area, demonstrating an excellent record of lending. During the evaluation period, M&T Bank originated 95.8% by number and 96.6% by dollar value of its loans within the assessment area.

The following table shows the percentages of M&T Bank’s small business and HMDA-reportable loans originated inside and outside of the assessment area

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2010	8,277	94.3%	501	5.7%	8,778	1,589,838	95.9%	67,429	4.1%	1,657,267
2011	7,720	94.8%	421	5.2%	8,141	1,428,448	95.7%	63,912	4.3%	1,492,360
Subtotal	15,997	94.6%	922	5.4%	16,919	3,018,286	95.8%	131,341	4.2%	3,149,627
Small Business										
2010	3,446	98.7%	46	1.3%	3,492	599,606	98.8%	6,982	1.2%	606,588
2011	3,703	98.6%	54	1.4%	3,757	639,383	98.1%	12,523	1.9%	651,906
Subtotal	7,149	98.6%	100	1.4%	7,249	1,238,989	98.5%	19,505	1.5%	1,258,494
Grand Total	23,146	95.8%	1,022	4.2%	24,168	4,257,275	96.6%	150,846	3.4%	4,408,121

HMDA-Reportable Lending:

M & T Bank originated 15,997 HMDA-reportable loans, totaling \$3.02 billion within its assessment area. There were no significant changes in HMDA reportable lending during the evaluation period compared to the prior period; by number, it slightly decreased by 6.02% and by dollar value, increased by 3.2%. Increases in HMDA loan originations were noted in refinance and home improvement loans while declines were noted in conventional home loan purchases. In almost all of the New York State MSAs, HMDA reportable lending decreased between evaluation periods, except for MD 35644 (Metropolitan NYC), MSA 13780 (Binghamton) and MSA 27060 (Ithaca). Particularly, HMDA lending in New York City MD 35644 increased significantly, by 74.1%.

By dollar value, M&T Bank made 36.4% of its HMDA reportable loans in the New York City Metropolitan area (MD 35644); followed by Buffalo-Niagara Falls (MSA 15380) – 16.5%; Rochester (MSA 40380) – 10.7%; Nassau-Suffolk (MD 35004) – 8%; Albany (MSA 10580) – 7.8% and Syracuse (MSA 45060) – 5.4%. Median home values¹ and home prices in the Downstate areas (MD 35644 and MD 35004) were higher than in Upstate (such as MSA 15380, 45060, 40380 and Non-MSA) and the concentration of M&T Bank’s lending volume downstate reflects those higher home prices.

¹ Median Home values based on the 2000 US Census were as follows: MD 35644 - \$245,916; MD 35004 - \$240,638; MSA 15380 - \$84,957; MSA 40380 - \$95,330; MSA 45060 - \$84,254; Non-MSA \$68,394.

By number of loans, M&T Bank originated 27.3% in the Buffalo-Niagara Falls (MSA 15380) assessment area. The other areas with significant HMDA reportable lending in terms of number were Rochester (MSA 40380) - 14.7%; New York City Metropolitan area (MD 35644) - 10.6%; Syracuse (MSA 45060) - 9.4%; and Albany (MSA 10580) – 8.2%. Non-MSA areas accounted for 8.1%.

The following table illustrates M&T Bank's HMDA-reportable activity within its New York State assessment area during 2010 and 2011. The table shows the number and dollar value of loans in the various MSA/MDs.

HMDA-Reportable Lending Activity Inside the Assessment Area												
MSA / MD	2010				2011				Total			
	#	%	\$000	%	#	%	\$000	%	#	%	\$000	%
10580	753	9.1	120,513	7.6	564	7.3	115,933	8.1	1,317	8.2%	236,446	7.8%
13780	476	5.8	56,050	3.5	396	5.1	39,343	2.8	872	5.5%	95,393	3.2%
15380	2,100	25.4	241,364	15.2	2,270	29.4	257,351	18.0	4,370	27.3%	498,715	16.5%
21300	36	0.4	3,575	0.2	38	0.5	3,293	0.2	74	0.5%	6,868	0.2%
27060	45	0.5	5,646	0.4	48	0.6	6,351	0.4	93	0.6%	11,997	0.4%
28740	83	1.0	11,825	0.7	75	1.0	10,957	0.8	158	1.0%	22,782	0.8%
35004	502	6.1	142,310	9.0	354	4.6	98,275	6.9	856	5.4%	240,585	8.0%
35644	948	11.5	588,349	37.0	753	9.8	510,490	35.7	1,701	10.6%	1,098,839	36.4%
39100	372	4.5	65,313	4.1	314	4.1	71,189	5.0	686	4.3%	136,502	4.5%
40380	1,225	14.8	184,043	11.6	1,132	14.7	137,806	9.6	2,357	14.7%	321,849	10.7%
45060	738	8.9	79,321	5.0	761	9.9	85,148	6.0	1,499	9.4%	164,469	5.4%
46540	355	4.3	31,030	2.0	368	4.8	33,065	2.3	723	4.5%	64,095	2.1%
Non-MSA	644	7.8	60,499	3.8	647	8.4	59,247	4.1	1,291	8.1%	119,746	4.0%
Total	8,277	100.0	1,589,838	100.0	7,720	100.0	1,428,448	100.0	15,997	100.0%	3,018,286	100.0%

Small Business Lending:

During the evaluation period, M&T Bank originated 7,149 small business loans with an aggregate total of \$1.2 billion within its assessment area. Compared to the prior evaluation period, M&T Bank's small business lending declined by 15.3% by number and 26.3% by dollar value of loans. The decrease in small business lending activity by dollar value were most significant in MSA 40380 (Rochester), and MSA 13780 (Binghamton), which declined by 42.5% and 41%, respectively.

MSA 15380 (Buffalo-Niagara Falls) and MSA 40380 (Rochester) remained to be the two largest areas of concentration of M&T Bank's small business lending, which together accounted for 43.3% of total loans by number and 43% by dollar value, respectively. Other areas of significant small business lending were in MD 35644 (New York metropolitan area) with 9.0% by number and 11.7% by dollar value and MSA 45060 (Syracuse) with 11.5% by number and 9.6% by dollar value.

The following table illustrates M&T Bank's small business lending activity during 2010

and 2011. The table shows both the number and dollar value of loans in the various MSA/MDs.

Small Business Lending Activity Inside the Assessment Area												
MSA / MD	2010				2011				Total			
	#	%	\$000	%	#	%	\$000	%	#	%	\$000	%
10580	190	5.5	43,961	7.3	207	5.6	44,098	6.9	397	5.6%	88,059	7.1%
13780	230	6.7	33,061	5.5	251	6.8	30,364	4.7	481	6.7%	63,425	5.1%
15380	826	24.0	154,889	25.8	873	23.6	155,514	24.3	1,699	23.8%	310,403	25.1%
21300	9	0.3	2,851	0.5	17	0.5	3,653	0.6	26	0.4%	6,504	0.5%
27060	34	1.0	4,748	0.8	22	0.6	3,694	0.6	56	0.8%	8,442	0.7%
28740	74	2.1	10,628	1.8	77	2.1	11,470	1.8	151	2.1%	22,098	1.8%
35004	170	4.9	52,553	8.8	171	4.6	46,980	7.3	341	4.8%	99,533	8.0%
35644	329	9.5	71,701	12.0	317	8.6	72,730	11.4	646	9.0%	144,431	11.7%
39100	218	6.3	33,387	5.6	255	6.9	44,034	6.9	473	6.6%	77,421	6.2%
40380	680	19.7	106,155	17.7	720	19.4	115,313	18.0	1,400	19.6%	221,468	17.9%
45060	365	10.6	47,166	7.9	457	12.3	71,805	11.2	822	11.5%	118,971	9.6%
46540	122	3.5	14,057	2.3	113	3.1	14,010	2.2	235	3.3%	28,067	2.3%
Non-MSA	199	5.8	24,449	4.1	223	6.0	25,718	4.0	422	5.9%	50,167	4.0%
Total	3,446	100.0	599,606	100.0	3,703	100.0	639,383	100.0	7,149	100.0%	1,238,989	100.0%

Geographic Distribution of Loans: “High Satisfactory”

The distribution of HMDA-reportable and small business loans based on lending in census tracts of varying income levels demonstrated an adequate penetration rate of lending. Lending to LMI geographies was reasonably at par with aggregate market levels.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans, based on the income level of the geography demonstrated an adequate distribution of lending.

