



**NEW YORK STATE BANKING DEPARTMENT**  
**CONSUMER SERVICES DIVISION**  
One State Street  
New York, NY 10004

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Date of Evaluation:** December 31, 2009

**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 Banking Department 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 Bank”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2009.

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

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking 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 Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations of large banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.10. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

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## **OVERVIEW OF INSTITUTION'S PERFORMANCE**

### **Overall CRA Rating: "Outstanding"**

M& T Bank was evaluated under the large banking institution's performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board, which require evaluation under the lending, investment and service tests. This assessment period included calendar years 2008 and 2009. M&T Bank is rated "1," indicating an "**Outstanding**" record of helping to meet community credit needs. The rating is unchanged from the prior rating of "1," ("Outstanding") based on the NYSBD Performance Evaluation dated December 31, 2007.

This rating is based on the following factors:

Performance Levels	M & T		
	Performance Tests		
	Lending Test	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Low Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

The major factors supporting this rating include:

### **Lending Test – "High Satisfactory"**

#### ***Lending Activity: "High Satisfactory"***

M&T Bank's lending levels reflected reasonable responsiveness to assessment area credit needs, considering its size, business strategy and financial condition as well as peer group activity and demographics. In 2008, M&T Bank accounted for a combined market share of 2.8% of the total dollar volume of HMDA-reportable and small business loans that were originated in its assessment area. This ratio is just slightly below its 3% share of the deposit market in its assessment area. In 2009, HMDA-reportable lending increased, while small business lending decreased.

#### ***Assessment Area Concentration: "Outstanding"***

M&T Bank originated a substantial majority of its HMDA-reportable and small business loans within the assessment area. During the evaluation period, M&T Bank originated 93.9% by number and 94.9% by dollar value of its HMDA-reportable loans within its New York assessment area. In small business loans, the concentration ratios were 95.3% by number and 95.9% by dollar value.

#### ***Geographic Distribution of Loans: "High Satisfactory"***

The geographic distribution of M&T Bank's HMDA-reportable and small business loans reflected good penetration.

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In 2008, M&T Bank originated 14.1% of HMDA-reportable loans in LMI geographies, comparable to the aggregate's LMI penetration ratio. However, in the five MSA/MDs where M&T Bank had its largest volume of lending, M&T Bank's penetration ratio exceeded the aggregate's penetration ratio. Although its lending penetration ratio declined in 2009, in the MSA/MD's where its lending volume was significant, M&T Bank's LMI penetration ratios were similar to its 2008 levels.

In 2008, M&T Bank originated 21.8% of its small business loans in LMI geographies, better than the LMI penetration ratio of the aggregate. In four out of the five MSA/MDs where M&T Bank had its largest volume of lending, M&T Bank's penetration ratio exceeded the aggregate's penetration ratio. The only exception was MD 35644 (New York). In 2009, in addition to the volume of lending dropping by more than one-third, M&T Bank's LMI penetration ratio also declined to 18.3%.

***Borrower Characteristics: "High Satisfactory"***

The distribution of M&T Bank's 1-4 family HMDA-reportable and small business loans reflected good penetration among borrowers of different income levels and businesses of different sizes within its New York State assessment area.

In 2008, M&T Bank extended 31.9% of its 1-4 family HMDA-reportable loans to LMI borrowers, which was significantly better than that of the aggregate. In three of MSA/MDs where M&T Bank had significant lending activity, its LMI borrower penetration ratios were higher than the aggregate's. M&T Bank maintained the same level of performance in 2009, during which, 31.6% of the 1-4 family HMDA-reportable loans it originated in the assessment area were extended to LMI borrowers. At the same time, the bank's 1-4 family HMDA-reportable lending increased by almost 31%.

During 2008, M&T Bank extended 42.9% of the small business loans it originated in its New York assessment area to businesses with gross annual revenues ("GAR") of \$1 million or less. This was better than the market aggregate, which extended 23.6% of its small business loans to similar-sized businesses. In all five MSA/MD's where M&T Bank had its largest volume of lending, M&T Bank's penetration ratio exceeded the aggregate's penetration ratio. Although small business lending volume declined significantly in 2009, the percentage of these loans M&T Bank extended to businesses with GAR of \$1 million or less increased to 46.3%. Although significantly better than the aggregate's penetration ratio, M&T Bank's performance was below the demographics of the area, where 67% and 76% of businesses had GAR of \$1 million or less in 2008 and 2009, respectively.

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

M&T Bank is a leader in making community development loans. For this evaluation period, M&T Bank's qualified community development loans, letters of credit and commitments totaled \$1.4 billion, or 8.7% higher than the amount

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reported at the prior evaluation. Although this represents a modest increase, during the same period, M&T Bank's assets decreased by 6%. In addition, M&T Bank's total community development lending at this evaluation included more than \$1 billion in new money.

***Innovative and Flexible Lending Practices: "Outstanding"***

M&T Bank made extensive use of innovative or flexible lending practices to serve assessment area needs. In addition to innovative and flexible community development lending, M&T Bank also offered innovative and flexible small business, consumer and mortgage loans.

**Investment Test: "Outstanding"**

M&T Bank had an excellent level of qualified community development investments during the evaluation period. M&T Bank's investments totaled \$135.3 million, of which \$76.2 was new money. In addition, the bank made a total \$5.3 million in grants. M&T Bank's qualified investments demonstrated an excellent level of innovativeness and complexity.

**Service Test: "Outstanding"**

M&T Bank offered outstanding retail services and was a leader in providing community development services within its assessment areas.

M&T Bank's branches were readily accessible to the geographies and individuals of different income levels in its assessment area. As of December 31, 2009, M&T Bank had 261 branches within its assessment area, of which, 21.5% were located in LMI or distressed or underserved census tracts and 182 offsite ATM locations, of which 16.5% were in LMI or distressed census tracts.

M&T Bank is a leader in providing community development. During the evaluation period, the bank sponsored and participated in numerous seminars and presentations related to affordable mortgages, small business, financial literacy and general credit and banking related topics. In addition, a significant number of M&T Bank officers and staff provided homeownership counseling to first-time homebuyers and shared their financial expertise with numerous community development organizations.

**Other Factors:**

M&T Bank demonstrated excellent responsiveness to an urgent community credit need - helping small businesses and homeowners that are struggling to repay their loans.

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

## PERFORMANCE CONTEXT

### Institution's Profile:

M&T Bank is a commercial bank chartered by the State of New York in 1892. Headquartered in Buffalo, New York, it has offices in New York, New Jersey, Pennsylvania, Maryland, Delaware, Virginia, West Virginia and the District of Columbia. M&T Bank also has an office in the Cayman Islands. As of the evaluation date, M&T Bank operated 261 branch offices in New York State.

M&T Bank is a wholly-owned subsidiary of M&T Bank Corporation, a bank holding company with consolidated assets of \$68.9 billion, as of December 31, 2009. M&T Bank represented 99% of the consolidated assets of the holding company. The holding company also owns M&T Bank, National Association ("M&T Bank, N.A."), a national bank with an office in Oakfield, New York. With total assets of \$908 million as of December 31, 2009, M&T Bank, N.A. offers selected deposit and loan products on a nationwide basis, primarily through telephone and direct mail marketing techniques and the Internet.

M&T Bank and its subsidiaries in the insurance, securities and commercial real estate lending businesses, offer a broad range of financial services to a diverse base of consumers, businesses, professional clients, government entities and financial institutions in its markets. The CRA-related lending activities of M&T Real Estate Trust and M&T Realty Capital Corporation were included in this performance evaluation. Both are wholly-owned subsidiaries of M&T Bank that have as their principal business the origination and sale of commercial development and construction financings. All of the loans originated by these entities, which fell into reportable categories, were considered during this evaluation.

Per the Consolidated Report of Condition ("Call Report") filed with the Federal Deposit Insurance Corporation ("FDIC") as of December 31, 2009, M&T Bank had total assets of \$67.9 billion, deposits of \$47.3 billion and net loans and leases of \$49.6 billion. The following table provides a summary of M&T Bank's loan portfolio, based on Schedule RC-C of the bank's Call Report as of year-end 2007, 2008 and 2009:

<b>Total Gross Loans Outstanding</b>						
<b>Loan Type</b>	<b>12/31/2007</b>		<b>12/31/2008</b>		<b>12/31/2009</b>	
	<b>\$000</b>	<b>%</b>	<b>\$000</b>	<b>%</b>	<b>\$000</b>	<b>%</b>
1-4 Family Residential Mortgage Loans	11,011,070	23.0	10,114,865	20.8	11,580,729	22.6
Commercial Mortgage Loans	11,455,546	23.9	11,971,683	24.6	13,857,328	27.1
Commercial and Industrial Loans	10,633,121	22.2	11,162,627	23.0	10,409,481	20.4
Multifamily Mortgage Loans	1,942,746	4.1	2,028,781	4.2	1,970,075	3.9
Construction Loans	4,370,903	9.1	4,747,244	9.8	4,912,850	9.6
Agricultural Loans	80,494	0.2	75,809	0.2	69,344	0.1
Consumer Loans	5,767,920	12.1	5,292,489	10.9	5,203,430	10.2
Other Loans	1,227,349	2.6	1,752,319	3.6	1,570,376	3.1
Lease Financing	1,358,674	2.8	1,429,196	2.9	1,578,402	3.1
<b>Total Gross Loans</b>	<b>47,847,823</b>	<b>100.0</b>	<b>48,575,013</b>	<b>100.0</b>	<b>51,152,015</b>	<b>100.0</b>

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As shown above, 1-4 family residential and multifamily mortgage loans comprised 26.5% of total gross loans as of year-end 2009 as compared to 47.5% for commercial mortgages and commercial and industrial loans combined. However, for CRA purposes, the focus is on new originations and purchases, rather than outstanding loan amounts. In addition, one-to-four family and multifamily *residential* mortgages are HMDA-reportable loans, while CRA small business loans are part of the *commercial* loan portfolio. In terms of actual originations of the loan products reviewed for CRA purposes, HMDA-reportable lending volume was significantly greater than that of small business. M&T Bank's HMDA-reportable loans totaled \$3.1 billion during the evaluation period compared to only \$1.7 billion in small business lending.

### Deposit Market Share

According to the FDIC's Deposit Market Share Report as of June 30, 2009, M&T Bank obtained a market share of 3.0% or \$22.7 billion out of \$769 billion, and ranked 7th out of 234 deposit-taking institutions inside the bank's New York State assessment area.

As of June 30, 2009, M&T Bank's branches in New York State generated 50% of the institution's total domestic deposits of \$45.5 billion. Metropolitan Statistical Area ("MSA") 15380, which is comprised of Erie and Niagara counties, accounted for 42.3% of M&T Bank's deposits in New York State. The following table provides additional information regarding the distribution of M&T Bank's deposits and its market share for each MSA, Metropolitan Division ("MD") and county within the assessment area.

