



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

One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2013  
Community Development Activities (8/31/2014)

**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 and Traders Trust Company (“M&T”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of August 31, 2014.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services 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 Superintendent 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 in 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 (“Evaluation”) be made available to the public. 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 Banking Law.

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

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## OVERVIEW OF INSTITUTION'S PERFORMANCE

DFS evaluated M&T's performance according to the large bank performance criteria pursuant to Part 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent ("GRS"). The assessment period included calendar years 2012 and 2013 for HMDA and small business loans, and July 1, 2012 to August 31, 2014 for community development activities. M&T is rated "1," indicating an "**Outstanding**" record of helping to meet community credit needs.

This rating is based on the following factors:

### Lending Test: "Outstanding"

M&T's HMDA-reportable, small business and community development lending activities demonstrated excellent responsiveness to the credit needs of the assessment area, considering M&T's size, business strategy and financial condition, as well as the activity of its peer group, and the demographic characteristics of the assessment area. M&T had an excellent level of innovative and/or flexible residential mortgage and small business loan products.

- Lending Activity: "High Satisfactory"

M&T's lending levels demonstrated a high degree of responsiveness to the credit needs of its assessment area, considering its size, business strategy and financial condition, as well as the lending activity of its peer group and the demographic characteristics of the assessment area.

- Assessment Area Concentration: "Outstanding"

M&T Bank originated 96.5% by number and 97.8% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This demonstrated an excellent record of lending within the assessment area.

- Geographic Distribution of Loans: "High Satisfactory"

The distribution of M&T's HMDA-reportable and small business loans based on lending in census tracts of varying income levels demonstrated a reasonable rate of lending in low- and moderate-income ("LMI") census tracts. HMDA-reportable and small business lending in LMI census tracts increased in dollar value by 149.4% and 41.7%, respectively, from the prior evaluation period.

- Distribution by Borrower Characteristics: "Outstanding"

The rate of lending based on borrower characteristics demonstrated excellent lending rates to LMI individuals and businesses with revenues of \$1 million or less.

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- **Community Development Lending: “Outstanding”**

During the evaluation period, M&T had \$1.6 billion in new community development loans and \$414.1 million outstanding from prior evaluation periods, demonstrating a strong level of responsiveness to the credit needs of the assessment area.

- **Innovative and Flexible Lending Practices:**

M&T has an excellent level of innovative and flexible residential mortgage and small business loan products.

### **Investment Test: “Outstanding”**

M&T’s level of community development investment was more than reasonable in light of the assessment area’s credit needs and the availability of investment opportunities in the assessment area.

M&T, in support of projects to provide affordable housing and economic development to LMI individuals and census tracts, invested in equity investments structured to qualify for federal and state tax credits, such as Low Income Housing Tax Credits, Historic Tax Credits and Solar Tax Credits.

### **Service Test: “Outstanding”**

- **Retail Banking Services: “Outstanding”**

M&T continues to have excellent delivery systems, branch network, branch hours and services, and alternative delivery systems, particularly for LMI individuals and communities. The Bank has a selection of retail products and services designed to benefit LMI individuals and small businesses.

- **Community Development Services: “Outstanding”**

M&T continued to be a leader in providing an excellent level of community development services. Senior management and officers served in various leadership positions, as members of boards of directors, on advisory boards, and in other CRA qualified capacities in approximately 320 instances.

*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 Superintendent.*

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## **PERFORMANCE CONTEXT**

### **Institution Profile**

M&T operates under a charter granted by the State of New York in 1892, and its banking business is traced to the organization of the Manufacturers and Traders Bank in 1856. M&T's headquarters is located at One M&T Plaza in Buffalo, NY.

M&T and its subsidiaries offer a broad range of lending, trust and investment services through offices in New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, Florida, Washington, D.C., and Toronto, Canada. Based on the June 30, 2014 deposit market share report, M&T had 259 branches in New York State.

M&T's holding company, M&T Bank Corporation ("M&TBC") has significantly expanded its market area as a result of a series of bank acquisitions during the past ten years. M&TBC has two wholly owned bank subsidiaries: M&T and the Wilmington Trust Company, N.A. M&T is the corporation's principal banking subsidiary representing approximately 99% of the consolidated assets of the company.

Per M&T's Consolidated Report of Condition (the "Call Report") as of June 30, 2014, filed with the Federal Deposit Insurance Corporation ("FDIC"), M&T reported total assets of \$90.1 billion, of which \$62.7 billion were net loans and lease financing receivables. It also reported total deposits of \$70.8 billion, resulting in a loan-to-deposit ("LTD") ratio of 88.6%. New York State deposits of \$36.0 billion represented 50.8% of total deposits in M&T's domestic offices.

### **Deposit Market Share**

According to the FDIC's Deposit Market Share Report, as of June 30, 2014, M&T had a market share in New York State of 2.8%, or \$36.0 billion out of a market of \$1.3 trillion, with 221 deposit taking bank organizations. M&T's assessment area consisted of 43 counties, or 69.4% of the 62 counties in New York State.

The top five deposit generating Metropolitan Statistical Areas ("MSAs")<sup>1</sup> and Metropolitan Districts ("MDs") based on their respective share of deposits in New York, as of June 30, 2014 were as follows:

- MSA 15380: Buffalo-Niagara Falls (Erie and Niagara Counties) – 50.7%;
- MD 35614 Multistate MSA – Metropolitan NY (Bronx, Kings, New York, Orange, Queens, Rockland & Westchester Counties) – 14.4%;

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<sup>1</sup> The U.S. Office of Management and Budget released the revised delineations of MSAs effective 2/28/2013, creating new MDs 35614 and 20524 where Orange becomes part of 35614 while Putnam is now part of MD 20524. A new MSA 48060 was created for Jefferson County.

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- MSA 40380: Rochester, NY (Livingston, Monroe, Ontario, Orleans & Wayne Counties) – 10.7%;
  - MSA 45060: Syracuse, NY (Madison & Onondaga Counties) – 7.5%; and
  - MSA 13780: Binghamton (Broome & Tioga Counties) – 4.0%.

M&T ranked number one in deposit market share among all FDIC-insured institutions in four Upstate New York MSAs, while it ranked 18<sup>th</sup> among 133 institutions in the Downstate MD 35614.

The table below details the deposit market share of each geographic subdivision of M&T's New York deposits, as well as its deposit market share rank in that geography.

Deposit Market Share of June 30, 2014					
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	17,848,042	49.5	52.73%	1	17
Niagara	419,612	1.2	17.07%	3	7
<b>MSA 15380 Buffalo-Niagara Falls</b>	<b>18,267,654</b>	<b>50.7</b>	<b>50.31</b>	<b>1</b>	<b>17</b>
Livingston	28,432	0.1	3.53%	5	7
Monroe	3,760,806	10.4	31.84%	1	15
Ontario	26,644	0.1	1.50%	10	10
Orleans	22,908	0.1	7.02%	7	7
Wayne	23,497	0.1	3.01%	8	9
<b>MSA 40380 Rochester</b>	<b>3,862,287</b>	<b>10.7</b>	<b>24.92%</b>	<b>1</b>	<b>21</b>
Madison	37,476	0.1	3.45%	5	7
Onondaga	2,676,650	7.4	29.98%	1	17
<b>MSA 45060 Syracuse</b>	<b>2,714,126</b>	<b>7.5</b>	<b>27.10%</b>	<b>1</b>	<b>19</b>
Broome	1,390,861	3.9	58.63%	1	8
Tioga	33,367	0.1	8.43%	4	6
<b>MSA 13780 Binghamton</b>	<b>1,424,228</b>	<b>4.0</b>	<b>51.45%</b>	<b>1</b>	<b>8</b>
Chemung	21,857	0.1	2.11%	5	7
<b>MSA 21300 Elmira</b>	<b>21,857</b>	<b>0.1</b>	<b>2.10%</b>	<b>5</b>	<b>7</b>
Tompkins	196,966	0.5	11.15%	2	10
<b>MSA 27060 Ithaca</b>	<b>196,966</b>	<b>0.5</b>	<b>11.15%</b>	<b>2</b>	<b>10</b>
Ulster	387,347	1.1	11.42%	3	20
<b>MSA 28740 Kingston</b>	<b>387,347</b>	<b>1.1</b>	<b>11.42%</b>	<b>3</b>	<b>20</b>
Herkimer	176,385	0.5	30.51%	2	7
Oneida	453,049	1.3	14.29%	3	12
<b>MSA 46540 Utica-Rome</b>	<b>629,434</b>	<b>1.7</b>	<b>16.79%</b>	<b>2</b>	<b>12</b>
Albany	1,003,417	2.8	6.49%	3	19
Rensselaer	138,625	0.4	7.47%	5	12
Saratoga	30,373	0.1	0.82%	15	18
Schenectady	35,612	0.1	1.44%	11	11
<b>MSA 10580 Albany</b>	<b>1,208,027</b>	<b>3.4</b>	<b>5.15%</b>	<b>6</b>	<b>25</b>
Dutchess	657,357	1.8	15.05%	1	19
Putnam	132,254	0.4	7.35%	6	13
<b>MD 20524 Dutchess &amp; Putnam</b>	<b>789,611</b>	<b>2.2</b>	<b>12.80%</b>	<b>1</b>	<b>23</b>
Bronx	0	0.0			
Kings	137,077	0.4	0.33%	25	40
New York	2,858,580	7.9	0.33%	21	90
Queens	214,053	0.6	0.44%	28	50
Orange	337,589	0.9	5.51%	8	24
Rockland	1,396,032	3.9	12.37%	3	15
Westchester	248,593	0.7	0.40%	23	38
<b>MD 35614 Multi-State NY</b>	<b>5,191,924</b>	<b>14.4</b>	<b>0.50%</b>	<b>18</b>	<b>133</b>
Nassau	288,882	0.8	0.46%	21	39
Suffolk	210,971	0.6	0.48%	20	28
<b>MD 35004 Nassau-Suffolk</b>	<b>499,853</b>	<b>1.4</b>	<b>0.47%</b>	<b>23</b>	<b>41</b>
Jefferson	26,524	0.1	1.93%	8	11
<b>MSA 48060 Jefferson County</b>	<b>26,524</b>	<b>0.1</b>	<b>1.93%</b>	<b>8</b>	<b>11</b>
Allegany	13,988	0.0	1.16%	5	5
Cattaraugus	58,415	0.2	6.46%	5	8
Cayuga	56,080	0.2	5.49%	7	12
Chautauqua	262,935	0.7	18.26%	2	11
Chenango	25,957	0.1	3.39%	4	4
Cortland	26,549	0.1	4.20%	6	8
Genesee	151,950	0.4	19.85%	3	8
Seneca	17,277	0.0	3.06%	7	8
Steuben	70,540	0.2	7.68%	5	8
Sullivan	68,351	0.2	5.66%	6	11
Wyoming	74,904	0.2	8.47%	3	5
<b>Non-MSA</b>	<b>826,946</b>	<b>2.3</b>	<b>8.63%</b>	<b>4</b>	<b>35</b>
<b>Total A/A</b>	<b>36,046,784</b>	<b>100</b>	<b>2.79</b>		<b>221</b>



The following is a summary of M&T's loan portfolio, based on Schedule RC-C of M&T's Call Reports for calendar years ended December 31, 2012, and 2013:

<b>TOTAL GROSS LOANS OUTSTANDING</b>				
Loan Type	12/31/2012		12/31/2013	
	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	16,975,708	25.8	14,532,152	22.9
Commercial Mortgage Loans	18,483,821	28.1	18,623,065	29.3
Construction Loans - 1-4 family resi.	416,180	0.6	420,697	0.7
Construction Loans (other than 1-4)	3,359,393	5.1	4,016,221	6.3
Secured by farmland	120,121	0.2	115,731	0.2
Multifamily Mortgages	3,580,823	5.4	2,964,385	4.7
Total Real Estate Loans	42,936,046	65.2	40,672,251	64.1
Commercial & Industrial Loans	14,157,531	21.5	15,192,654	23.9
Consumer Loans	5,224,173	7.9	4,152,543	6.5
Agricultural Loans	61,892	0.1	61,310	0.1
Lease financing	1,288,132	2.0	1,237,639	1.9
Other Loans	2,175,762	3.3	2,153,709	3.4
Total Gross Loans	65,843,536	100.0	63,470,106	100.0

As illustrated in the above table, M&T is primarily engaged in commercial and real estate lending, which represented 88.0% of M&T's total gross loans as of December 31, 2013.