In 2010, M&T Bank outperformed aggregate market levels by number (2.5% vs. 1.6%); and underperformed the aggregate in terms of dollar value (1.7% vs. 2.1%) in lending to low-income tracts. Similarly, in 2011, the same rate of lending to low income geographies was noted where M&T Bank outperformed aggregate levels by number (2.1% vs. 1.7%); and underperformed by dollar value (2.0% vs. 3.0%).

During the evaluation period, based on lending to LMI tracts, M&T Bank is on par with aggregate market levels, outperforming the aggregate by number and slightly underperforming by dollar value.

The following chart provides a summary of M&T Bank’s HMDA-reportable lending

distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2010									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	207	2.5%	26,997	1.7%	3,733	1.6%	1,315,864	2.1%	2.1%
Moderate	928	11.2%	170,843	10.7%	21,782	9.4%	5,668,977	8.9%	11.9%
LMI	1,135	13.7%	197,840	12.4%	25,515	11.0%	6,984,841	11.0%	14.0%
Middle	4,282	51.7%	569,705	35.8%	112,067	48.3%	23,462,932	36.9%	51.4%
Upper	2,826	34.1%	816,068	51.3%	94,350	40.7%	33,072,841	52.0%	34.5%
Unknown	34	0.4%	6,225	0.4%	146	0.1%	128,465	0.2%	
Total	8,277		1,589,838		232,078		63,649,079		
2011									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	165	2.1%	28,950	2.0%	3,819	1.7%	1,894,526	3.0%	2.1%
Moderate	784	10.2%	138,198	9.7%	20,742	9.5%	6,689,953	10.5%	11.9%
LMI	949	12.3%	167,148	11.7%	24,561	11.2%	8,584,479	13.4%	14.0%
Middle	4,094	53.0%	514,993	36.1%	105,114	48.0%	21,969,178	34.4%	51.4%
Upper	2,658	34.4%	741,202	51.9%	89,049	40.7%	33,232,653	52.0%	34.5%
Unknown	19	0.2%	5,105	0.4%	167	0.1%	166,830	0.3%	
Total	7,720		1,428,448		218,891		63,953,140		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	372	2.3%	55,947	1.9%		1.7%		2.5%	
Moderate	1,712	10.7%	309,041	10.2%		9.4%		9.7%	
LMI	2,084	13.0%	364,988	12.1%		11.1%		12.2%	
Middle	8,376	52.4%	1,084,698	35.9%		48.2%		35.6%	
Upper	5,484	34.3%	1,557,270	51.6%		40.7%		52.0%	
Unknown	53	0.3%	11,330	0.4%		0.1%		0.2%	
Total	15,997		3,018,286						

Distribution of HMDA-Reportable Loans within MSA/MD

The following highlights the level of HMDA-reportable lending in LMI census tracts within the MSA/MD's where M&T Bank's presence was significant²:

- *MSA 15380: Buffalo-Niagara Falls*

M&T Bank extended 11.2% by number and 6.9% by dollar value in LMI census tracts, outperforming aggregate levels of 7.7% and 4.5%, respectively and demonstrating an outstanding rate of lending in LMI census tracts.

- *MD 35644: Multi-state MSA Metropolitan New York City*

² As measured by the MSA/MD's share of M&T Bank's total deposit market share in New York State: 1) MSA 15380- 42.3%; 2) MD 35644 - 15.0%; 3) MSA 40380 - 12.0%; 4) MSA 45060 - 9.3%; and 5) MSA 13780 - 5.3%.

By number of loans, M&T Bank performed very well in both low- and moderate income census tracts, outperforming the aggregate. By dollar value, lending to low-income census tracts was less than adequate, underperforming aggregate (2.2% vs. 4.2%), while outperforming market levels in total LMI tracts (17.5% vs. 16.4%). Lending performance in this MSA was reasonable.

- *MSA 40380: Rochester*

By number, M&T Bank performed strongly in LMI census tracts, extending 13.7% of loans, which exceeded the aggregate levels. M&T Bank underperformed slightly by dollar value in low-income census tracts but was comparable in total LMI tracts, outperforming the peer level.

- *MSA 45060: Syracuse*

M&T Bank performed well in low-income census tracts by dollar value, outperforming the aggregate level; but was below aggregate levels by loan number. In combined LMI tracts, M&T outperformed the aggregate level by both loan number and dollar value.

- *MSA 13780: Binghamton*

M&T Bank outperformed the aggregate level by number of loans but underperformed the aggregate level slightly by dollar value in low-income census tracts. M&T outperformed aggregate level in the moderate Income census tracts by both the number of loans and the dollar value. Overall, lending in LMI census tracts outperformed the aggregate level by both dollar value and loan number.

Small Business Loans:

The distribution of small business loans based on the income level of the geography of the business demonstrated a reasonable dispersion of lending. While lending to low-income census tracts was comparable to peers, loans to moderate-income tracts were significantly lower by dollar amount and number of loans.

In 2010, M&T Bank extended 6.7% by number and 6.1% by dollar value in low-income census tracts, outperforming aggregate market levels of 4.4% and 5.6%, respectively. In 2011, M&T Bank extended 7.0% in both number of loans and dollar value in low-income census tracts, outperforming the market aggregate of 4.4% by number and 5.6% by dollar value, respectively. Total lending to low income census tracts for both years indicated strong performance compared to aggregate levels.

Lending to LMI census tracts by number, at 17.6% and 16.4% by dollar value, was lower than aggregate levels of 18.5% and 19.2%, respectively.