**Deposit Market Share of June 30, 2009**

<b>County / MSA or MD</b>	<b>Deposits \$000</b>	<b>% of M&amp;T's AA* Deposits</b>	<b>M&amp;T's Market Share</b>	<b>M&amp;T's Market Ranking</b>	<b>Number of Institutions</b>
Erie	9,293,115	40.9	32.7	2	18
Niagara	317,544	1.4	7.4	5	7
<b>MSA 15380 Buffalo-Niagara Falls</b>	<b>9,610,659</b>	<b>42.3</b>	<b>29.4</b>	<b>2</b>	<b>19</b>
Livingston	25,982	0.1	3.8	6	8
Monroe	2,393,863	10.5	23.7	2	16
Ontario	18,223	0.1	1.2	12	12
Orleans	24,638	0.1	6.7	5	7
Wayne	25,541	0.1	3.2	8	10
<b>MSA 40380 Rochester</b>	<b>2,488,247</b>	<b>11.0</b>	<b>18.4</b>	<b>2</b>	<b>22</b>
Madison	28,732	0.1	3.0	5	8
Onondaga	2,150,223	9.5	27.0	1	18
<b>MSA 45060 Syracuse**</b>	<b>2,178,955</b>	<b>9.6</b>	<b>21.4</b>	<b>1</b>	<b>22</b>
Broome	1,311,909	5.8	58.2	1	9
Tioga	57,361	0.3	13.6	3	7
<b>MSA 13780 Binghamton</b>	<b>1,369,270</b>	<b>6.0</b>	<b>51.2</b>	<b>1</b>	<b>10</b>
Chemung	20,203	0.1	1.7	7	10
<b>MSA 21300 Elmira</b>	<b>20,203</b>	<b>0.1</b>	<b>1.7</b>	<b>7</b>	<b>10</b>
Tompkins	152,673	0.7	9.7	3	11
<b>MSA 27060 Ithaca</b>	<b>152,673</b>	<b>0.7</b>	<b>9.7</b>	<b>3</b>	<b>11</b>
Ulster	312,258	1.4	12.9	3	19
<b>MSA 28740 Kingston</b>	<b>312,258</b>	<b>1.4</b>	<b>12.9</b>	<b>3</b>	<b>19</b>
Herkimer	187,604	0.8	31.8	1	7
Oneida	467,830	2.1	15.0	2	18
<b>MSA 46540 Utica-Rome</b>	<b>655,434</b>	<b>2.9</b>	<b>17.7</b>	<b>2</b>	<b>18</b>
A bany	519,900	2.3	3.3	6	19
Rensselaer	130,896	0.6	7.1	7	13
Saratoga	28,914	0.1	0.9	15	18
Schenectady	41,556	0.2	1.8	10	12
<b>MSA 10580 Albany**</b>	<b>721,266</b>	<b>3.2</b>	<b>3.1</b>	<b>7</b>	<b>27</b>
Dutchess	594,171	2.6	14.3	2	17
Orange	310,213	1.4	5.7	8	21
<b>MSA 39100 Poughkeepsie</b>	<b>904,384</b>	<b>4.0</b>	<b>9.4</b>	<b>4</b>	<b>28</b>
Bronx	0	0.0	0.0	n/a	22
Kings	158,259	0.7	0.5	24	46
New York	1,676,411	7.4	0.4	18	97
Queens	70,916	0.3	0.2	40	50
Putnam	112,343	0.5	2.7	6	13
Rockland	872,368	3.8	11.1	3	15
Westchester	194,513	0.9	0.5	20	40
<b>MD 35644 New York**</b>	<b>3,084,810</b>	<b>13.6</b>	<b>0.5</b>	<b>17</b>	<b>136</b>
Nassau	292,552	1.3	0.5	20	41
Suffolk	139,985	0.6	0.4	20	31
<b>MD 35004 Nassau-Suffolk</b>	<b>432,537</b>	<b>1.9</b>	<b>0.5</b>	<b>24</b>	<b>48</b>
Allegany	11,277	0.0	2.8	5	5
Cattaraugus	50,192	0.2	6.2	6	9
Cayuga	52,660	0.2	6.0	7	13
Chautauqua	234,394	1.0	16.0	2	11
Chenango	43,637	0.2	5.3	3	4
Cortland	27,264	0.1	4.5	5	9
Genesee	126,238	0.6	8.8	4	9
Jefferson	4,950	0.0	0.3	10	10
Seneca	13,850	0.1	3.3	6	8
Steuben	86,402	0.4	10.9	5	8
Sullivan	58,938	0.3	5.0	7	11
Wyoming	76,460	0.3	12.6	3	4
<b>Non-MSA</b>	<b>786,262</b>	<b>3.5</b>	<b>7.2</b>	<b>5</b>	<b>43</b>
<b>Total A/A</b>	<b>22,716,958</b>	<b>100.0</b>	<b>3.0</b>	<b>7</b>	<b>234</b>

\*Assessment Area; \*\*Partial MSA or MD

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*There are no known financial or legal impediments that would adversely affect M&T Bank's ability to meet the credit needs of its community.*

**Assessment Area:**

M&T Bank's New York State assessment area includes the entire Western, Mid-Hudson and Long Island regions of the state, as well as most counties in the Finger Lakes, Central New York and metropolitan New York City regions. The assessment area also includes parts of the Southern Tier and Capital regions of the state. M&T Bank's assessment area comprises 43 whole counties within 10 MSAs, 2 MDs and 12 non-MSA areas as detailed below:

- MSA 15380 Buffalo-Niagara Falls -- Erie and Niagara counties in their entirety
- MSA 40380 Rochester -- Livingston, Monroe, Ontario, Orleans and Wayne counties in their entirety
- 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
- MSA 28740 Kingston -- Ulster County in its entirety
- MD 35644 New York -- Bronx, Kings, New York, Queens, Putnam, Rockland and Westchester counties in their entirety
- MSA 39100 Poughkeepsie -- Dutchess and Orange counties in their entirety
- MSA 10580 Albany -- Albany, Rensselaer, Saratoga and Schenectady counties in their entirety
- MSA 45060 Syracuse -- Madison and Onondaga counties in their entirety
- MSA 46540 Utica-Rome -- Oneida and Herkimer counties in its entirety
- MD 35004 Nassau-Suffolk -- Nassau and Suffolk counties in their entirety
- Non-MSA -- Allegany, Cattaraugus, Cayuga, Chautauqua, Chenango, Cortland, Genesee, Jefferson, Seneca, Steuben, Sullivan and Wyoming counties in their entirety;

Previously, only certain portions of Allegany, Chemung and Steuben counties were included in the assessment area. During the evaluation period, the bank expanded its assessment area to include these counties in their entirety, increasing the number of tracts in the assessment area from 4,505 at the previous evaluation to 4,532. Of this total, 1,442 tracts (31.8%) were designated LMI and 87 tracts (1.9%) were distressed or underserved.

Please refer to the following table for additional information regarding the distribution of census tracts inside the assessment area:

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

**Demographic & Economic Data**

The assessment area had a population of 17.6 million during the examination period. About 12.9% of the population were over the age of 65 and 22% were under the age of 16.

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Of the 4.3 million families in the assessment area, 23.6% were low-income, 17.2% were moderate-income, 20% were middle-income and 39.1% were upper-income families. There were 6.5 million households in the assessment area, of which 14.1% had income below the poverty level and 5% were on public assistance.

The 2000 U.S. Census MSA median family income (“MFI”) within the assessment area was \$53.3 thousand. Of the 43 counties in the assessment area, 27 counties, including all of the 12 counties in the non-MSA areas, had an average MFI lower than \$53.3 thousand. Bronx County’s average MFI of \$33.1 thousand was the lowest while Westchester County had the highest at \$89.2 thousand. As estimated by the U.S. Department of Housing and Urban Development (“HUD”), the median family income for the assessment area was \$69.8 thousand in 2009. Families located in non-MSA counties had the lowest average MFI in the assessment area in 2009 at \$54.9 thousand. The highest earning families with an average MFI of \$101.8 thousand in 2009 were in MD 35004 which consists of Nassau and Suffolk Counties.

There were seven million housing units within the assessment area, of which 65.3% were one- to four-family units, and 34.7% were multifamily units. Of the area’s housing units, 47.9% were owner-occupied, while 47.6% were rental units. Of the 3.4 million owner-occupied housing units, 14% were in LMI geographies. The median age of the housing stock was 55 years and the median home value in the assessment area was \$189.4 thousand.

There were 1.5 million non-farm businesses in the assessment area. Of these, 76% were businesses with reported revenues of less than or equal to \$1 million, 5.3% reported revenues of more than \$1 million and 18.7% did not report their revenues. Of all the businesses in the assessment area, 84.2% were businesses with less than fifty employees while 92.3% operated from a single location. The largest industries in the area were services (45.4%), followed by retail trade (15.6%) and finance, insurance and real estate (8.6%); while 9.3% of businesses in the assessment area were not classified.

*Unemployment Rates:* According to the New York State Department of Labor, the average annual unemployment rate for New York State was 5.3% in 2008. Eight of the 12 MSA’s and MD’s and all of the non-MSA counties that comprise the bank’s New York assessment area had average annual unemployment rates higher than New York State’s in 2008. On the MSA/MD level, MSA 15380 had the highest average annual unemployment rate of 5.8% while among the non-MSA counties, the highest was Jefferson County’s average annual unemployment rate of 6.7% in 2008. Reflecting the economic recession, the average annual unemployment rate for New York State increased significantly to 8.4% in 2009. The average annual unemployment rate for each MSA/MD and each non-MSA county in the assessment area also reflected this upward trend. However, in 2009, only MD 35644 and MSA 21300, and eight of the 12 non-MSA counties had average annual unemployment rates higher than New York State’s.

The first table below shows statewide, MD and MSA annual unemployment rates in the assessment area in 2008 and 2009. The next two tables show the annual unemployment

rates for the non-MSA areas.

Statewide, MD and MSA Annual Unemployment Rates													
Year	State-wide	MD 35644	MD 35004	MSA 10580	MSA 13780	MSA 15380	MSA 21300	MSA 27060	MSA 28740	MSA 39100	MSA 40380	MSA 45060	MSA 46540
2008	5.3	5.4	4.8	4.9	5.4	5.8	5.5	4.1	5.4	5.2	5.5	5.5	5.5
2009	8.4	9.2	7.1	6.9	8.2	8.4	8.9	5.8	7.7	7.7	7.9	8.0	7.5

Non-MSA Counties Annual Unemployment Rates						
Year	Allegany	Cattaraugus	Cayuga	Chautauqua	Chenango	Cortland
2008	6.3	6.0	5.5	5.5	6.3	6.3
2009	8.7	8.6	8.3	8.3	8.9	9.1

Non-MSA Counties Annual Unemployment Rates						
Year	Genesee	Jefferson	Seneca	Steuben	Sullivan	Wyoming
2008	5.5	6.7	5.4	6.0	6.4	6.1
2009	7.6	8.7	7.6	9.7	8.7	9.0

## **Community Information**

Community information was gathered from contacts made with the offices of the Local Initiatives Support Corporation (“LISC”) in Buffalo and the Greater Rochester Community Reinvestment Coalition (GRCRC) / Empire Justice Center in Rochester. LISC is a lending and development intermediary that supports the activities of not-for-profit community development corporations engaged in affordable housing and economic development activities nationwide. GRCRC is a coalition of over 30 locally-based non-profits and provides analyses of banks’ lending patterns in Rochester and monitors their compliance with CRA. Empire Justice Center (Empire) is a statewide public interest law firm that operates as a legal advocacy organization on behalf of people impacted by poverty and discrimination. Empire is a member organization of GRCRC. These organizations provided favorable comments regarding M&T Bank’s responsiveness to the credit needs of the community.