### **Assessment Area**

M&T's assessment area comprised all regions of New York State:

#### Capital Region

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

#### Finger Lakes

MSA 40380 Rochester - Livingston, Monroe, Ontario, Orleans and Wayne counties in their entirety

- Non-MSA – Genesee, Seneca and Wyoming counties in their entirety

#### Long Island Region

- MD 35004 Nassau-Suffolk -- Nassau and Suffolk 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

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- Non-MSA – Cayuga and Cortland counties in their entirety

New York City/Mid-Hudson Valley

- MD 35614 – Bronx, Kings, New York, Queens, Orange, Rockland and Westchester counties in their entirety
- MD 20524 - Dutchess and Putnam counties in their entirety
- MSA 28740 – Ulster County in its entirety
- Non-MSA – Sullivan County in its entirety

North Country Region

- Non-MSA – Jefferson county in its entirety

Southern Region

- MSA 13780 Binghamton -- Broome and Tioga counties in their entirety
- MSA 21300 Elmira -- Chemung County in its entirety
- MSA 27060 Ithaca -- Tompkins County in its entirety
- Non-MSA – Chenango and Steuben counties in their entirety

Western New York

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

There are 4,536 census tracts in the area, of which 469 are low-income, 957 are moderate-income, 1,823 are middle-income, 1,183 are upper-income, and 104 are tracts with no income indicated. There were no distressed middle-income non-metropolitan tracts in 2012 and 2013, as compared with the prior evaluation period, in which there were 87 distressed middle-income non-metropolitan census tracts in six of the 12 non-MSA counties. Low-income census tracts made up 10.3% and LMI 31.4% of all census tracts in the assessment area.

<b>Assessment Area (MSA/MD/COUNTY) Census Tracts by Income Level</b>									
<b>County / MSA or MD</b>	<b>Low</b>	<b>%</b>	<b>Moderate</b>	<b>Dist. Middle</b>	<b>% LMI+ Dist.Mid.</b>	<b>Middle</b>	<b>Upper</b>	<b>N/A</b>	<b># of CTs</b>
Erie	30	0.66%	47	-	1.70%	93	61	5	236
Niagara	7	0.15%	13	-	0.44%	30	10	1	61
<b>MSA 15380 Buffalo-Niagara Falls</b>	<b>37</b>	<b>0.82%</b>	<b>60</b>	<b>-</b>	<b>2.14%</b>	<b>123</b>	<b>71</b>	<b>6</b>	<b>297</b>
Livingston	1	0.02%	2	-	0.07%	11	-	1	15
Monroe	40	0.88%	34	-	1.63%	71	44	3	192
Ontario	-	0.00%	3	-	0.07%	18	4	-	25
Orleans	-	0.00%	3	-	0.07%	7	-	-	10
Wayne	-	0.00%	5	-	0.11%	14	3	1	23
<b>MSA 40380 Rochester</b>	<b>41</b>	<b>0.90%</b>	<b>47</b>	<b>-</b>	<b>1.94%</b>	<b>121</b>	<b>51</b>	<b>5</b>	<b>265</b>
Madison	-	0.00%	2	-	0.04%	11	3	-	16
Onondaga	25	0.55%	26	-	1.12%	42	46	1	140
<b>MSA 45060 Syracuse**</b>	<b>25</b>	<b>0.55%</b>	<b>28</b>	<b>-</b>	<b>1.17%</b>	<b>53</b>	<b>49</b>	<b>1</b>	<b>156</b>
Broome	5	0.11%	13	-	0.40%	23	14	-	55
Tioga	-	0.00%	-	-	0.00%	8	2	-	10
<b>MSA 13780 Binghamton</b>	<b>5</b>	<b>0.11%</b>	<b>13</b>	<b>-</b>	<b>0.40%</b>	<b>31</b>	<b>16</b>	<b>-</b>	<b>65</b>
Chemung	2	0.04%	6	-	0.18%	9	4	1	22
<b>MSA 21300 Elmira</b>	<b>2</b>	<b>0.04%</b>	<b>6</b>	<b>-</b>	<b>0.18%</b>	<b>9</b>	<b>4</b>	<b>1</b>	<b>22</b>
Tompkins	1	0.02%	4	-	0.11%	11	6	1	23
<b>MSA 27060 Ithaca</b>	<b>1</b>	<b>0.02%</b>	<b>4</b>	<b>-</b>	<b>0.11%</b>	<b>11</b>	<b>6</b>	<b>1</b>	<b>23</b>
Ulster	-	0.00%	7	-	0.15%	33	7	-	47
<b>MSA 28740 Kingston</b>	<b>-</b>	<b>0.00%</b>	<b>7</b>	<b>-</b>	<b>0.15%</b>	<b>33</b>	<b>7</b>	<b>-</b>	<b>47</b>
Herkimer	1	0.02%	1	-	0.04%	17	-	-	19
Oneida	7	0.15%	14	-	0.46%	28	19	6	74
<b>MSA 46540 Utica-Rome</b>	<b>8</b>	<b>0.18%</b>	<b>15</b>	<b>-</b>	<b>0.51%</b>	<b>45</b>	<b>19</b>	<b>6</b>	<b>93</b>
Albany	11	0.24%	12	-	0.51%	28	24	-	75
Rensselaer	5	0.11%	10	-	0.33%	23	4	-	42
Saratoga	-	0.00%	5	-	0.11%	33	11	1	50
Schenectady	8	0.18%	6	-	0.31%	21	8	-	43
<b>MSA 10580 Albany**</b>	<b>24</b>	<b>0.53%</b>	<b>33</b>	<b>-</b>	<b>1.26%</b>	<b>105</b>	<b>47</b>	<b>1</b>	<b>210</b>
Dutchess	5	0.11%	10	-	0.33%	47	15	2	79
Orange	7	0.15%	14	-	0.46%	40	18	-	79
<b>MSA 39100 Poughkeepsie</b>	<b>12</b>	<b>0.26%</b>	<b>24</b>	<b>-</b>	<b>0.79%</b>	<b>87</b>	<b>33</b>	<b>2</b>	<b>158</b>
Bronx	129	2.84%	101	-	5.07%	64	35	10	339
Kings	108	2.38%	269	-	8.31%	234	137	13	761
New York	37	0.82%	65	-	2.25%	23	151	12	288
Queens	16	0.35%	134	-	3.31%	303	190	26	669
Putnam	-	0.00%	-	-	0.00%	-	19	-	19
Rockland	4	0.09%	4	-	0.18%	11	46	-	65
Westchester	5	0.11%	23	-	0.62%	54	135	6	223
<b>MD 35614 New York**</b>	<b>299</b>	<b>6.59%</b>	<b>596</b>	<b>-</b>	<b>19.73%</b>	<b>689</b>	<b>713</b>	<b>67</b>	<b>2,364</b>
Nassau	9	0.20%	26	-	0.77%	157	84	8	284
Suffolk	4	0.09%	70	-	1.63%	197	51	1	323
<b>MD 35004 Nassau-Suffolk</b>	<b>13</b>	<b>0.29%</b>	<b>96</b>	<b>-</b>	<b>2.40%</b>	<b>354</b>	<b>135</b>	<b>9</b>	<b>607</b>
Allegany	-	0.00%	1	-	0.02%	11	-	1	13
Cattaraugus	-	0.00%	2	-	0.04%	18	-	1	21
Cayuga	1	0.02%	-	-	0.02%	12	6	1	20
Chautauqua	1	0.02%	8	-	0.20%	22	4	-	35
Chenango	-	0.00%	1	-	0.02%	11	-	-	12
Cortland	-	0.00%	-	-	0.00%	9	3	-	12
Genesee	-	0.00%	3	-	0.07%	9	3	-	15
Jefferson	-	0.00%	6	-	0.13%	14	4	2	26
Seneca	-	0.00%	-	-	0.00%	10	-	-	10
Steuben	-	0.00%	3	-	0.07%	25	2	-	30
Sullivan	-	0.00%	4	-	0.09%	12	8	-	24
Wyoming	-	0.00%	-	-	0.00%	9	2	-	11
<b>Non-MSA</b>	<b>2</b>	<b>0.04%</b>	<b>28</b>	<b>-</b>	<b>0.66%</b>	<b>162</b>	<b>32</b>	<b>5</b>	<b>229</b>
<b>Total A/A</b>	<b>469</b>	<b>10.3%</b>	<b>957</b>	<b>-</b>	<b>31.44%</b>	<b>1,823</b>	<b>1,183</b>	<b>104</b>	<b>4,536</b>

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*The assessment area appears reasonable based upon the location of M&T Bank's offices and its lending patterns. There is no evidence that M&T Bank arbitrarily excluded LMI areas.*

## **Demographic & Economic Data**

### **Population and Income Characteristics**

The assessment area had a population of 17,936,630 during the examination period. Approximately 13.1% of the population were over the age of 65 and 19.6% were under the age of sixteen. MD 35644 (New York metropolitan area) is the most densely populated among MSAs/MDs in the assessment area accounting for 9,066,913 or 50.5% of the assessment area's total population.

Of the 4,281,836 families in the assessment area, 23.9% were low-income, 17.1% were moderate-income, 19.4% were middle-income and 39.6% were upper-income. There were 6,658,581 households in the assessment area, of which 13.7% had income below the poverty level and 3.1% were on public assistance.

The weighted average median family income<sup>2</sup> in the assessment area for all 43 counties was \$75,966. The average median family income of the top five deposit-generating MSAs/MDs were as follows: Downstate NY MD 35644 (\$71,849) and Upstate NY MSAs 15380 (\$64,740), 40380 (\$67,281), 45060 (\$67,892), and 13780 (\$59,291).

### **Housing Characteristics**

There were 7,378,418 housing units within the assessment area, of which 63.5% were one-to-four family units, and 34.5% multifamily units. The New York metropolitan area (MD 35644) accounted for 3,676,429 (49.8%) of total housing units in the assessment area.

There were more owner-occupied housing units (48.6%) compared to rental units (44.3%). Of the 3,582,988 owner-occupied housing units, 15.7% were in LMI census tracts while 84.3% were in middle- and upper-income census tracts. The median age of the housing stock was 63 years, and the median home value was \$386,209.

Among the top five deposit-generating MSAs/MDs, the New York Metropolitan MD 35644 had a greater share of multi-family housing units (57.6%) than one-to-four family units (42.4%), while the four Upstate NY MSAs have predominantly one-to-four family housing, averaging at least 80% of the total housing units in those MSAs. Median home value for MD 35614 was highest at \$527,315, while median home value for the four Upstate MSAs ranges from \$100,866 in Binghamton MSA 13780 to \$126,138 in Rochester MSA 40380.

