



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

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: September 30, 2018

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

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

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Manufacturers and Traders Trust Company (“M&T” or the “Bank”) prepared by the New York State Department of Financial Services (“DFS” or the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of September 30, 2018.

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

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

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

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

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

OVERVIEW OF INSTITUTION'S PERFORMANCE

The Department evaluated M&T pursuant to the large banking institution performance standards in Sections 76.7, 76.8, 76.9 and 76.10 of the GRS. The assessment period included calendar years 2014, 2015, 2016, and 2017 for HMDA-reportable and small business loans and September 1, 2014 through September 30, 2018 for community development activities. The Bank is rated “**Outstanding**” or “1.” This rating means the Bank had an outstanding record of helping to meet community credit needs.

This rating is based on the following factors:

LENDING TEST: “Outstanding”

M&T's HMDA-reportable and small business lending activities were excellent considering the Bank's size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

Lending Activity: “Outstanding”

M&T's lending levels were excellent considering its size, business strategy, and financial condition, as well as the activity of its peer group and the demographic characteristics of its assessment area.

M&T's average loan-to-deposit (“LTD”) ratio for the evaluation period was 90%, well above its peer group's average LTD ratio of 74.9%. The Bank's LTD ratios outperformed its peer ratio despite its practice of selling mortgage loans in the secondary market. M&T's LTD ratio also remained steady despite the significant increase in assets of 40% due primarily to the acquisition of Hudson City Savings Bank (“HCSB”) in 2015.

Assessment Area Concentration: “Outstanding”

During the evaluation period, M&T originated 97.2% by number and 97.9% by dollar value of its total HMDA-reportable and small business loans within the assessment area. This high proportion of lending inside of its assessment area reflects an excellent concentration of lending within the Bank's assessment area.

Geographic Distribution of Loans: “High Satisfactory”

M&T's origination of loans in census tracts of varying income levels demonstrated a more than reasonable distribution of lending.

M&T's rate of HMDA-reportable loans made in LMI geographies by number of loans outperformed the aggregate's rate, while the Bank's rate by dollar value of loans was comparable with the aggregate's rate. M&T's rate of small business loans made in LMI geographies by dollar value was comparable to the aggregate's rate, but by number of loans M&T's rate trailed the aggregate's rate.

Distribution by Borrower Characteristics: “Outstanding”

M&T’s lending demonstrated an excellent distribution of loans among individuals of different income levels and businesses of different revenue sizes.

During the evaluation period, M&T’s rates of one-to-four family and manufactured HMDA-reportable loans to LMI borrowers exceeded the aggregate’s rates both by number and dollar value of loans. Furthermore, the Bank’s rates of lending to low-income borrowers steadily increased during the evaluation period, while the aggregate’s rates remained relatively unchanged. M&T’s rates of lending to small businesses with revenues of \$1 million or less slightly exceeded the aggregate’s rates; by dollar value, it trailed the aggregate.

Community Development Lending: “Outstanding”

During the evaluation period, M&T originated 563 new community development loans totaling \$3.5 billion. This demonstrated an excellent level of community development lending over the course of the evaluation period.

M&T’s community development lending activities reflected a good mix by community development purpose of the loans as well as the types of loans, which ranged from smaller loans to community-based nonprofit organizations to multi-million-dollar loans supporting major regional development initiatives.

Flexible and/or Innovative Lending Practices

M&T offers a range of innovative residential mortgage loan programs sponsored by the state and federal government, and through partnerships with nonprofit organizations to assist first-time homebuyers and LMI homeowners with affordable home financing options.

INVESTMENT TEST: “Outstanding”

M&T’s community development investments were excellent considering the assessment area’s credit needs.

Qualified Investments: “Outstanding”

During the evaluation period, M&T made \$789.4 million in new community development investments and had \$65.3 million outstanding from prior evaluation periods. In addition, M&T made \$21.1 million in community development grants. This demonstrated an excellent level of community development investments and grants over the course of the evaluation period.

Innovativeness and/or Complexity of Qualified Investments: “High Satisfactory”

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

M&T's qualified investments included Low-income Housing Tax Credits ("LIHTC") investments, complex transactions that require significant financial reporting to comply with federal and state tax requirements. The Bank also invested in a variety of tax-exempt or taxable bonds for projects that revitalized and/or stabilized LMI communities within its assessment areas. These bonds are an innovative approach to project financing compared to conventional financing as they allow for lower interest rates for the borrower, offset by tax-exempt benefits for the investor, benefitting both parties.

Responsiveness of Qualified Investments to Credit and Community Development Needs:
"High Satisfactory"

M&T's qualified investments exhibited more than reasonable responsiveness to the assessment area's credit and community development needs.

The Bank made qualified investments including tax-exempt bonds issued by nonprofit organizations, LIHTC bonds, mortgage-backed securities, deposits with community development credit unions ("CDCUs") and community development financial institutions ("CDFIs"). In addition, the Bank made 1,842 grants totaling \$22.7 million to various community organizations supporting community development.

SERVICE TEST: "Outstanding"

Retail Banking Services: "Outstanding"

M&T has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, particularly as they relate to LMI individuals.

As of the evaluation date, M&T operated 240 branches in New York State, including 20% or 49 branches in LMI census tracts. The Bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems to LMI geographies and/or LMI individuals. Its delivery systems are readily accessible to significant portions of the assessment area, including LMI geographies and individuals. .

Community Development Services: "Outstanding"

M&T was a leader in providing excellent levels of community development services. During the evaluation period, members of the Bank's board of directors, members of management, and employees participated in community development services by providing financial and technical expertise as members of boards and/or committees of organizations that provide community development services. Employees also provided their technical expertise to organizations by participating in seminars that included topics such as applying for a mortgage, financial literacy and small business financing.

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

PERFORMANCE CONTEXT

Institution Profile

M&T, founded in 1856 and chartered by New York State in 1892, is a multistate commercial bank headquartered in Buffalo, NY. M&T is the principal banking subsidiary of M&T Bank Corporation, a bank holding company.

M&T operates over 700 banking offices in Connecticut, Delaware, the District of Columbia, Maryland, New York, New Jersey, Pennsylvania, Virginia, and West Virginia. The Bank also has a full-service commercial banking office in Ontario, Canada, and an office in George Town, Cayman Islands. The Bank had 240 branches in New York State as of June 30, 2018.

In November 2015, M&T merged with Hudson City Savings (“HCSB”), which gave it a significant retail presence in New Jersey and also resulted in an expansion of the Bank’s New York assessment area to include Richmond County. The Bank also opened a branch in Bronx County and launched two community development programs providing credit services and financial education in majority-Black and -Hispanic neighborhoods in the Bronx.

Activities performed through M&T Realty Capital Corporation, M&T Real Estate Trust, M&T Bank Affordable Housing Fund LP, and M&T Affordable Housing Fund II LLLP, which are wholly-owned subsidiaries of M&T, were also assessed and included in this evaluation. Their principal business is originating and selling commercial development and construction loans, and low-income housing tax credit investments. In addition, the Bank’s charitable activities, made primarily via its charitable foundation (M&T Charitable Foundation), were also assessed as a part of this evaluation.

M&T and its subsidiaries offer a wide range of retail and commercial banking, trust and wealth management, and investment services and products to individuals, corporations, professional clients, government entities, and financial institutions. Services include trust, asset management, insurance and other financial services, as well as telephone, mobile, and internet banking. The Bank offers a large variety of consumer and business deposit products including debit cards, credit cards, certificates of deposit, and checking and savings accounts. Consumer loan products include residential mortgage loans, home equity loans and lines of credit, automobile loans, credit cards, personal loans, student loans, overdraft lines-of-credit, and credit card debt cancellation products. Commercial loan products include construction and commercial mortgages, lines-of-credit, business loans, and small business loans. M&T is an active SBA lender and was ranked as the 26th largest SBA lender nationwide by lending volume for its 7(a) loan program for the year 2018.¹

In its Consolidated Report of Condition (the “Call Report”) as of September 30, 2018,

¹ <https://www.sba.gov/article/2017/oct/01/100-most-active-sba-7a-lenders>

filed with the Federal Deposit Insurance Corporation (“FDIC”), M&T reported total assets of \$116.4 billion, of which \$85.5 billion were net loans and lease financing receivables. It also reported total deposits of \$90.7 billion, resulting in a LTD ratio of 94.2%.

According to the FDIC’s Deposit Market Share Report as of June 30, 2018, M&T had a market share in New York State of 2.8% or \$47.6 billion out of a market of \$1.7 trillion, ranking it 8th among 203 deposit-taking institutions.

Deposit distribution by Metropolitan Statistical Area (“MSA”) and Metropolitan District (“MD”) for the current period remained consistent with the previous evaluation. The top five deposit generating MSAs and MDs based on their respective share of deposits in New York as of June 30, 2018 were as follows:

- MSA 15380 (Buffalo-Cheektowaga-Niagara Falls, NY) - 56.2%,
- MD 35614 (New York-New Jersey City-White Plains, NY-NJ) - 13.9%,
- MSA 40380 (Rochester, NY) - 8.3%,
- MSA 45060 (Syracuse, NY) - 6.4%, and
- MSA 10580 (Albany-Schenectady-Troy, NY) - 3.4%.

The table below shows M&T’s deposit market share and ranking by county, MSA or MD in New York State. M&T ranked first in deposit market share among all FDIC-insured institutions in four MSAs in upstate New York and it ranked 20th among 136 institutions in the downstate MSA/MD 35614 (New York, Jersey City, White Plains, NY-NJ).

Deposit Market Share as of June 30, 2018					
County/MSA or MD	Deposits (\$000)	% of M&T's AA* Deposits	Market Share	Market Ranking	Number of Institutions
Erie	26,243,166	55.1%	65.7%	1	16
Niagara	498,021	1.0%	18.8%	2	7
MSA 15380 (Buffalo-Cheektowaga-Niagara Falls, NY)	26,741,187	56.2%	62.8%	1	16
New York	2,994,623	6.3%	0.3%	23	89
Rockland	1,680,932	3.5%	11.6%	3	15
Westchester	913,030	1.9%	0.8%	14	33
Orange	382,801	0.8%	4.6%	8	24
Queens	282,507	0.6%	0.4%	29	55
Richmond	223,728	0.5%	1.7%	11	19
Kings	146,654	0.3%	0.3%	24	42
Bronx	1,151	0.0%	0.0%	24	24
MSA/MD 35614 (New York-Jersey City-White Plains, NY-NJ)	6,625,426	13.9%	0.5%	20	136
Monroe	3,808,580	8.0%	26.9%	1	15
Ontario	43,976	0.1%	2.0%	9	10
Wayne	29,328	0.1%	3.4%	6	8
Livingston	28,446	0.1%	3.2%	5	7
Orleans	26,171	0.1%	6.7%	5	5
MSA 40380 (Rochester, NY)	3,936,501	8.3%	20.9%	1	20
Onondaga	3,017,436	6.3%	29.4%	1	15
Madison	39,467	0.1%	4.8%	5	6
MSA 45060 (Syracuse, NY)	3,056,903	6.4%	24.6%	1	16
Albany	1,397,166	2.9%	7.2%	3	20
Rensselaer	152,044	0.3%	7.2%	5	11
Saratoga	43,943	0.1%	0.9%	14	16
Schenectady	39,867	0.1%	1.4%	10	12
MSA 10580 (Albany-Schenectady-Troy, NY)	1,633,020	3.4%	5.6%	5	24
Broome	1,483,224	3.1%	53.6%	1	8
Tioga	37,235	0.1%	8.3%	4	6
MSA 13780 (Binghamton, NY)	1,520,459	3.2%	47.3%	1	8
Suffolk	674,089	1.4%	1.3%	16	25
Nassau	265,448	0.6%	0.4%	24	36
MD 35004 (Nassau County-Suffolk County, NY)	939,537	2.0%	0.7%	21	38
Dutchess	703,717	1.5%	11.0%	3	16
Putnam	189,119	0.4%	8.6%	6	12
MD 20524 (Dutchess County-Putnam County, NY)	892,836	1.9%	10.4%	3	19
Oneida	505,464	1.1%	13.8%	3	0
Herkimer	183,991	0.4%	27.3%	2	7
MSA 46540 (Utica-Rome, NY)	689,455	1.4%	15.9%	2	10
Ulster	353,801	0.7%	11.0%	3	19
MSA 28740 (Kingston, NY)	353,801	0.7%	11.0%	3	19
Tompkins	230,371	0.5%	11.2%	2	10
MSA 27060 (Ithaca, NY)	230,371	0.5%	11.2%	2	10
Jefferson	28,656	0.1%	1.8%	7	10
MSA 48060 (Watertown-Fort Drum, NY)	28,656	0.1%	1.8%	7	10
Chemung	20,560	0.0%	2.0%	5	7
MSA 21300 (Elmira, NY)	20,560	0.0%	2.0%	5	7
Chautauqua	306,001	0.6%	19.0%	3	9
Genesee	160,600	0.3%	19.2%	3	7
Wyoming	115,290	0.2%	9.2%	3	5
Sullivan	76,580	0.2%	5.4%	8	10
Cayuga	67,399	0.1%	6.0%	6	12
Steuben	66,179	0.1%	6.0%	6	8
Cattaraugus	41,499	0.1%	4.2%	5	9
Cortland	27,277	0.1%	3.8%	5	7
Chenango	25,755	0.1%	2.9%	2	3
Seneca	19,305	0.0%	3.8%	5	7
Allegany	16,421	0.0%	2.8%	5	5
Non-MSA	922,306	1.9%	8.4%	5	36
Total AA	47,591,018	100.0%	2.8%	8	203