According to these organizations, the economy of western upstate New York continues to be negatively impacted by the area’s declining population and the loss of manufacturing jobs which was exacerbated by the economic downturn. LISC cited the revitalization and stabilization of the region through job creation and economic development as the primary concern, particularly in the Buffalo area, where there are many neighborhood blocks blighted with vacant and boarded-up housing units. GRCRC noted that African-American and Latino families in Rochester’s inner city were impacted by the economic and mortgage crisis more severely and disproportionately than white families and indicated that lending to this segment of the area’s population is a need that has not been adequately addressed by most of the banks in the region.

Community information was also taken from a study recently released by the Association for Neighborhood Housing Development (ANHD), analyzing and comparing the CRA

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performance of 17 major banks operating in New York. One of the issues highlighted in the study is the significant decrease in the level of support that banks have committed to multifamily, affordable housing. ANHD noted their concerns regarding this trend as the availability of affordable housing remains a major problem for the low- and moderate-income families in the assessment area, particularly in the New York metropolitan region.

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## **PERFORMANCE TESTS AND ASSESSMENT FACTORS**

*M&T Bank was evaluated under the large banking institution's performance standards in accordance with Parts 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board, which consist of the lending, investment and service tests. The following factors were also considered in assessing the bank's record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications, evidence of prohibited discriminatory or other illegal credit practices; and process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.*

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

The demographic data referred to in this report were derived from the 2000 U.S. Census and the U.S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report provide information on US businesses, enhanced by Dun & Bradstreet reports and updated annually. Unemployment data were obtained from the New York State Department of Labor.

The assessment period included calendar years 2008 and 2009. M&T Bank reports both HMDA and small business data.

M&T Bank received a rating of "1," reflecting an "Outstanding" record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department as of December 31, 2007.

### **CRA Rating: "Outstanding"**

#### **Lending Test: "High Satisfactory"**

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

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

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HMDA-reportable lending was given greater weight in this evaluation because it accounted for a larger percentage of the total number of loans originated in the assessment area. Small business loan data for both the bank and the aggregate include small farm loans.

**Lending Activity: “High Satisfactory”**

M&T Bank’s lending levels reflected good responsiveness to assessment area credit needs, considering its size, business strategy and financial condition as well as peer group activity and demographics. In its New York assessment area, M&T Bank ranked 7<sup>th</sup> in deposit market share. This is the same ranking that the bank achieved in HMDA-reportable lending. Based on number of loans, M&T Bank ranked 14<sup>th</sup> in small business lending. However, in terms of dollars lent, M&T Bank was the 6<sup>th</sup> largest small business lender in the assessment area. M&T Bank accounted for a combined market share of 2.8% of the total dollar volume of HMDA-reportable and small business loans that were originated in its assessment area. This ratio is just slightly below its 3% share of the deposit market in its assessment area.

*HMDA-Reportable Lending: “High Satisfactory”*

During the evaluation period, M&T Bank originated 17,021 HMDA-reportable loans, totaling \$2.9 billion, in its assessment area. Compared to the prior evaluation period, this volume of lending represented an increase of 6.2% by number and 3.3% by dollar volume of loans. The increase was primarily due to the growth in home refinance loans as homeowners took advantage of the low mortgage interest rates which prevailed during the evaluation period.

M&T Bank generated most of its HMDA-reportable lending in MSA 15380 which accounted for 27.3% of the total number of HMDA-reportable loans originated by M&T Bank in its New York assessment area during the evaluation period. The other areas with significant HMDA-reportable lending were MSA 40380 with 15.6%, MSA 10580 with 10.1%, MSA 45060 with 9.0%, and MD 35644 with 8.8%. Non-MSA areas accounted for 7.9% of M&T Bank’s HMDA-reportable lending.

The following table illustrates M&T Bank's HMDA-reportable activity within its New York State assessment area during 2008 and 2009. The table shows the number and dollar volume of loans in the various MSA/MDs.

<b>HMDA-Reportable Lending Activity Inside the Assessment Area</b>								
<b>MSA / MD</b>	<b>2008</b>				<b>2009</b>			
	<b>#</b>	<b>%</b>	<b>\$000</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$000</b>	<b>%</b>
10580 - Albany	762	10.3	132,036	10.1	965	10.0	163,973	10.2
13780 - Binghamton	413	5.6	39,455	3.0	438	4.6	47,915	3.0
15380 - Buffalo-Niagara Falls	1,993	26.9	223,847	17.1	2,648	27.5	321,575	19.9
21300 - Elmira	47	0.6	3,989	0.3	59	0.6	5,452	0.3
27060 - Ithaca	45	0.6	5,584	0.4	44	0.5	6,127	0.4
28740 - Kingston	91	1.2	18,141	1.4	113	1.2	66,631	4.1
35004 - Nassau-Suffolk	281	3.8	161,765	12.3	526	5.5	148,953	9.2
35644 - New York	538	7.3	267,282	20.4	955	9.9	363,746	22.5
39100 - Poughkeepsie	377	5.1	91,079	6.9	429	4.5	90,955	5.6
40380 - Rochester	1,158	15.7	178,312	13.6	1,505	15.6	195,338	12.1
45060 - Syracuse	687	9.3	80,228	6.1	849	8.8	94,057	5.8
46540 - Utica-Rome	363	4.9	45,385	3.5	382	4.0	35,339	2.2
Non-MSA	643	8.7	63,670	4.9	710	7.4	73,545	4.6
<b>Total</b>	<b>7,398</b>	<b>100.0</b>	<b>1,310,773</b>	<b>100.0</b>	<b>9,623</b>	<b>100.0</b>	<b>1,613,606</b>	<b>100.0</b>

*Small Business Lending: "High Satisfactory"*

During the evaluation period, M&T Bank originated 8,441 small business loans totaling \$1.7 billion in its assessment area. M&T Bank management asserted that due to the economic recession, most businesses were very cautious about expanding operations, resulting in substantially reduced demand for loans. Compared to the prior evaluation period, M&T Bank's small business lending performance declined by 36.3%, by number, and 36.9% by dollar value of loans. The 2009 aggregate data were not available for comparison.

As with HMDA-reportable lending, M&T Bank generated most of its small business lending in MSA 15380 and MSA 40380, which accounted for 24.3% and 21.8%, respectively, of the total number of small business loans originated by M&T Bank. The other areas with significant small business lending were MSA 45060 with 11.1%, MSA 13780 with 8.2% and MD 35644 with 7.2%. Non-MSA areas accounted for 5.9% of M&T Bank's HMDA-reportable lending.

The following table illustrates M&T Bank's small business lending activity during 2008 and 2009. The table shows the number and dollar volume of loans in the various MSA/MDs.

Small Business Lending Activity								
MD / MSA	2008				2009			
	#	%	\$000	%	#	%	\$000	%
10580	259	5.0	58,674	5.2	189	5.8	51,614	9.4
13780	447	8.7	77,180	6.8	241	7.3	30,262	5.5
15380	1,290	25.0	311,340	27.5	757	23.1	116,604	21.3
21300	7	0.1	1,945	0.2	17	0.5	3,489	0.6
27060	46	0.9	8,033	0.7	30	0.9	4,632	0.8
28740	121	2.3	18,971	1.7	63	1.9	7,203	1.3
35004	183	3.5	65,527	5.8	141	4.3	42,824	7.8
35644	355	6.9	91,447	8.1	251	7.6	56,239	10.3
39100	319	6.2	56,337	5.0	207	6.3	31,363	5.7
40380	1,145	22.2	274,532	24.2	698	21.3	110,422	20.1
45060	563	10.9	106,565	9.4	377	11.5	55,066	10.0
46540	141	2.7	19,695	1.7	98	3.0	11,276	2.1
Non-MSA	281	5.4	43,704	3.9	215	6.5	27,318	5.0
<b>Total</b>	<b>5,157</b>	<b>100.0</b>	<b>1,133,950</b>	<b>100.0</b>	<b>3,284</b>	<b>100.0</b>	<b>548,312</b>	<b>100.0</b>

#### Assessment Area Concentration: "Outstanding"

M&T Bank originated a substantial majority of its HMDA-reportable and small business loans within the assessment area. During the evaluation period, M&T Bank originated 93.9% by number and 94.9% by dollar value of its HMDA-reportable loans within its New York assessment area. In small business loans, the concentration ratios were 95.3% by number and 95.9% by dollar value. As a multistate bank, these percentages are calculated based on the amount of lending within M&T Bank's New York assessment area, as compared to lending in New York State non-assessment areas.

The following table shows the distribution of loans inside and outside of the assessment area during the evaluation period.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$000's	%	\$000's	%	
<b>HMDA-Reportable</b>										
2008	7,398	93.9	478	6.1	7,876	1,310,773	94.9	71,068	5.1	1,381,841
2009	9,623	93.9	630	6.1	10,253	1,613,606	94.9	85,897	5.1	1,699,503
<b>Subtotal</b>	<b>17,021</b>	<b>93.9</b>	<b>1,108</b>	<b>6.1</b>	<b>18,129</b>	<b>2,924,379</b>	<b>94.9</b>	<b>156,965</b>	<b>5.1</b>	<b>3,081,344</b>
<b>Small Business</b>										
2008	5,157	98.2	93	1.8	5,250	1,133,950	97.8	24,945	2.2	1,158,895
2009	3,284	98.2	60	1.8	3,344	548,312	97.6	13,743	2.4	562,055
<b>Subtotal</b>	<b>8,441</b>	<b>98.2</b>	<b>153</b>	<b>1.8</b>	<b>8,594</b>	<b>1,682,262</b>	<b>97.8</b>	<b>38,688</b>	<b>2.2</b>	<b>1,720,950</b>
<b>Total</b>	<b>25,462</b>	<b>95.3</b>	<b>1,261</b>	<b>4.7</b>	<b>26,723</b>	<b>4,606,641</b>	<b>95.9</b>	<b>195,653</b>	<b>4.1</b>	<b>4,802,294</b>

## Geographic Distribution of Loans: “High Satisfactory”

The geographic distribution of M&T Bank’s HMDA-reportable and small business loans reflected good penetration throughout the New York State assessment area.