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<sup>2</sup> Based on the 2010 US Census.

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Housing characteristics of the top five MSAs/MDs were as follows:

New York MD 35644

There were 3,676,429 housing units in this assessment area, of which 57.6% were multi-family units, and 42.2% one-to-four family units. Slightly under 59% of housing units were renter-occupied units, and owner-occupied units accounted for approximately 33% of housing units. Of the 2,154,503 rental occupied housing units, 51.7% were in LMI census tracts. Of the 1,206,726 owner-occupied housing units, 17.4% were in LMI census tracts. Median home value was \$527,315.

Buffalo MSA 15380

There were 519,118 housing units in this assessment area, of which 86.6% were one-to-four family units, and 11.4% were multifamily units. A greater share were owner-occupied housing units (60.3%), compared with rental units (29.6%). In LMI census tracts, the percentages of owner-occupied housing units and renter occupied housing units were 19.3% and 46.8%, respectively. Median home value was \$113,014.

Rochester MSA 40380

There were 451,982 housing units in this assessment area, of which 82.8% were one-to-four family units, and 13.9% were multifamily units. A greater share of housing units were owner-occupied units (63.1%) compared with rental units (27.8%). The percentages of owner-occupied and renter-occupied housing units located in LMI census tracts were 16.3% and 43.1%, respectively. Median home value was \$126,138.

Syracuse MSA 45060

There were 233,114 housing units in this assessment area, of which 80.8% were one-to-four family units, and 16.7% multifamily units. A greater share of housing units were owner-occupied units (60.7%) compared with rental units (29.6%). The percentages of owner occupied housing and renter-occupied housing units located in LMI census tracts were 15.8% and 51.1%, respectively. Median home value was \$121,988.

Binghamton MSA 13780

There were 112,457 housing units in this assessment area, of which 81.7% were one-to-four family units, and 11.1% multifamily units. A greater share of housing units were owner-occupied units (62.4%) compared with rental units (27.6%). The percentages of owner-occupied and renter occupied housing units located in LMI census tracts were 12.3% and 42.1%, respectively. Median home value was \$100,866.

**Business Demographics**

There were 1,447,472 non-farm businesses in the assessment area. Of these, 72.9% were businesses with reported revenues of less than or equal to \$1 million; 5.1% reported revenues of more than \$1 million and 22.0% did not report their revenues. Of all the businesses in the assessment area, 80.6% were businesses with less than fifty employees, and 92.7% operated from a single location.

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The largest industries in the area were services (45.2%), retail trade (14.0%), and finance, insurance & real estate (7.8%), while 12.6% of businesses were not classified.

The business demographics of the top five MSAs/MDs were similar in overall numbers, except that the Buffalo, Syracuse and Binghamton MSAs had construction as the third largest industry.

### **Unemployment Rates**

According to the New York State Department of Labor, the three-year average unemployment rate for New York State decreased from 8.4%<sup>3</sup> to 8.1%. The statewide unemployment rate for the last three years was on par with the national average. New York was also one of 25 states with statistically significant unemployment rate decreases, from 8.5% in 2012 to 7.7% in 2013 or a 0.8% decrease.<sup>4</sup> The 2014 seven-month average unemployment rate also showed a lower rate of 6.9%.

Among the counties in downstate New York, Bronx County<sup>5</sup> had the highest unemployment rate at 12.3% or 51.9% above the statewide average. Putnam and Rockland counties had the lowest unemployment rates of 6.4% and 6.5%, respectively, or 19.8% lower than the statewide average.

Among Upstate MSAs, MSA 48060<sup>6</sup> (Jefferson County) had the highest unemployment rate at 9.8% or 21.0% above the statewide average.

MSA 27060 – Ithaca (Tompkins) consistently had the lowest unemployment rate at 5.5%, or 32.1% lower than the statewide average.<sup>7</sup> MSA 10580 – Albany-Schenectady at 7.0% was 13.6% below the statewide average. The remaining MSAs were nearly equal to statewide average.

Details of unemployment rates in Downstate counties (MD 35614, 35004 and 20524),

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<sup>3</sup> Three-year average from the prior examination (2009 to 2011).

<sup>4</sup> Bureau of Labor Statistics – Regional and State Unemployment, 2013 annual average summary.

<sup>5</sup> Bronx also showed the highest unemployment rate in MD 35644 from the prior evaluation at 12.3%.

<sup>6</sup> MSA 48060 is a new MSA as of the revised MSA delineation effective 2/28/13.

<sup>7</sup> Ithaca also showed the lowest unemployment rate from the prior evaluation at 5.8%.

Upstate MSAs and non-MSAs are listed in the following tables:

<b>Multistate Metropolitan MSA/MD - New York only</b>												
<b>Statewide and counties in Downstate MSA/MD 35614, 35004 and New MSA 20524 (Putnam &amp; Dutchess)</b>												
<b>Annual Unemployment Rates</b>												
Year	State-wide	Bronx	Kings	NY	Queens	Orange	Rock-land	West-chester	Nassau	Suffolk	Dutchess	Putnam
2011	8.2	12.4	9.8	7.5	8.2	7.9	6.7	7.0	6.8	7.4	7.6	6.8
2012	8.5	12.8	10.0	7.8	8.4	8.2	6.8	7.2	7.0	7.6	7.8	6.7
2013	7.7	11.8	9.4	7.2	7.8	7.2	5.9	6.3	5.9	6.4	6.8	5.8
2014 *	6.9	11.1	8.5	6.5	7.2	6.1	5.2	5.5	5.1	5.6	5.8	5.0
3 yr.ave	8.1	12.3	9.7	7.5	8.1	7.8	6.5	6.8	6.6	7.1	7.4	6.4
* 7-month average												

<b>Statewide and Non-MSA counties in Upstate - Annual Unemployment Rates</b>												
Year	State-wide	Allegany	Cattaraugus	Cayuga	Chautauqua	Chenango	Cortland	Genesee	Seneca	Steuben	Sullivan	Wyoming
2011	8.2	8.8	8.8	7.8	8.0	8.4	8.5	7.6	7.7	9.4	9.2	8.5
2012	8.5	8.3	8.8	8.0	8.3	8.3	8.7	7.7	7.8	9.7	9.5	8.6
2013	7.7	7.6	8.1	7.2	7.9	7.1	7.9	6.7	6.9	8.9	8.7	7.8
2014 *	6.9	6.9	7.1	6.4	7.1	6.4	7.3	6.0	6.1	7.8	7.6	7.1
3-yr ave	8.1	8.2	8.6	7.7	8.1	7.9	8.4	7.3	7.5	9.3	9.1	8.3
* 7-month average												

<b>Statewide &amp; Upstate MSA - Annual Unemployment Rates</b>											
Year	State-wide	MSA 10580	MSA 13780	MSA 15380	MSA 21300	MSA 27060	MSA 28740	MSA 40380	MSA 45060	MSA 46540	MSA 48060
2011	8.2	7.3	8.5	8.0	7.9	5.8	8.3	7.7	8.3	8.3	9.9
2012	8.5	7.4	8.6	8.3	8.5	5.8	8.7	7.9	8.5	8.5	10.0
2013	7.7	6.4	7.8	7.5	8.2	5.0	7.8	7.1	7.6	7.8	9.5
2014*	6.9	5.6	7.1	6.6	7.1	4.4	6.6	6.3	6.7	6.9	8.7
3-yr.ave	8.1	7.0	8.3	7.9	8.2	5.5	8.3	7.6	8.1	8.2	9.8
* 7-month average											

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## **Community Information**

Examiners contacted a City of Buffalo government agency involved in strategic planning and nonprofit organizations serving low-income residents and communities in Western New York, including Erie County (Buffalo) where M&T has the most significant presence in terms of number of branches (46 or 18.2%) and deposit market share (52.7%). Additionally, examiners contacted a coalition of neighborhood affordable housing organizations and community development corporations that serve Downstate New York LMI communities, including Bronx, Kings, New York, Queens, Orange, Rockland, Westchester, Dutchess and Putnam counties.

Community contacts in Erie County indicated the need to create projects that would revitalize neighborhoods characterized by blighted houses and buildings. They noted that, despite population loss Upstate during the last ten years, there remained the need to provide affordable housing for displaced and homeless residents, a growing immigrant population from Asia, Africa, Latin America and the Caribbean, and aging members of the community.

The Downstate community contacts indicated the need for affordable multifamily housing especially in New York City ("NYC") where housing is predominantly multifamily (57.6 %) and renter-occupied (58.6%). NYC is a high cost area to own or rent and low-income families spend more than 50% of their income on rent. Affordable housing in some areas of NYC that used to be affordable to low-income households had become scarce, attributable in part to the effects of gentrification. Community contacts also expressed the need for banks to provide low cost savings and loan products, extend bank presence, and improve the financial capability of underbanked communities.



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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*DFS evaluated M&T under the large bank performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Superintendent 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.*

DFS derived statistics employed in this evaluation from various sources. The bank submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS calculated loan-to-deposit ("LTD") ratios from information shown in the bank's Uniform Bank Performance Report submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). DFS based business demographic data on Dun & Bradstreet reports, which are updated annually. DFS obtained unemployment data from the New York State Department of Labor.

The assessment period included calendar years 2012 and 2013 for HMDA and small business loans, while community development activities included the period July 1, 2012 to August 31, 2014.

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

For evaluation of HMDA-reportable and small business loans by MSA/MD for 2012 and 2013, data were gathered on loans made in MD 35644 and MD 39100. These MDs were regrouped effective January 1, 2014 and are no longer used to gather HMDA and small business loan data. Effective January 1, 2014, MSA/MDs and the corresponding counties are now under MD 35614, MD 20524 and MSA 48060. The new MSA/MDs, detailed in pages 4 and 5 of the Performance Context section of this CRA evaluation report were used in the Community Development Loans and Investment tables.

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At its **prior** Performance Evaluation, as of December 31, 2011, DFS assigned M&T Bank a rating of “1,” reflecting an “Outstanding” record of helping to meet community credit needs.

**Current CRA Rating: “Outstanding”**

**LENDING TEST:** “Outstanding”

*M&T’s lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Distribution of Loans by Borrower Characteristics; (5) Community Development Lending and (6) Flexible and/or Innovative Lending Practices.*

**Lending Activity: “Outstanding”**

The markets in which M&T operates continued to be affected by job losses, unemployment, the real estate meltdown, a high number of foreclosures, and other recessionary issues that have impacted the country since 2007. Nevertheless, M&T’s HMDA-reportable, small business, and community development lending activity demonstrated a high degree of responsiveness to its New York assessment area’s credit needs.

M&T’s bank-wide average LTD for the current evaluation period was 94.5%, a decrease of 5.4% from 99.9% at the prior period. Nevertheless, M&T outperformed its peer group<sup>1</sup> by 15.3%. By dollar amount of net loans and leases, M&T increased its lending by 7% from \$58.2 billion at December 31, 2011 to \$62.2 billion at December 31, 2013. Similarly, total domestic deposits rose by 13.6% from \$59.7 billion to \$67.8 billion during the same two-year period.

As of December 31, 2013, M&T’s LTD ratio in its New York assessment area was 101.5% with \$27.6 billion in loan balances and \$27.2 billion in deposit balances. As of March 31, 2014, the LTD ratio was 96.5%. In both instances, M&T’s LTD ratios were higher in New York State than bank-wide.