The following is a summary of the Bank's loan portfolio, based on Schedule RC-C of the December 31, 2014, 2015, 2016, and 2017 Call Reports:

TOTAL GROSS LOANS OUTSTANDING								
Loan Type	12/31/2014		12/31/2015		12/31/2016		12/31/2017	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	14,238,655	21.5	31,869,337	36.6	27,946,821	30.9	24,686,905	28.2
Commercial Mortgage Loans	18,564,707	28.1	19,584,935	22.5	20,762,406	23.0	21,457,614	24.5
Construction Loans (1-4 Family Residential Loans)	497,139	0.8	716,838	0.8	1,531,765	1.7	1,573,928	1.8
Construction Loans (Other than 1-4 Family residential Loans)	4,584,763	6.9	4,605,372	5.3	6,501,909	7.2	6,525,004	7.4
Secured by Farmland	90,431	0.1	93,488	0.1	99,319	0.1	156,407	0.2
Multifamily Mortgages	3,691,509	5.6	4,148,990	4.8	4,541,697	5.0	3,602,378	4.1
Total Real Estate Loans	41,667,204	63.0	61,018,960	70.1	61,383,917	67.9	58,002,236	66.2
Commercial & Industrial Loans	15,858,388	24.0	16,571,225	19.0	17,771,317	19.7	16,941,734	19.3
Consumer Loans	4,943,179	7.5	5,629,738	6.5	6,500,479	7.2	7,969,983	9.1
Agricultural Loans	58,858	0.1	78,364	0.1	81,746	0.1	68,933	0.1
Lease Financing	1,189,406	1.8	1,209,039	1.4	1,273,215	1.4	1,279,509	1.5
Other Loans	2,412,141	3.6	2,524,392	2.9	3,422,304	3.8	3,390,099	3.9
Total Gross Loans	66,129,176	100.0	87,031,718	100.0	90,432,978	100.0	87,652,494	100.0

As illustrated in the above table, M&T's real estate lending constituted 66.2% of the Bank's gross loan portfolio, as of December 31, 2017, with one-to-four family residential loans representing the single largest component of the gross loan portfolio at 28.2%.

Examiners did not find evidence of financial or legal impediments that had an adverse impact on M&T's ability to meet the credit needs of its community.

Assessment Area

M&T's assessment area includes 44 of the 62 counties in New York State. The only change to the Bank's assessment area from the prior evaluation period was the addition of Richmond County, subsequent to the merger with HCSB in 2015.

There are 4,651 census tracts (2017 Demographics) in the assessment area, of which 546 were low-income, 989 were moderate-income, 1,801 were middle-income, 1,191 were upper-income, and 124 were tracts with no income indicated. LMI census tracts made up 33% of all census tracts in the assessment area. The Bank's assessment area, as of 2017, contained no middle-income non-metropolitan tracts that were classified as distressed or underserved.

M&T's New York assessment area includes various regions within New York State as listed below:

Western New York Region

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

Finger Lakes Region

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

Central New York Region

- MSA 45060 (Syracuse, NY) -- Madison and Onondaga counties in their entirety

North Country Region

- MSA 48060 (Watertown-Fort Drum, NY) Jefferson county in its entirety

Mohawk Valley Region

- MSA 46540 (Utica-Rome, NY) – Oneida and Herkimer counties in their entirety

Southern Tier Region

- MSA 13780 (Binghamton, NY) -- Broome and Tioga counties in their entirety
- MSA 21300 (Elmira, NY) -- Chemung County in its entirety
- MSA 27060 (Ithaca, NY) -- Tompkins County in its entirety
- Non-MSA – Chenango and Steuben counties in their entirety
- Non-MSA – Cayuga and Cortland counties in their entirety

Capital Region

- MSA 10580 (Albany-Schenectady-Troy, NY) – Albany, Rensselaer, Saratoga and Schenectady counties in their entirety

Long Island Region

- MD 35004 (Nassau County-Suffolk County, NY) -- Nassau and Suffolk counties in their entirety

New York City and Hudson Valley Regions

- MD 35614 (New York-Jersey City-White Plains, NY-NJ) – Bronx, Kings, New York, Queens, Orange, Richmond, Rockland and Westchester counties in their entirety
- MD 20524 (Dutchess County-Putnam County, NY MD) – Dutchess and Putnam counties in their entirety
- MSA 28740 (Kingston, NY) – Ulster County in its entirety
- Non-MSA – Sullivan County in its entirety

Assessment Area (MSA/MD/COUNTY) Census Tracts by Income Level (2017)									
County/ MSA or MD	Low	%	Moderate	% LMI	Middle	Upper	N/A	# of CTs	
Erie	38	0.82%	41	1.70%	90	60	8	237	
Niagara	8	0.17%	13	0.45%	29	10	2	62	
MSA 15380 (Buffalo-Cheektowaga-Niagara Falls, NY)	46	0.99%	54	2.15%	119	70	10	299	
Livingston	0	0.00%	1	0.02%	10	2	2	15	
Monroe	44	0.95%	29	1.57%	62	53	5	193	
Ontario	0	0.00%	5	0.11%	16	4	0	25	
Orleans	0	0.00%	2	0.04%	8	0	1	11	
Wayne	0	0.00%	7	0.15%	13	2	1	23	
MSA 40380 (Rochester, NY)	44	0.95%	44	1.89%	109	61	9	267	
Madison	0	0.00%	4	0.09%	8	4	0	16	
Onondaga	23	0.49%	20	0.92%	50	42	5	140	
MSA 45060 (Syracuse, NY)	23	0.49%	24	1.01%	58	46	5	156	
Broome	7	0.15%	10	0.37%	27	11	0	55	
Tioga	0	0.00%	0	0.00%	7	3	0	10	
MSA 13780 (Binghamton, NY)	7	0.15%	10	0.37%	34	14	0	65	
MSA 21300 (Elmira, NY) - Chemung	4	0.09%	3	0.15%	11	3	1	22	
MSA 27060 (Ithaca NY) - Tompkins	0	0.00%	4	0.09%	12	6	1	23	
MSA 28740 (Kingston, NY) - Ulster	1	0.02%	7	0.17%	27	12	0	47	
Herkimer	0	0.00%	2	0.04%	16	1	0	19	
Oneida	14	0.30%	8	0.47%	29	17	6	74	
MSA 46540 (Utica-Rome, NY)	14	0.30%	10	0.52%	45	18	6	93	
Albany	10	0.22%	13	0.49%	30	21	1	75	
Rensselaer	4	0.09%	9	0.28%	24	5	0	42	
Saratoga	0	0.00%	7	0.15%	28	14	1	50	
Schenectady	7	0.15%	10	0.37%	19	6	1	43	
MSA 10580 (Albany-Schenectady-Troy, NY)	21	0.45%	39	1.29%	101	46	3	210	
Dutchess	6	0.13%	13	0.41%	49	9	2	79	
Putnam	0	0.00%	0	0.00%	8	11	0	19	
MD 20524 (Dutchess County-Putnam County, NY)	6	0.13%	13	0.41%	57	20	2	98	
Bronx	160	3.44%	90	5.38%	56	26	7	339	
Kings	115	2.47%	280	8.49%	211	141	14	761	
New York	44	0.95%	51	2.04%	20	158	15	288	
Queens	24	0.52%	176	4.30%	308	134	27	669	
Orange	5	0.11%	11	0.34%	19	44	0	79	
Richmond	4	0.09%	11	0.32%	36	56	3	110	
Rockland	4	0.09%	10	0.30%	7	44	0	65	
Westchester	7	0.15%	32	0.84%	45	134	5	223	
MD 35614 (New York-Jersey City-White Plains, NY-NJ)	363	7.80%	661	22.02%	702	737	71	2,534	
Nassau	7	0.15%	28	0.75%	159	81	9	284	
Suffolk	6	0.13%	68	1.59%	192	56	1	323	
MD 35004 (Nassau County-Suffolk County, NY)	13	0.28%	96	2.34%	351	137	10	607	
MSA 48060 (Watertown-Fort Drum, NY) - Jefferson	0	0.00%	5	0.11%	17	2	2	26	
Allegany	0	0.00%	1	0.02%	11	0	1	13	
Cattaraugus	1	0.02%	2	0.06%	17	0	1	21	
Cayuga	1	0.02%	2	0.06%	12	4	1	20	
Chautauqua	2	0.04%	4	0.13%	27	2	1	36	
Chenango	0	0.00%	1	0.02%	11	0	0	12	
Cortland	0	0.00%	1	0.02%	8	3	0	12	
Genesee	0	0.00%	1	0.02%	13	1	0	15	
Seneca	0	0.00%	0	0.00%	8	2	0	10	
Steuben	0	0.00%	3	0.06%	24	3	0	30	
Sullivan	0	0.00%	4	0.09%	17	3	0	24	
Wyoming	0	0.00%	0	0.00%	10	1	0	11	
Outside of MSA/MD	4	0.09%	19	0.49%	158	19	4	204	
Total	546	11.74%	989	33.00%	1,801	1,191	124	4,651	

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

Demographic & Economic Data

The assessment area had a population of 18,709,637 during the evaluation period. About 14.2% of the population was over the age of 65 and 19.2% was under the age of 16. MSA/MD 35614 (New York-Jersey City-White Plains, NY-NJ) is the most populated MSA/MD in the Bank's assessment area with a population of 10,090,130, which accounts for 53.9% of the population in the assessment area.

Of the 4,384,738 families in the assessment area, 25.5% were low-income, 16.4% were moderate-income, 18.4% were middle-income, and 39.7% were upper-income. There were 6,888,869 households in the assessment area, of which 14.9% had income below the poverty level and 3.4% were on public assistance.

The weighted average median family income in the assessment area was \$81,491. The weighted average median family income of the top five deposit-generating MSAs/MDs were as follows: MSA/MD-35614, \$77,435; MSA-15380, \$70,366; MSA-40380, \$70,421; MSA-45060, \$74,203; and MSA-10580, \$83,607.

There were 7,670,896 housing units within the assessment area, of which 63.6% were one-to-four family units, and 34.6% were multifamily units; 47.3% of the area's housing units were owner-occupied, while 42.5% were renter-occupied units. Of the 3,625,422 owner-occupied housing units, 16.2% were in LMI census tracts while 83.8% were in middle- and upper-income census tracts. The median age of the housing stock was 66 years, and the median home value in the assessment area was \$386,795.

Of the top five deposit-generating MSAs/MDs, multifamily housing units represented 55.2% of all housing units in MSA/MD 35614, a much larger percentage than in the other four MSAs in which more than 80% of the total housing units were one-to-four family housing units. The median home value for MSA/MD 35614 of \$520,518 was well above the median home value range of \$125,586 to \$198,104 for the four upstate MSAs.

Housing characteristics for the top five deposit-generating MSAs/MDs were as follows:

MSA 15380 (Buffalo-Cheektowaga-Niagara Falls, NY)

There were 519,952 housing units in this MSA, of which 12.2% were multifamily units, and 85.9% were one-to-four family units. Of all the housing units in the MSA, 59.9% were owner-occupied and 30.7% were renter-occupied. The percentages of owner-occupied and renter-occupied housing units in LMI census tracts were 18.2% and 43.6%, respectively. The average median home value for this MSA was \$113,014.