### HMDA-Reportable Loans: “High Satisfactory”

The geographic distribution of M&T Bank’s HMDA-reportable loans within the assessment area was good. In 2008, M&T Bank originated 7,398 loans of which 14.1% were originated in LMI geographies. This level of performance was comparable to the aggregate’s LMI penetration ratio of 15.6%. However, in the five MSA/MDs where M&T Bank had its largest volume of lending, M&T Bank’s penetration ratio exceeded the aggregate’s penetration ratio.

In 2009, the number of HMDA-reportable loans increased by 30% to 9,623 loans. However, the percentage of loans M&T Bank originated in LMI geographies declined to 13.2%. In the MSA/MD’s where its lending volume was significant, M&T Bank’s LMI penetration ratios were similar to its 2008 levels. The 2009 aggregate data were not available for comparison.

M&T Bank’s performance in LMI areas was also considered using demographic housing data as the basis for comparison. This analysis showed that the LMI penetration ratios achieved by M&T Bank in 2008 and 2009 were comparable to the percentage of owner-occupied housing units in the assessment area located within LMI census tracts.

The following table provides additional details about the geographic distribution of M&T Bank’s HMDA-reportable loans.

Distribution of HMDA-Reportable Loans by Geography Income Level									
Geography Income Level	2008								OO-Hus %
	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Low	185	2.5	50,946	3.9	5,848	2.6	2,219,516	3.6	2.1
Moderate	858	11.6	200,462	15.3	29,834	13.0	8,259,301	13.2	11.9
Middle	4,181	56.5	615,413	47.0	114,954	50.3	23,788,922	38.1	51.4
Upper	2,174	29.4	443,952	33.9	77,924	34.1	28,012,225	44.9	34.5
N/A	0	0.0	0	0.0	103	0.0	119,485	0.2	0.0
<b>Total</b>	<b>7,398</b>	<b>100.0</b>	<b>1,310,773</b>	<b>100.0</b>	<b>228,663</b>	<b>100.0</b>	<b>62,399,449</b>	<b>100.0</b>	<b>100.0</b>
Geography Income Level	2009								OO-Hus %
	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Low	228	2.4	40,837	2.5	Not Available				2.1
Moderate	1,040	10.8	157,797	9.8					11.9
Middle	4,972	51.7	733,946	45.5					51.4
Upper	3,342	34.7	672,706	41.7					34.5
N/A	41	0.4	8,320	0.5					0.0
<b>Total</b>	<b>9,623</b>	<b>100.0</b>	<b>1,613,606</b>	<b>100.0</b>					<b>100.0</b>

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### *Distribution of HMDA-Reportable Loans within MSA/MD*

The following analysis highlights the level of HMDA-reportable lending in LMI census tracts within the MSA/MD's in which M&T Bank's presence was significant. In all of these MSAs /MDs, M&T Bank's level of performance was good.

- *MSA 15380: Buffalo – Niagara Falls*  
This MSA continued to be M&T Bank's primary lending area, which accounted for 26.9% and 27.5% of its HMDA-reportable loans in its New York assessment area in 2008 and 2009, respectively. M&T Bank extended 13.2% of these loans in LMI census tracts outperforming the aggregate's LMI penetration ratio of 11.6%. M&T Bank's LMI penetration ratio declined slightly to 12.9% in 2009.
- *MSA 40380: Rochester*  
In 2008, M&T Bank extended 15.7% of its HMDA-reportable loans in this MSA. M&T Bank originated 15.4% of these loans in LMI geographies. In comparison, the market aggregate extended 14.4% of its loans in LMI census tracts. In 2009, 15.6% of the bank's HMDA-reportable loans in the assessment area were originated in this MSA. Of these loans, 14.1% were originated in LMI geographies.
- *MSA 10580: Albany*  
In 2008, M&T Bank extended 10.3% of its HMDA-reportable loans in this MSA. M&T Bank originated 16.7% of these loans in LMI geographies, slightly above the market aggregate's LMI penetration ratio of 14.9%. In 2009, the proportion of HMDA-reportable loans originated in this MSA declined slightly to 10%. M&T Bank's LMI penetration ratio in this MSA also declined to 14.5% in 2009.
- *MSA 45060: Syracuse*  
During 2008, M&T Bank extended 9.3% of its HMDA reportable loans in this MSA. M&T Bank originated 10.3% of these loans in LMI census tracts, which is slightly above the aggregate's LMI penetration ratio of 9.5%. In 2009, the percentage of its HMDA-reportable loans originated in this MSA declined slightly to 8.8%, of which 10.2% were made in LMI tracts.
- *MD 35644: New York*  
In 2008, M&T Bank extended 7.3% of its HMDA reportable loans in this MSA. M&T Bank originated 22.3% of these loans in LMI geographies, slightly above the aggregate's 21.3% LMI penetration ratio. In 2009, the proportion of HMDA-reportable loans originated in this MSA increased to 9.9%. However, M&T Bank's LMI penetration ratio in this MSA declined to 20.7%.

### *Small Business Lending: "High Satisfactory"*

The geographic distribution of the small business loans extended by M&T Bank within the assessment area was good. In 2008, M&T Bank originated 21.8% of its small business loans in LMI geographies. This level of performance was better than the LMI penetration ratio of 18.9% achieved by the market aggregate in 2008 and compared reasonably to the

23% of businesses in the assessment area that are located within LMI census tracts. In four out of the five MSA/MDs where M&T Bank had its largest volume of lending, M&T Bank's penetration ratio exceeded the aggregate's penetration ratio. The only exception was MD 35644 (New York).

In 2009, in addition to the volume of lending dropping by more than one-third, M&T Bank's LMI penetration ratio declined to 18.3%. The 2009 aggregate data were not available for comparison.

The following table shows additional information regarding the geographic distribution of M&T Bank's small business loans.

Distribution of Small Business Loans by Geography Income Level									
Geography Income Level	2008								Business Demographics %
	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Low	467	9.1	123,587	10.9	32,511	4.6	873,030	5.4	6.7
Moderate	657	12.7	145,564	12.8	100,782	14.3	2,322,070	14.3	16.3
Middle	2,459	47.7	531,792	46.9	271,008	38.6	6,215,246	38.2	39.1
Upper	1,549	30.0	324,897	28.7	294,697	41.9	6,714,411	41.2	37.2
N/A	25	0.5	8,110	0.7	3,906	0.6	161,996	1.0	0.7
<b>Total</b>	<b>5,157</b>	<b>100.0</b>	<b>1,133,950</b>	<b>100.0</b>	<b>702,904</b>	<b>100.0</b>	<b>16,286,753</b>	<b>100.0</b>	<b>100.0</b>
Geography Income Level	2009								Business Demographics %
	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Low	238	7.2	36,763	6.7	Not Available				6.7
Moderate	365	11.1	54,189	9.9					16.2
Middle	1,563	47.6	272,613	49.7					39.2
Upper	1,098	33.4	181,603	33.1					37.3
N/A	20	0.6	3,144	0.6					0.6
<b>Total</b>	<b>3,284</b>	<b>100.0</b>	<b>548,312</b>	<b>100.0</b>					<b>100.0</b>

#### *Distribution of Small Business Loans within MSA/MDs*

The following analysis highlights the level of small business lending in LMI census tracts within the MSA/MD's in which M&T Bank's presence was significant. The LMI penetration ratios achieved by M&T Bank reflected a level of performance that was excellent in the Rochester, Syracuse and Binghamton MSAs, good in the Buffalo-Niagara MSA and poor in MD 35644.

- MSA 15380: Buffalo – Niagara Falls**  
 In 2008, this MSA accounted for 25% of M&T Bank's small business loans in its New York assessment area. M&T Bank extended 19.4% of these loans in LMI census tracts as compared to the aggregate's LMI penetration ratio of 17.1%. During 2009, M&T Bank originated a slightly smaller percentage (23.1%) of its small business loans in this MSA while its LMI penetration ratio declined to 16.1%.
- MSA 40380: Rochester**

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In 2008, M&T Bank extended 22.2%% of its small business loans in this MSA. M&T Bank originated 25.9% of these loans in LMI geographies, significantly outperforming the aggregate's LMI penetration ratio of 18.4%. In 2009, the percentage of small business loans originated by M&T Bank in this MSA decreased slightly to 21.3%. The percentage of these loans extended in LMI census tracts also declined to 20.4%.

- *MSA 45060: Syracuse*  
During 2008, M&T Bank extended 10.9% of its small business loans in this MSA. M&T Bank originated 30.8% of these loans in LMI census tracts, which is nearly 52% higher than the aggregate's 20.3% LMI penetration ratio. In 2009, M&T Bank originated a slightly larger percentage (11.5%) of its small business loans in this MSA, however, the percentage of these loans extended in LMI geographies decreased to 20.7% in 2009.
- *MSA 13780: Binghamton*  
During 2008, M&T Bank extended 8.7% of its small business loans in this MSA. M&T Bank originated 29.7% of these loans in LMI census tracts. In comparison, the aggregate extended only 23.6% of its small business loans in LMI tracts. In 2009, while the percentage of small business loans originated by M&T Bank in this MSA decreased to 7.3%, a higher percentage (34.4%) of these loans were extended in LMI geographies.
- *MD 35644: New York*  
In 2008, M&T Bank extended 6.9% of its small business loans in this MSA. M&T Bank originated 14.3% of these loans in LMI geographies, significantly below the aggregate's LMI penetration ratio of 22.9%. In 2009, the proportion of small business loans originated in this MSA increased slightly to 7.6%. However, M&T Bank's LMI penetration ratio in this MSA decreased to 11.2% in 2009.

### **Borrower Characteristics: “High Satisfactory”**

The distribution of M&T Bank's 1-4 family HMDA-reportable and small business loans reflected good penetration among borrowers of different income levels and businesses of different sizes within its New York State assessment area.

#### *1-4 Family HMDA-Reportable Loans: “Outstanding”*

The distribution of M&T Bank's 1-4 family HMDA-reportable loans based on borrower income was excellent. In 2008, M&T Bank extended 31.9% of its 1-4 family HMDA-reportable loans to LMI borrowers. This level of performance was significantly better than that of the aggregate which extended only 21.8% of its HMDA-reportable loans to LMI borrowers. In three of MSA/MDs where M&T Bank had significant lending activity, its LMI borrower penetration ratios were higher than the aggregate's. In particular, performance in the Rochester and New York MSA/MDs was very strong. In the remaining two MSA/MDs, M&T Bank's lending penetration ratios were slightly below, but comparable to the aggregate's lending penetration ratios. M&T Bank maintained the same level of

performance in 2009, during which 31.6% of the 1-4 family HMDA-reportable loans it originated in the assessment area were extended to LMI borrowers. At the same time, the bank's 1-4 family HMDA-reportable lending increased by almost 31% from 7,315 loans in 2008 to 9,564 loans.