M&T ranked 4<sup>th</sup> behind three national banks (Wells Fargo Bank, N.A., JP Morgan Chase Bank, N.A. and Citibank, N.A.) in mortgage loans inside of M&T’s New York assessment area. M&T’s market share in 2012 was 3.3% by total number of loans and 2.6% by total dollar amount among 714 lenders who together had \$78.7 billion in mortgage loans outstanding. In 2013 M&T ranked 5<sup>th</sup> with a market share of 3.4% by number of loans and 2.3% by total dollar amount behind the aforementioned national banks, Quicken Loans (a mortgage banker), and 740 other lenders, with a total of \$78.4 billion in mortgage loans outstanding.

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1. Peer group includes insured commercial banks with total assets exceeding \$3 billion.

Based on 2012 peer small business loan data, M&T ranked 14<sup>th</sup> in number and total dollar amount of loans among 246 lenders with \$11.1 billion of small business loans originated in its New York assessment area. In 2013 M&T ranked 15<sup>th</sup> among 256 lenders and \$11.6 billion of small business loans outstanding.

The Small Business Administration (“SBA”) Fiscal Year 2014 report indicated that M&T continued to be ranked 6<sup>th</sup> largest SBA lender in the nation based on the number of loans approved for the fiscal year. M&T continues to be the number one SBA lender in Buffalo and Syracuse.

The following table shows the quarterly LTD ratios for the 10 quarters of the current evaluation:

<b>Loan-to-Deposit Ratios</b>											
	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	Avg.
Bank	96.1	96.8	96.8	98.0	97.7	97.0	92.1	91.9	89.8	89.2	94.5
Peer	77.7	78.3	78.9	77.4	78.0	79.9	79.5	80.3	80.3	81.6	79.2

**Assessment Area Concentration: “Outstanding”**

M&T originated a substantial majority of its HMDA-reportable and small business loans in its New York assessment area, demonstrating an excellent lending concentration. During the evaluation period, M&T originated 96.5% by number and 97.8% by dollar value of its total HMDA-reportable and small business loans in the assessment area.

The dollar amount of loans made in the assessment area significantly increased by 73.8% compared to the prior evaluation period. HMDA-reportable loan increased by 100.0% and small business loans increased by 9.6%.

HMDA-reportable loans accounted for 81.6% of the total dollar value of loans made, and small business loans accounted for 18.4%. One-to-four family loans represented a majority of total HMDA-reportable loans at 68.0%.

The following table shows the percentages of M&T’s HMDA-reportable and small business loans originated inside and outside of the New York 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										
2012	10,407	95.5%	487	4.5%	10,894	3,202,980	97.9%	70,026	2.1%	3,273,006
2013	10,231	96.3%	394	3.7%	10,625	2,835,659	97.6%	69,862	2.4%	2,905,521
Subtotal	20,638	95.9%	881	4.1%	21,519	6,038,639	97.7%	139,888	2.3%	6,178,527
Small Business										
2012	3,495	98.5%	52	1.5%	3,547	649,432	98.1%	12,519	1.9%	661,951
2013	3,752	98.2%	70	1.8%	3,822	709,087	98.2%	13,249	1.8%	722,336
Subtotal	7,247	98.3%	122	1.7%	7,369	1,358,519	98.1%	25,768	1.9%	1,384,287
Grand Total	27,885	96.5%	1,003	3.5%	28,888	7,397,158	97.8%	165,656	2.2%	7,562,814

### HMDA-Reportable Loans:

M&T originated 95.9% by number and 97.7% by dollar value of its HMDA-reportable loans inside the assessment area. This lending volume came from 20,638 loans made with a total dollar amount of slightly more than \$6.0 billion.

M&T made 85.6% of the total dollar value of its HMDA-reportable loans in five geographic subdivisions, as follows: It made 45.4% in the New York Metropolitan area MD (35644), followed by the Buffalo-Niagara Falls MSA (15380) at 14.2%; the Rochester MSA (40380) at 10.1%; the Albany MSA (10580) at 8.9%, and the Nassau/Suffolk MD (35004) at 7.0%.

The following table illustrates M&T's HMDA-reportable activity within its New York assessment area in 2012 and 2013, showing the number and dollar volume of loans in the various MSAs and MDs.

HMDA-Reportable Lending Activity Inside the Assessment Area												
MSA / MD	2012				2013				Total			
	#	%	\$000	%	#	%	\$000	%	#	%	\$000	%
10580	756	7.3	330,860	10.3	705	6.9	206,965	7.3	1,461	7.1%	537,825	8.9%
13780	427	4.1	46,380	1.4	420	4.1	42,384	1.5	847	4.1%	88,764	1.5%
15380	3,324	31.9	432,555	13.5	3,262	31.9	425,488	15.0	6,586	31.9%	858,043	14.2%
21300	25	0.2	2,071	0.1	27	0.3	3,161	0.1	52	0.3%	5,232	0.1%
27060	47	0.5	8,837	0.3	41	0.4	17,079	0.6	88	0.4%	25,916	0.4%
28740	122	1.2	16,719	0.5	71	0.7	17,920	0.6	193	0.9%	34,639	0.6%
35004	555	5.3	238,662	7.5	622	6.1	182,355	6.4	1,177	5.7%	421,017	7.0%
35644	1,183	11.4	1,470,456	45.9	1,332	13.0	1,273,872	44.9	2,515	12.2%	2,744,328	45.4%
39100	353	3.4	85,698	2.7	361	3.5	95,142	3.4	714	3.5%	180,840	3.0%
40380	1,540	14.8	291,268	9.1	1,526	14.9	315,982	11.1	3,066	14.9%	607,250	10.1%
45060	908	8.7	104,520	3.3	767	7.5	139,596	4.9	1,675	8.1%	244,116	4.0%
46540	425	4.1	45,393	1.4	371	3.6	43,950	1.5	796	3.9%	89,343	1.5%
Non-MSA	742	7.1	129,561	4.0	726	7.1	71,765	2.5	1,468	7.1%	201,326	3.3%
<b>Total</b>	<b>10,407</b>	<b>100.0</b>	<b>3,202,980</b>	<b>100.0</b>	<b>10,231</b>	<b>100.0</b>	<b>2,835,659</b>	<b>100.0</b>	<b>20,638</b>	<b>100.0%</b>	<b>6,038,639</b>	<b>100.0%</b>

## Small Business Lending:

During the evaluation period, M&T originated 98.3% by number and 98.1% by dollar value of its small business loans within the assessment area. This volume of lending came from 7,247 small business loans with an aggregate value of \$1.4 billion, which was an increase of 9.6% over the prior evaluation period.

M&T made a total 71.8% of its small business loans in the following areas: MSA 15380 (Buffalo-Niagara Falls) – 22.2%; MSA 40380 (Rochester) – 17.8%; MD 35644 (Metropolitan NY) – 13.7%; MSA 45060 (Syracuse) – 10.4%, and MSA 10580 (Albany) – 7.7%.

The following table illustrates M&T’s small business lending activity in 2012 and 2013, showing the number and dollar volume of loans in the various MSAs and MDs.

Small Business Lending Activity Inside the Assessment Area												
MSA / MD	2012				2013				Total			
	#	%	\$000	%	#	%	\$000	%	#	%	\$000	%
10580	174	5.0	45,759	7.0	219	5.8	58,460	8.2	393	5.4%	104,219	7.7%
13780	234	6.7	34,203	5.3	224	6.0	29,597	4.2	458	6.3%	63,800	4.7%
15380	856	24.5	154,831	23.8	861	22.9	146,541	20.7	1,717	23.7%	301,372	22.2%
21300	22	0.6	3,021	0.5	13	0.3	1,862	0.3	35	0.5%	4,883	0.4%
27060	20	0.6	3,753	0.6	35	0.9	5,179	0.7	55	0.8%	8,932	0.7%
28740	74	2.1	11,504	1.8	55	1.5	8,123	1.1	129	1.8%	19,627	1.4%
35004	166	4.7	51,290	7.9	153	4.1	52,065	7.3	319	4.4%	103,355	7.6%
35644	345	9.9	80,439	12.4	389	10.4	106,285	15.0	734	10.1%	186,724	13.7%
39100	206	5.9	32,839	5.1	215	5.7	38,626	5.4	421	5.8%	71,465	5.3%
40380	649	18.6	116,152	17.9	732	19.5	126,215	17.8	1,381	19.1%	242,367	17.8%
45060	396	11.3	61,300	9.4	437	11.6	79,655	11.2	833	11.5%	140,955	10.4%
46540	121	3.5	17,356	2.7	160	4.3	18,863	2.7	281	3.9%	36,219	2.7%
Non-MSA	232	6.6	36,985	5.7	259	6.9	37,616	5.3	491	6.8%	74,601	5.5%
<b>Total</b>	<b>3,495</b>	<b>100.0</b>	<b>649,432</b>	<b>100.0</b>	<b>3,752</b>	<b>100.0</b>	<b>709,087</b>	<b>100.0</b>	<b>7,247</b>	<b>100.0%</b>	<b>1,358,519</b>	<b>100.0%</b>

## **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 a reasonable rate of lending in LMI census tracts.

HMDA-reportable and small business lending in LMI census tracts increased in dollar value by 149.4% and 41.7%, respectively, between evaluation periods.

HMDA-Reportable Loans:

The distribution of HMDA-reportable loans, based on the income level of the geography demonstrated a reasonable level of lending in LMI census tracts. Lending in LMI geographies increased significantly, by 62.2% by number of loans and 149.4% by dollar value.

Among the MSAs and MDs, MD 35644 in the Metropolitan NY area accounted for 52.9% of the total loans made in LMI census tracts inside the assessment area, followed by MSA 40380 (Rochester) at 11.6%, and MSA 15380 (Buffalo) at 8.6%.

During the evaluation period, M&T outperformed aggregate lending in low-income census tracts by 1.8% by number of loans, but M&T was even (2.8%) with the aggregate by dollar value of loans.

M&T outperformed aggregate market levels 4% by number and 2.1% by dollar value of HMDA-reportable loans made in combined LMI census tracts.

The following table provides a summary of M&T'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									
2012									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	374	3.6%	70,283	2.2%	4,928	1.9%	2,024,012	2.6%	2.6%
Moderate	1,179	11.3%	370,541	11.6%	25,676	9.8%	7,482,665	9.5%	13.1%
LMI	1,553	14.9%	440,824	13.8%	30,604	11.7%	9,506,677	12.1%	15.7%
Middle	4,997	48.0%	1,087,123	33.9%	119,161	45.6%	26,665,712	33.9%	48.4%
Upper	3,850	37.0%	1,672,241	52.2%	111,290	42.6%	42,247,938	53.7%	35.9%
Unknown	7	0.1%	2,792	0.1%	266	0.1%	277,302	0.4%	
<b>Total</b>	<b>10,407</b>		<b>3,202,980</b>		<b>261,321</b>		<b>78,697,629</b>		
2013									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	415	4.1%	95,948	3.4%	5,504	2.2%	2,432,219	3.1%	2.6%
Moderate	1,412	13.8%	373,594	13.2%	27,013	10.9%	8,509,750	10.9%	13.1%
LMI	1,827	17.9%	469,542	16.6%	32,517	13.1%	10,941,969	14.0%	15.7%
Middle	4,937	48.3%	986,416	34.8%	113,488	45.6%	25,911,672	33.0%	48.4%
Upper	3,465	33.9%	1,379,149	48.6%	102,753	41.3%	41,420,253	52.8%	35.9%
Unknown	2	0.0%	552	0.0%	136	0.1%	151,996	0.2%	
<b>Total</b>	<b>10,231</b>		<b>2,835,659</b>		<b>248,894</b>		<b>78,425,890</b>		
GRAND TOTAL									
Geographic Income	Bank				Aggregate				OO HUs
	#	%	\$000's	%	#	%	\$000's	%	%
Low	789	3.8%	166,231	2.8%		2.0%		2.8%	
Moderate	2,591	12.6%	744,135	12.3%		10.3%		10.2%	
LMI	3,380	16.4%	910,366	15.1%		12.4%		13.0%	
Middle	9,934	48.1%	2,073,539	34.3%		45.6%		33.5%	
Upper	7,315	35.4%	3,051,390	50.5%		42.0%		53.2%	
Unknown	9	0.0%	3,344	0.1%		0.1%		0.3%	
<b>Total</b>	<b>20,638</b>		<b>6,038,639</b>						

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Small Business Loans:

The distribution of small business loans based on the income level of the geography of the business demonstrated an adequate level of lending in LMI census tracts.