MD 35614 (New York-Jersey City-White Plains, NY-NJ)

There were 4,035,802 housing units in this MSA/MD assessment area, of which 55.2% were multifamily units, and 44.5% one-to-four family units. Of the housing units in the MSA/MD 57.6% were renter-occupied and 33.6% were owner-occupied. Of the 2,323,641 rental housing units, 54.3% were in LMI census tracts, while 19.6% of the 1,355,836 owner-occupied housing units were in LMI census tracts. The average median home value for this MSA/MD was \$520,518.

MSA 40380 (Rochester, NY)

There were 459,864 housing units in this MSA, of which 82.4% were one-to-four family units, and 14.3% were multifamily units. Of all the housing units in the MSA, 61.5% were owner-occupied units and 30% were renter-occupied units. The percentages of owner-occupied units and renter-occupied housing units located in LMI census tracts were 15% and 42.3%, respectively. The average median home value for this MSA was \$130,495.

MSA 45060 (Syracuse, NY)

There were 235,698 housing units in this MSA, of which 81.7% were one-to-four family units, and 16.2% were multifamily units. Of all the housing units in the MSA, 59.5% were owner-occupied units and 30% were rental units. The percentages of owner-occupied housing units and renter-occupied housing units located in LMI census tracts were 13.5% and 45.3%, respectively. The average median home value for this MSA was \$130,785.

MSA 10580 (Albany-Schenectady-Troy, NY)

There were 378,947 housing units in this assessment area, of which 81.9% were one-to-four family units, and 14.8% were multifamily units. Of all the housing units in the MSA, 56.8% were owner-occupied units and 31.2% were rental-occupied units. The percentages of owner-occupied and renter-occupied housing units located in LMI census tracts were 15.6% and 41.1%, respectively. The average median home value for this MSA was \$198,104.

There were 1,174,146 non-farm businesses in the assessment area. Of these, 84.6% were businesses with reported revenues of less than or equal to \$1 million, 6.9% reported revenues of more than \$1 million, and 8.5% did not report their revenues. Of the businesses in the assessment area, 96.8% had less than fifty employees while 90% operated from a single location. The largest industries in the area were services (47.2%), retail trade (15%) and finance, and insurance and real estate (8.5%); 7.8% of businesses in the assessment area were not classified.

The business demographics for the top five deposit-generating MSAs/MDs were similar, except that the Rochester, Syracuse and Albany MSAs had construction as the third largest industry.

As New York State's economy continued to recover from the last downturn and show steady improvement, the State's average annual unemployment rate fell to 4.7%

(2017) from 6.3% (2014). This is well below the unemployment rates reported at the prior evaluation period. Nevertheless, 2017's average annual unemployment rates for some counties and MSAs within the Bank's assessment area remain higher than the statewide unemployment rate of 4.7%.

During the current evaluation period Bronx County had the highest unemployment rate for three of the four full years (2014, 2015, and 2016), while Allegany County had the highest average annual unemployment rate for 2017. MSA 48060 (Watertown-Fort Drum, Jefferson County) consistently had the highest average unemployment rates each year of the evaluation period for the MSAs listed in Table 3 below.

The tables below show the average annual unemployment rates for some counties in the Bank's assessment area. Some of the counties are located downstate, some upstate, some in MSAs and some in non-MSAs.

Statewide and counties in Downstate MSA/MD 35614, 35004 and 20524 - Annual Unemployment Rates													
Year	State-wide	Bronx	Kings	New York	Queens	Richmond	Orange	Rockland	Westchester	Nassau	Suffolk	Dutchess	Putnam
2014	6.3	9.8	7.6	6.1	6.4	7.4	5.5	5.2	5.1	4.8	5.4	5.3	4.9
2015	5.3	7.8	5.9	4.9	5.0	5.8	4.7	4.5	4.5	4.2	4.7	4.5	4.3
2016	4.8	7.1	5.3	4.5	4.5	5.2	4.3	4.2	4.3	3.9	4.4	4.2	4.0
2017	4.7	6.2	4.6	4.0	4.0	4.6	4.6	4.4	4.6	4.1	4.5	4.3	4.3
2018 *	4.4	5.7	4.3	3.7	3.6	4.2	4.4	4.1	4.3	3.9	4.3	4.1	4.0
4-yr.avg.	5.3	7.7	5.9	4.9	5.0	5.8	4.8	4.6	4.6	4.3	4.8	4.6	4.4

* 9-month average

Statewide and Non-MSA counties in Upstate - Annual Unemployment Rates												
Year	State-wide	Allegany	Cattaraugus	Cayuga	Chautauqua	Chenango	Cortland	Genesee	Seneca	Steuben	Sullivan	Wyoming
2014	6.3	6.2	7.0	6.0	6.8	6.2	6.5	5.5	5.6	6.9	6.6	6.5
2015	5.3	6.5	6.3	5.3	6.0	5.4	5.9	4.9	5.1	6.3	5.4	5.6
2016	4.8	6.3	6.0	5.1	5.8	5.1	5.7	4.6	4.8	5.8	4.8	5.3
2017	4.7	6.7	6.2	5.1	6.1	5.4	5.9	4.9	4.6	5.8	4.9	5.7
2018 *	4.4	6.4	6.0	5.0	5.6	5.2	5.7	4.7	4.2	5.5	4.5	5.2

* 9-month average

Statewide and Upstate MSA - Annual Unemployment Rates											
Year	State-wide	MSA 10580	MSA 13780	MSA 15380	MSA 21300	MSA 27060	MSA 28740	MSA 40380	MSA 45060	MSA 46540	MSA 48060
2014	6.3	5.1	6.5	6.3	6.3	4.4	5.7	5.8	6.1	6.2	7.6
2015	5.3	4.5	5.9	5.5	5.9	4.4	4.8	5.1	5.4	5.5	6.6
2016	4.8	4.1	5.4	5.1	5.7	4.2	4.4	4.7	4.9	5.0	6.2
2017	4.7	4.3	5.5	5.4	5.6	4.4	4.6	5.0	5.1	5.2	6.6
2018 *	4.4	4.2	5.3	5.0	5.2	4.0	4.3	4.7	4.8	5.0	6.1

* 9-month average

Community Information

As a part of the evaluation examiners conducted a community contact interview with a representative from an educational center serving students from six weeks of age through pre-kindergarten and their families. The goal is to provide empowerment through education, employment and vocational training, life skills classes and counseling to improve education outcomes.

The contact indicated that children in the Buffalo area are faced with uncertainty in food, housing, limited access to healthcare, and a need for safer, better, and more affordable housing. The center has been successful in reaching out to students and families in need and has provided much needed financial support. The center receives support from profit and nonprofit corporations. It was noted that M&T is a supporter. However, local financial institutions could help more financially, and develop programs that help create stronger communities.

A second community contact interview was conducted with representatives of a CDFI, which makes loans, including micro loans for startups and larger loans for established businesses to small businesses that have difficulty securing financing elsewhere. The CDFI is active throughout upstate New York including Rochester, the third most populous city in New York State. While a loss of industry has caused a decline in jobs, resulting in a decline in the area's population, Rochester is one of the country's fastest growing technology startup hubs. This provides opportunities and incentives for small business development and growth. Small businesses make-up approximately 80% of all businesses in Rochester. The representative noted that more technical assistance is needed for entry into start-up technology financing.

The CDFI offers pre- and post-loan programs that provide technical assistance to borrowers. The institution receives funding from community banks, community development organizations, the Empire State loan program, and the Small Business Administration ("SBA"). However, the contact noted that while financial institutions have participated in providing donations and financial expertise, they should also play a larger role in providing innovative financing to small businesses, especially minority-owned businesses and small businesses located in LMI communities.

The contact also noted that there is a need for programs for first-time homebuyers and home improvement loans, particularly in underserved LMI communities and rural areas. Financial institutions should be more active in providing micro financing to entrepreneurs and to small and minority-owned businesses. This will help create, expand local businesses, and increase job opportunities in LMI communities.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Department evaluated M&T under the large banking institution performance standards in accordance with Sections 76.7, 76.8, 76.9, and 76.10 of the GRS, which consist of the lending, investment, and service tests. DFS also considered the following factors in assessing the bank's record of performance:

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

Finally, the evaluation considered other factors as delineated in Section 28-b of the New York Banking Law that reasonably bear upon the extent to which M&T helps to meet the credit needs of its entire community.

DFS derived statistics employed in this evaluation from various sources. M&T submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council ("FFIEC") and deposit data from the FDIC. DFS obtained LTD ratios from information shown in the Bank's Uniform Bank Performance Report, compiled by the FFIEC from Call Report data.

DFS sourced the demographic data referred to in this report from the 2010 U.S. Census and the FFIEC. DFS based business data on Dun & Bradstreet reports, which Dun & Bradstreet updates annually, and obtained unemployment data from the New York State Department of Labor.

The assessment period included calendar years 2014, 2015, 2016, and 2017 for HMDA-reportable and small business loans and the period from September 1, 2014 through September 30, 2018 for community development activities.

M&T submitted loan data from M&T Realty Capital Corporation and M&T Real Estate Trust for multifamily lending activities, and investment and grants from M&T Bank Affordable Housing Fund LP, M&T Affordable Housing Fund II LLLP, and M&T Charitable Foundation, to be assessed as a part of the current evaluation.

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

Examiners gave greater weight to M&T's HMDA-reportable lending activities because the dollar volume of such loans represented 73.8% of the total of HMDA and small business loans made within the Bank's assessment area during the evaluation period.

At its **prior** Performance Evaluation as of August 30, 2014, DFS assigned M&T a rating of “1,” reflecting an “Outstanding” record of helping to meet the credit needs of the Bank’s communities.

Current CRA Rating: “Outstanding”

LENDING TEST: “Outstanding”

M&T’s lending performance was evaluated pursuant to the following criteria:

- (1) Lending Activity;*
- (2) Assessment Area Concentration;*
- (3) Geographic Distribution of Loans;*
- (4) Borrower Characteristics;*
- (5) Community Development Lending; and*
- (6) Flexible and/or Innovative Lending Practices.*

M&T’s HMDA-reportable and small business lending activities were excellent in light of the Bank’s size, business strategy, and financial condition, as well as aggregate and peer group activity and the demographic characteristics and credit needs of its assessment area.

Several factors impacted the Bank’s lending activities during the evaluation period. Many areas of upstate New York experienced slower rates of job creation and economic growth than downstate and the nation as a whole, and some upstate areas also experienced population loss. Increasing housing prices, high loan-to-value on existing home loans, and the cost of living in both the upstate and downstate mortgage markets provided a challenge for the Bank, LMI borrowers and first-time homebuyers. In addition, the Bank faced significant competition from on-line, consumer-direct, and non-bank lenders.

Lending Activity: “Outstanding”

M&T’s lending levels were excellent considering its size, business strategy, and financial condition, as well as the activity of its peer group¹ and the demographic characteristics of its assessment area.

M&T’s average LTD ratio for the evaluation period was 90%, well above its peer group’s average LTD ratio of 74.9%. Furthermore, M&T’s quarterly average LTD ratios consistently outperformed its peer group’s quarterly LTD ratios for each of the 16 quarters of the evaluation period. M&T’s LTD ratios outperformed its peers despite its business practice of selling mortgage loans in the secondary market, primarily to Fannie Mae, Freddie Mac, and Ginnie Mae, which reduces the volume of loans remaining in its portfolio

¹ As of December 31, 2017, the peer group for M&T included insured commercial banks with total assets exceeding \$10 billion.

and thus lowers its LTD ratio.

During the evaluation period, the Bank's total assets increased by 40% to \$118.1 billion for 2017. Some of this growth was due to the acquisition of HCSB (2015), which added approximately \$19 billion in loans and leases and \$17.9 billion in deposits. Nevertheless, M&T's LTD ratios remained consistently above 84% and well above its peer group's LTD ratios, which dropped below 70% for most of 2016 and 2017.

In 2017 M&T ranked 4th among 693 mortgage lenders by number of loans in its assessment area, trailing only three large national mortgage lenders. The Bank's market share was 1.3% by dollar amount out of a total of \$86.6 billion in mortgage loans originated by all lenders in the assessment area in 2017.

In 2017, M&T ranked 18th among 284 small business lenders in its assessment area by number of loans. M&T originated 3,761 small business loans totaling \$904.2 million, resulting in a market share of 0.82% by number of loans and 6.22% by dollar amount of loans out of a total of \$14.5 billion originated by all lenders in the assessment area in 2017. In 2018, the Small Business Administration ranked M&T 26th (by dollar volume) among the 100 most active SBA lenders nationwide for its 7(a) small business loan program.