Approximately 41% of all families in the assessment area were considered LMI. However, this percentage includes families who were below the poverty level. A total of 14.1% of all households in the assessment area were below the poverty level<sup>1</sup>. In addition, some parts of its assessment area, such as the New York MD, were considered high-cost areas. As such, although the LMI borrower penetration ratios achieved by M&T Bank during the evaluation period were much lower than the aforementioned ratio, they were reasonable.

The following table provides additional details about the borrower characteristics of M&T Bank's 1-4 family HMDA-reportable loans.

Distribution of 1 - 4 Family HMDA-Reportable Loans by Borrower Income Level									
Borrower Income Level	2008								Family Demographics %
	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Low	639	8.7	36,340	3.5	11,797	5.2	870,660	1.5	23.6
Moderate	1,697	23.2	158,262	15.1	37,591	16.6	4,479,258	8.0	17.2
Middle	1,738	23.8	213,608	20.4	56,164	24.9	9,759,348	17.3	20.0
Upper	2,056	28.1	427,150	40.8	113,980	50.5	38,751,812	68.9	39.1
N/A	1,185	16.2	211,003	20.2	6,263	2.8	2,418,468	4.3	-
<b>Total</b>	<b>7,315</b>	<b>100.0</b>	<b>1,046,363</b>	<b>100.0</b>	<b>225,795</b>	<b>100.0</b>	<b>56,279,546</b>	<b>100.0</b>	<b>100.0</b>
Borrower Income Level	2009								Family Demographics %
	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
Low	856	9.0	55,329	3.8	Not Available				23.6
Moderate	2,164	22.6	222,877	15.2					17.2
Middle	2,089	21.8	279,504	19.1					20.0
Upper	2,863	29.9	615,865	42.0					39.1
N/A	1,592	16.6	293,345	20.0					-
<b>Total</b>	<b>9,564</b>	<b>100.0</b>	<b>1,466,920</b>	<b>100.0</b>					<b>100.0</b>

#### *Borrower Characteristics of 1-4 Family HMDA-Reportable Loans within MSA/MDs*

The following analysis highlights the level of HMDA-reportable lending to LMI borrowers within the MSA/MD's in which M&T Bank's presence was significant. M&T Bank's level of performance was excellent in MD 35644, good in MSA 15380 and MSA 40380, and adequate in MSA 10580 and MSA 45060.

- MSA 15380: Buffalo – Niagara Falls**  
 In 2008, M&T Bank extended 36% of the 1-4 family HMDA-reportable loans it originated in this MSA to LMI borrowers, slightly above the 35.1% LMI borrower

<sup>1</sup> Household data were used in this analysis because demographic data regarding families below the poverty level was not available.

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penetration ratio achieved by the aggregate in this MSA. In 2009, M&T Bank's LMI lending performance in this MSA declined to 34%.

- *MSA 40380: Rochester*  
In 2008, M&T Bank extended 40.7% of the 1-4 family HMDA-reportable loans it originated in this MSA to LMI borrowers as compared to the corresponding ratio of 35.9% for the aggregate. In 2009, M&T Bank's LMI borrower penetration ratio in this MSA declined to 37.3%.
- *MSA 10580: Albany*  
In 2008, M&T Bank extended 27.1% of the 1-4 family HMDA-reportable loans originated in this MSA to LMI borrowers. This level of performance was slightly below the 30.4% LMI borrower penetration ratio achieved by the aggregate in 2008. In 2009, M&T Bank's LMI borrower penetration ratio in this MSA increased significantly to 36.9%.
- *MSA 45060: Syracuse*  
In 2008, M&T Bank extended 27.8% of the 1-4 family HMDA-reportable loans it originated in this MSA to LMI borrowers. This level of lending was similar to the 29.1% of 1-4 family HMDA-reportable loans that the aggregate extended to LMI borrowers during 2008. M&T Bank exceeded this level of performance in 2009 during which it extended 30.7% of its 1-4 family HMDA-reportable loans in this MSA to LMI borrowers.
- *MD 35644: New York*  
In 2008, M&T Bank extended 10.5% of the 1-4 family HMDA-reportable loans it originated in this MSA to LMI borrowers which was well above the corresponding ratio of 7.7% for the aggregate. In 2009, M&T Bank continued to perform well in lending to LMI borrowers, achieving a much higher LMI borrower penetration ratio of 13.6%.

#### *Small Business Loans: "High Satisfactory"*

The distribution of M&T Bank's small business loans based on the revenue size of the business was good. During 2008, M&T Bank extended 42.9% of the small business loans it originated in its New York assessment area to businesses with gross annual revenues ("GAR") of \$1 million or less. This was better than the market aggregate, which extended 23.6% of its small business loans to similar-sized businesses. In all five MSA/MD's where M&T Bank had its largest volume of lending, M&T Bank's penetration ratio exceeded the aggregate's penetration ratio. Although small business lending volume declined significantly in 2009, the percentage of these loans M&T Bank extended to businesses with GAR of \$1 million or less increased to 46.3%.

Although significantly better than the aggregate's penetration ratio, M&T Bank's performance was below the demographics of the area, where 67% and 76% of businesses had GAR of \$1 million or less in 2008 and 2009, respectively.

The following table provides a summary of the distribution of M&T Bank's small business loans by business revenue size.

Distribution of Small Business Loans by Business Revenue Size									
Revenue Size	2008								Business Demographics %
	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
\$1 million or less	2,213	42.9	263,093	23.2	165,780	23.6	4,808,538	29.5	66.6
Over \$1 million	2,944	57.1	870,857	76.8	-	-	-	-	5.4
No Revenue Info*	0	0.0	0	0.0	-	-	-	-	28.0
<b>Total</b>	<b>5,157</b>	<b>100.0</b>	<b>1,133,950</b>	<b>100.0</b>	<b>702,904</b>	<b>100.0</b>	<b>16,286,753</b>	<b>100.0</b>	<b>100.0</b>
Revenue Size	2008								Business Demographics %
	Bank				Aggregate				
	#	%	\$000's	%	#	%	\$000's	%	
\$1 million or less	1,519	46.3	133,962	24.4	Not Available				76.4
Over \$1 million	1,696	51.6	402,884	73.5					5.2
No Revenue Info	69	2.1	11,466	2.1					18.4
<b>Total</b>	<b>3,284</b>	<b>100.0</b>	<b>548,312</b>	<b>100.0</b>					<b>100.0</b>

#### *Borrower Characteristics of Small Business Loans within MSA/MDs*

The following analysis highlights M&T Bank's performance in lending to smaller-sized businesses within the MSA/MD's in which M&T Bank's presence was significant. In these MSAs and MD, M&T Bank's level of performance was good. The small business lending performance ratios M&T Bank achieved in these MSAs and MD were higher than the aggregate's, but below the percentage of businesses with GAR of \$1 million or less.

- MSA 15380: Buffalo – Niagara Falls**  
 In 2008, M&T Bank extended 38.9% of the small business loans it originated in this MSA to businesses with GAR of \$1 million or less as compared to 32.9% for the aggregate. In 2009, a substantially higher ratio (46.6%) of M&T Bank's small business loans in this MSA was extended to similar-sized businesses. However, the bank's performance was below the demographics; 63% and 74% of the businesses had GAR of \$1 million or less in 2008 and 2009, respectively.
- MSA 40380: Rochester**  
 In 2008, M&T Bank extended 40.8% of the small business loans it originated in this MSA to businesses with GAR of \$1 million or less, significantly above the corresponding ratio of 33.5% for the aggregate. In 2009, 45% of M&T Bank's small business loans in this MSA were extended to similar-sized businesses. Although the bank's performance was better than the aggregate's performance, it was below the business demographics. In 2008 and 2009, the percentages of businesses with GAR of \$1 million or less were 64% and 77%, respectively.
- MSA 45060: Syracuse**  
 In 2008, 43% of the small business loans M&T Bank originated in this MSA were extended to businesses with GAR of \$1 million or less. This level of performance was significantly better than that of the aggregate which extended only 31.9% of its

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loans in this MSA to small businesses. M&T Bank increased its level of performance in 2009 during which a slightly higher ratio of 45.4% of its small business loans were extended to businesses with GAR of \$1 million or less in this MSA. These ratios lagged the percentages of businesses with GAR of \$ million or less, which were 64% and 75% in 2008 and 2009, respectively.

- *MSA 13780: Binghamton*

In 2008, M&T Bank extended 49.4%% of the small business loans it originated in this MSA to businesses with GAR of \$1 million or less, significantly outperforming the corresponding ratio of 34.5% achieved by the aggregate in this MSA. In 2009, M&T Bank further increased its lending to small businesses, extending 55.6% of its small business loans in this MSA to businesses with GAR of \$1 million or less. These ratios were below the business demographics, where 58% and 71% of the businesses had GAR of \$ 1 million or less in 2008 and 2009, respectively.

- *MD 35644: New York*

In 2008, M&T Bank extended 43.7% of the small business loans it originated in this MSA to businesses with GAR of \$1 million or less. This percentage was more than twice the corresponding ratio of 20.9% achieved by the market aggregate in this MSA. M&T Bank's performance in this MSA declined slightly in 2009, during which 40.2% of its small business loans were extended to businesses with GAR of \$1 million or less. While the bank's ratio in 2008 was well above the aggregate, it was significantly below the percentage of businesses with GAR of \$ 1 million of less of (68%). In 2009, business demographics showed that 76% of the businesses had GAR of \$ 1 million or less.

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

M&T Bank is a leader in making community development loans as indicated by the excellent level of its community development lending during the evaluation period. For this evaluation period, M&T Bank's qualified community development loans, letters of credit and commitments totaled \$1.4 billion, or 8.7% higher than the amount reported at the prior evaluation. Although this represents a modest increase, during the same period, M&T Bank's assets decreased by 6%. In addition, M&T Bank's total community development lending at this evaluation included more than \$1 billion in new money - roughly equal to the \$1.08 billion in new money reported at the previous evaluation. Given the difficult economic conditions and lending environment which prevailed during 2008 and 2009, M&T Bank's achievement in originating this level of new community development lending was a reflection of the bank's strong commitment to responding to community development needs in the assessment area.

M&T Bank's community development lending activity supported health care services targeted to LMI individuals; working capital, bridge loans and permanent mortgages for non-profit organizations; construction loans and commercial mortgages which financed multifamily properties and provided housing for LMI individuals; and economic development initiatives that stabilized or revitalized LMI geographies.

M&T Bank's community development lending was responsive to the needs of the community. Of the bank's total community development lending, \$508 million (37%) supported affordable housing while 45% were used for economic development. As mentioned in the Performance Context section of this report, the revitalization and stabilization of the areas within its assessment area through job creation and economic development was a major need.