The level of small business lending in LMI census tracts between evaluation periods increased 19.7% by number and 41.7% by dollar value.

M&T originated 8.6% by number and 8.8% by dollar value of its small business loans in low-income census tracts during the current two-year evaluation period, outperforming aggregate levels by 2.5%. Lending in moderate-income census tracts was less favorable, where M&T underperformed lending in by the aggregate of banks by 2.4% in both number and dollar value of loans. Overall, the rate of lending in combined LMI census tracts was 20.8% by number and 21.2% by dollar value, outperforming aggregate levels in both categories by 0.1%.

MSA 15380 (Buffalo) accounted for 24.4% of the loans; MSA 40380 (Rochester), 20.8%; MSA 45060 (Syracuse), 14%; and MD 35644 (Metropolitan NY), 8.7%, for a total of 67.9% of all small business loans made in those four MSAs and MDs in LMI census tracts.

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

<b>Distribution of Small Business Lending by Geographic Income of the Census Tract</b>									
<b>2012</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	310	8.9%	60,372	9.3%	20,956	5.7%	700,734	6.5%	6.7%
Moderate	433	12.4%	87,313	13.4%	52,501	14.4%	1,601,348	14.7%	16.7%
LMI	743	21.3%	147,685	22.7%	73,457	20.2%	2,302,082	21.2%	23.4%
Middle	1,568	44.9%	285,531	44.0%	131,809	36.2%	4,050,072	37.3%	38.0%
Upper	1,171	33.5%	214,854	33.1%	152,715	41.9%	4,226,716	38.9%	37.1%
Unknown	13	0.4%	1,362	0.2%	6,548	1.8%	284,367	2.6%	1.5%
<b>Total</b>	<b>3,495</b>		<b>649,432</b>		<b>364,529</b>		<b>10,863,237</b>		
<b>2013</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	312	8.3%	58,644	8.3%	21,071	6.4%	692,350	6.1%	6.7%
Moderate	451	12.0%	81,076	11.4%	48,897	14.9%	1,676,471	14.9%	16.6%
LMI	763	20.3%	139,720	19.7%	69,968	21.3%	2,368,821	21.0%	23.3%
Middle	1,694	45.1%	321,174	45.3%	118,404	36.1%	4,214,232	37.3%	37.7%
Upper	1,288	34.3%	246,773	34.8%	133,679	40.8%	4,402,062	39.0%	37.5%
Unknown	7	0.2%	1,420	0.2%	5,916	1.8%	300,085	2.7%	1.5%
<b>Total</b>	<b>3,752</b>		<b>709,087</b>		<b>327,967</b>		<b>11,285,200</b>		
<b>GRAND TOTAL</b>									
<b>Geographic Income</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000's</b>	<b>%</b>	<b>%</b>
Low	622	8.6%	119,016	8.8%		6.1%		6.3%	
Moderate	884	12.2%	168,389	12.4%		14.6%		14.8%	
LMI	1,506	20.8%	287,405	21.2%		20.7%		21.1%	
Middle	3,262	45.0%	606,705	44.7%		36.1%		37.3%	
Upper	2,459	33.9%	461,627	34.0%		41.4%		39.0%	
Unknown	20	0.3%	2,782	0.2%		1.8%		2.6%	
<b>Total</b>	<b>7,247</b>		<b>1,358,519</b>						

### **Distribution by Borrower Characteristics: "Outstanding"**

The rate of lending based on borrower characteristics demonstrated excellent lending levels to LMI individuals and businesses with revenues of \$1 million or less.

M&T originated 28.6% by number 11.4% by dollar value of its one-to-four family loans to LMI borrowers, outperforming aggregate levels by 7.3% and 1.5%, respectively.

M&T's one-to-four family loans accounted for 63.0% and 73.7% of its total HMDA-reportable loans in its assessment areas in 2012 and 2013, respectively. This was an increase of 75.7% by dollar value compared to the prior evaluation period.

M&T originated 49.6% by number and 27.9% by dollar value of its total business loans to businesses with revenues equal to or less than \$1 million, exceeding aggregate levels by 8.5% by number of loans while underperforming by 3.1% by dollar value.

Loans to businesses with revenues equal to or less than \$1 million increased by 7.7% by number and 17.0% by dollar value between evaluation periods.

#### One-to-Four Family HMDA-Reportable Loans:



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M&T demonstrated a more than reasonable level of lending to LMI individuals in its one-to-four family HMDA-reportable lending.

M&T originated 8.0% by number and 2.4% by dollar value of its one-to-four family loans to low-income borrowers, outperforming aggregate levels by 3.4% and 0.4%, respectively.

M&T also outperformed aggregate levels of lending to LMI individuals by 7.3% by number and 1.5% by dollar value of loans. Loans to LMI individuals increased by 12.4%. The largest concentration of loans to LMI individuals by MSAs and MDs were as follows: MSA 15380 (Buffalo): 32.2%; MSA 40380 (Rochester): 17.2%; MSA 10580 (Albany): 12.4%; MD 35644 (Metropolitan NY): 7.7%; and MSA 45060 (Syracuse): 5.3%. These five MSAs and MDs accounted for 74.8% of M&T's total one-to-four family loans extended to LMI individuals.

Loans made to borrowers with unknown income accounted for 22.7% by number and 47.7% by dollar value. All of these loans were Home Affordable Refinance Program ("HARP")<sup>2</sup> loans made in 2012 and 2013. As an approved HARP lender, M&T was an active participant in the program designed to provide refinance options for Freddie Mac and Fannie Mae owned mortgages, with the goal of lowering payments to achieve greater affordability for the homeowner.

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

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2. HARP Loans do not require verification of income as it is not a factor considered in refinancing a loan under the program.

Distribution of 1-4 Family Loans by Borrower Income									
2012									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	780	7.7%	51,698	2.6%	14,062	5.5%	1,415,812	2.1%	23.9%
Moderate	2,022	19.9%	182,775	9.1%	40,461	15.8%	5,513,513	8.1%	17.1%
LMI	2,802	27.6%	234,473	11.6%	54,523	21.3%	6,929,325	10.1%	41.0%
Middle	2,127	20.9%	255,300	12.6%	60,966	23.8%	11,163,415	16.3%	19.4%
Upper	2,966	29.2%	591,536	29.3%	129,789	50.7%	46,121,335	67.4%	39.6%
Unknown	2,275	22.4%	937,793	46.4%	10,527	4.1%	4,249,342	6.2%	
<b>Total</b>	<b>10,170</b>		<b>2,019,102</b>		<b>255,805</b>		<b>68,463,417</b>		
2013									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	825	8.3%	46,966	2.2%	12,714	5.2%	1,287,824	1.9%	23.9%
Moderate	2,136	21.4%	185,723	8.9%	38,843	16.0%	5,200,830	7.7%	17.1%
LMI	2,961	29.7%	232,689	11.1%	51,557	21.2%	6,488,654	9.7%	41.0%
Middle	1,970	19.7%	234,443	11.2%	57,358	23.6%	10,447,810	15.5%	19.4%
Upper	2,741	27.5%	602,268	28.8%	124,309	51.1%	45,941,099	68.3%	39.6%
Unknown	2,309	23.1%	1,020,467	48.8%	10,145	4.2%	4,337,237	6.5%	
<b>Total</b>	<b>9,981</b>		<b>2,089,867</b>		<b>243,369</b>		<b>67,214,800</b>		
GRAND TOTAL									
Borrower Income	Bank				Aggregate				Fam.Dem.
	#	%	\$000's	%	#	%	\$000's	%	%
Low	1,605	8.0%	98,664	2.4%		5.4%		2.0%	
Moderate	4,158	20.6%	368,498	9.0%		15.9%		7.9%	
LMI	5,763	28.6%	467,162	11.4%		21.3%		9.9%	
Middle	4,097	20.3%	489,743	11.9%		23.7%		15.9%	
Upper	5,707	28.3%	1,193,804	29.1%		50.9%		67.9%	
Unknown	4,584	22.7%	1,958,260	47.7%		4.1%		6.3%	
<b>Total</b>	<b>20,151</b>		<b>4,108,969</b>						

Small Business Loans:

The distribution of small business loans based on the revenue size of the business demonstrated a more than reasonable rate of lending to small businesses.

Overall, M&T originated 49.6% by number and 27.9% by dollar value of its total business loans to businesses with revenues equal to or less than \$1 million. This exceeded the aggregate's rate of lending by 8.2% by number of loans but underperformed the aggregate by 3.6% by dollar value of loans.

Loans to businesses with revenue sizes equal to or less than \$1 million increased by 17% from the prior evaluation period. The top five MSAs and MDs in lending to small businesses accounted for 73.5% of all such loans and were: MSA 15380 (Buffalo), at 21.3%; MSA 40380 (Rochester), at 17.8%; MD 35644 (Metropolitan NY), at 15.2%; MSA 45060 (Syracuse), at 12.7%; and MSA 10580 (Albany), at 6.5%.

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

<b>Distribution of Small Business Lending by Revenue Size of Business</b>									
<b>2012</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	1,670	47.8%	156,243	24.1%	141,337	38.8%	3,250,621	29.9%	72.0%
Rev. > \$1MM	1,759	50.3%	482,234	74.3%					4.8%
Rev. Unknown	66	1.9%	10,955	1.7%					23.2%
<b>Total</b>	<b>3,495</b>		<b>649,432</b>		<b>364,529</b>		<b>10,863,237</b>		
<b>2013</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	1,923	51.3%	222,145	31.3%	145,044	44.2%	3,716,448	32.9%	72.9%
Rev. > \$1MM	1,718	45.8%	462,608	65.2%					5.1%
Rev. Unknown	111	3.0%	24,334	3.4%					22.0%
<b>Total</b>	<b>3,752</b>		<b>709,087</b>		<b>327,967</b>		<b>11,285,200</b>		
<b>GRAND TOTAL</b>									
<b>Rev. Size</b>	<b>Bank</b>				<b>Aggregate</b>				<b>Bus.Dem.</b>
	#	%	\$000's	%	#	%	\$000's	%	%
Rev. <= \$1MM	3,593	49.6%	378,388	27.9%		41.4%		31.5%	
Rev. > \$1MM	3,477	48.0%	944,842	69.5%					
Rev. Unknown	177	2.4%	35,289	2.6%					
<b>Total</b>	<b>7,247</b>		<b>1,358,519</b>						

### **Community Development Lending: "Outstanding"**

During the evaluation period, M&T made \$1.6 billion in new community development loans and had \$414.1 million outstanding from prior evaluation periods, which demonstrated a strong level of responsiveness to the credit needs of the assessment area. The amount of community development loans increased 23.2% compared to the prior evaluation period.