The following table shows the quarterly LTD ratios for the 16 consecutive quarters of the evaluation period.

Loan-to-Deposit Ratios																	
	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	Avg.
Bank	89.8	89.2	84.9	87.3	87.8	90.6	90.8	92.6	90.8	91.1	88.8	92.1	89.2	92.2	91.1	91.9	90.0
Peer	80.6	82.4	82.6	82.3	81.7	83.1	82.7	69.6	69.3	69.3	68.3	68.5	68.4	70.0	69.9	69.8	74.9

Assessment Area Concentration: “Outstanding”

During the evaluation period, M&T originated 97.2% by number and 97.9% by dollar volume of its total HMDA-reportable and small business loans within the assessment area. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending within the Bank's assessment area.

The following table shows the percentages of M&T's HMDA-reportable and small business loans originated inside and outside of the assessment area in New York State.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2014	8,155	96.9%	264	3.1%	8,419	2,977,656	98.3%	52,178	1.7%	3,029,834
2015	8,585	96.5%	307	3.5%	8,892	3,514,266	97.5%	91,908	2.5%	3,606,174
2016	8,881	96.8%	296	3.2%	9,177	2,958,705	98.1%	58,575	1.9%	3,017,280
2017	7,878	96.8%	260	3.2%	8,138	2,152,477	98.5%	32,809	1.5%	2,185,286
Subtotal	33,499	96.7%	1,127	3.3%	34,626	11,603,104	98.0%	235,470	2.0%	11,838,574
Small Business										
2014	4,206	98.2%	78	1.8%	4,284	1,049,354	98.0%	21,460	2.0%	1,070,814
2015	4,132	98.4%	69	1.6%	4,201	1,100,924	98.2%	19,866	1.8%	1,120,790
2016	4,655	98.0%	96	2.0%	4,751	1,067,204	97.7%	25,634	2.3%	1,092,838
2017	3,755	97.9%	80	2.1%	3,835	902,383	97.1%	27,018	2.9%	929,401
Subtotal	16,748	98.1%	323	1.9%	17,071	4,119,865	97.8%	93,978	2.2%	4,213,843
Grand Total	50,247	97.2%	1,450	2.8%	51,697	15,722,969	97.9%	329,448	2.1%	16,052,417

HMDA-Reportable Loans

During the evaluation period, M&T originated 96.7% by number and 98% by dollar volume of its HMDA-reportable loans within the assessment area. This substantial majority of lending inside the Bank's assessment area reflects an excellent concentration of lending.

Of M&T's HMDA-reportable loans originated within the assessment area during the evaluation period, 89.2% were originated in the following five MSAs/MDs: 48.6% in MSA /MD 35614 (New York-Jersey City-White Plains NY-NJ); 13.3% in MSA 15380 (Buffalo-Cheektowaga-Niagara Falls NY), 11.1% in MD 35004 (Nassau-Suffolk NY); 8.4% in MSA 10580 (Albany-Schenectady-Troy NY); and 7.8% in MSA 40380 (Rochester NY).

The following table shows M&T's HMDA-reportable loans by year and MSA/MD originated during the evaluation period.

HMDA-Reportable Lending Activity Inside the Assessment Area																				
MSA/MD	2014				2015				2016				2017				Total			
	#	%	#	%	#	%	#	%	\$	%	#	%	\$	%	#	%	\$	%		
10580	476	5.8	273,815	9.2	394	4.6%	287,798	8.2%	381	4.3%	238,163	8.0%	320	4.1%	178,277	8.3%	1,571	4.7%	978,053	8.4%
13780	355	4.4	41,369	1.4	313	3.6%	27,869	0.8%	345	3.9%	31,065	1.0%	299	3.8%	24,020	1.1%	1,312	3.9%	124,323	1.1%
15380	2,682	32.9	343,820	11.5	2,993	34.9%	433,431	12.3%	3,011	33.9%	386,998	13.1%	2,665	33.8%	380,448	17.7%	11,351	33.9%	1,544,697	13.3%
20524	159	1.9	112,929	3.8	147	1.7%	30,498	0.9%	182	2.0%	33,926	1.1%	151	1.9%	45,683	2.1%	639	1.9%	223,036	1.9%
21300	27	0.3	2,122	0.1	18	0.2%	1,967	0.1%	21	0.2%	1,891	0.1%	22	0.3%	5,494	0.3%	88	0.3%	11,474	0.1%
27060	32	0.4	11,093	0.4	32	0.4%	9,113	0.3%	34	0.4%	14,100	0.5%	26	0.3%	11,452	0.5%	124	0.4%	45,758	0.4%
28740	75	0.9	10,235	0.3	79	0.9%	10,785	0.3%	80	0.9%	12,566	0.4%	84	1.1%	11,727	0.5%	318	0.9%	45,313	0.4%
35004	554	6.8	185,971	6.2	733	8.5%	288,126	8.2%	929	10.5%	399,474	13.5%	857	10.9%	413,967	19.2%	3,073	9.2%	1,287,538	11.1%
35614	1,048	12.9	1,611,623	54.1	1,165	13.6%	1,890,713	53.8%	1,252	14.1%	1,356,577	45.9%	1,188	15.1%	784,112	36.4%	4,653	13.9%	5,643,025	48.6%
40380	1,268	15.5	227,148	7.6	1,234	14.4%	315,455	9.0%	1,111	12.5%	204,134	6.9%	970	12.3%	155,985	7.2%	4,583	13.7%	902,722	7.8%
45060	588	7.2	77,197	2.6	592	6.9%	129,902	3.7%	639	7.2%	184,692	6.2%	415	5.3%	43,413	2.0%	2,234	6.7%	435,204	3.8%
46540	243	3.0	20,399	0.7	217	2.5%	23,797	0.7%	196	2.2%	25,983	0.9%	200	2.5%	30,429	1.4%	856	2.6%	100,608	0.9%
48060	32	0.4	3,411	0.1	39	0.5%	5,458	0.2%	35	0.4%	8,519	0.3%	26	0.3%	4,335	0.2%	132	0.4%	21,723	0.2%
Non-MSA	616	7.6	56,524	1.90	629	7.3%	59,354	1.7%	665	7.5%	60,617	2.0%	655	8.3%	63,135	2.9%	2,565	7.7%	239,630	2.1%
Total	8,155	100	2,977,656	100	8,585	100%	3,514,266	100%	8,881	100%	2,958,705	100%	7,878	100%	2,152,477	100%	33,499	100%	11,603,104	100.0%

Small Business Loans

M&T originated 98.1% by number and 97.8% by dollar value of its small business loans within the assessment area during the evaluation period. This substantial majority of lending inside of its assessment area reflects an excellent concentration of lending within the Bank's assessment area.

Of M&T's small business loans originated in the assessment area during the evaluation period, 75.3% were originated in the following five MSAs/MDs: 23.5% in MSA 15380 (Buffalo-Cheektowaga-Niagara Falls NY MSA); 19.5% in MSA 40380 (Rochester NY MSA); 13.8% in MSA/MD 35614 (New York-Jersey City-White Plains NY-NJ MD); 10% in MSA 45060 (Syracuse NY MSA); and 8.5% in MD 35004 (Nassau-Suffolk NY MD).

The following table illustrates M&T's yearly small business loans by MSA/MD within its New York assessment area during the evaluation period.

Small Business Lending Activity Inside the Assessment Area																				
MSA/MD	2014				2015				2016				2017				Total			
	#	%	\$	%	#	%	\$	%	#	%	\$	%	#	%	\$	%	#	%	\$	%
10580	272	6.5%	76,031	7.2%	227	5.5%	73,988	6.7%	260	5.6%	76,522	7.2%	221	5.9%	80,548	8.9%	980	5.9%	307,089	7.5%
13780	245	5.8%	52,336	5.0%	209	5.1%	47,041	4.3%	239	5.1%	49,673	4.7%	156	4.2%	30,364	3.4%	849	5.1%	179,414	4.4%
15380	925	22.0%	232,608	22.2%	995	24.1%	274,242	24.9%	1,108	23.8%	249,318	23.4%	895	23.8%	212,986	23.6%	3,923	23.4%	969,154	23.5%
20524	179	4.3%	42,083	4.0%	166	4.0%	42,434	3.9%	241	5.2%	38,871	3.6%	157	4.2%	31,073	3.4%	743	4.4%	154,461	3.7%
21300	16	0.4%	3,683	0.4%	11	0.3%	2,282	0.2%	17	0.4%	3,090	0.3%	13	0.3%	1,699	0.2%	57	0.3%	10,754	0.3%
27060	30	0.7%	4,563	0.4%	34	0.8%	4,768	0.4%	37	0.8%	7,421	0.7%	23	0.6%	2,750	0.3%	124	0.7%	19,502	0.5%
28740	72	1.7%	14,396	1.4%	82	2.0%	23,273	2.1%	117	2.5%	18,306	1.7%	94	2.5%	18,689	2.1%	365	2.2%	74,664	1.8%
35004	198	4.7%	78,926	7.5%	217	5.3%	85,860	7.8%	242	5.2%	90,086	8.4%	253	6.7%	93,628	10.4%	910	5.4%	348,500	8.5%
35614	474	11.3%	138,969	13.2%	479	11.6%	145,882	13.3%	524	11.3%	152,593	14.3%	448	11.9%	131,218	14.5%	1,925	11.5%	568,662	13.8%
40380	910	21.6%	229,003	21.8%	841	20.4%	212,823	19.3%	853	18.3%	206,271	19.3%	695	18.5%	153,918	17.1%	3,299	19.7%	802,015	19.5%
45060	463	11.0%	109,083	10.4%	477	11.5%	105,647	9.6%	520	11.2%	104,106	9.8%	411	10.9%	93,796	10.4%	1,871	11.2%	412,632	10.0%
46540	176	4.2%	27,552	2.6%	134	3.2%	22,362	2.0%	151	3.2%	18,241	1.7%	134	3.6%	20,177	2.2%	595	3.6%	88,332	2.1%
48060	14	0.3%	2,697	0.3%	12	0.3%	3,290	0.3%	14	0.3%	2,218	0.2%	9	0.2%	2,103	0.2%	49	0.3%	10,308	0.3%
Non-MSA/MD	232	5.5%	37,424	3.6%	248	6.0%	57,032	5.2%	332	7.1%	50,488	4.7%	246	6.6%	29,434	3.3%	1,058	6.3%	174,378	4.2%
Total	4,206	100%	1,049,354	100%	4,132	100%	1,100,924	100%	4,655	100%	1,067,204	100%	3,755	100%	902,383	100%	16,748	100%	4,119,865	100%

Geographic Distribution of Loans: "High Satisfactory"

M&T's origination of loans in census tracts of varying income levels demonstrated a more than reasonable distribution of lending.

M&T's rate of HMDA-reportable loans made in LMI geographies by number of loans outperformed the aggregate's rate, while the Bank's rate by dollar value of loans was comparable with the aggregate's rate. Of the HMDA loans M&T made in LMI geographies during the evaluation period, 91.8% were in five MSA/MD areas.

M&T's rate of small business loans made in LMI geographies by dollar value was comparable to the aggregate's rate, but by number of loans M&T's rate trailed the

aggregate's. Of the small business loans M&T made in LMI geographies, 77.2% were in five MSA/MD areas.

HMDA-Reportable Loans

The distribution of M&T's HMDA-reportable loans by the income level of the geography was more than reasonable.

During the evaluation period, M&T's rates of HMDA-reportable loans made in LMI geographies by number and dollar value of loans were 18% and 19.1%, respectively. This exceeded the aggregate's rate of 15.3% by number of loans and was comparable to the 19% by dollar value of loans. Furthermore, M&T's rates for lending in LMI geographies outperformed the aggregate's rate for each year of the evaluation period except for dollar value in 2017.

M&T's rates of lending in LMI geographies also exceeded the percentage of owner-occupied housing units (housing demographics) in LMI geographies, which ranged from 16.2%-16.6% during the evaluation period.

Of the total HMDA-reportable loans made in LMI geographies during the evaluation period, 82.6% by number and 91.8% by dollar value of loans were made in the five MSAs/MDs listed in the table below.