The following chart provides a summary of M&T Bank's small business lending distribution based on the income level of the geography.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2010									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	232	6.7%	36,371	6.1%	12,762	4.4%	511,222	5.6%	6.3%
Moderate	359	10.4%	55,645	9.3%	38,615	13.4%	1,251,005	13.7%	15.8%
LMI	591	17.2%	92,016	15.3%	51,377	17.8%	1,762,227	19.3%	22.1%
Middle	1,650	47.9%	295,729	49.3%	107,911	37.4%	3,582,041	39.3%	39.9%
Upper	1,176	34.1%	204,482	34.1%	126,536	43.9%	3,650,917	40.0%	37.3%
Unknown	29	0.8%	7,379	1.2%	2,453	0.9%	123,171	1.4%	
Total	3,446		599,606		288,277		9,118,356		
2011									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	260	7.0%	44,897	7.0%	17,281	4.8%	545,966	5.1%	6.3%
Moderate	407	11.0%	65,970	10.3%	51,165	14.2%	1,480,407	13.9%	16.1%
LMI	667	18.0%	110,867	17.3%	68,446	19.0%	2,026,373	19.0%	22.4%
Middle	1,777	48.0%	316,967	49.6%	135,317	37.5%	4,111,229	38.6%	39.9%
Upper	1,241	33.5%	207,057	32.4%	154,418	42.8%	4,403,448	41.3%	37.0%
Unknown	18	0.5%	4,492	0.7%	2,792	0.8%	118,204	1.1%	0.7%
Total	3,703		639,383		360,973		10,659,254		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	492	6.9%	81,268	6.6%		4.6%		5.3%	
Moderate	766	10.7%	121,615	9.8%		13.8%		13.8%	
LMI	1,258	17.6%	202,883	16.4%	119,822	18.5%	3,788,601	19.2%	
Middle	3,427	47.9%	612,696	49.5%		37.5%		38.9%	
Upper	2,417	33.8%	411,539	33.2%		43.3%		40.7%	
Unknown	47	0.7%	11,871	1.0%		0.8%		1.2%	
Total	7,149		1,238,989						

Distribution of Small Business Loans within MSA/MDs

The following highlights the level of small business lending in LMI census tracts within the MSA/MD's in which M&T Bank had a high market share³: MSA 15380 (Buffalo-Niagara Falls) and MSA 40380 (Rochester) accounted for 43% of total small business lending within the assessment area.

- *MSA 15380: Buffalo – Niagara Falls*
By number of loans, M&T Bank's performance was reasonable, extending 6.3% in low-income census tracts and 16.8% in combined LMI census tracts, compared to the aggregate levels of 6.3% and 17.1%, respectively. By dollar

³ As measured by the MSA/MD's share of M&T Bank's total deposit market share in New York State: 1) MSA 15380 - 42.3%; 2) MD 35644 - 15.0%; 3) MSA 40380 - 12.0%; 4) MSA 45060 - 9.3%; and 5) MSA 13780 - 5.3%

value, M&T Bank underperformed the aggregate in both the low-income census tracts and overall LMI tracts (5.3% vs. 7.8% and 16.8% vs. 21.4%, respectively).

- *MD 35644: Multistate MSA - Metropolitan NY*
M&T Bank's lending performance in low-, moderate-income and combined LMI income census tracts was poor compared to aggregate level. M&T Bank's performance in the low-income census tracts was 1.4% by number and 2.1% by dollar value, compared to the aggregate level of 5.6% and 5.4%, respectively. In combined LMI tracts, M&T's performance were 8.2% by number and 8.5% by dollar value, compared to the aggregate level of 22% and 20.4%, respectively.
- *MSA 40380: Rochester*
M&T Bank outperformed the aggregate levels in both number (9.5% vs. 5.6%) and dollar value (10.9% vs. 7.9%) in low-income census tracts. In combined LMI tracts, M&T Bank outperformed the aggregate by number (20.7% vs. 18.0%) and slightly underperformed the aggregate by dollar value (21.2% vs. 22.0%).
- *MSA 45060: Syracuse*
M&T Bank underperformed the aggregate levels in low income census tracts and in the combined LMI tracts by both the dollar value and loan number. Lending by number of loans in LMI tracts was 19.1% vs. 20.1% for the aggregate, and 19.1% vs. 22.9% for the aggregate by dollar value.
- *MSA 13780: Binghamton*
By number of loans, M&T Bank performed poorly in both in low-income and combined LMI income tracts. M&T Bank's lending in low-income census tracts was 1.4% by number and 2.1% by dollar value, compared to the aggregate level of 5.6% and 5.4%, respectively. M&T's performance in combined LMI tracts was 8.2% by number and 8.5% by dollar value, compared to the aggregate levels of 22% and 20.4%, respectively.

Distribution by Borrower Characteristics: "High Satisfactory"

The distribution of loans based on borrower characteristics demonstrated excellent reasonable rate of lending among individuals of different income levels; and more than reasonable rate of lending to businesses of different revenue sizes.

In its 1 to 4 family reportable home mortgage lending, M&T Bank's combined rate of lending to LMI individuals was significantly better than aggregate levels by both loan number (31% vs. 21.7%) and dollar value (17.8% vs. 10.1%). Home mortgage lending to LMI individuals also showed strong performance.

M&T Bank's small business and farm loans significantly outperformed the aggregate levels by number of loans to both businesses under revenue size of \$1 million and farms under revenue size of \$500,000. However, lending to these small business and

small farms by dollar value was slightly below the aggregate level.

1 to 4 Family HMDA Reportable Loans:

In its 1 to 4 family HMDA-reportable lending, M&T Bank demonstrated a strong rate of lending among individuals of different income levels. The bank's performance was also strong in M&T Bank's three top MSAs by concentration of deposits.

In 2010, M&T Bank extended 8.8% by number and 3.7% by dollar value in its 1 to 4 family housing loans to low-income borrowers, outperforming the aggregate levels of 5% and 1.7%, respectively. In 2011, lending levels were 9.2% by number and 4.3% by dollar value, also outperforming aggregate levels of 5.5% and 1.9%, respectively. This rate of lending to low-income individuals demonstrated strong performance compared to peer level.

For the two year evaluation period, lending to LMI borrowers of 31.0% by number and 17.8% by dollar value was significantly better than the aggregate levels, which were 21.7% and 10.1%, respectively.

The following chart provides a summary of the HMDA-reportable lending distribution based on household income.

Distribution of 1-4 Family Loans by Borrower Income									
2010									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	724	8.8%	46,087	3.7%	11,402	5.0%	1,008,621	1.7%	23.7%
Moderate	1,877	22.9%	179,651	14.5%	37,573	16.4%	5,001,058	8.5%	17.2%
LMI	2,601	31.7%	225,738	18.2%	48,975	21.4%	6,009,679	10.2%	40.9%
Middle	1,828	22.3%	231,295	18.7%	55,230	24.2%	10,242,046	17.4%	20.0%
Upper	2,481	30.3%	530,259	42.8%	118,081	51.6%	40,589,894	68.8%	39.1%
Unknown	1,290	15.7%	252,174	20.3%	6,344	2.8%	2,154,138	3.7%	
Total	8,200		1,239,466		228,630		58,995,757		
2011									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	702	9.2%	47,186	4.3%	11,762	5.5%	1,047,704	1.9%	23.7%
Moderate	1,598	21.0%	142,533	13.0%	35,536	16.6%	4,623,773	8.2%	17.2%
LMI	2,300	30.3%	189,719	17.3%	47,298	22.0%	5,671,477	10.0%	40.9%
Middle	1,644	21.7%	189,465	17.2%	51,376	23.9%	9,196,661	16.3%	20.0%
Upper	2,334	30.7%	487,695	44.4%	108,368	50.5%	38,900,757	68.8%	39.1%
Unknown	1,315	17.3%	232,655	21.2%	7,552	3.5%	2,778,929	4.9%	
Total	7,593		1,099,534		214,594		56,547,824		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1,426	9.0%	93,273	4.0%	23,164	5.2%	2,056,325	1.8%	23.7%
Moderate	3,475	22.0%	322,184	13.8%	73,109	16.5%	9,624,831	8.3%	17.2%
LMI	4,901	31.0%	415,457	17.8%	96,273	21.7%	11,681,156	10.1%	40.9%
Middle	3,472	22.0%	420,760	18.0%	106,606	24.1%	19,438,707	16.8%	20.0%
Upper	4,815	30.5%	1,017,954	43.5%	226,449	51.1%	79,490,651	68.8%	39.1%
Unknown	2,605	16.5%	484,829	20.7%	13,896	3.1%	4,933,067	4.3%	
Total	15,793		2,339,000		443,224		115,543,581		