<b>Community Development Lending</b>				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	107	508,000	41	166,911
Economic Development	86	619,711	16	106,738
Community Services	119	245,663	22	75,860
Other (Please Specify)				
<b>Total</b>	<b>312</b>	<b>1,373,374</b>	<b>79</b>	<b>349,509</b>

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

#### *Affordable Housing*

- A letter of credit for \$13.3 million was used to support the development of a multifamily, 8-story, 127-unit building located in a low-income census tract in the Bronx in New York City. Rentals on this property are below the affordable rental threshold for the area.
- A revolving-credit facility for \$8 million was used to provide working capital and predevelopment funds to support the creation of affordable housing. The borrower is a non-profit provider of affordable housing and supportive services for homeless and low-income families and individuals in Westchester County.

#### *Community Services*

- An unsecured line of credit for \$1.1 million was renewed to provide working capital to a non-profit provider of therapeutic and educational programs and services to disabled children and adults throughout Ulster and Northern Dutchess Counties. The organization derives its revenue primarily from Medicaid.
- A \$3 million line of credit was made for working capital to Catholic Family Center. The Center is Rochester's largest family service center and offers assistance to people of all religions. The Center is located in a low-income census tract and derives its funding primarily from government and agency grants. The Center's programs include a welfare-to-work employment program; low-interest loans to the working poor to help maintain, or find employment; homeless housing services; research and advocacy on behalf of the underserved and poor; refugee, immigration and employment services; and substance abuse services.

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*Economic Development*

- A \$6.3 million loan was made to a real estate developer to finance the construction of a Rite-Aid retail store in a moderate-income census tract in Rochester, New York. The store location is within Rochester's Federal Renewal Community zone, an area targeted for redevelopment.
- A \$70 million line of credit was given to a hat and cap manufacturing facility that is located in a low-income area in Buffalo designated as a New York State Empire and a Federal Enterprise Community Zone. The line of credit will provide working capital and enable the company to maintain and potentially create local jobs that will help revitalize and stabilize the area.
- A \$5.4 million loan for working capital was made to the New York Business Development Corporation (NYBDC), a consortium of New York banking institutions that provides long-term working capital, equipment and real estate loans to small and mid-size businesses in New York State.
- A \$6.3 million permanent mortgage loan was made to finance the acquisition of and renovation to a building located in Buffalo's Federal Renewal Community.

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

<b>Community Development Loans</b>				
MSA/MD	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
10580-Albany (Albany, Renssealer, Saratoga & Schenectady)	18	85,046	5	26,842
13780 - Binghamtom (Bromme & Tioga)	11	27,646	6	6,946
21300 - Elmira (Chemung)	4	15,000		
15380 - Buffalo-Niagara Falls (Erie & Niagara)	60	240,624	6	30,564
27060 - Ithaca (Tompkins)	1	1,684		
28740 - Kingston (Ulster)	4	3,280		
35644 & 35004 - New York City, Putnam, Westchester, Rockland & Long Island	108	562,577	46	232,575
39100 - Pouckeespie (Dutchess & Orange)	16	52,843	6	34,265
40380 - Rochester (Livingston, Monroe, Ontario, Orleans & Wayne)	49	231,048	6	9,976
45060 - Syracuse (Madison & Onondaga)	17	105,594	1	13
46540 - Utica-Rome (Oneida & Herkimer)	5	20,869		
Non-MSA	17	22,839	3	8,328
Outside AA	2	4,324		
<b>Total</b>	<b>312</b>	<b>1,373,374</b>	<b>79</b>	<b>349,509</b>

### **Innovative and Flexible Lending Practices: “Outstanding”**

M&T Bank made extensive use of innovative or flexible lending practices to serve assessment area needs.

In addition to the innovative and flexible community development lending noted above, M&T Bank also offered innovative and flexible small business, consumer and mortgage loans. Some of these products were designed to provide access to financing for borrowers who might not qualify for credit within traditional underwriting standards.

The following are brief descriptions of some of the special loan products offered by M&T Bank to serve the needs of its assessment area:

#### *Products that Support Small Businesses and Economic Development*

- *Business Access Line of Credit*  
This product was designed to help small businesses meet their working capital needs, purchase inventory or equipment and respond to other opportunities.

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Businesses can apply for a credit line between \$25 thousand and \$250 thousand. Clients may quickly access funds by utilizing direct loan checks, ATM transfers and withdrawals, telephone banking and Internet banking services. The product also has no “out-of-debt” requirement.

- *Express Business Access Line of Credit*  
This product provides up to \$100 thousand in lines of credit for which businesses can apply without submitting financial statements. The line of credit is unsecured and requires only the personal guarantee of the business owner.
- *SBA Express Business Access Line of Credit*  
This product provides an option for customers who would not normally qualify for conventional financing. It possesses all of the features of M&T Bank’s Business Access Lines of Credit, with the exception of expiring in five years due to the SBA guaranty. The SBA guarantees 50% of the line amount. The first year annual fee of \$250 is waived for this facility; however, customers have to pay a one-time SBA fee of 2% of the guaranty amount.
- *Business Overdraft Line of Credit*  
This program was developed in response to small business owners’ requests for overdraft protection, without the extra features that a VISA Business line or Business Access line provide. This product is ideally suited for businesses with less than \$1 million in annual sales. The maximum line amount is \$25 thousand.
- *Tax Exempt Municipal Lease-Purchase Financing*  
M&T Bank offers this option as an alternative to municipal bond or vendor financing programs for municipalities and municipal entities which want to grow or replace aging plants and equipment. Lease-Purchase Financing can be a cost effective and convenient option as it avoids the voter-approval processes associated with bond referendums, spreads the cost of a new purchase over the useful life of the asset, and facilitates capital replacement costs too large to finance within a single year’s budget.
- *Small Business Administration (SBA) Guaranteed Loans*  
The SBA guarantees the loans originated under this program, enabling businesses to obtain financing from participating lenders at reduced interest rates and terms that stretch over a longer period of time which are not normally offered with conventional commercial credit facilities. M&T Bank participates in various SBA guaranteed loan programs, including its popular 7(a) program. Based on the number of loans the bank approved under this program, in 2009, the U.S. Small Business Administration ranked M&T Bank as among the top ten lenders to small businesses nationally and the #1 lender in the Buffalo, Rochester and Syracuse markets.
- *NYSERDA*  
M&T Bank participates in the New York Energy Smart Loan Fund Program which is administered by the New York State Energy Research and Development Authority. The program provides reduced interest rate loans through participating lenders to

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finance renovations or construction projects that improve a facility's energy efficiency or incorporate renewable energy systems. Participating lenders are compensated via a subsidy for the interest rate reduction.

- *New York State Linked Deposit Program*  
M&T Bank has been a participant in this program since its inception. It was created to encourage and assist small businesses to make investments and undertake eligible projects that will improve their productivity, performance and competitiveness by reducing their cost of capital through interest subsidies. Eligible businesses can obtain commercial loans from authorized commercial banks, savings and loans, savings banks, farm credit institutions or the New York Business Development Corporation at a reduced interest rate, thereby, making borrowing less expensive for the small business. Deposits of State funds at comparably reduced rates compensate the lenders.

### *Consumer/Mortgage Products*

- *Affordable Home Improvement Loan*  
This product was designed for consumers with regional household income maximums of 80% of MSA median income, with the exception of HUD designated high-cost areas, such as New York City where the maximum is 165% of MSA median income. M&T Bank requires a loan-to-value of 80% on this product but no appraisals are required and there are no closing costs.
- *Get Started Mortgage*  
M&T Bank developed this product to be its primary affordable mortgage product targeted towards both those wishing to purchase in LMI communities and those who are LMI purchasers. The program features a bi-weekly (or monthly) payment schedule, a below-market interest rate, a free checking account (payments are automatically deducted from the account), an optional unsecured installment loan to finance closing costs for which only 1% of the costs must be financed by the borrower's own funds. A downpayment/closing costs grant is offered as an alternative to the below market rate feature. Get Started applicants must complete a comprehensive pre-purchase counseling program prior to closing on their mortgage.
- *Get Started A-Minus*  
The primary differences between the two Get Started products are the minimum credit score and the maximum back-end ratio. The minimum credit score is lower for the Get Started A-Minus product, while the maximum back-end ratio is higher.
- *State of New York Mortgage Agency ("SONYMA") Loan Programs*  
SONYMA loan programs provide competitively-priced mortgages to LMI families in New York. Features include competitive interest rates, low downpayment requirements, no prepayment penalties, and downpayment assistance.

The following table provides additional details regarding M&T Bank's innovative or flexible lending products.

<b>Innovative/Flexible Loan Products</b>						
	<b>2008</b>		<b>2009</b>		<b>Total</b>	
	<b>#</b>	<b>\$000</b>	<b>#</b>	<b>\$000</b>	<b>#</b>	<b>\$000</b>
<b>Small Business Loan Products</b>						
Business Access Line of Credit	338	24,179	284	21,369	622	45,548
Express Business Access Line of Credit	435	18,858	277	11,838	712	30,696
SBA Express Business Access Line of Credit	312	26,305	307	22,624	619	48,929
Business Overdraft Line of Credit	366	2,559	275	1,685	641	4,244
Tax Exempt Municipal Lease-Purchase	4	13,700	2	1,626	6	15,326
SBA Loans	51	15,335	111	32,428	162	47,763
NYSERDA	23	6,100	7	4,000	30	10,100
NY State Linked Deposit Program	77	17,685	42	8,672	119	26,357
<b>Subtotal</b>	<b>1,606</b>	<b>124,721</b>	<b>1,305</b>	<b>104,242</b>	<b>2,911</b>	<b>228,963</b>
<b>Consumer Loan Products</b>						
Affordable Home Improvement Loan	18	149	13	96	31	245
<b>Subtotal</b>	<b>18</b>	<b>149</b>	<b>13</b>	<b>96</b>	<b>31</b>	<b>245</b>
<b>Mortgage Loan Products</b>						
Get started	160	16,331	168	15,113	328	31,444
Get started A-Minus	15	1,456	0	0	15	1,456
SONYMA	1,276	140,828	324	43,933	1,600	184,761
<b>Subtotal</b>	<b>1,451</b>	<b>158,615</b>	<b>492</b>	<b>59,046</b>	<b>1,943</b>	<b>217,661</b>
<b>Total</b>	<b>3,075</b>	<b>283,485</b>	<b>1,810</b>	<b>163,384</b>	<b>4,885</b>	<b>446,869</b>

### **Investment Test: "Outstanding"**

*M&T Bank's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; 4) the degree to which the qualified investments are not routinely provided by private investors.*

### **Amount of Qualified Investments: "Outstanding"**

M&T Bank had an excellent level of qualified community development investments during the evaluation period. M&T Bank's investments totaled \$135.3 million, of which \$76.2 was new money. In addition, the bank made a total \$5.3 million in grants.