Top 5 LMI Geography Concentration by MSA/MD - HMDA Loans Inside the Assessment Area (2014-2017)				
MSA/MD	Loans (#) made in LMI Geographies	%	Loans (\$) made in LMI Geographies	%
35614 (New York-Jersey City-White Plains, NY-NJ)	1,190	19.7%	1,244,523	56.2%
35004 (Nassau-Suffolk NY)	842	13.9%	276,612	12.5%
15380 (Buffalo-Cheektowaga-Niagara Falls, NY)	1,940	32.1%	183,026	8.3%
40380 (Rochester NY)	710	11.8%	176,121	8.0%
10580 (Albany-Schenectady-Troy NY)	310	5.1%	153,436	6.9%
Subtotal for Top 5	4,992	82.6%	2,033,718	91.8%
AA Total	6,041	100.0%	2,215,048	100.0%

The following table provides a summary of the distribution of the Bank's HMDA-reportable loans by the income level of the geography where the property was located.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2014									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	286	3.5%	210,250	7.1%	4,905	2.7%	3,167,065	5.0%	2.8%
Moderate	1,202	14.7%	310,478	10.4%	23,010	12.7%	8,762,987	13.9%	13.8%
LMI	1,488	18.2%	520,728	17.5%	27,915	15.4%	11,930,052	18.9%	16.6%
Middle	4,138	50.7%	913,061	30.7%	86,461	47.6%	20,440,972	32.4%	48.7%
Upper	2,527	31.0%	1,543,211	51.8%	67,113	37.0%	30,618,842	48.5%	34.7%
Unknown	2	0.0%	656	0.0%	86	0.0%	92,971	0.1%	0.0%
Total	8,155		2,977,656		181,575		63,082,837		
2015									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	302	3.5%	158,028	4.5%	5,571	2.6%	3,289,213	4.2%	2.7%
Moderate	1,182	13.8%	499,177	14.2%	26,086	12.2%	10,614,217	13.5%	13.6%
LMI	1,484	17.3%	657,205	18.7%	31,657	14.8%	13,903,430	17.7%	16.3%
Middle	4,331	50.4%	1,047,201	29.8%	100,452	47.0%	26,097,509	33.3%	47.9%
Upper	2,769	32.3%	1,809,856	51.5%	81,714	38.2%	38,348,896	48.9%	35.8%
Unknown	1	0.0%	4	0.0%	49	0.0%	41,912	0.1%	0.0%
Total	8,585		3,514,266		213,872		78,391,747		
2016									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	287	3.2%	105,720	3.6%	6,040	2.6%	3,811,029	4.4%	2.7%
Moderate	1,208	13.6%	503,530	17.0%	28,427	12.3%	11,845,544	13.8%	13.6%
LMI	1,495	16.8%	609,250	20.6%	34,467	14.9%	15,656,573	18.2%	16.3%
Middle	4,482	50.5%	1,127,243	38.1%	108,998	47.1%	29,066,612	33.7%	47.9%
Upper	2,903	32.7%	1,222,208	41.3%	87,730	37.9%	41,356,986	48.0%	35.8%
Unknown	1	0.0%	4	0.0%	57	0.0%	60,973	0.1%	0.0%
Total	8,881		2,958,705		231,252		86,141,144		
2017									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	405	5.1%	155,598	7.2%	7,036	3.2%	4,463,341	5.2%	3.1%
Moderate	1,169	14.8%	272,267	12.6%	28,374	12.8%	13,719,765	15.8%	13.1%
LMI	1,574	20.0%	427,865	19.9%	35,410	16.0%	18,183,106	21.0%	16.2%
Middle	4,052	51.4%	866,759	40.3%	103,681	46.8%	27,696,095	32.0%	47.5%
Upper	2,244	28.5%	846,418	39.3%	82,429	37.2%	40,462,399	46.7%	36.3%
Unknown	8	0.1%	11,435	0.5%	244	0.1%	292,113	0.3%	0.1%
Total	7,878		2,152,477		221,764		86,633,713		
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1,280	3.8%	629,596	5.4%	23,552	2.8%	14,730,648	4.7%	
Moderate	4,761	14.2%	1,585,452	13.7%	105,897	12.5%	44,942,513	14.3%	
LMI	6,041	18.0%	2,215,048	19.1%	129,449	15.3%	59,673,161	19.0%	
Middle	17,003	50.8%	3,954,264	34.1%	399,592	47.1%	103,301,188	32.9%	
Upper	10,443	31.2%	5,421,693	46.7%	318,986	37.6%	150,787,123	48.0%	
Unknown	12	0.0%	12,099	0.1%	436	0.1%	487,969	0.2%	
Total	33,499		11,603,104		848,463		314,249,441		

Small Business Loans

The distribution of M&T's small business loans among census tracts of varying income levels was adequate.

M&T's rates of lending for small business loans in LMI geographies were 20.2% by number and 22.2% by dollar value of loans, trailing the aggregate's rate of 24.9% by number of loans but comparable to the aggregate's rate of 22.8% by dollar value of loans.

M&T's rate of lending in low-income census tracts exceeded the aggregate's rates by dollar value in 2014, 2015, and 2016 and by number of loans in 2014. In moderate-income census tracts, M&T's rate exceeded the aggregate's rate in 2015 by dollar value, trailing the aggregate at all other times.

M&T's rate of lending in LMI geographies by number of loans trailed the percentage of small businesses (business demographics) located in LMI geographies which ranged from 23.8% to 24.8%. However, the Bank's rate by dollar value of loans was comparable.

Of the total small business loans made in LMI geographies during the evaluation period, a majority, 77.6% by number and 77.2% by dollar value of loans, were made in the five MSAs/MDS listed in the table below.

Top 5 LMI Geography Concentration by MSA/MD - Small Business Loans Inside the Assessment Area (2014-2017)				
MSA/MD	Loans (#) made in LMI Geographies	%	Loans (\$) made in LMI Geographies	%
15380 (Buffalo-Cheektowaga-Niagara Falls, NY)	972	28.8%	261,954	28.6%
40380 (Rochester NY)	653	19.3%	172,618	18.8%
45060 (Syracuse NY)	464	13.7%	118,078	12.9%
35614 (New York-Jersey City-White Plains, NY-NJ)	288	8.5%	88,973	9.7%
13780 (Binghamton NY)	246	7.3%	65,093	7.1%
Top 5 Subtotal	2,623	77.6%	706,716	77.2%
AA Total	3,378	100.0%	915,794	100.0%

The following table provides a summary of the distribution of M&T's small business loans by the income level of the geography where the business was located.

Distribution of Small Business Lending by Geographic Income of the Census Tract									
2014									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	326	7.8%	91,625	8.7%	28,638	7.6%	839,037	7.0%	7.4%
Moderate	533	12.7%	145,991	13.9%	63,206	16.8%	1,917,376	16.0%	17.5%
LMI	859	20.4%	237,616	22.6%	91,844	24.5%	2,756,413	23.0%	24.8%
Middle	1,899	45.1%	457,248	43.6%	133,441	35.5%	4,383,924	36.5%	37.3%
Upper	1,440	34.2%	351,020	33.5%	144,166	38.4%	4,576,010	38.1%	36.5%
Unknown	8	0.2%	3,470	0.3%	6,153	1.6%	292,146	2.4%	1.5%
Total	4,206		1,049,354		375,604		12,008,493		
2015									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	316	7.6%	92,831	8.4%	33,526	8.1%	900,846	7.1%	7.2%
Moderate	596	14.4%	184,874	16.8%	72,684	17.5%	1,966,099	15.5%	17.2%
LMI	912	22.1%	277,705	25.2%	106,210	25.6%	2,866,945	22.6%	24.5%
Middle	1,831	44.3%	463,408	42.1%	145,525	35.1%	4,549,907	35.8%	37.2%
Upper	1,378	33.3%	355,000	32.2%	156,583	37.7%	4,971,760	39.1%	37.0%
Unknown	11	0.3%	4,811	0.4%	6,543	1.6%	317,998	2.5%	1.4%
Total	4,132		1,100,924		414,861		12,706,610		
2016									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	335	7.2%	83,916	7.9%	33,197	7.6%	1,003,841	7.3%	7.3%
Moderate	615	13.2%	157,053	14.7%	74,314	17.1%	2,164,932	15.7%	17.3%
LMI	950	20.4%	240,969	22.6%	107,511	24.7%	3,168,773	23.0%	24.5%
Middle	2,097	45.0%	438,223	41.1%	153,178	35.2%	4,830,939	35.1%	37.0%
Upper	1,586	34.1%	380,335	35.6%	167,490	38.5%	5,424,038	39.4%	37.1%
Unknown	22	0.5%	7,677	0.7%	6,759	1.6%	338,754	2.5%	1.4%
Total	4,655		1,067,204		434,938		13,762,504		
2017									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	265	7.1%	64,622	7.2%	37,975	8.5%	1,117,702	7.8%	7.7%
Moderate	392	10.4%	94,882	10.5%	72,908	16.2%	2,125,432	14.8%	16.1%
LMI	657	17.5%	159,504	17.7%	110,883	24.7%	3,243,134	22.6%	23.8%
Middle	1,616	43.0%	380,837	42.2%	145,440	32.4%	4,605,646	32.2%	35.3%
Upper	1,431	38.1%	339,707	37.6%	186,964	41.6%	6,127,491	42.8%	39.3%
Unknown	51	1.4%	22,335	2.5%	6,105	1.4%	348,511	2.4%	1.6%
Total	3,755		902,383		449,392		14,324,782		
GRAND TOTAL									
Geographic	Bank				Aggregate				Bus.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	1,242	7.4%	332,994	8.1%	133,336	8.0%	3,861,426	7.3%	
Moderate	2,136	12.8%	582,800	14.1%	283,112	16.9%	8,173,839	15.5%	
LMI	3,378	20.2%	915,794	22.2%	416,448	24.9%	12,035,265	22.8%	
Middle	7,443	44.4%	1,739,716	42.2%	577,584	34.5%	18,370,416	34.8%	
Upper	5,835	34.8%	1,426,062	34.6%	655,203	39.1%	21,099,299	40.0%	
Unknown	92	0.5%	38,293	0.9%	25,560	1.5%	1,297,409	2.5%	
Total	16,748		4,119,865		1,674,795		52,802,389		

Distribution by Borrower Characteristics: “Outstanding”

M&T’s lending demonstrated an excellent distribution of loans among individuals of different income levels and businesses of different revenue sizes.

During the evaluation period, M&T’s rates of one-to-four family and manufactured HMDA-reportable loans to LMI borrowers exceeded the aggregate’s rates both by number and by dollar value of loans. Furthermore, the Bank’s rates of lending to low-income borrowers steadily increased during the evaluation period, while the aggregate’s rates remained relatively unchanged. Of the one-to-four family HMDA loans M&T made to LMI borrowers during the evaluation period, 79.7% were in five MSA/MD areas.

M&T’s rate of lending for small business loans to businesses with revenues of \$1 million or less slightly exceeded the aggregate’s, while by dollar value it trailed the aggregate. Of the small business loans M&T made to businesses with revenues of \$1 million or less during the evaluation period, 75% were in five MSA/MD areas.

HMDA-Reportable Loans

M&T’s HMDA-reportable lending demonstrated an excellent distribution of loans among individuals of different income levels.

During the evaluation period, M&T’s rates of lending to LMI borrowers was 33.7% by number and 12.3% by dollar value of loans, which exceeded the aggregate’s rates of 22.5% and 9.6%, respectively. Furthermore, M&T’s rates exceeded the aggregate’s rates by number and dollar value of loans in LMI census tracts every year of the evaluation period, except for by dollar value of loans in LMI tracts in 2014.

Both M&T’s and the aggregate’s rates fell short of the percentage of LMI families (family demographics) living in the assessment area, which ranged from 41.5% to 41.9%, during the evaluation period.

M&T’s one-to-four family HMDA loans remained the Bank’s principal consumer loan product during the evaluation period. However, when compared to the prior evaluation period the volume of one-to-four family loans decreased by approximately 18%; during the prior evaluation the Bank averaged about 10,000 loans per year, while during the current evaluation it averaged approximately 8,200 loans. The decline was partly due to rising interest rates and substantial competition from mortgage bankers and other nonfinancial mortgage web-based originators. In addition, an array of diverse loan programs, advances in technology, more streamlined processes, and easier access (including online access) provide borrowers with the ability to choose from various institutions.

Of the total one-to-four family and manufactured housing loans made to LMI borrowers

during the current period, a majority (79.7%) were made in the five MSAs and MDs listed in the table below.