Distribution of HMDA 1-4 family HMDA reportable loans within MSA/MDs

The following highlights lending to LMI borrowers within the MSA/MDs where M&T Bank's presence was significant⁴:

- *MSA 15380: Buffalo – Niagara Falls*
Lending to low-income borrowers was reasonable, outperforming the aggregate level. However, lending to the LMI borrowers both by loan number and dollar value, underperformed the aggregate level slightly (30.7% vs. 31.8% and 19.7% vs. 20.6%, respectively).
- *MD 35644: Multistate MSA - Metropolitan NYC*
M&T Bank extended 24.2% of its 1 to 4 family HMDA loans in this MSA/MD. Due

⁴ As measured by the MSA/MD's share of M&T Bank's total deposit market share in New York State:1) MSA 15380- 42.3%;2) MD 35644 - 15.0%; 3) MSA 40380 - 12.0%; 4) MSA 45060 – 9.3%; and 5) MSA 13780 – 5.3%

to higher home prices in this MSA as compared to the rest of New York State, fewer loans by number were made, but M&T Bank originated its highest concentration of 1 to 4 family HMDA loans in this MSA.

M&T Bank performed well in this MSA in low-income census tracts and LMI tracts both by dollar value and by loan number.

- *MSA 40380: Rochester*
Penetration rate of lending to low-, and moderate-income borrowers, was strong, outperforming aggregate levels in all instances. M&T Bank extended 12.8% by loan number and 6.7% by dollar value of its 1 to 4 family HMDA loans to low-income borrowers, and compared favorably to the aggregate level of 9.97% by loan number and 5.3% by dollar value. Penetration ratios to LMI borrowers were 38.9% by loan number, and 25.8% by dollar value, which outperformed the aggregate level of 34.3% by loan number and 22.6% by dollar value, respectively.
- *MSA 45060: Syracuse*
M&T Bank's lending to LMI borrowers was good, slightly better than the aggregate levels in all instances. The penetration ratio to the low-income borrowers were 8.1% by loan number and 4.3% by dollar value, compared to the aggregate level of 7.9% by loan number and 4.1% by dollar value, respectively. M&T's lending to LMI borrowers was 29.0% by loan number and 18.3% by dollar value, outperforming the aggregate level of 17.6% by loan number and 11.0% by dollar value, respectively.
- *MSA 13780: Binghamton*
Penetration rate of lending to LMI borrowers was strong, outperforming aggregate levels in all instances. M&T's lending to low-income borrowers was 10.3% by loan number and 4.7% by dollar value, which compared favorably to the aggregate level of 8.5% by loan number and 4.5% by dollar value, respectively.

Small Business Loans:

The distribution of small business loans based on the revenue size of the business demonstrated a reasonable rate of lending among businesses of different income levels and businesses of different revenue sizes.

Overall, M&T Bank's small business and farm loans significantly outperformed the aggregate levels by loan count to both businesses under revenue size of \$1 million and farms under revenue size of \$500,000 (46.7% vs. 28.6%). Lending to small business and small farms of the aforementioned revenue size however, was slightly below the aggregate level by dollar value (26.1% vs. 26.7%).

The following chart provides a summary of M&T Bank's small business lending distribution based on revenue size during the evaluation period:

Distribution of Small Business Lending by Revenue Size of Business									
2010									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	1,580	45.9%	146,339	24.4%	59,889	20.8%	2,279,712	25.0%	76.9%
Rev. > \$1MM	1,795	52.1%	444,183	74.1%					5.0%
Rev. Unknown	71	2.1%	9,084	1.5%					18.1%
Total	3,446		599,606		288,277		9,118,356		
2011									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	1,757	47.4%	177,051	27.7%	125,612	34.8%	2,993,271	28.1%	67.6%
Rev. > \$1MM	1,815	49.0%	449,810	70.4%					3.6%
Rev. Unknown	131	3.5%	12,522	2.0%					28.8%
Total	3,703		639,383		360,973		10,659,254		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	3,337	46.7%	323,390	26.1%		28.6%		26.7%	
Rev. > \$1MM	3,610	50.5%	893,993	72.2%					
Rev. Unknown	202	2.8%	21,606	1.7%					
Total	7,149		1,238,989						

Borrower characteristics of Small Business Loans within MSA/MDs

Highlights of M&T Bank's lending to small businesses (i.e. gross annual revenues of \$1 million or less) in MSAs where M & T Bank's presence is most significant⁵ are as follows:

- *MSA 15380: Buffalo – Niagara Falls*
M&T Bank outperformed the aggregate to a large extent by loan number (44.3% vs. 33.5%), while underperformed the aggregate slightly by dollar value (25.3% vs. 26.9%).
- *MD 35644: Multistate MSA - Metropolitan NY*
M&T Bank outperformed the aggregate levels by loan number significantly, and by dollar value slightly.
- *MSA 40380: Rochester*
M&T Bank outperformed the aggregate by loan number significantly (47.9% vs. 34.7%), yet underperformed the aggregate by dollar value (25.6% vs. 31.1%).

⁵ As measured by the MSA/MD's share of M&T Bank's total deposit market share in New York State: 1) MSA 15380- 42.3%; 2) MD 35644 - 15.0%; 3) MSA 40380 - 12.0%; 4) MSA 45060 – 9.3%; and 5) MSA 13780 – 5.3%

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- *MSA 45060: Syracuse*
M&T Bank outperformed aggregate levels by number significantly (50.9% vs. 31.1%), and also by dollar value (35% vs. 28%) in this MSA.
 - *MSA 13780: Binghamton*
M&T Bank outperformed the aggregate levels by number (49.9% vs. 40.7%) but underperformed the aggregate by dollar value (28.8% vs. 39.9%).

Community Development Lending: “Outstanding”

During the evaluation period, M&T Bank originated \$1.3 billion in new community development (“CD”) loans, and had \$328 million outstanding from prior evaluation periods.

The dollar value of CD loans decreased slightly by 4.1% compared to prior evaluation, but the level of response to a wide variety of credit needs demonstrated strong leadership in community development lending.

The CD loan portfolio showed a lending activity that is widespread and varied from small loans to non-profits to help provide targeted services, to multi-million dollar loans for economic development. CD loans supported a variety of needs including major regional development initiatives, affordable housing, social, health, educational services targeting LMI households and projects for economic development and neighborhood stabilization. CD loans were distributed evenly among these four major community development purposes, with affordable housing at 24%; community services at 22.9%, economic development at 24.7% and financing of projects that revitalize neighborhoods at 28.5%.

M&T Bank focused its CD lending in the following four broad industry categories:

1. Health care services targeted to LMI individuals: M&T Bank’s focus on this particular industry was responsive to borrowers who provided valuable health care services within M&T’s assessment area.
2. Lending to non-profit organizations - Non-profit borrowers relied on lines of credit to ensure the continued offering of services to LMI individuals, especially when the services were being funded by governmental reimbursements. These reimbursements were often received long after the services have been provided.
3. Multifamily housing targeted to LMI individuals: M&T Bank made construction and commercial loans and credit commitments to support the development, acquisition and rehabilitation of commercial real-estate and multifamily housing for the benefit of LMI households throughout its AA.
4. Economic revitalization: M&T Bank provided loans that supported local economic development initiatives that also stabilized and revitalized LMI geographies. With

43 counties out of 62 counties, M&T Bank is serving almost all of the 10 regions in New York State, most significantly in the Western, New York City, Finger Lakes, and Central and Capital regions.