M&T remained focus on four broad industry categories in its community development lending:

1. Health-care related loans that support assisted housing and services targeting LMI individuals;
2. Construction and permanent loans for both one-to-four family and multifamily affordable housing developments;
3. Working capital and permanent loans for community development focused nonprofit organizations ("NPO"); and
4. Commercial loans that support large-scale economic development initiatives or projects that revitalize and stabilize LMI geographies.

<b>Community Development Lending</b>				
	This Evaluation Period		Outstanding from Prior Evaluation Periods	
Purpose	# of Loans	\$000	# of Loans	\$000
Affordable Housing	39	178,817	35	121,467
Community Services	139	556,354	21	141,279
Economic Development	22	73,183	14	57,407
Revitalize & Stabilize	53	813,669	12	93,916
<b>Total</b>	<b>253</b>	<b>1,622,023</b>	<b>82</b>	<b>414,069</b>

Examples of M&T's community development lending during the current evaluation period are as follows:

1. Affordable Housing

M&T financed projects for the acquisition, construction and rehabilitation of affordable housing projects for LMI families:

- M&T extended \$10 million in credit facilities to two wholly-owned subsidiaries of a NPO for the redevelopment of 71 rental units of supportive housing for individuals with special needs located in a low-income census tract in Rochester, New York.
- M&T extended an \$8 million revolving line of credit to a limited liability corporation ("LLC") created to support New York City's ("NYC") efforts to provide affordable and supportive housing. The LLC offers acquisition and pre-development loans to developers committed to the creation and preservation of affordable housing in the five boroughs of NYC.
- M&T extended \$12.5 million in construction loans to fund the redevelopment of a Low Income Housing Tax Credits ("LIHTC") affordable housing project in Rome, New York. Located in a moderate-income census tract, the apartment complex is owned and operated by a city government agency organized to address the housing needs of LMI families.
- M&T extended a \$17.5 million line of credit to a LLC formed to sponsor and manage LIHTC investment funds for institutional investors. The line of credit provided financing for equity investments and loans to partnerships that have been awarded Federal LIHTCs. The LLC is also engaged in the acquisition, construction and rehabilitation of LIHTC properties.

2. Community Services

M&T made loans to provide a range of services to LMI individuals and communities, including healthcare services, supportive housing for the homeless, and working capital

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for a NPO focused on providing support services to economically disadvantaged individuals.

- M&T provided credit support to a number of healthcare service providers in its assessment area. For example:
  - M&T extended \$61.4 million in lines of credit and loans to a parent company and its subsidiaries that operate skilled nursing, adult day care, and long term home health care facilities for the elderly. These facilities, located in the counties of New York, Bronx, and Westchester, derive a significant portion of their operating revenues from Medicaid reimbursement.
- M&T extended \$62.4 million in loans to combat the growing homeless problem in NYC through loans to operators of housing for the homeless projects located in Bronx, Kings, New York and Queens counties.
  - Included in the home for the homeless category is a \$22.1 million loan extended for the construction of a 198-unit homeless shelter in Brooklyn, pre-leased to a NPO providing shelter and supportive housing via a contract with NYC's Department of Homeless Services.
- M&T extended \$4.8 million in lines of credit to two local divisions of a nationwide NPO providing a variety of support services to poor and needy individuals in Rochester and Binghamton, New York.

### 3. Revitalization and Stabilization

M&T extended credit to finance projects that revitalized and stabilized LMI geographies; it also extended credit to revitalize communities and businesses affected by Superstorm Sandy. For example:

- M&T extended a combined total of \$227.1 million to four health care service providers for working capital requirements and projects in and adjacent to the Buffalo Niagara Medical Campus,<sup>3</sup> a moderate-income census tract in MSA 15380. These projects included \$100.7 million to fund the construction of two office buildings pre-leased to two other healthcare service providers; \$80 million for working capital and letters of credit needs; and \$46.4 million to provide working capital for a NYS public benefit corporation engaged in cancer research and treatment.
- M&T extended \$34.8 million in loans to fund the construction of an 11-story, 280,000-square-foot building and an adjoining garage of 950 parking spaces as part of a huge development project to revitalize moderate-income census tracts

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3. The Buffalo Niagara Medical Campus is a consortium of the region's premier health care, life sciences research and medical education institutions, all located on 120 acres in downtown Buffalo, New York.

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located directly off the Hutchinson River Parkway in Bronx County. The building is currently leased to a leading healthcare provider.

- M&T extended a \$2 million line of credit to a construction company to fund the restoration and repairs to Superstorm Sandy-damaged homes in Howard Beach in Queens County.

#### 4. Economic Development

M&T provided credit support to small businesses in NYS by participating in the SBA's loan programs such as the SBA 504<sup>4</sup> Loan Program.

- M&T provided a \$10.4 million line of credit commitment to a privately owned corporation that provides long term working capital, equipment, and real estate loans to businesses located in NYS. Owned by approximately 120 member financial institutions, the corporation complements conventional banking by providing term loans to businesses, many of which do not meet the requirements for traditional financing.

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

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4. The SBA 504 Loan Program is designed to provide financing for the purchase of fixed assets at below market rates.

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)	20	163,705	3	22,733
13780 - Binghamtom (Bromme & Tioga)	6	2,573	4	10,914
15380 - Buffalo-Cheektowaa-Niagara Falls (Erie & Niagara)	45	453,674	7	36,670
20524 - Dutchess & Putnam	11	16,828	5	30,259
21300 - Chemung	-	-	-	-
27060 - Ithaca (Tompkins)	4	20,919	-	-
28740 - Kingston (Ulster)	2	6,469	-	-
35004 - Nassau and Suffolk	25	120,999	4	20,557
35614 - Bronx, Kings, New York, Orange, Queens, Rockland, Westchester	76	551,177	42	190,005
40380 - Rochester (Livingston, Monroe, Ontario, Orleans & Wayne)	29	89,371	9	65,957
45060 - Syracuse (Madison & Onondaga)	17	165,177	3	25,128
46540 - Utica-Rome (Oneida & Herkimer)	3	16,950	1	2,225
48060 Watertown-Fort Drum (Jefferson)	-	-	-	-
Non-MSA	13	11,836	2	5,901
NYS - Outside AA	2	2,345	2	3,720
Total	253	1,622,023	82	414,069

### Innovative and/or Flexible Lending Practices:

M&T continues to offer innovative and flexible residential mortgage products and small business loan products.

1. M&T has a package of residential mortgage loan products with terms that are unique to M&T, as well as flexible to meet the credit needs of the assessment area, providing greater affordability to existing homeowners and first time homebuyers. The following are examples of these products:

- *Get Started Mortgage*

This product is M&T's primary affordable mortgage product targeting LMI purchasers and those who wish to purchase in LMI communities. The program

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features a bi-weekly payment option, below market rate, and an optional unsecured installment loan for closing costs. All borrowers are required to complete a pre-purchase counseling course.

- *FHA Mortgages*

This affordable financing program is provided by HUD for the purchase or refinance of a primary residence. What is unique and innovative to M&T is that a discounted rate is offered to applicants purchasing in LMI tracts or applicants whose income is at or below the 80% household median income level.

- *HUD Section 8 Vouchers*<sup>5</sup>

Section 8 vouchers can be used as an additional income qualifier for FHA and Get Started Mortgage products.

- *M&T Lender Credit or Unsecured Installment Loan*

Lender credit of up to \$2,000 or unsecured installment loans to cover closing costs, prepaid expenses and down payment are offered with the Get Started mortgage program.

- *The State of New York Mortgage Agency (“SONYMA”) and NYS Habitat for Humanity Partnership*

SONYMA partnered with Habitat for Humanity – New York State to provide low-interest rate mortgages and down payment/closing cost assistance to first-time homebuyers purchasing a Habitat-built home. The low-interest rate loans benefit homebuyers and provide Habitat with purchasers and thus the ability for Habitat to sell their homes and build additional ones.

- *Employer Assisted Housing*

M&T participates in several residential loan programs for employees of universities in Syracuse, Rochester and Buffalo. The programs provide employer-assisted housing benefits such as loan guarantee and closing cost assistance.

- *Home Affordable Refinance Program (“HARP”)*

As an approved HARP lender, M&T is an active participant in this program designed to provide refinance options for Fannie Mae and Freddie Mac owned mortgages with the goal of lowering payments to provide greater affordability for the homeowner.

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<sup>5</sup> Administered by HUD, Section 8 housing choice voucher program is the federal government’s major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.



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2. M&T has small business loan products to meet working capital requirements and other credit needs of small businesses. These business loan products include business lines of credit, SBA loans, and other state sponsored programs, with flexible terms to provide support to small businesses and promote economic development. The following are examples of M&T's small business loan products:

- *Business Access Line of Credit*

The product is designed to help small businesses in meeting working capital needs, including inventory and equipment purchases. Businesses can apply for credit lines between \$25,000 and \$500,000.

Flexible terms include interest-only payments and no "out-of-debt" requirement allowing a business to maintain an outstanding balance at all times. Business owners have the convenience of managing their accounts without going to the bank because M&T provides a number of ways to bank remotely, such as direct loan checks, ATM transfers and withdrawals, and telephone and internet banking.

- *The U.S. Small Business Administration guaranteed loans*

M&T, as a Preferred SBA Lender, may act on behalf of SBA in approving qualified SBA-guaranteed loans. M&T participates in a number of SBA loan programs, including the popular 7(a) loan program.<sup>6</sup>

- *NYS Business Development Corporation ("NYBDC")*

M&T partners with NYBDC in providing loans to small businesses, many of which do not meet the requirements for traditional financing. These loans, including multiple participations, SBA-guaranteed, and SBA 504<sup>7</sup> loans, offer flexible amortization and long-term payouts.

**INVESTMENT TEST:** "Outstanding"

*Examiners evaluated M&T's investment performance 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's community development investments remained strong in light of the assessment

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<sup>6</sup>The 7(a) Loan Program is SBA's primary program to help start-ups 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 SBA to provide business loans to small businesses. SBA does not make the loans but rather guarantees a portion of loans made and administered by commercial lending institutions.

<sup>7</sup> SBA 504 Loan Program provides financing for major fixed assets such as equipment or real estate.

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area's credit needs, the availability of investment opportunities in its assessment area, and regulatory requirements.

**Amount of Community Development Investments:**

During the evaluation period, M&T made \$124.2 million in new community development investments, and had \$149.3 million outstanding from prior evaluation periods. In addition, M&T made \$12.6 million in community development grants.

Qualified investments and grants, including those outstanding from prior evaluation periods increased by 24.1% from the prior evaluation period.

M&T's investment choices included a range of investment types, from larger regional equity investments to smaller local level debt instruments, and deposits with community development financial institutions.

M&T made equity investments in entities engaged in providing affordable housing as well as promoting economic development and revitalizing communities. These projects were eligible for several federal and state tax benefits, such as LIHTCs, historic tax credits and solar tax credits, because of the projects' purposes.

M&T also invested in tax exempt bonds and notes issued by municipalities and cities aimed at providing community services for local residents and as a funding source for schools and infrastructure. Additionally, investments also included non-member share certificates in low-income designated credit unions and mortgage backed securities secured by loans to LMI borrowers.

The breakdown of qualified community development investments and grants, by purpose were: affordable housing at 50.2%, community services at 39.6%, revitalization and stabilization at 7.6%, and economic development at 2.6%.