Top 5 LMI Geography Concentration by MSA/MD - 1-4 Family and manufactured housing loans Inside the Assessment Area (2014-2017)				
MSA/MD	Loans (#) made to LMI Borrowers	%	Loans (\$) made to LMI Borrowers	%
15380 (Buffalo-Cheektowaga-Niagara Falls, NY)	4,016	36.4%	277,958	31.6%
35004 (Nassau-Suffolk NY)	977	8.9%	166,152	18.9%
40380 (Rochester NY)	2,087	18.9%	129,465	14.7%
35614 (New York-Jersey City-White Plains, NY-NJ)	593	5.4%	64,400	7.3%
10580 (Albany-Schenectady-Troy, NY)	583	5.3%	62,334	7.1%
Top 5 Subtotal	8,256	74.8%	700,309	79.7%
AA Total	11,033	100.0%	878,945	100.0%

The following table² provides a summary of the distribution of the M&T's one-to-four family and manufactured housing loans by borrower income.

Distribution of 1-4 Family and Manufactured Housing Loans by Borrower Income									
2014									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	644	8.1%	31,782	1.8%	10,836	6.1%	1,066,217	2.1%	24.7%
Moderate	1,857	23.3%	138,415	7.7%	31,504	17.7%	4,077,991	8.0%	17.2%
LMI	2,501	31.4%	170,197	9.4%	42,340	23.7%	5,144,208	10.1%	41.9%
Middle	1,391	17.5%	155,615	8.6%	42,269	23.7%	7,712,379	15.1%	19.4%
Upper	1,903	23.9%	394,436	21.9%	87,593	49.1%	34,482,100	67.7%	38.8%
Unknown	2,166	27.2%	1,083,280	60.1%	6,125	3.4%	3,624,940	7.1%	
Total	7,961		1,803,528		178,327		50,963,627		
2015									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	876	10.4%	47,398	2.2%	12,742	6.1%	1,320,739	2.0%	24.5%
Moderate	2,170	25.8%	200,387	9.1%	36,036	17.1%	5,065,680	7.9%	17.1%
LMI	3,046	36.3%	247,785	11.3%	48,778	23.2%	6,386,419	9.9%	41.5%
Middle	1,839	21.9%	258,445	11.8%	48,974	23.3%	9,757,694	15.1%	19.3%
Upper	2,326	27.7%	609,018	27.7%	100,385	47.8%	42,438,706	65.8%	39.1%
Unknown	1,184	14.1%	1,080,257	49.2%	12,077	5.7%	5,870,885	9.1%	
Total	8,395		2,195,505		210,214		64,453,704		
2016									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	723	8.3%	40,273	2.3%	11,796	5.2%	1,234,732	1.7%	24.5%
Moderate	1,989	22.9%	192,368	11.1%	36,721	16.1%	5,382,874	7.4%	17.1%
LMI	2,712	31.3%	232,641	13.5%	48,517	21.3%	6,617,606	9.2%	41.5%
Middle	2,064	23.8%	297,150	17.2%	54,612	24.0%	11,415,815	15.8%	19.3%
Upper	2,330	26.9%	584,795	33.9%	112,657	49.4%	48,168,968	66.6%	39.1%
Unknown	1,564	18.0%	610,717	35.4%	12,239	5.4%	6,105,243	8.4%	
Total	8,670		1,725,303		228,025		72,307,632		
2017									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	779	10.1%	39,304	2.8%	12,031	5.5%	1,244,255	1.8%	25.5%
Moderate	1,995	25.7%	189,018	13.5%	36,299	16.6%	5,422,209	7.7%	16.4%
LMI	2,774	35.8%	228,322	16.3%	48,330	22.1%	6,666,464	9.4%	41.9%
Middle	1,906	24.6%	276,904	19.8%	53,067	24.2%	11,261,397	15.9%	18.4%
Upper	2,218	28.6%	604,804	43.2%	107,521	49.1%	47,069,434	66.5%	39.7%
Unknown	853	11.0%	290,046	20.7%	10,002	4.6%	5,767,334	8.2%	
Total	7,751		1,400,076		218,920		70,764,629		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	3,022	9.2%	158,757	2.2%	47,405	5.7%	4,865,943	1.9%	
Moderate	8,011	24.4%	720,188	10.1%	140,560	16.8%	19,948,754	7.7%	
LMI	11,033	33.7%	878,945	12.3%	187,965	22.5%	24,814,697	9.6%	
Middle	7,200	22.0%	988,114	13.9%	198,922	23.8%	40,147,285	15.5%	
Upper	8,777	26.8%	2,193,053	30.8%	408,156	48.9%	172,159,208	66.6%	
Unknown	5,767	17.6%	3,064,300	43.0%	40,443	4.8%	21,368,402	8.3%	
Total	32,777		7,124,412		835,486		258,489,592		

¹ The table included manufactured housing loans originated during the evaluation period as follows: 49 loans totaling \$2,618M in 2014, 63 totaling \$3,119M in 2015, 66 totaling \$1,169M in 2016, and 72 totaling \$4,628M in 2017.

Small Business Loans

M&T's small business lending demonstrated more than reasonable distribution of loans among businesses of different revenue sizes.

M&T's rates of lending to small businesses with revenues of \$1 million or less were 48.9% by number and 25.6% by dollar value of loans. The Bank, by number of loans, slightly outperformed the aggregate's rate of 47.6%, but trailed the aggregate's rate of 31.8% by dollar value of loans. While M&T's rates of lending for each year by number of loans was comparable to the aggregate's rates, its rates by dollar value of loans trailed the aggregate's rates each year of the evaluation period.

The Bank and the aggregate's rates of lending to small businesses with revenue of \$1 million or less trailed the percentage of small businesses (business demographics) with revenue of \$1 million or less in the assessment area. The percentage of these types of businesses significantly increased from 72.6% to 84.6% during the evaluation period.

Throughout the evaluation period, M&T continued to be a top SBA lender offering SBA Express and SBA 7(a) loans. In 2015, M&T implemented a strategy to diversify its SBA lending activities, placing greater focus on originating SBA 7(a) loans with loan amounts greater than \$350,000. M&T also implemented the strategy to sell the government guaranteed portion of the SBA loans in the secondary market while retaining the non-guaranteed portion of the loans and retaining the servicing rights.

Of the total small business loans originated to small businesses with income of \$1 million or less, 75% were originated in the five MSAs/MDs listed in the table below.

Top 5 LMI Geography Concentration by MSA/MD - SB Loans to Businesses With Rev. <= \$1MM				
Inside the Assessment Area (2014-2017)				
MSA/MD	Loans (#) made to Businesses with revenue of <=\$1 million	%	Loans (\$) made businesses with revenue of <=\$1 million	%
15380 (Buffalo-Cheektowaga-Niagara Falls, NY)	1,862	22.7%	237,796	22.5%
40380 (Rochester NY)	1,495	18.3%	187,024	17.7%
35614 (New York-Jersey City-White Plains, NY-NJ)	905	11.1%	168,503	16.0%
45060 (Syracuse NY)	956	11.7%	115,799	11.0%
35004 (Nassau-Suffolk NY)	341	4.2%	82,987	7.9%
Top 5 Subtotal	5,559	67.9%	792,109	75.0%
AA Total	8,187	100.0%	1,056,202	100.0%

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

Distribution of Small Business Lending by Revenue Size of Business									
2014									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	1,823	43.3%	236,874	22.6%	157,236	41.9%	3,691,509	30.7%	72.6%
Rev. > \$1MM	2,272	54.0%	789,277	75.2%					5.6%
Rev. Unknown	111	2.6%	23,203	2.2%					21.7%
Total	4,206		1,049,354		375,604		12,008,493		
2015									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	1,965	47.6%	283,261	25.7%	204,762	49.4%	3,958,967	31.2%	77.6%
Rev. > \$1MM	2,112	51.1%	802,617	72.9%					5.9%
Rev. Unknown	55	1.3%	15,046	1.4%					16.4%
Total	4,132		1,100,924		414,861		12,706,610		
2016									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	2,516	54.0%	293,103	27.5%	202,345	46.5%	4,177,825	30.4%	84.5%
Rev. > \$1MM	2,029	43.6%	751,478	70.4%					6.9%
Rev. Unknown	110	2.4%	22,623	2.1%					8.6%
Total	4,655		1,067,204		434,938		13,762,504		
2017									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	1,883	50.1%	242,964	26.9%	232,112	51.7%	4,959,740	34.6%	84.6%
Rev. > \$1MM	1,837	48.9%	650,758	72.1%					6.9%
Rev. Unknown	35	0.9%	8,661	1.0%					8.5%
Total	3,755		902,383		449,392		14,324,782		
GRAND TOTAL									
Rev. Size	Bank				Aggregate				Bus.Dem.
	#	%	\$000's	%	#	%	\$000's	%	
Rev. < = \$1MM	8,187	48.9%	1,056,202	25.6%	796,455	47.6%	16,788,041	31.8%	
Rev. > \$1MM	8,250	49.3%	2,994,130	72.7%	-				
Rev. Unknown	311	1.9%	69,533	1.7%	0				
Total	16,748		4,119,865		1,674,795		52,802,389		

Community Development Lending: “Outstanding”

During the evaluation period, M&T originated 563 new community development loans totaling \$3.5 billion. This demonstrated an excellent level of community development lending over the course of the evaluation period.¹

M&T’s community development lending activities reflect a mix by community development purpose and diversity of the Bank’s loan products, both influenced by the needs of the various regions in M&T’s assessment area. The responsiveness to the credit needs of each region is also demonstrated by the Bank’s small dollar loans made to community and neighborhood based nonprofit organizations and multi-million dollar loans made to support major regional developments.

The Bank’s community development loans fit in the following five broad categories: construction and permanent mortgages for multifamily affordable housing developments; loans that support health-care services for LMI individuals; working capital and permanent loans to community development nonprofit organizations; SBA 504 loans and economic development loans that support job creation and economic growth through expansion of small and large businesses; and commercial loans that help revitalize and stabilize LMI geographies.

Community Development Loans				
Purpose	#	%	\$000	%
Affordable Housing	89	15.8%	875,310	24.9%
Community Services	313	55.6%	1,113,776	31.7%
Economic Development	47	8.3%	163,838	4.7%
Revitalize & Stabilize	114	20.2%	1,362,278	38.8%
Total	563	100.0%	3,515,202	100.0%

Below are highlights of M&T’s community development lending.

¹ Although DFS rated this criterion Outstanding based on M&T’s gross amount of community development lending, DFS disqualified 4 of the 567 loans that M&T submitted for community development lending credit. Pursuant to the Department’s Updated Final Guidelines for Banking Lending to Multifamily Properties Under the Community Reinvestment Act, issued December 4, 2014, DFS considers whether a multifamily loan submitted for affordable housing or neighborhood revitalization credit contributes to, and does not undermine, the availability of affordable housing or neighborhood conditions. DFS disqualified 1 loan for approximately \$27 million due to a projected reduction of more than 30% in the number of affordable housing units in the property over a 3-year period, DFS also disqualified 3 multifamily loans totaling approximately \$15 million because the properties financed had an unacceptably high number of housing code violations as reported by the New York City’s Department of Housing, Preservation and Development (“HPD”) and/or a high score (in excess of 800) in the University Neighborhood Housing Program’s Building Indicator Project (“BIP”) database, indicating that the subject properties facilitated substandard living conditions, and therefore did not promote or provide affordable housing.

Affordable Housing

M&T originated 89 loans in the amount of \$875.3 million for affordable housing in its New York State assessment area during the evaluation period. These loans consisted of commercial mortgage loans, construction loans, acquisition and rehabilitation of commercial real estate, and affordable multifamily housing.

- M&T originated a \$165 million commercial mortgage, of which \$150 million was for the acquisition of the property and \$15 million was to fund major capital improvements. The property consists of 53 low-rise apartment buildings containing 1,262 rent-stabilized units in a moderate-income geography. Within the first seven years of the loan term, the borrower plans to renovate approximately 682 units vacated through natural turnover and also make general building-wide capital improvements.
- M&T refinanced a \$37.3 million commercial mortgage on six multifamily buildings located in a low-income census tract in the Bronx. The buildings contain seven retail units and 301 apartment units of which 261 (84.7% of the total units) provide affordable housing to LMI families.
- M&T extended a \$17.5 million line-of-credit to an LLC which syndicates and provides asset management services for Low-Income Housing Tax Credits (“LIHTC”) for investors and developers. The LLC works with investors to identify LIHTC projects that meet certain criteria including CRA. The LLC also works with LIHTC developers to match them to the appropriate investor.
- M&T issued a \$30.2 million letter-of-credit to support the construction of a 14-story building with 159-units of subsidized housing. The building is to be constructed in Mount Vernon, New York, and is to be financed with tax-exempt New York State Housing Finance Agency (“HFA”) bonds. The letter of credit was issued for the benefit of HFA, to secure the HFA Bonds during the construction phase.