Community Development Lending				
Purpose	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	68	248,217	51	147,662
Community Services	108	319,440	16	58,315
Economic Development	39	321,775	16	86,293
Revitalize & Stabilize	43	435,111	9	35,269
Total	258	1,324,543	92	327,539

The following are examples of M&T Bank's community development lending during the current evaluation period:

Affordable Housing

- M&T Bank extended \$33.4 million in construction loans for the development of transitional housing, targeting homeless individuals in Brooklyn, New York.
- M&T Bank extended \$16.8 million in participation loans/revolving line of credit to a non-profit lender of affordable housing development in NYS.
- M&T Bank extended \$9.9 million in construction loan to redevelop and rehabilitate 3 existing garden type apartment buildings and the construction of eight new buildings in Rome, NY. The project currently serves a very low-income population with 45% of the tenants have incomes of less than 30% of AMI.

Community Services

- M&T Bank provided \$15.6 million line of credit to a non-profit operating educational facility for the training of handicapped children and adults in Buffalo, NY. Over 80% of the students and 100% of the adults live near or below the poverty level.
- M&T Bank extended a \$3.5 million line of credit to a family service agency located in Rochester which was funded primarily by government grants, county fees and Medicaid. This agency served the elderly, youth, children, families, refugees, and those in recovery from addiction programs.

Economic Development

- M&T Bank extended a \$7.1 million loan to finance a SBA 504 project to build a branch of a hotel chain in the Southern Region of Broome County. This hotel will provide jobs to LMI individuals.
- M&T Bank extended \$35 million line of credit to support business activity of an business located and expanding in Buffalo's Enterprise Community and part of Buffalo Niagara Medical Campus development. This loan promoted economic development and neighborhood revitalization as the project is located in a moderate income census tract.
- M&T Bank extended \$5.1 million to a food co-op to relocate from its current moderate-income location to a low-income tract. The co-op currently has over 7,000 members in the Albany, NY area, which indicates a strong need from the local community. The project will also be funded by the New York Business Development Corporation ("NYBDC") and the Albany Local Development Corporation.

Revitalization and Stabilization

- M&T Bank extended a \$8.5 million loan to finance the conversion of an abandoned warehouse for a student housing of a local community college. The building is located in Buffalo's Federal Renewal Community which is an area targeted for redevelopment.
- M&T Bank extended \$25 million in a revolving line of credit to provide financial support to a major economic development in Niagara Falls as well as Brownfield remediation of a moderate-income census tract. The project will create a cost effective manufacturing facility and is expected to generate approximately 110 new jobs.

The following table shows the distribution of the community development loans by MSA/MD.

Community Development Loans				
MSA/MD	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
10580-Albany (Albany, Renssealer, Saratoga & Schenectady)	11	42,382	3	20,836
13780 - Binghamtom (Bromme & Tioga)	4	7,985	4	3,112
21300 - Elmira (Chemung)	2	5,000	-	-
15380 - Buffalo-Niagara Falls (Erie & Niagara)	62	388,523	8	26,498
27060 - Ithaca (Tompkins)	1	100	-	-
28740 - Kingston (Ulster)	3	21,213	-	-
35644 & 35004 - New York City, Putnam, Westchester, Rockland & Long Island	82	472,948	54	222,330
39100 - Pouckeespie (Dutchess & Orange)	23	36,490	6	30,734
40380 - Rochester (Livingston, Monroe, Ontario, Orleans & Wayne)	35	187,274	10	9,661
45060 - Syracuse (Madison & Onondaga)	13	107,428	2	2,057
46540 - Utica-Rome (Oneida & Herkimer)	3	15,031	1	2,244
Non-MSA	19	40,169	4	10,067
Total	258	1,324,543	92	327,539

Innovative and/or Flexible Lending Practices:

M&T Bank used an array of innovative and flexible lending practices in its community development, small business and residential mortgage lending. Some of these products were designed to provide financing to borrowers, who might not qualify for credit under traditional underwriting standards such as the SBA 7(a) and the NYSBDC loan programs.

In addition to these specialized community developments loans, M&T Bank also offered innovative and flexible small business and consumer mortgage products to address the credit needs of its assessment area.

Some of these loan products are as follows:

Loans that support small businesses and economic development

- **Business Access Line of Credit**

The product is designed to help small businesses meet their working capital needs, purchase inventory or equipment and meet other financial needs. Businesses can apply for credit lines between \$25,000 and \$500,000. By using various access methods such as using direct loan checks, ATM transfers and

withdrawals, telephone and internet banking services, a business owner can access funds without going to the bank.

- SBA Loans
M&T Bank is a Preferred SBA Lender, allowing the bank to act on behalf of the SBA in approving qualified SBA-guaranteed loans. M&T Bank participates in a number of SBA loan programs, including its popular 7(a) program⁶. M&T Bank also provides a SBA Express Business Access Line of Credit that provides an option for customer who would not qualify for conventional financing and has all the features of a Business Access Lines of Credit except that the line expires in five years due to the SBA guaranty.
- New York State Business Development Corporation
NYBDC works in partnership with banks to provide loans, many of which do not meet the requirements for traditional financing. In many cases, these loans include multiple participations, SBA guarantees, flexible amortization and long-term payouts.
- New York State Linked Deposit Program
M&T Bank has been a participant in the “Linked Deposit Program” (“LDP”) since it was created by the Empire State Development, New York's chief economic development agency. LDP was created by the New York State to encourage and assist existing NYS small businesses to make investments and undertake eligible projects that will improve their productivity and competitiveness by reducing their cost of capital through interest subsidies.
- New York State Energy Research and Development Authority (NYSERDA)
M&T Bank participates in the New York Energy \$mart Loan Fund, administered by NYSEERDA. The fund provides reduced interest rate loans through participating lending institutions to finance renovations or construction projects to improve a facility's energy efficiency or incorporate renewable energy systems.
- Tax Exempt Municipal Lease-Purchase Financing
M&T Bank offers a loan option for municipalities and municipal entities who want to replace aging plants and equipments. Lease-Purchase Financing can be a cost effective and convenient option by avoiding the voter-approval processes associated with bond referendums.

⁶ The 7(a) Loan Program is SBA's primary program to help start-up and existing small businesses obtain financing when they might not be eligible for business loans through normal lending channels. The name comes from section 7(a) of the Small Business Act, which authorizes the SBA to provide business loans to small businesses in America. SBA does not make the loans but rather guarantees a portion of loans made and administered by commercial lending institutions.

Consumer/Mortgage Loan Products

- Get Started Mortgage

This product is M&T Bank's primary affordable mortgage product and targets those who wish to purchase in LMI communities and those who are LMI purchasers. The program features a bi-weekly payment option, a below market rate, only 1% of the borrower's own funds, option of an additional rate discount if payments are auto-deducted from an M&T Bank checking account and optional unsecured installment loan for closing costs.

- State of New York Mortgage Agency (SONYMA) Loan Programs

SONYMA's loan programs provide competitively priced mortgages to qualified low- and moderate-income first time New York homebuyers. The programs, such as the Low Interest Rate Program offer competitive interest rates, low down payment requirements, no prepayment penalties and down payment assistance.

- FHA Mortgages

This program is an affordable housing loan program provided by HUD for the purchase or refinance of a primary residence. A discounted rate is offered to an applicant purchasing a home in designated LMI tracts or to an applicant whose income is at or below 80% of household AMI.