<b>Community Development Investments and Grants</b>				
	<b>This Evaluation Period</b>		<b>Outstanding from Prior Evaluation Periods</b>	
	<b># of Inv.</b>	<b>\$000</b>	<b># of Inv.</b>	<b>\$000</b>
CD Investments				
Affordable Housing	8	19,925	75	120,006
Community Services	18	79,326	1	28,313
Economic Development	1	7,124	1	393
Revitalize & Stabilize	2	17,808	1	608
<b>Total</b>	<b>29</b>	<b>124,183</b>	<b>78</b>	<b>149,320</b>
CD Grants	<b># of Grants</b>	<b>\$000</b>	<i>Not Applicable</i>	
Affordable Housing	134	3,577		
Community Services	672	5,602		
Economic Development	23	163		
Revitalize & Stabilize	38	3,253		
<b>Total</b>	<b>867</b>	<b>12,594</b>		

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

<b>Community Development Investments</b>				
MSA/MD	This Evaluation Period		Outstanding from Prior Evaluation Periods	
	#	\$000	#	\$000
MSA 10580-Albany (Albany, Renssealer, Saratoga & Schenectady counties)	4	19,614	8	1,792
MSA 13780 - Binghamtom (Broome & Tioga counties)	1	45	3	1,279
MSA 15380 - Buffalo-Niagara Falls (Erie & Niagara counties)	5	33,187	11	8,331
MD 20524 - Dutchess & Putnam counties	-	-	3	3,234
MSA 21300 - Elmira (Chemung)	-	-	-	-
MSA 27060 - Ithaca (Tompkins County)	-	-	4	17,749
MSA 28740 - Kingston (Ulster County)	-	-	-	-
MD 35004 - Nassau, Suffolk Counties	3	13,149	-	-
MD 35614 - Bronx, Kings, New York, Queens, Orange, Westchester, Rockland	8	15,391	22	22,976
MSA 40380 - Rochester (Livingston, Monroe, Ontario, Orleans & Wayne)	2	2,156	16	44,198
MSA 45060 - Syracuse (Madison & Onondaga)	2	7,790	4	32,532
MSA 46540 - Utica-Rome (Oneida & Herkimer)	1	45	-	-
MSA 48060 - Jefferson County	1	28,145	-	-
Non-MSA	2	4,661	7	17,229
NYS - Outside AA	-	-	-	-
<b>Total</b>	<b>29</b>	<b>124,183</b>	<b>78</b>	<b>149,320</b>

The following are examples of M&T's community development investments and grants:

1. Affordable Housing

- M&T had \$7.7 million in two LIHTC-eligible equity investments for the construction and rehabilitation of affordable housing in Onondaga and Monroe counties as follows: \$5.8 million to construct 50 units of affordable rental housing primarily reserved for homeless veterans; and \$1.9 million to rehabilitate 68 units of existing affordable senior housing that have HUD Section 8 Housing Assistance Payment contracts.
- M&T invested \$6.0 million in FNMA-issued mortgage backed securities secured

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by residential mortgages located in Nassau, Suffolk, and Monroe counties made to borrowers whose incomes were at or below 80% of MSA median income.

## 2. Community Services

- M&T made an equity investment of \$15.2 million to redevelop a severely dilapidated building in a low-income census tract to create 68 units of affordable housing primarily targeted for persons with severe and persistent mental illness. The housing project will be available to tenants with special needs and have no income other than Medicaid and Social Security. Similar to a HUD Section 8 affordable housing voucher program, the facility will be subsidized by the NYS Office of Mental Health. The investment also qualifies for LIHTC and historic t1ax credits.
- M&T invested a total of \$48.6 million in three tax exempt bond issues to repay maturing bonds used for the financing of skilled nursing, assisted living and healthcare services for primarily Medicaid patients in Jefferson, Bronx, and Schenectady counties.

## 3. Economic Development

- M&T made a \$7.1 million solar tax credit equity investment in a limited partnership that will install solar energy systems in the Greater Capital Region (Albany, NY), targeting LMI areas, local commercial businesses and local municipalities. All 40 New York solar projects are located in LMI census tracts, providing electricity to clients at a cost lower than from the grid.

## 4. Revitalize and Stabilize

- M&T invested \$17.6 million in a LLC to develop a commercial complex in a low-income census tract in Buffalo. The project consisted of three buildings with a hotel, event and conference center, restaurant and food service marketplace, and an architectural center. M&T is the sole limited partner investor and will be entitled to its 99% share of federal and NYS historic tax credits. The project is expected to invite small businesses and create long term employment opportunities, a majority of which will be held by LMI individuals.

## 5. Community Development Grants

M&T made \$12.6 million in grants in over 860 instances to approximately 450 community based organizations, serving the LMI residents and communities inside its assessment area.

- M&T contributed \$3.1 million to a Buffalo neighborhood organization whose mission is to improve academic performance at three neighborhood schools while

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revitalizing the surrounding community. This organization is a unique public/private sector partnership of local leaders in education, business, community services, healthcare and government, and has created a sustainable model for neighborhood revitalization. Its community services also include a community health center in a moderate-income census tract that provides health services to all, regardless of their ability to pay.

- M&T made a commitment to improve the quality of education for students. During the evaluation period, M&T contributed \$1.5 million in cash and in-kind services to a charter school located in a moderate-income census tract and described as one of the poorest in Buffalo, with about 90% of the students receiving free or reduced-cost lunches. The in-kind contribution was M&T's dedication of full-time employees solely to the school and a significant number of hours of service provided by other departments within M&T providing managerial, consulting, technology, facility, financial, human resources and accounting support. M&T's objective was to manage the business of the school and leave the instruction to the educators.
- M&T extended grants of \$1.1 million to support community development corporations ("CDCs") involved in neighborhood revitalization in NYC and on Long Island. To be considered for a grant of between \$5,000 and \$20,000, a CDC had to be involved with housing or economic development and located in and serving a LMI community, among other requirements.
- M&T contributed \$127,620 to several New York local divisions of a NPO providing affordable housing support to people in need, regardless of race or religion. The NPO serves as the general contractor, so that the cost of development was reduced, facilitating the provision of housing affordable to families earning less than 50% of the area median income.
- M&T contributed \$1.6 million towards the Federal Home Loan Bank of New York's ("FHLBNY") Affordable Housing Program ("AHP"). The contribution was M&T's share of the earnings that FHLBNY set aside to support the creation and preservation of housing for low-income families and individuals through its AHP.

### **Innovativeness and/or Complexity of Community Development Investments:**

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

M&T, in support of projects that provide affordable housing and economic development to LMI individuals and census tracts, invested in equity investments that also entitled M&T to federal and state tax credits such as LIHTCs, historic tax credits and solar tax credits. These are complex investments that require detailed asset monitoring, financial reporting and other requirements imposed by the federal or state tax code.

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

M&T's community development investments exhibited reasonable levels of responsiveness to credit and community development needs.

### **SERVICE TEST:** "Outstanding"

*Examiners evaluated M&T's retail service performance 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.*

*Examiners evaluated M&T's community development service performance 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 has strong branch network delivery systems, branch hours and services, and alternative delivery systems available to LMI individuals.

#### **Current distribution of the banking institution's branches:**

M&T's branch locations represent an excellent distribution of branches within the assessment area.

As of the evaluation date, M&T operated 253 branches in New York State. Of this total, 50 branches (19.8%) were located in LMI census tracts. Of the branches in middle- and upper-income census tracts, 146 were within five miles or less of LMI census tracts, and 143 were accessible by mass transit.

In Erie County, M&T has 46 branches (18.2% of all branches), of which 28.3% are located within LMI geographies.

Virtually all branches (97%) have ATMs on premises. M&T also has ATMs at 155 off-site locations. Of the 155 off-site ATMs, 19 (12.3%) were in LMI census tracts.

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

M & T Bank - Distribution of Branches and Offsite ATMs as of December 31, 2013									
MSA or MD	County Name	Branches				Offsite ATM Locations			Total LMI for branches and offsite ATMs
		Total #	Low	Mod	LMI	Total #	Low	Mod	
	Erie	46	5	8	28.3%	70	5	3	18.1%
	Niagara	5	0	2	40.0%	7		0	16.7%
<b>15380</b>	<b>Buffalo</b>	<b>51</b>	<b>5</b>	<b>10</b>	<b>29.4%</b>	<b>77</b>	<b>5</b>	<b>3</b>	<b>18.0%</b>
	Livingston	1	0	1	100.0%	1			50.0%
	Monroe	28	2	2	14.3%	13	2	1	17.1%
	Ontario	1	0	0		1			
	Orleans	1	0	0					
	Wayne	1	0	0					
<b>40380</b>	<b>Rochester</b>	<b>32</b>	<b>2</b>	<b>3</b>	<b>15.6%</b>	<b>15</b>	<b>2</b>	<b>1</b>	<b>17.0%</b>
	Madison	2	0	0					
	Onondaga	27	4	2	22.2%	6	1	0	21.2%
<b>45060</b>	<b>Syracuse</b>	<b>29</b>	<b>4</b>	<b>2</b>	<b>20.7%</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>20.0%</b>
	Broome	15	3	3	40.0%	8	0	2	34.8%
	Tioga	1	0	0		0	0	0	
<b>13780</b>	<b>Binghamton</b>	<b>16</b>	<b>3</b>	<b>3</b>	<b>37.5%</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>33.3%</b>
	Chemung	1	0	1	100.0%	0			100.0%
<b>21300</b>	<b>Elmira</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>100.0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100.0%</b>
	Tompkins	3	0	1	33.3%	3			16.7%
<b>27060</b>	<b>Ithaca</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>33.3%</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>16.7%</b>
	Ulster	6	0	2	33.3%	13			10.5%
<b>28740</b>	<b>Kingston</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>33.3%</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>10.5%</b>
	Herkimer	5	0	0		3	0	1	12.5%
	Oneida	7	0	0		4			
<b>46540</b>	<b>Utica-Rome</b>	<b>12</b>	<b>0</b>	<b>0</b>		<b>7</b>	<b>0</b>	<b>1</b>	<b>5.3%</b>
	Albany	6	1	1	33.3%	2	1	0	37.5%
	Rensselaer	5	0	1	20.0%	2	1	1	42.9%
	Saragota	1	0	0		1			
	Schenectady	2	0	0					
<b>10580</b>	<b>Albany/Sch/Troy</b>	<b>14</b>	<b>1</b>	<b>2</b>	<b>21.4%</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>31.6%</b>
	Dutchess	13	1	2	23.1%				23.1%
	Orange	7	0	1	14.3%	12		0	5.3%
<b>39100</b>	<b>Poughkeepsie</b>	<b>20</b>	<b>1</b>	<b>3</b>	<b>20.0%</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>12.5%</b>
	Kings	3	0	1	33.3%				33.3%
	New York	8	0	1	12.5%				12.5%
	Putnam	2	0	0					
	Queens	2	0	0		1			
	Rockland	7	0	0		2			
	Westchester	7	0	1	14.3%				14.3%
<b>35644</b>	<b>New York</b>	<b>29</b>	<b>0</b>	<b>3</b>	<b>10.3%</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>9.4%</b>
	Nassau	4	0	0		1			
	Suffolk	4	0	1	25.0%	0			25.0%
<b>35004</b>	<b>Nassau/Suffolk</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>12.5%</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>11.1%</b>
	Allegany	1	0	0					
	Cattaraugus	3	0	0					
	Cayuga	2	0	0		1		1	33.3%
	Chautauqua	9	0	1	11.1%	3			8.3%
	Chenango	1	0	0					
	Cortland	1	0	0					
	Genesee	4	0	1	25.0%	1			20.0%
	Jefferson	1	0	0					
	Seneca	1	0	0					
	Steuben	3	0	0					
	Sullivan	3	0	1	33.3%				33.3%
	Wyoming	3	0	0					
<b>Non-MSA</b>		<b>32</b>	<b>0</b>	<b>3</b>	<b>9.4%</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>10.8%</b>
<b>Total</b>		<b>253</b>	<b>16</b>	<b>34</b>	<b>19.8%</b>	<b>155</b>	<b>10</b>	<b>9</b>	<b>16.9%</b>



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Record of opening and closing branches:

M&T's record of opening and closing branches did not have an adverse effect on the accessibility of its delivery systems in LMI geographies or for LMI individuals.