Community Services

M&T extended 313 loans in the total amount of \$1.1 billion for the purpose of community service. These loans were made to community service providers and projects focusing on LMI communities and individuals. They provided working capital for numerous nonprofit organizations, financing for supportive housing for the homeless and for the construction and renovation of healthcare facilities.

- M&T refinanced a \$13.5 million commercial mortgage for a building housing a 144-unit family homeless shelter located in a moderate-income census tract in Queens County and a \$6.7 million commercial mortgage for a five-story, 76-unit family homeless shelter located in a low-income census tract in Bronx County. The operator

of these shelters is a not-for-profit human service agency serving children, families, and individuals in metropolitan New York.

- M&T originated a \$32.9 million construction loan/permanent mortgage to finance the construction of a new 281-bed skilled nursing facility in a moderate-income census tract in Brooklyn. The majority of the revenues from the facility are expected to come from Medicaid.
- M&T originated a \$27.6 million construction loan/permanent mortgage for construction of a 186-bed assisted living facility in a middle-income census tract in Suffolk County. The majority of the revenues from the facility are expected to come from Medicaid
- M&T originated a \$20 million commercial mortgage to consolidate existing loans for a building occupied by a charter high school. The building is located in a moderate-income census tract in Brooklyn, NY. According to the New York State Education Department's Student Information Repository System, the majority of the enrolled students are economically disadvantaged.

Revitalization and Stabilization

M&T extended 114 loans in the total amount of \$1.4 billion to support various revitalization and stabilization projects in LMI geographies throughout its New York State assessment areas. The Bank also provided financing to businesses recovering and properties needing repair from damage due to Superstorm Sandy.

- M&T participated in the amount of \$82.5 million in a \$250 million loan for the construction of a class A office building in the Brooklyn Navy Yard. The Brooklyn Navy Yard is owned by the City of New York and is managed by a not-for-profit organization. While the census tract of the subject project is unknown, it is surrounded by six census tracts and four of those tracts are LMI tracts.
- M&T originated a \$61.3 million construction loan/permanent mortgage to finance the redevelopment of an existing 12-story historic hotel building that will be redeveloped into a national brand hotel with 261 fully renovated guestrooms. The subject property is located in low-income census tract in Syracuse's central business district. Upon completion, the hotel will also serve as the official convention center for the City of Syracuse.
- M&T originated a \$15.8 million construction loan/permanent mortgage loan for the development of a 5 story, 145 bed/128-unit senior living community in a moderate-income census tract in a village in Suffolk County. The subject facility will have 82 assisted living units and 46 memory care units and add to the revitalization of the village's downtown area, which includes retail shops and affordable housing.

Economic Development

M&T extended 47 economic development loans totaling \$163.8 million during the evaluation period. The majority of these loans were made through the SBA 504 program, which promotes economic development through business growth and job creation.

- M&T participated in the amount of \$13.5 million in a \$19 million construction/permanent loan under the SBA 504 loan program. The loan is to construct a new 50-room hotel spa resort in a moderate-income census tract in a village in Dutchess County. The hotel spa resort is expected to create jobs for LMI individuals in the area.
- M&T originated a \$8.2 million commercial mortgage loan for the acquisition, equipment and minor renovations of a building in Brooklyn. The subject property will be occupied by a dialysis center that has outgrown its existing location. The new facility will allow the center to increase its capacity from 24 stations (prior location) to 60 stations, which will create additional jobs.

M&T's community development lending activities by MSA/MD or non-MSAs located in New York are shown in the table below

Community Development Loans				
MSA/MD	# Loans	%	\$000	%
35614 - New York-Jersey City-White Plains (Bronx, Kings, New York, Orange, Queens, Richmond, Rockland & Westchester)	175	31.1%	1,562,124	44.4%
15380 - Buffalo-Cheektowaga-Niagara Falls (Erie & Niagara)	104	18.5%	613,567	17.5%
10580 - Albany (Albany, Rensselaer, Saratoga & Schenectady)	47	8.3%	340,782	9.7%
45060 - Syracuse (Madison & Onondaga)	30	5.3%	253,706	7.2%
40380 - Rochester (Livingston, Monroe, Ontario, Orleans & Wayne)	62	11.0%	243,663	6.9%
35004 - Nassau-Suffolk (Nassau & Suffolk)	62	11.0%	229,323	6.5%
NYS - Outside AA	11	2.0%	76,268	2.2%
20524 - Dutchess-Putnam (Dutchess & Putnam)	28	5.0%	72,182	2.1%
Non-MSA	17	3.0%	49,446	1.4%
13780 - Binghamton (Broome & Tioga)	7	1.2%	22,183	0.6%
27060 - Ithaca (Tompkins)	4	0.7%	21,902	0.6%
46540 - Utica-Rome (Herkimer & Oneida)	7	1.2%	14,665	0.4%
48060 - Watertown-Fort Drum (Jefferson)	4	0.7%	10,437	0.3%
28740 - Kingston (Ulster)	5	0.9%	4,954	0.1%
21300 - Elmira (Chemung)	0	0.0%	0	0.0%
Total	563	100.0%	\$3,515,202	100.0%

Flexible and/or Innovative Lending Practices

M&T offers a range of innovative residential mortgage loan programs sponsored by the New York state and federal government, and through partnerships with nonprofit organizations to assist first-time homebuyers and LMI homeowners with affordable home financing options.

- SONYMA Mortgage Programs – M&T has been the leading State of New York Mortgage Agency (SONYMA) mortgage lender in New York State for the five consecutive years through 2018¹. SONYMA is a public-benefit corporation created by the State of New York to provide affordable mortgage financing to first-time homebuyers. SONYMA's loan programs may offer down payment/closing cost assistance, low down payment requirements, competitive interest rates and flexible underwriting guidelines.

During the evaluation period, M&T originated more than 3,000 mortgages through various SONYMA loan programs for a total of approximately \$470 million. SONYMA loan programs include the following:

- SONYMA Home of Your Own – The program was developed through a partnership with SONYMA and the Office of Mental Retardation and Developmental Disabilities (“OMRDD”) to provide up to 100% financing at discounted interest rate for borrowers who are counseled by and referred by OMRDD.
 - SONYMA Habitat for Humanity Mortgage Program – SONYMA partnered with Habitat for Humanity New York State. The program provides first-time home buyers with down-payment assistance (borrower must contribute 1%), a 2% fixed-rate mortgage, and up to 99% financing when purchasing a home built by Habitat for Humanity. Borrower income cannot exceed 80% of the area median income or NYS median income. Families are also required to attend budgeting and first-time homebuyer classes and contribute a set amount of hours of “sweat equity” in the construction and renovation of homes built by Habitat for Humanity.
 - SONYMA's Neighborhood Revitalization Program (“NRP”) – NRP combines construction financing with up to \$20,000 in assistance to help homebuyers purchase and renovate foreclosed and vacant homes in New York.
- Get Started Mortgage – M&T originated a total of 693 mortgages totaling \$68.5 million from 2014 through 2017 via its Get Started Mortgage program. This product was created and introduced in 1998 to provide affordable mortgage loans for both LMI borrowers and individuals purchasing in LMI communities. M&T funds, retains and services mortgages originated through this program. The program offers low-fixed rates, low down-payment requirements, ability to finance most closing costs, and bi-

¹ <https://newsroom.mtb.com/press-releases?item=123078>

weekly payments (saving interest over the life of the loan).

- VA Community and FHA Products – M&T offers VA loans at below market interest rates to borrowers purchasing homes in designated LMI census tracts or to LMI applicants. The program offers 100% financing, down payment assistance, and seller closing cost assistance. M&T also offers FHA loans with below market interest rates for eligible borrowers purchasing a home.
- Low-Income Housing Tax Credit – M&T participated in 25 affordable housing LIHTC projects, totaling \$317.6 million during the current evaluation period. The LIHTC program provides dollar-for-dollar tax incentives to encourage lenders to finance and invest in the development, acquisition and rehabilitation of affordable rental housing.

M&T offers a range of loan programs to aid the credit needs of small businesses and support economic development. The loan programs offer flexible terms and innovative underwriting processes. The following are examples of these products:

- QuickApp Underwriting Process – M&T launched a streamlined underwriting process for small business loans up to \$100,000. Under the QuickApp program, borrowers are not required to submit their financials or tax returns as the underwriting is based on FICO SBSS (“Small Business Scoring Service”) and other factors such as ownership history. This streamlined underwriting process allows the Bank to shorten the application timeline and provide faster funding.
- Business Access Line of Credit – M&T’s Business Access Line of Credit is designed to assist small businesses with their working capital needs, inventory and equipment purchases, and other financial needs. The program offers lines-of-credit up to \$950,000 and does not include a 30-day out-of-debt requirement, providing flexibility to businesses to maintain an outstanding balance at all times. The program also offers interest only payments, lowering the monthly cash flow burden on a business.
- SBA 504 Loan Program – M&T has been designated by the SBA as a preferred lender and continued to be one of SBA’s top 504 lenders in New York State during the evaluation period. The Bank, during the evaluation period, originated a number of SBA 504 loans providing small businesses with financing for the purchase or construction of commercial real estate. The 504 program offers low-down payment options as low as 10% and below market interest rates. To qualify, the borrower must meet the SBA’s definition of small business and must use a majority of the property for its own business operations.
- New York Business Development Corporation (“NYBDC”) – M&T continued to partner with NYBDC in providing financing to small businesses, including start-ups and minority- and women-owned businesses, which do not meet the requirements for traditional financing. The types of financing include SBA loans and loans with multiple

participations with flexible and long-term amortization.

- Employer Assisted Housing – M&T continued to participate in a number of residential loan programs for employees of universities in Buffalo, Rochester and Syracuse. The programs are designed to assist faculty and eligible employees to purchase homes in designated areas. The programs offer 3% down payments and loan-to-value up to 125% for the purchase of homes in designated distressed areas. M&T originated 11 loans totaling \$1.1 million through these programs from 2014 -2017.

INVESTMENT TEST: “Outstanding”

M&T’s investment performance pursuant to the following criteria:

- (1) The dollar amount of qualified investments;*
- (2) The innovativeness or complexity of qualified investments; and*
- (3) The responsiveness of qualified investments to the credit and community development needs of the assessment area.*

M&T’s community development investments were excellent in light of the assessment area’s credit needs.

Qualified Investments: “Outstanding”

During the evaluation period, M&T made \$789.4 million in new qualified investments and had \$65.3 million outstanding from prior evaluation periods. In addition, through the M&T Charitable Foundation, (a tax-exempt 501(c)(3) organization) M&T made \$22.7 million in qualified community development grants. This demonstrated an excellent level of community development investments and grants over the course of the evaluation period.

M&T’s qualified investment activities that helped to revitalize and/or stabilize communities made up 44.9% by dollar value, while investments for affordable housing made up 34.8% of the Bank’s total qualified investments in the New York assessment area.

M&T made 25 LIHTC investments providing financing for new construction and rehabilitation of multifamily apartment buildings targeted for LMI families or homeless families and individuals. The Bank also purchased mortgage-backed securities and certificates-of-deposit in five different community development credit unions that primarily serve underbanked and underserved communities and LMI individuals and geographies.

Many of the grants supported community services targeting the disabled, disadvantaged and mentally challenged, immigrants, LMI individuals and families and underserved communities. Grants also supported affordable housing for LMI individuals and families, as well as revitalization and stabilization of neighborhoods. A small percentage of grants went to support small businesses and economic development.

M&T, as a member of the Federal Home Loan Bank of New York (“FHLBNY”), donated \$4.8 million of the Bank’s earnings during the evaluation period to the FHLBNY’s Affordable Housing Program, which supports the acquisition, creation, preservation, and rehabilitation of affordable housing for lower income individuals and families living in New York.