Most of the bank's qualified investments, (\$89 million) were comprised of low-income housing tax credits (LIHTCs), which are complex investments that support multifamily housing for low-income families. Investments in CRA-qualified mortgage-backed securities totaled \$12.8 million, accounting for 9.1% of M&T Bank's total qualified investments. Approximately 96% (\$130 million), of M&T Bank's qualified investments supported the development of affordable housing which is an important community credit need, particularly, in MSA 40380 and MD 35620 where most of these investments were originated. Investments supporting community service related activities totaled \$3.4 million,

or 2.5% of total qualified investments. Investments with revitalization and stabilization and economic development purposes were minimal, accounting for only 1.4% of total investment activity during the evaluation period. A table showing the breakdown of the bank's qualified investments by MSA/MD and purpose is provided at the end of this section.

<b>Community Development Investments and Grants</b>				
	<b>This Evaluation Period</b>		<b>Outstandings from Prior Evaluation Periods</b>	
	<b># of Inv.</b>	<b>\$000</b>	<b># of Inv.</b>	<b>\$000</b>
CD Investments				
Affordable Housing	59	\$ 129,907	37	59,120
Economic Development	1	\$ 1,800		
Community Services	22	\$ 3,360		
Other (Please Specify)	2	\$ 273		
<b>Total</b>	<b>84</b>	<b>\$ 135,340</b>	<b>37</b>	<b>59,120</b>
	<b># of Grants</b>	<b>\$000</b>	<b>Not Applicable</b>	
CD Grants				
Affordable Housing	146	\$ 1,709		
Economic Development	4	\$ 10		
Community Services	393	\$ 3,477		
Other (Please Specify)	11	\$ 61		
<b>Total</b>	<b>554</b>	<b>\$ 5,257</b>		

Described below are examples of M&T Bank's qualified investments and grants:

*Affordable Housing*

- A \$7 million equity investment was made in a limited partnership's LIHTC project that will create 55 units of affordable rental housing in the East Harlem neighborhood of Manhattan.
- A \$8.3 million equity investment was made in a limited partnership's LIHTC project for the acquisition of a 202-unit, high-rise apartment building and its conversion into affordable rental housing for LMI families in the City of Rochester.
- A total of \$96 thousand in grants were made to various Habitat for Humanity chapters operating in New York.
- A total of \$71 thousand in grants were made to Neighborhood Housing Services of New York City, a non-profit intermediary that creates and preserves affordable housing and promotes increased investment in underserved and declining neighborhoods.

*Community Service*

- Deposit investments totaling \$1.4 million were made in seven community development credit unions ("CDCUs") in New York State.

- A total of \$1.8 million was invested in bonds issued by the city school districts of Jamestown in Chautauqua County, Newburgh in Orange County, and Troy in Rensselaer County to finance the cost of additions to and reconstruction of various school buildings in these districts. Over 50% of the students in each of these districts are from LMI families who are eligible for the free/reduced lunch program.
- Grants totaling \$68.1 thousand were made to various food banks that provide meals to the homeless in the bank’s assessment area.

*Economic Development*

- A \$1.8 million equity investment in Statewide Zone Capital Corporation (“SZCC”). SZCC promotes expansion and growth of new and existing businesses located within New York’s participating Empire Zones.

The following table shows the distribution of M&T Bank’s qualified community development investments by MSA/MDs.

<b>Community Development Investments</b>				
MSA/MD	This Evaluation Period		Outstandings from Prior Evaluation	
	# of Loans	\$000	# of Loans	\$000
10580-Albany (Albany, Renssealer, Saratoga & Schenectady)	8	2,603	4	1,269
13780 - Binghamtom (Bromme & Tioga)	3	1,679	1	1,589
21300 - Elmira (Chemung)	0	0		
15380 - Buffalo-Niagara Falls (Erie & Niagara)	11	9,267	5	4,390
27060 - Ithaca (Tompkins)	1	21,436	1	21,436
28740 - Kingston (Ulster)				
35644 & 35004 - New York City, Putnam, Westchester, Rockland & Long Island	29	28,928	15	17,131
39100 - Pouckeespie (Dutchess & Orange)	4	6,117	1	2,384
40380 - Rochester (Livingston, Monroe, Ontario, Orleans & Wayne)	15	49,783	4	8,568
45060 - Syracuse (Madison & Onondaga)	1	1,960	1	1,960
46540 - Utica-Rome (Oneida & Herkimer)	2	231		
Non-MSA	6	8,668		
Outside AA	6	4,668	1	393
<b>Total</b>	<b>86</b>	<b>135,340</b>	<b>33</b>	<b>59,120</b>

**Innovativeness or Complexity of Qualified Investments: “Outstanding”**

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M&T Bank's qualified investments demonstrated an excellent level of innovativeness and complexity.

**Responsiveness of Qualified Investments to Credit and Community Development Needs: "Outstanding"**

M&T Bank demonstrated excellent responsiveness to the credit needs of the community.

**Degree to Which the Qualified Investments Are Not Routinely Provided by Private Investors: "Outstanding"**

M&T Bank's qualified investments are not routinely provided by private investors.

**Service Test: "Outstanding"**

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

M&T Bank offered outstanding retail services and was a leader in providing community development services within its assessment areas.

**Retail Banking Services: "Outstanding"**

**Current Distribution of the Banking Institution's Branches: "Outstanding"**

M&T Bank's branches were readily accessible to the geographies and individuals of different income levels in its assessment area. As of December 31, 2009, M&T Bank had 261 branches within its assessment area, of which, 21.5% were located in LMI or distressed or underserved census tracts (48 were located in LMI tracts; 8 were in distressed tracts). Virtually all branches (98%) have ATMs on premises. M&T Bank also had ATMs at 182 off-site locations. Of the 182 off-site ATMs, 31 (16.5%) were in LMI or distressed census tracts.

M&T Bank also operated 12 business banking centers within its New York assessment area. Three of these centers were located in LMI neighborhoods and nine offered on-site ATMs, including two of the centers located in LMI areas.

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

M & T Bank - Distribution of Branches and On-site ATMs as of December 31, 2009												
MSA or MD	County Name	Branches					Offsite ATM Locations					Total
		Total #	Low	Mod	Dis-tressed	LMI & Distressed %	Total #	Low	Mod	Dis-tressed	LMI & Distressed %	
	Erie	48	5	8		27.1%	67	7	1		11.9%	18.3%
	Niagara	6	2	0		33.3%	7		1		14.3%	23.1%
15380	Buffalo	54	7	8		27.8%	74	7	2		12.2%	18.8%
	Livingston	1	0	0		0.0%						
	Monroe	30	2	3		16.7%	24	3	2		20.8%	18.5%
	Ontario	1	0	0		0.0%	2					
	Orleans	1	0	1		100.0%						100.0%
	Wayne	1	0	0		0.0%						
40380	Rochester	34	2	4		17.6%	26	3	2		19.2%	18.3%
	Madison	2	0	0		0.0%						
	Onondaga	27	3	2		18.5%	17	3	1		23.5%	20.5%
45060	Syracuse	29	3	2		17.2%	17	3	1		23.5%	19.6%
	Broome	16	3	4		43.8%						43.8%
	Tioga	1	0	0		0.0%	16	1	4		31.3%	29.4%
13780	Binghamton	17	3	4		41.2%	16	1	4		31.3%	36.4%
	Chemung	1	0	0		0.0%						
21300	Elmira	1	0	0		0.0%	0	0	0			
	Tompkins	5	0	1		20.0%	6					9.1%
27060	Ithaca	5	0	1		20.0%	6	0	0			9.1%
	Ulster	6	0	0		0.0%	5					
28740	Kingston	6	0	0		0.0%	5	0	0			
	Herkimer	6	0	1		16.7%	3		2		66.7%	33.3%
	Oneida	8	1	0		12.5%	10					5.6%
46540	Utica-Rome	14	1	1		14.3%	13	0	2		15.4%	14.8%
	Albany	5	1	1		40.0%	5	1	1		40.0%	40.0%
	Rensselaer	4	0	0		0.0%	2	1			50.0%	16.7%
	Saragota	1	0	0		0.0%						
	Schenectady	2	0	0		0.0%						
10580	Albany/Sch/Troy	12	1	1		16.7%	7	2	1		42.9%	26.3%
	Dutchess	15	2	3		33.3%	1					31.3%
	Orange	9	1	0		11.1%	4		1		25.0%	15.4%
39100		24	3	3		25.0%	5	0	1		20.0%	24.1%
	Kings	3	1	0		33.3%						33.3%
	New York	8	0	1		12.5%						12.5%
	Putnam	2	0	0		0.0%						
	Queens	2	0	0		0.0%						
	Rockland	6	0	0		0.0%	2					
	Westchester	7	0	1		14.3%	1					12.5%
35644	New York	28	1	2		10.7%	3	0	0			9.7%
	Nassau	3	0	0		0.0%	1					
35004	Nassau/Suffolk	3	0	0		0.0%	1	0	0			
	Allegany	1	0	0	1	100.0%						100.0%
	Cattaraugus	3	0	0	3	100.0%						100.0%
	Cayuga	2	0	0		0.0%						
	Chautauqua	10	1	0		10.0%	4					7.1%
	Chenango	1	0	0	1	100.0%	1			1		100.0%
	Cortland	2	0	0	1	50.0%	2					25.0%
	Genesee	4	0	0		0.0%	1					
	Jefferson	1	0	0	1	100.0%	1		1		100.0%	100.0%
	Seneca	1	0	0		0.0%						
	Steuben	3	0	0	1	33.3%						33.3%
	Sullivan	3	0	0		0.0%						
	Wyoming	3	0	0		0.0%						
Non-MSA		34	1	0	8	26.5%	9	0	1	1	11.1%	25.6%
Total		261	22	26	8	21.5%	182	16	14	1	16.5%	19.6%

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*Institution's Record of Opening and Closing Branches: "High Satisfactory"*

M&T Bank's record of opening and closing branches did not adversely impact the accessibility of its delivery systems, particularly to LMI geographies or individuals.

During the evaluation period, M&T Bank opened 3 branches in middle- and upper-income geographies and closed 21 branches, including five in LMI areas. These changes did not have a significant impact on the distribution of the bank's branches in LMI tracts which declined slightly to 19.6% from 20.1% at the previous evaluation.

*Availability and Effectiveness of Alternative Systems for Delivering Retail Services: "Outstanding"*

All M&T Bank checking account customers are provided with M&T Check cards which not only facilitate ATM access but can also be used to make purchases and pay utility bills at stores/companies that accept VISA. No transaction fees are charged for VISA purchases. Additionally, M&T Bank's ATM network is available, surcharge-free, to customers of 20 credit unions and community banks.