- Partnerships with Grant and Subsidy Programs

Municipalities, non-profits and state housing agencies provided grants or subsidies for LMI homebuyers. M&T Bank worked with these organizations through its lending programs to allow subsidies to complement the bank's mortgage products; allowing more families to become homeowners. The subsidies are used to offset down payment or closing cost expense, buy down interest rates, supplement rehabilitation costs or reduce principal amounts.

- Flood Relief Loans

In 2011, M&T Bank offered a special unsecured short term loan program for customers in Central New York State who were affected by Hurricane Irene. Loan proceeds were used for home improvement. A total of 81 unsecured loans were booked with the special rate of 5.99%.

INVESTMENT TEST: "Outstanding"

M&T Bank's investment performance is evaluated pursuant to the following criteria: (1) the dollar amount of qualified investments; (2) the innovativeness or complexity of qualified investments; and (3) the responsiveness of qualified investments to credit and community development needs.

M&T Bank's community development investments were strong in light of the

assessment area's credit needs.

Amount of Community Development Investments:

For the calendar years 2010, 2011 and the six months ended June 30, 2012, M&T Bank made \$103.5 million in new community development investments, and had \$113.1 million outstanding from the prior evaluation periods. In addition, M&T Bank made \$14.03 million in community development grants, compared to \$5.3 million from the prior two-year evaluation period, an increase of more than two-fold on an annualized basis.

This performance demonstrated an excellent level of community development investments over the course of the evaluation period.

Investments varied from smaller local level investments such as deposits in Community Development Financial Institutions ("CDFIs") to larger equity investments in companies involved in affordable housing projects and purchases of tax exempt bonds that promoted health facilities. Investments in the form of charitable grants were also provided to non-profits engaged in a variety of community services to LMI residents within M&T Bank's AA.

Most of M&T Bank's qualified investments were related to affordable housing with \$65.8 million in Low-Income Housing Tax Credit ("LIHTC") investments and \$5.3 million in CRA-qualified mortgage backed securities ("MBS"). In addition, M&T Bank invested in over \$31 million investment in bonds and other debt instruments to promote health services and municipal projects. Approximately 60.5% of CD investments were geared towards affordable housing while 31.2% and 8.3%, respectively supported finance projects for community services and neighborhood revitalization. Among the MSAs in the assessment area, 76.3% of total qualified investments were made in three MSAs in Upstate NY: MSA 45060 – Syracuse (38.3%); MSA 40380 – Rochester (32.0%) and MSA 15380 – Buffalo/Niagara Falls (6.0%).

Community Development Investments and Grants				
	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	23	62,616	58	111,222
Community Services	17	32,336		
Economic Development	-	-	2	1,833
Revitalize & Stabilize	4	8,593		
Total	44	103,545	60	113,055
CD Grants	# of Grants	\$000	<i>Not Applicable</i>	
Affordable Housing	174	\$ 7,969		
Community Services	683	\$ 5,662		
Economic Development	13	\$ 129		
Revitalize & Stabilize	23	\$ 268		
Total	893	\$ 14,028		

The following table shows the distribution of M&T Bank's qualified community development investments (excluding grants) by MSA/MDs.

Community Development Investments				
MSA/MD	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	#	\$000	#	\$000
10580-Albany (Albany, Renssealer, Saratoga & Schenectady)	2	1,536	7	1,168
13780 - Binghamtom (Bromme & Tioga)	6	984	1	1,094
15380 - Buffalo-Niagara Falls (Erie & Niagara)	3	6,188	10	7,017
27060 - Ithaca (Tompkins)	0	0	4	19,544
35644 & 35004 - New York City, Putnam, Westchester, Rockland & Long Island	14	4,345	22	33,151
39100 - Poughkeepsie (Dutchess & Orange)	1	2,853	2	3,789
40380 - Rochester (Livingston, Monroe, Ontario, Orleans & Wayne)	9	33,164	10	35,523
45060 - Syracuse (Madison & Onondaga)	3	39,695	1	1,234
46540 - Utica-Rome (Oneida & Herkimer)	2	107	0	0
Non-MSA	4	14,673	3	10,535
Total	44	103,545	60	113,055

Examples of M&T Bank's community development investments and grants include:

Affordable Housing

- M&T Bank invested \$6.5 million in an affordable housing project in a formerly contaminated site in Rochester that qualified for LIHTCs for the 20% units made

affordable for LMI residents, as well as New York State Brownfield⁷ tax credits. The entire project is to develop a 131-unit apartment project in the currently vacant land, revitalizing the neighborhood and providing affordable housing opportunities for LMI individuals in a low-income census tract.

M&T Bank invested \$2.1 million in a LIHTC project for the rehabilitation of a senior affordable rental housing project in Sullivan County.

- M&T Bank, through the earnings on its stock ownership in the Federal Home Loan Bank of New York (“FHLBNY”), contributed \$6.0 million towards the Affordable Housing Program (“AHP”) of the FHLBNY. AHP is funded through a share of FHLBNY’s annual earnings set aside to finance affordable housing initiatives.

Community Services

- M&T Bank invested \$31 million in tax exempt bonds issued to fund the expansion and reconfiguration of the Emergency Department and surgical suites of a hospital located in a low-income census tract in Syracuse, Onondaga County.

Grants

- M&T Bank provided charitable grants totaling \$722,000 to several community development corporations (“CDCs”), through its Banking Partnership for Community Development Program that supported neighborhood revitalization efforts in New York City and Long Island counties. In addition, small grants were made to selected CDCs/non-profit organizations involved in housing development and/or management; economic development, located in LMI communities and serving LMI individuals.
- M&T Bank made approximately \$1.2 million in charitable contributions to local chapters of a national community service organization in support of the organization’s mission of helping low income individuals with basic needs.
- M&T Bank provided over \$1 million and volunteer services to a charter school where 9 out of 10 students received free or reduced cost lunches. M&T employees also volunteered in a variety of capacities including managerial, consulting, technology, facility, financial, human resources and accounting support. The school is located in a moderate-income census tract.

⁷ The NYS Brownfield cleanup program, created in 2003 encouraged the cleanup and redevelopment of Brownfield sites using tax credits as incentives. A Brownfield is a contaminated property where the presence of pollution has impeded redevelopment, abandoned and contribute to urban blight.

Innovativeness and/or Complexity of Community Development Investments:

M&T Bank made reasonable use of innovative and/or complex investments to support community development.

For example, M&T Bank invested in projects that required the cleanup and redevelopment of Brownfield sites under the NYS Department of Environmental Conservation Brownfields Cleanup Program to encourage private sector cleanup of brownfields.

The LIHTC investments are also considered a complex financing structure which entails the coordination with several state and federal housing agencies in funding the project. It also requires detailed asset monitoring and financial reporting to ensure compliance with the requirements imposed by the federal tax code.

Responsiveness of Community Development Investments to Credit and Community Development Needs:

M&T Bank's community development investments exhibited good responsiveness to credit and community development needs.

SERVICE TEST: "Outstanding"

M&T Bank's retail service performance is evaluated pursuant to the following criteria: (1) the current distribution of the banking institution's branches; (2) the institutions record of opening and closing branches; (3) the availability and effectiveness of alternative systems for delivering retail services; and (4) the range of services provided.

M&T Bank's community development service performance is evaluated pursuant to the following criteria: (1) the extent to which the banking institution provides community development services; and (2) the innovativeness and responsiveness of community development services.

Retail Banking Services: "Outstanding"

M&T Bank had and continues to have excellent delivery systems, branch network, branch hours and services, and alternative delivery systems.