During the evaluation period, the bank closed six branches including three in LMI areas. However, existing branch locations accessible by mass transit remained available to customers of the closed branches.

Availability and effectiveness of alternative systems for delivering retail services:

M&T's delivery systems were readily accessible to significant portions of the bank's assessment area, particularly LMI geographies and individuals.

M&T currently operates a network of over 1,298 ATMs providing surcharge-free access to its customers. Within its New York assessment area, M&T operates 245 ATMs at branch locations and 155 off-site. Off-site ATMs are typically in convenience stores, major service stations, colleges, universities and workplaces.

M&T's checking account customers can take advantage of convenient account access using their M&T debit card. This card also can be used to make purchases anywhere VISA is accepted.

Other available alternative delivery systems included bank-by-mail; direct deposit of payroll, social security and other recurring payments; online bill pay; mobile banking; electronic statements; and telephone banking centers. Retail banking agents were available by phone through the telephone banking centers from 6 AM to 9 PM and Saturdays and Sundays from 9 AM to 5 PM.

Business banking customers can avail themselves of telephone banking from 7 AM to 7 PM weekdays and on Saturdays from 9 AM to 5 PM. Small businesses can also avail themselves of "Image Deposit" and "Remote Check Deposit" services to make deposits remotely.

Range of services provided:

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

M&T has a selection of retail products and services designed to benefit LMI individuals and small businesses. Approximately 47% of the branches offer early morning and/or extended evening hours and about 51% are open on Saturdays. About 8.3% of branches in LMI census tracts offer extended morning and night banking hours as well as Saturday banking.

Some of the retail products and services designed to benefit LMI individuals and small

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businesses are as follows:

- Low Cost Checking and Savings Accounts

M&T offers several free or low cost checking and savings account products. For example, M&T offers a basic banking account, providing free withdrawals, monthly statements, ATM access and no-fee ATM usage at M&T owned ATMs. These accounts are for customers who generally have not previously had checking accounts. There are no minimum or compensating balances required and a low monthly service charge of \$3.00.

Other free or low cost deposit products include an entry level checking account, called “Free Checking” and a “College Checking” account for students, both of which require no minimum balance, no monthly service fee and no per-check fee.

- Quest Electronic Benefits Transfer Program

This program provides access to food stamps and cash benefits for recipients via a debit card instead of physical food stamps or checks.

- Superstorm Sandy Relief

M&T offered reduced rates on lines of credit and term loans to affected business owners. The bank also waived late fees and provided extensions for those struggling to make monthly mortgage and consumer loan payments.

- M&T Answer Zone

M&T, through its website, provides extensive and comprehensive directional and financial tools to assist everyone with answers to real life financial questions. Additionally, the website provides guidance to small business owners related to business strategy and cash flow management.

- Simple Checking for Business and Advanced Business Checking Account.

These products target businesses with lower balances and less than 100 monthly transactions (for Simple Checking for Business) and 125 (for Advanced Business Checking). A per-item fee is charged only for transactions in excess of 100 or 125, respectively.

- Non-Profit Checking Account

This account is designed for NPOs and allows NPOs to avoid monthly maintenance fees by enrolling to receive e-statements or maintaining an average monthly balance of \$500.

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M&T also participated with nonprofit agencies and government entities to offer retail products and services to low-income individuals. These projects included:

- Bank on Manhattan

This was a public/private partnership started by the former 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 Manhattan is to help families make better use of financial services as a means 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 accounts

These savings accounts are offered in M&T's NYC branches in conjunction with an initiative of the NYC Office of Financial Empowerment ("OFE"). A division of the NYC Department of Consumer Affairs, OFE was launched with a specific mission to educate, empower, and protect low-income New Yorkers. OFE's goals include providing low-income consumers with access to high quality, low cost financial education and counseling, and connecting individuals to safe and affordable mainstream banking products and services.

Both the Opportunity NYC Starter and NYC Safe Start accounts require no minimum opening balance and have no monthly fees.

- NYS Office for People with Developmental Disabilities Individual Development Accounts ("IDA") – Matched-Savings Program, NYS

M&T provided fee-free, interest bearing IDA savings accounts. IDAs are being matched by NYS and Federal grant funds at a rate of 4:1 of the borrower's savings, which can be used for costs associated with purchasing a home through SONYMA's "Home of Your Own" program.<sup>8</sup>

### **Community Development Services: "Outstanding"**

M&T provided an excellent level of community development services. During the evaluation period, the bank sponsored and participated in numerous seminars and presentations related to affordable mortgages, small businesses, financial literacy, and general credit- and banking-related topics. In addition, M&T's management and staff provided technical assistance regarding financial services to many organizations that provide community development services, such as opportunities for affordable housing for LMI individuals, the promotion of economic development for small businesses, and the revitalization and stabilization of LMI geographies within the assessment area.

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8. M&T is the sole provider of the SONYMA's "Home of Your Own" mortgage loan for individuals with intellectual and/or developmental disabilities.

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The following are examples of M&T's community development service activities during the evaluation period:

- M&T sponsored and presented workshops and seminars geared toward affordable mortgages and home education. These were held in conjunction with various community development organizations such as The Affordable Housing Partnership, Better Neighborhoods Inc., and numerous realty agencies. These events outlined the different affordable mortgage products available to LMI individuals as well as first-time homebuyers, and offered counseling and technical assistance regarding the mortgage application and home purchase process. The bank hosted approximately 2,361 events with a total of 12,589 participants.
- M&T offers the FHLBNY's First Home Club Program throughout NYS for first time homebuyers. Program participants are required to open a savings account and demonstrate a commitment to save over a 10- to 24-month period, during which time they participate in homebuyer counseling, preparing them for the mortgage process and responsibilities of owning a home.

The program provides a 3-to-1 match of the participant's own savings (up to \$7,500), to be used for down payment and closing costs towards the purchase of a home. The bank utilizes affordable mortgage loan products such as its Get Started loan products with this program. Currently, M&T is the leading First Home Club lender in New York State.

- M&T is an active participant in FHLBNY's AHP, sponsoring grant applications in support of the creation and rehabilitation of one-to-four family and multifamily housing for LMI individuals throughout its assessment area. In 2012 and 2013, the bank secured 24 new affordable housing grant applications for \$11.7 million in subsidy funds. These projects were projected to create 1,179 units of affordable housing and leverage over \$264 million in additional funding.
- M&T offers a Mortgage Outreach Program designed to reach out to its distressed homeowners in the assessment area to provide them with mortgage solutions to cure their delinquencies. Since July 2012, the bank has hosted 47 events, where a homeowner met with a bank representative to discuss possible solutions to his/her mortgage issues.
- In partnership with the SBA and local chambers of commerce, M&T hosted numerous seminars and workshops for small businesses in the assessment area. Approximately 86 seminars and/or workshops were held for 5,767 participants. Through these events, the bank shared its expertise with small business owners

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on topics such as business financing for start-ups, understanding and accessing credit, and SBA loan programs.

- M&T regularly hosted financial literacy seminars and workshops in partnership with local community groups. These events addressed topics such as basic banking accounts, budgeting, and understanding credit and life insurance. Through these collaborations, the bank was able to reach out to LMI families.
- M&T employees provided an excellent level of community services in the form of technical assistance during the evaluation period. Senior management, as well as officers, serve in various leadership positions as members of boards of directors, advisory boards, and in other CRA-qualified capacities in community development organizations in approximately 320 instances.

The following are examples of technical assistance and leadership exhibited by M&T staff as board or committee members of community based organizations:

- A vice president in MSA 10580 serves as the chairman of the board and board member for two NPOs that provide affordable housing construction for LMI individuals. The vice president also serves on two additional committees as treasurer for local organizations that support revitalization activities in LMI geographies.
- An assistant vice president in MSA 13780 serves as a board member of two NPOs that provide community services to individuals and families suffering from chemical dependency, free or low cost services for pregnancy, and parenting advice for families and teens.
- Banking officers and employees in MSA 15380 serve as board members of an organization that brings people, organizations and resources together to improve community well-being. It works to advance the common good by focusing on education, income and wellness and supports programs targeting the low-income population.
- An administrative vice president in MSA 35644 serves as a consultant for a NPO that revitalizes neighborhoods by creating affordable housing and offering opportunities for homeownership and financial assistance.
- Two vice presidents in MSA 40380 serve as board members for an organization that provides services and educational programs for small businesses in the Greater Rochester area.

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- A vice president in MSA 45060 serves as a board member for an organization that provides non-conventional funding in the form of long-term loans with fixed rates and low down payments to small businesses which in turn is creating jobs in the Syracuse Region.
  - A vice president in MSA 15380 serves on the boards of several NPOs providing affordable housing services to low-income individuals in Erie County.

### **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 CRA Committee was reconstituted as a Senior Management Committee. The members of the committee are appointed on an annual basis by the board. It includes the President of M&T, and senior officers from Retail, Business Banking, Mortgage and Consumer Lending, Commercial Real Estate and other key divisions. The committee meets twice annually and provides reports to the board.

The CRA officer also meets and reports twice annually with the Risk Committee of the Board of Directors regarding CRA performance. In the Rochester and NYC markets, CRA Committees of the local advisory boards help in directing and reviewing 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 examiners did not note evidence of practices by M&T intended to discourage applications for the types of credit offered by M&T.

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

DFS examiners did not note evidence of prohibited, discriminatory or other illegal credit practices.

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## 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.

Ascertainment efforts were varied, 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 is looking to develop and introduce new products and services, and improve customer service.

M&T also ascertains community needs through interactions with members of the community, such as meetings with government officials, participation on community boards, homebuyer and business seminars, conferences, and continuous general customer interaction throughout M&T's markets.

M&T's community reinvestment staff conduct regular meetings with area community based organizations, coalition groups, and peer banks to secure greater insight into critical needs of residents and businesses, and to get feedback on M&T's performance in their respective communities.

Other sources employed to ascertain community needs and communicate the credit services provided by M&T included: mortgage sales officers providing a conduit for information from developers, realtors and consumers throughout the markets, and branch managers providing continuous contact with customers, advocacy groups and local officials.

Many of M&T's regions have local advisory boards comprised of local business and professional customers, who meet regularly to discuss the 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

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

M&T advertises the availability of affordable mortgage financing through print campaigns, realtor and consumer product flyers, community newsletters,

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brochures, home buying seminars, open house services, home shows and trade fairs, seminars for realtors and nonprofit counseling partners and individualized sales efforts by originators.

M&T advertises in local newspapers wherever available. Statement stuffers highlighting FHLBNY's First Home Club program have been utilized to expand knowledge and interest in the program.

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

M&T's Mortgage Division continually sponsors seminars designed to show potential homebuyers the affordability of home ownership. The 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 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.

## **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.

<b>Income level of individual or geography</b>	<b>% of the area median income</b>
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.

## **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 (NMTC)**

The New Markets Tax Credits (NMTC) 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).

### **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.