In addition to the above, M&T Bank offers alternative delivery systems such as bank-by-mail, telephone and on-line internet banking services which provide the bank's customers with the convenience of doing their banking transactions during non-banking hours. Bank customers can take advantage of M&T Bank's bank-by-mail services in making deposits and payments through the mail by using the self-addressed, stamped envelopes provided by the bank. Using the bank's telephone and/or on-line Internet banking services, customers are able to monitor account balances, review transaction history, transfer funds between related M&T Bank accounts, pay bills on-line, and check the status of checks they have issued or deposited. M&T Bank also provides customers with the ability to deposit checks electronically using a certified check scanner attached to a personal computer to scan the check and transmit the data to M&T Bank via a secure Internet connection.

During regular business hours, M&T Bank has telephone sales agents available to handle requests for information, take loan applications from customers, and open deposit accounts for them. An interactive voice response service is also available for 24-hour access to account information.

M&T Bank maintains a website that provides information about its deposit and consumer loan products and accepts loan applications. Linked to this main website are the bank's websites for its residential mortgages for which a Spanish language version is also available.

*Range of Services Provided: "Outstanding"*

Services do not vary in a way that inconveniences any particular portion of the assessment area, including LMI geographies and individuals.

All branches offer a wide variety of products and services to individuals and businesses.

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Approximately 59% of the branches offer early morning and/or extended evening hours and 48% are open on Saturdays. In addition, 58% of the branches in LMI tracts offer extended and/or Saturday hours.

To meet assessment area needs, M&T Bank provides additional services and products, some of which are listed below:

- *M&T Totally Free Checking:*  
This account requires an initial \$25 minimum opening deposit, no minimum balance, no monthly service charge, no per-check fee and provides free ATM usage at M&T Bank owned ATMs.
- *Non-Profit Checking Account:*  
This account is a non-interest bearing business checking account designed for non-profit organizations. The monthly maintenance fee of \$3 is waived by maintaining an average monthly balance of \$500. Organizations maintaining a balance of \$2,500 or more receive interest.
- *Free Business Checking Account and Advanced Business Checking Account:*  
These products target companies with lower balances and monthly transactions of less than 75 (for Free Business Checking) and 125 (for Advanced Business Checking).
- *Quest Electronic Benefits Transfer Program:*  
This service provides recipients access to welfare benefits via a plastic card instead of the traditional paper food stamps or checks. The fee for using the card is \$3.00 at M&T Bank branch ATM's and \$2.00 at its offsite ATM's except for those located at Sheetz and Rutters convenience stores, which are surcharge free.
- *M&T Direct Pay Card:*  
This service offers employers an alternative to issuing paper paychecks. The card is a prepaid, stored-value card that allows an employer to apply an employee's net pay to a personalized card which can then be used for ATM cash withdrawals and MasterCard debit purchases. There is no surcharge for using the card at the bank's ATM machines. Employees provided with this card do not have to wait in line to cash checks, risk having their payroll checks stolen, or pay expensive check-cashing fees.
- *First Home Club Program:*  
M&T Bank offered the FHLBNY's First Home Club Program in 29 counties in NYS. M&T Bank, in partnership with 36 local non-profit agencies, provides first time homebuyers a free matched personal savings account. This program provides three-to-one matching of the participant's own savings (up to \$7,500), to be used toward downpayment and closing costs. The participants are required to save over a 10 – 24 month period, during which time they are required to attend homebuyer counseling to prepare them for the mortgage process and learn the responsibilities of home ownership.

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- *Affordable Housing Program of the FHLBNY:*  
M&T Bank sponsors grant applications in support of the creation and rehabilitation of single and multi-family housing for LMI individuals. In 2008 & 2009, M&T Bank secured commitments for 45 new affordable housing grant applications totaling \$17 million, which created 2,407 units and leveraged over \$345 million in additional funding.

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

#### *Extent to Which the Banking Institution Provides Community Development Services: “Outstanding”*

M&T Bank is a leader in providing community development services benefiting its assessment area. 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, a significant number of M&T Bank officers and staff provided homeownership counseling to first-time homebuyers and shared their financial expertise with numerous community development organizations operating in the assessment area as board members, senior officers, and finance/loan committee members of these organizations.

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

- M&T Bank sponsored and presented a large number of affordable mortgage and homebuyer education seminars, workshops and presentations in partnership with community development organizations such as the Affordable Housing Partnership, Better Neighborhoods, Inc., as well as various realty agencies. These events provided LMI individuals and first-time homebuyers in the assessment area with important information about the different affordable mortgage products available to them and offered them counseling and technical assistance regarding the mortgage application and home acquisition process.
- In partnerships with the Small Business Administration (“SBA”) and local chambers of commerce, M&T Bank hosted various seminars and workshops for small businesses in the assessment area. Through these seminars, M&T Bank shared its financial expertise with small business owners on a variety of topics such as accessing and understanding credit, writing business plans for start-up businesses, and SBA lending. Additionally, these seminars provided information on the various bank deposit and credit products designed for small businesses.
- M&T Bank officers and staff served as board members, senior officers, or finance/loan committee members of numerous community development organizations operating in the assessment area. Examples of these organizations include New York Business Development Corporation, Local Initiatives Support Corporation, Neighborhood Housing Services, Food Bank of Western New York,

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Meals on Wheels, Catholic Charities, Habitat for Humanity, Affordable Housing Partnership, Better Neighborhoods, Inc., and various local chambers of commerce.

*Innovativeness and Responsiveness of Community Development Services: "Outstanding"*

As noted above, M&T Bank has an excellent level of innovativeness and responsiveness in community development services.

**Additional Factors**

The following factors were also considered in assessing M&T Bank's performance.

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

M&T Bank's board of directors' CRA committee met three times a year to provide oversight and direction and to assess M&T Bank's CRA performance. In addition, this committee reviewed and approved all branch closings. Minutes of these meetings were provided to the full board for review. In the Rochester and New York City market, the CRA committees of the local advisory board also directed and reviewed local market initiatives and performance.

**Discrimination or Other Illegal Practices**

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

There were no practices noted that were intended to discourage applications for the types of credit offered by the institution.

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

The most recent regulatory compliance and fair lending examinations of M&T Bank indicated satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discrimination or other illegal credit practices was noted.

**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 the community regarding the credit services being provided by the banking institution.*

M&T Bank's ascertainment efforts took various forms. Focus groups, research and surveys of both customers and non-customers were used as a source of valuable

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customer feedback when the bank was interested in developing new products and services and improving customer service. Community needs were also ascertained through interactions with members of the communities that the bank serves. Meetings with government officials, participation on community boards, homebuyer and business seminars, conferences and general customer interaction occurred throughout M&T Bank's markets, providing opportunities to learn the needs of the local community.

M&T Bank's community reinvestment staff worked with local community advocacy groups who assessed its performance in their communities and provided great insight into the critical needs of residents and businesses across a broad range of issues. These groups kept M&T Bank abreast of community priorities so that M&T Bank could look for opportunities to work cooperatively on issues affecting LMI communities. M&T Bank met regularly with the Greater Rochester Community Reinvestment Coalition, the Western New York Law Center, Syracuse United Neighbors, and the Association for Neighborhood and Housing Development (ANHD).

One example of the results of these ascertainment efforts was the modifications made to M&T Bank's Get Started Mortgage product that resulted from dialogue with clients, realtors and non-profit partners. From these dialogues, M&T Bank learned that downpayments and closing costs continued to impede LMI borrowers from purchasing homes. This led to the establishment of a \$2,500 grant and an unsecured personal loan that can be used to help offset downpayment and closing cost expenses.

- *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 Bank's credit services were communicated through print, radio, brochures, newsletters, in-branch promotion, seminars and personal interaction. In addition, M&T Bank used telephone banking services, direct mail pieces and other individualized efforts to communicate its credit services. For example, M&T Bank advertised the availability of affordable mortgage financing through print campaigns, radio, realtor and consumer product flyers, community newsletters, brochures, home buying seminars, open house services, home shows and trade fairs, breakfast and lunch seminars, counseling relationships and individualized sales efforts by originators.

M&T Bank's Mortgage Division continually sponsored seminars designed to inform consumers about M&T Bank's innovative home financing options and were normally held in cooperation with local community organizations, including churches, neighborhood housing groups and other non-profit agencies. In addition to educating consumers, these seminars provided an opportunity for the bank to receive feedback from community members with regard to its products and services and community needs. In 2008, building on work begun in 2007, M&T Bank

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partnered with Freddie Mac and local non-profit agencies in both Syracuse and Rochester on a homeownership marketing initiative targeted toward the Hispanic population.

M&T Bank also communicated its credit services through many special programs such as, housing conferences, civic and cultural events, college day events, trade shows, agricultural exchanges and annual auto, boat and home shows.

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

The factors listed below are significant and are part of M&T Bank's excellent responsiveness to an urgent community credit need - helping small businesses and homeowners that are struggling to repay their loans.

In 2009, in response to the needs of homeowners and small businesses in the assessment area struggling with the recession, M&T Bank undertook the following initiatives which enhanced its overall CRA performance:

- *SBA America's Recovery Capital (ARC) Loan Program*  
In June of 2009, M&T Bank began participating in the Small Business Administration's (SBA) America's Recovery Capital (ARC) Loan Program. The ARC Loan Program is a special, temporary loan program to help struggling small businesses make payments on existing debt and provides up to \$35,000 per qualified business. This program is intended for viable small businesses that are having difficulty making loan payments during tough economic times. These loans will be available through September 30, 2010 or until appropriated funding runs out.
- *Loss Mitigation Efforts in 2008 & 2009 to Assist Borrowers*  
During the evaluation period, M&T Bank increased its efforts to assist borrowers affected by the mortgage crisis and the recession. Since the prior evaluation, M&T Bank has significantly increased staff across its Customer Asset Management Department. This action was taken as a result of 10+% unemployment rates in its assessment area and resulted in improved service and increased resources to handle potential problem accounts. In 2009, M&T Bank held a loss mitigation event reviewing 1,996 loans, of which 1,505 were modified.

The Customer Asset Management Department employed some non-traditional techniques in trying to make contact with delinquent borrowers in order to speak with them about their options. As an incentive, re-usable cell phones with loaded minutes were mailed to these borrowers programmed with the bank's number.

M&T Bank participated in a variety of face-to-face outreach events held in Buffalo for the convenience of LMI borrowers. In addition, the bank hosted M&T Bank customer-only events, which provided its clients who were in early-stage delinquency with the opportunity to meet and talk to an M&T Bank specialist. The

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bank's field agents also made visits to borrowers who were not otherwise responsive to its offers of assistance.

## 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

The term “community development” is defined to mean:

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.

A “community development loan” is defined as a loan that has as 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.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. 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.

A “community development service” is defined as a service that has as its *primary purpose* community development, 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.

**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 of the person, family or household is based on the income of person, family or household. 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 (“GAR”) of \$1 million or less (“< = \$ 1MM”).

**Low or Moderate Income (“LMI”) Geographies**

Those census tracts or block numbering areas (“BNAs”), where according to the 2000 US 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 the case 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 depicts 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.

### **Small Business Loans**

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