Current distribution of the banking institutions branches:

The location of M&T Bank's branches continues to represent an excellent distribution within its assessment area.

M&T Bank's branches were readily accessible to the geographies and individuals of different income levels in its assessment area.

As of December 31, 2011, M&T Bank had 260 branches within its assessment area with 21.5% located in LMI or distressed middle income census tracts (48 were located in LMI census tracts; 8 were in distressed middle income census tracts). Virtually all branches (97%) have ATMs on premises. M&T Bank also had ATMs at 164 off-site locations. Of the 164 off-site ATMs, 26 (15.9%) were in LMI or distressed census tracts. Of the remaining branches in middle and upper income tracts, 70 branches (33.5%) are within five miles and less to LMI census tracts and 54 (25.9%) are accessible by mass transit.

The following chart provides detailed information on the branch and off-site ATM locations:

M & T Bank - Distribution of Branches and Offsite ATMs as of December 31, 2011												
MSA or MD	County Name	Branches					Offsite ATM Locations					Total
		Total #	Low	Mod	Dis-tressed	LMI & Distressed %	Total #	Low	Mod	Dis-tressed	LMI & Distressed %	
	Erie	46	5	8		28.3%	67	6	2		11.9%	18.6%
	Niagara	5	2	0		40.0%	7		1		14.3%	25.0%
15380	Buffalo	51	7	8		29.4%	74	6	3		12.2%	19.2%
	Livingston	1	0	0		0.0%						
	Monroe	30	2	3		16.7%	22	2	2		18.2%	17.3%
	Ontario	1	0	0		0.0%	2				0.0%	0.0%
	Orleans	1	0	1		100.0%						
	Wayne	1	0	0		0.0%						
40380	Rochester	34	2	4		17.6%	24	2	2		16.7%	17.2%
	Madison	2	0	0		0.0%						
	Onondaga	27	3	2		18.5%	15	3	1		26.7%	21.4%
45060	Syracuse	29	3	2		17.2%	15	3	1		26.7%	20.5%
	Broome	15	3	3		40.0%	11	0	3		27.3%	34.6%
	Tioga	1	0	0		0.0%	0	0	0			
13780	Binghamton	16	3	3		37.5%	11	0	3		27.3%	33.3%
	Chemung	1	0	0		0.0%	0					
21300	Elmira	1	0	0		0.0%	0	0	0			
	Tompkins	3	0	1		33.3%	4				0.0%	14.3%
27060	Ithaca	3	0	1		33.3%	4	0	0			14.3%
	Ulster	5	0	0		0.0%	5				0.0%	0.0%
28740	Kingston	5	0	0		0.0%	5	0	0			
	Herkimer	6	0	1		16.7%	1		1		100.0%	28.6%
	Oneida	8	1	0		12.5%	9				0.0%	5.9%
46540	Utica-Rome	14	1	1		14.3%	10	0	1		10.0%	12.5%
	Albany	6	1	1		33.3%	5	1	1		40.0%	36.4%
	Rensselaer	5	1	0		20.0%	2	1			50.0%	28.6%
	Saragota	1	0	0		0.0%						
	Schenectady	2	0	0		0.0%						
10580	Albany/Sch/Troy	14	2	1		21.4%	7	2	1		42.9%	28.6%
	Dutchess	14	1	2		21.4%	1				0.0%	20.0%
	Orange	8	1	0		12.5%	2		0		0.0%	10.0%
39100	Poughkeepsie	22	2	2		18.2%	3	0	0			16.0%
	Kings	3	1	0		33.3%						33.3%
	New York	8	0	1		12.5%						12.5%
	Putnam	2	0	0		0.0%						
	Queens	2	0	0		0.0%						
	Rockland	7	0	0		0.0%	2				0.0%	0.0%
	Westchester	8	0	1		12.5%	1				0.0%	11.1%
35644	New York	30	1	2		10.0%	3	0	0			9.1%
	Nassau	4	0	0		0.0%	1				0.0%	0.0%
	Suffolk	4	0	2		50.0%	0					50.0%
35004	Nassau/Suffolk	8	0	2		25.0%	1	0	0			22.2%
	Allegany	1	0	0	1	100.0%						100.0%
	Cattaraugus	3	0	0	3	100.0%						100.0%
	Cayuga	2	0	0		0.0%						
	Chautauqua	10	1	0		10.0%	4				0.0%	7.1%
	Chenango	1	0	0	1	100.0%	1			1	100.0%	100.0%
	Cortland	1	0	0	1	0.0%	0				0.0%	0.0%
	Genesee	4	0	0		0.0%	1				0.0%	0.0%
	Jefferson	1	0	0	1	100.0%	1		1		100.0%	100.0%
	Seneca	1	0	0		0.0%						
	Steuben	3	0	0	1	33.3%						33.3%
	Sullivan	3	0	0		0.0%						
	Wyoming	3	0	0		0.0%						
Non-MSA		33	1	0	8	27.3%	7	0	1	1	28.6%	27.5%
Total		260	22	26	8	21.5%	164	13	12	1	15.9%	19.3%

Record of opening and closing branches:

M&T Bank's record of opening and closing branches during this assessment period has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and or LMI individuals.

During the evaluation period, M&T Bank closed 13 branches including three in LMI areas. These changes did not have a significant impact on the distribution of the M&T Bank's branches in LMI census tracts.

Availability and effectiveness of alternative systems for delivering retail services:

M&T Bank's alternative systems for delivering retail services continue to be readily accessible to significant portions of M&T Bank's assessment area, particularly LMI geographies and individuals.

M&T Bank currently operates a network of over 1,852 ATMs providing surcharge-free access to M&T Bank customers, nationwide. Within its New York assessment area, M&T Bank operates 327 ATMs at branch locations and 164 off-site. Offsite ATMs are typically in convenience stores, major service stations, colleges, universities and workplaces.

M&T Bank offers checking account customers with check cards that facilitate ATM access and can be used to make purchases and pay utility bills at stores/companies that accept VISA.

Small business and retail customers can use telephone banking and ATM access to conduct transactions at their convenience.

Other alternative delivery systems available, particularly to LMI individuals and small businesses, include bank-by mail, direct deposits of payroll, social security and other recurring payments into any M&T Bank account, and telephone banking centers where retail agents are available from 6:00 AM to 9:00 PM and Saturdays and Sundays from 9:00 AM to 5:00 PM. Small businesses can also avail of "image deposit and remote check deposit" where businesses can make deposits electronically.

Range of services provided:

M&T Bank's services continue to meet the convenience and needs of its assessment area, particularly LMI geographies and individuals.

M&T Bank has a selection of retail products and services benefitting low- or moderate-income individuals or small businesses. Approximately 60% of the branches offer early morning and/or extended evening hours and about 48% are open on Saturdays. Almost 11% of branches in LMI census tracts offer extended morning and night banking hours and Saturday banking.

Some of the retail products and services designed to benefit LMI individuals and small businesses are as follows:

- Low Cost Checking and Savings Accounts:
M&T Bank offers several free or low cost checking and savings accounts that were designed to benefit LMI individuals, such as the Basic Banking checking account, as required by New York State law, and a completely free checking account.
- First Home Club Program:
M&T Bank offered the FHLBNY's First Home Club Program in 29 counties in NYS. M&T Bank, in partnership with a number of non-profit organizations, provides first time homebuyers a free matched personal savings account. This program provides three-to-one matching of the participant's own savings (up to \$7,500), to be used toward down payment and closing costs.
- Quest Electronic Benefits Transfer Program:
This service provides recipients access to welfare benefits via a plastic card instead of traditional paper food stamps or checks.
- Non-Profit Checking Account:
This account is a non-interest bearing business checking account designed for non-profit organizations.
- Free Business Checking Account and Advanced Business Checking Account:
These products target businesses with lower balances and monthly transactions of less than 75 (for Free Business Checking) and 125 (for Advanced Business Checking).
- Banking Built for Business Program
During the evaluation period, M&T Bank launched its Banking Built for Business program providing exclusive banking benefits to micro-businesses (businesses with less than \$1 million in annual revenue) owners who bring both their business and personal banking relationships to M&T Bank. As of December 31, 2012, the number of households/businesses enrolled in this program was 24,706.

M&T Bank also participated with government entities to offer specialized local and regional retail products.

- Bank on Manhattan, New York, NY
Led by the Manhattan Borough President to provide access to the nearly 100,000 low-income New Yorkers who have no checking or savings accounts, the broad goal of "Bank On" is to help families make better use of financial services as an avenue to convert their wages into wealth, with an initial focus on connecting qualified households to appropriate bank accounts.

-
- Opportunity NYC Starter and NYC Safe Start, New York, NY:
Offered in M&T Bank's NYC branches in conjunction with an initiative of the NYC Office of Financial Empowerment ("OFE"), OFE's goal is to reduce the number of people living in poverty in NYC. This initiative is aimed expressly at educating, empowering, and protecting those with low-incomes, so they can build assets. M&T Bank was one of only eight banks or credit unions city-wide to participate in the OFE's program.

Community Development Services: "Outstanding"

M&T Bank was a leader in providing a high level of community development services.

- During the evaluation period, 186 senior and regional officers and other employees provided a variety of community development services through approximately 226 instances of service with 194 organizations throughout the assessment area. Volunteer services included participation on boards of directors, operating committees and finance committees of non-profit organizations. Of the 194 organizations, 55.2% were engaged in various community services, 26.8% in furtherance of the needs of small businesses or economic development, 10.8% in affordable housing activities and 7.2% in neighborhood stabilization. For example:
 - An officer in the Capital Region/Albany serves on the board and finance committee of three organizations providing affordable housing related services;
 - Four senior officers serve on the advisory board of the Buffalo chapter of a leading CD financial intermediary providing financial, technical assistance and organizational support to local organizations to revitalize its community and improve the quality of life for its residents through its "Building Sustainable Communities" program;
 - A member of the M&T Bank's board of directors also served on the board of a business organization working for improved business competition and expanded economic activity in Buffalo-Niagara Falls and a charter school Foundation in Buffalo;
 - Three officers also served on the board of directors/trustees of a foundation supporting a charter school. The charter school has become one of the top performing elementary schools in Buffalo despite serving a very low-income community where 9 out of 10 students receive free or reduced cost lunches.
- M&T Bank co-sponsored and presented a large number of affordable housing related seminars, workshops and presentations at branch locations, state fairs, realtor offices and NPOs. The events provided over 2,300 LMI individuals and first

time homebuyers, with information about available affordable housing products, and provided them with counseling and technical assistance regarding the mortgage application and home buying process.

- In addition, M&T Bank representatives presented on several seminars and workshops at schools, colleges, chamber of commerce meetings and other local events, about the importance of saving during “Teach Children to Save Day”, budgeting and other financial literacy topics, as well as business products and services available to small businesses.
- In 2010 a collaborative among community partners led by M&T Bank was awarded \$500,000 from the federal government to help build a “Buffalo Promise Neighborhood.” M&T Bank employees volunteered to help facilitate this partnership which provides a network of support services to children living in one of the city’s poorest areas. In late 2011 this partnership received a \$6 million Promise Neighborhood Implementation Grant, one of only five to be awarded nationally.

Additional Factors

The following factors were also considered in assessing M&T Bank’s record of performance.

The extent of participation by the banking institution’s board of directors or board of trustees in formulating the banking institution’s policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

The Board of Directors CRA Committee was restructured as a Senior Management Committee appointed annually by the Board. The committee included senior officers from Retail, Business Banking, Mortgage and Consumer Lending, Commercial Real Estate and other key departments and the President of the bank. The committee meets twice annually and provides reports to the board. The CRA Officer also meets and reports twice annually with the Audit and Risk Committee of the Board of Directors regarding CRA performance. In Rochester and New York City, CRA Committees of the local advisory boards gave input on local market initiatives and performance.

Discrimination and other illegal practices

- *Any practices intended to discourage applications for types of credit set forth in the banking institution’s CRA Public File.*

DFS noted no practices that were intended to discourage applications for the types of credit offered by M&T Bank.

- *Evidence of prohibited discriminatory or other illegal credit practices.*

DFS noted no evidence of prohibited discriminatory or other illegal practices.

Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.*

M&T Bank's outreach efforts take various forms and are designed to reflect the unique needs and attributes of the various communities within the assessment area. Focus groups, research and surveys of both customers and non-customers are used to obtain valuable customer feedback when M&T Bank is looking to develop new products and services and improve customer service.

M&T Bank also ascertains community needs through interactions with the members of the community such as meetings with government officials, participation on community boards, home buyer and business seminars, conferences and continuous general customer interaction made at a high level throughout M&T Bank's markets. The extensive community participation of M&T Bank employees also provided a way to understand community needs.

M&T Bank's Community Reinvestment staff conducted regular meetings with area community based organizations, coalition groups and peer banks to secure greater insight into critical needs of residents and businesses.

In addition, M&T Bank's mortgage sales officers provided a conduit for information from developers, realtors and consumers throughout the markets; and branch managers and lenders provided continuous contact with customers, advocacy groups and local officials.

Many of M&T Bank's regions have local advisory boards comprised of local business and professional customers. These Advisory boards meet regularly to discuss M&T Bank's efforts and performance within the local markets. These meetings provide excellent opportunities to gauge local credit, service and development needs.

- *The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution*

To communicate the availability of its credit services, M&T Bank employed a variety of marketing programs including print, radio, brochures, newsletters, in-branch promotion, seminars and personal interaction. In addition, M&T uses telephone banking services, direct mail, and other individualized marketing efforts.

For example, M&T Bank advertises the availability of affordable mortgage financing through print campaigns, radio, realtor and consumer product flyers, community newsletters, brochures, home buying seminars, open house services, home shows and

trade fairs, breakfast and lunch seminars, counseling relationships and individualized sales efforts by originators.

M&T Bank advertises in local, neighborhood papers whenever a special campaign needs to be communicated. M&T Bank has developed campaigns targeting LMI consumers. Low-cost affordable mortgage products are promoted in M&T Bank's banking offices and through community-based organizations.

In addition to advertising, M&T Bank has developed educational programs to assist customers with various credit issues. M&T Bank often partnered with a non-profit housing or social services organization to conduct these educational programs.

M&T Bank's Mortgage Division sponsors a large number of seminars designed to show potential homebuyers the affordability of home ownership. M&T Bank also communicates its credit services through many special programs such as housing conferences, civic and cultural events, College Day events, trade shows, agricultural exchanges and annual auto, boat and home shows.

Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

DFS noted no other factors.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

“Community development”:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

Community development loan

A loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Qualified investment

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

Community development service

Service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;

- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

Geography

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level for borrowers is based on household or family income. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less (“< = \$ 1MM”).

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas where, according to the 2000 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or

Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that represents the percentage of a bank’s total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer’s federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTTC)

The New Markets Tax Credits (NMTTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in

low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.