Community Development Investments and Grants					
	This Evaluation Period			Outstanding from Prior Evaluation Periods	
CD Investments	#	\$000	%	#	\$000
Affordable Housing	47	274,879	34.8%	61	54,605
Economic Development	1	6,600	0.8%	1	258
Community Services	13	153,104	19.4%	2	10,469
Revitalize/Stabilize	32	354,836	44.9%	0	0
Total	93	789,419	100.0%	64	65,332
CD Grants	#	\$000		<i>Not Applicable</i>	
Affordable Housing	291	7,310	32.2%		
Economic Development	93	834	3.7%		
Community Services	1,382	10,305	45.3%		
Revitalize/Stabilize	76	4,275	18.8%		
Total	1,842	22,724	100.0%		

Below are highlights of M&T’s qualified community development investments.

Affordable Housing

During the current evaluation period, M&T’s community development investment activities for affordable housing totaled \$274.9 million and made up 34.8% by dollar value of all of the Bank’s investments.

- M&T made a \$37.7 million LIHTC investment that provides the funding for the rehabilitation of 70 row houses containing 210 residential units, of which 177 or 84% are set aside for families with income of less than 60% of area median income (AMI). The properties are located in low-income census tracts in a city in upstate New York.
- M&T made a \$21.3 million LIHTC investment for construction of a new commercial and residential building that will contain open space, 303 residential units, and 326,000 square feet of office space. The Bank’s portion will support a condominium made up of 91 units, all of which are restricted to 60% of AMI or less. The project is located in Brooklyn.
- M&T made a \$11 million LIHTC investment to transform 16 vacant and abandoned

properties into five newly constructed multifamily building 53 rental units of which 47 are designated for LMI families. The project is expected to help revitalize neighborhoods on the eastside of Syracuse.

- M&T made a \$9.3 million LIHTC investment for the acquisition and rehabilitation of 12 multifamily homes. The project will create 40 affordable housing units limited to 50% of AMI in Binghamton.
- M&T made a \$7.9 million LIHTC investment in the new construction of a mixed-use multifamily building, which will contain 42 rental units and one commercial space in Utica. Eleven of the 42 units are restricted to 30% of AMI and are set-aside for residents that are homeless or suffer from mental illness or chemical dependency. The remaining units are for individuals and families with 50% AMI or less.
- M&T invested \$4.8 million in FNMA-issued mortgage backed securities secured by residential mortgages to borrowers whose incomes were 80% or below the MSA median family income for Nassau and Suffolk Counties.

Community Services

- M&T invested \$39 million in tax-exempt bonds issued by a not-for-profit organization to fund a major modernization project and to refinance an existing loan. The organization operates a skilled nursing facility providing 527 beds and 324 rooms in which the majority of its patients are Medicaid recipients. The facility provides health care services and treatment to patients with physical and mental disabilities, as well as conducting research and educational programs.
- M&T invested \$25.4 million in tax-exempt bonds issued by a not-for-profit senior living campus comprised of skilled nursing and assisted living facilities as well as a licensed home health care services agency. The facilities were newly constructed in 2013 to fill a critical community need and replaced two struggling facilities in the area. The skilled nursing facility contains 168 beds and the assisted living facility 120 units. The majority of patients are Medicaid recipients.
- M&T invested \$9.7 million in a tax-exempt direct purchase bond issued by a not-for-profit organization. The bond proceeds will refinance the balance of a previous series of revenue bonds and fund \$1 million of capital expenditures. The organization operates a skilled nursing facility with 272 beds and provides long-term care which includes independent, assisted, rehabilitative and skilled nursing services. The majority of the patients are Medicaid recipients.

Revitalization and Stabilization

- M&T invested \$180 million in tax-exempt and taxable bonds to support a major municipal revitalization project in a moderate-income census tract in Brooklyn. The project is to construct two building towers containing 520 residential units and 20,000 square feet of commercial space. Of the residential units, approximately 20% will be affordable housing units. The project will help to revitalize and stabilize the area.
- M&T invested \$65 in million tax-exempt bonds to provide financing to support a multi-phase expansion project consisting of construction of a parking garage, surrounding road improvements, and a museum expansion. The project is located in low-income census tracts and the site serves as the centerpiece of a multi-faceted mixed-use development in a city in upstate New York. The site also allows for private, third-party development, including a 125-room hotel, 200 units of residential apartments, and 20,000 sq. ft. of retail and commercial space, as well as job creation.

Economic Development

- M&T invested \$6.6 million in tax-exempt bond to finance the construction of a building to house a business that is eligible for SBA support. The building will contain more than 57,000 square feet. The business, which is employee owned, had sought to relocate in order to facilitate business growth and improve production. The investment has helped to retain and create jobs via expansion and modernization of this small business.

The table below shows the total investments made by the Bank during the current evaluation period by the percentage of dollar value of investment made within each of the MSA/MDs comprising the Bank's New York assessment areas.

Community Development Investments			
MSA/MD	This Evaluation Period		
	#	\$000	%
35614 - New York-Jersey City-White Plains (Bronx, Kings, New York, Orange, Queens, Richmond, Rockland & Westchester)	43	317,184	40.2%
40380 - Rochester (Livingston, Monroe, Ontario, Orleans & Wayne)	7	110,313	14.0%
10580 - Albany (Albany, Rensselaer, Saratoga & Schenectady)	4	106,194	13.5%
15380 - Buffalo-Cheektowaga-Niagara Falls (Erie & Niagara)	11	86,890	11.0%
35004 - Nassau-Suffolk (Nassau & Suffolk)	11	45,842	5.8%
45060 - Syracuse (Madison & Onondaga)	6	28,472	3.6%
48060 - Watertown-Fort Drum (Jefferson)	1	25,399	3.2%
20524 - Dutchess-Putnam (Dutchess & Putnam)	2	20,507	2.6%
13780 - Binghamton (Broome & Tioga)	3	19,493	2.5%
Non-MSA	2	15,648	2.0%
46540 - Utica-Rome (Herkimer & Oneida)	1	7,962	1.0%
27060 - Ithaca (Tompkins)	1	5,316	0.7%
21300 - Elmira (Chemung)	0	0	0.0%
28740 - Kingston (Ulster)	1	200	0.0%
NYS - Outside AA	0	0	0.0%
Total	43	789,419	100.0%

Below are highlights of M&T's community development grants.

Affordable Housing

- M&T contributed \$140,000 to an organization that focuses on helping individuals purchase and maintain their home; providing a broad spectrum of housing counseling and financial education for individuals and groups, and neighborhood revitalization through the improvement of existing housing in the Buffalo. The organization receives funding from various sources including local government and financial institutions.
- M&T donated a total of \$130,200 to a community-based not-for-profit affordable housing organization located in East Harlem. The organization focuses on creating attractive, high-quality affordable rental and owner-occupied housing, assisting in the growth and success of local businesses and sponsoring community programs to help

residents enhance their lives and incomes.

- M&T contributed a total of \$65,000 to an association of neighborhood-based nonprofit affordable housing development organizations located throughout New York City. The members of the association have built over 123,000 units of affordable housing in some of the city's most distressed neighborhoods. They have worked directly with tenants and homeowners to save thousands of at-risk affordable apartments and homes, and continue to advocate and shape economic development policy to ensure affordable that housing for low- and moderate-income New Yorkers remains available.
- M&T donated a total of \$75,000 to a nonprofit organization whose mission is to create opportunity for LMI individuals and families via affordable housing located in diverse communities.
- M&T contributed a total of \$31,000 to a nonprofit organization that owns or manages over 100 properties providing affordable housing to over 3,000 families in the Bronx.

Community Services

- M&T contributed \$212,500 to a nonprofit health services organization whose primary focus is affordable healthcare to everyone in the communities it serves. Its outreach programs include providing medical and dental care to the homeless without regard of ability to pay, and financial assistance, education and counseling to HIV patients.
- M&T donated \$21,500 to a nonprofit organization that provides parents who raise babies in poverty with one-on-one parenting support and essential baby items throughout the childrens' first three years of life.
- M&T contributed \$60,000 to a nonprofit organization that seeks to improve inner-city education and to increase high school and college graduation rates by offering a range of support services to at-risk, economically disadvantaged youths and families, and by pledging full scholarships for a college or vocational education to children living in poverty.

Revitalization and Stabilization

- M&T contributed \$3.3 million in cash and in-kind services to an organization it helped establish. The organization's primary focus is on education for children. Bank employees volunteer with the organization and work with teachers, students, and families. The organization, along with parent's and children's participation, helped students improve their school attendance and achieve overall academic success.
- M&T donated \$11,500 to a community-building organization that promotes,

coordinates, plans, and advances responsible development to revitalize its neighborhood in New York City. The organization provides various programs and services to expand economic opportunity and improve quality of life for the ethnically and economically diverse residents of its neighborhood.

- M&T made grants totaling \$410,000 to a CDFI that supports community development corporations in urban and rural areas. The organization and its affiliates provide grants, loans and equity investments to support community development projects for affordable housing, education, schools, child care facilities, retail, and community facilities.

Economic Development

- M&T contributed \$300,000 to a nonprofit organization that provides funding and technical support to community development corporations. The organization was created to invest in community development corporations, which have strong community ties and the knowledge to help improve the quality of life by providing programs and support to stem the persistent concentration of poverty, poor outcomes in education, health, jobs, housing stability and limited economic mobility of the residents of their communities and neighborhoods.
- M&T donated \$25,800 to a CDFI with a mission to promote sustainable community development efforts for economically underserved people and communities. The CDFI pools investments and donations and lends the money to organizations for affordable housing or micro enterprises for business development. The CDFI also offers training and technical programs.
- M&T contributed \$14,000 to a CDFI that through flexible, innovative and responsive lending, coupled with financial education and business development services, gives LMI people the resources to succeed as small business entrepreneurs in the Hudson Valley area.

Innovativeness and/or Complexity of Qualified Investments: “High Satisfactory”

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

M&T invested in 25 different LIHTC projects located throughout New York State. LIHTC investments are complex, and require continuous monitoring and significant financial reporting to ensure ongoing compliance with the requirements of federal and state tax laws and regulations. LIHTC investments help address the need for affordable housing by funding the acquisition, renovation, and rehabilitation of affordable housing projects.

The Bank invested in a variety of tax-exempt and taxable bonds to help support

acquisition, construction, or renovation of projects that revitalized and/or stabilized LMI communities within its assessment areas. These bonds are an innovative approach to project financing compared to conventional financing, benefitting the borrower and the lender, as they allow for lower interest rates to borrowers resulting from tax-exempt income to investors.

Responsiveness of Qualified Investments to Credit and Community Development Needs: “High Satisfactory”

M&T’s qualified investments exhibited more than reasonable responsiveness to the assessment area’s credit and community development needs.

As described above, the Bank made qualified investments including tax-exempt bonds purchased from nonprofit organizations, LIHTC investments, mortgage backed securities, and deposits with CDFIs and community development credit unions (CDCUs). These investments exhibited an excellent responsiveness to the community development needs of M&T’s assessment area. In addition, the Bank made 1,842 grants totaling \$22.7 million to various community organizations supporting community services, affordable housing, economic development, and revitalization and stabilization within M&T’s assessment area.

SERVICE TEST: “Outstanding”

DFS examiners evaluated M&T’s retail service performance pursuant to the following criteria:

- (1) Current distribution of the banking institution’s branches;*
- (2) Institution’s record of opening and closing branches;*
- (3) Availability and effectiveness of alternative systems for delivering retail services; and*
- (4) The range of services provided.*

DFS examiners evaluated M&T’s community development service performance pursuant to the following criteria:

- (1) Extent to which the banking institution provides community development services; and*
- (2) The innovativeness and responsiveness of community development services.*

Retail Banking Services: “Outstanding”

M&T has an excellent branch network, delivery systems, branch hours and services, and alternative delivery systems, all of which are readily accessible to LMI individuals.

Current distribution of the banking institution’s branches

As of the date of the evaluation, M&T operated 240 branches in New York State. Of these branches, 49 (20%) are in LMI census tracts, 186 (78%) are located in middle- and upper-

income census tracts, and five (2%) are located in census tracts in which the income level is unknown.

The following table provides detailed information regarding branch and off-site ATM locations.

Distribution of Branches and Offsite ATMs as of 9/30/2018

MSA or MD	County Name	Branches				Onsite ATM Locations			Offsite ATM Locations			Total LMI branch/offsite ATMs
		Total #	Low	Mod	LMI	Total #	Low	Mod	Total #	Low	Mod	
	Erie	44	8	4	27.3%	89	12	8	74	4	5	17.8%
	Niagara	5	1	1	40.0%	8	1	1	8	0	0	12.5%
15380	Buffalo	49	9	5	28.6%	97	13	9	82	4	5	17.3%
	Livingston	1	0	0	0.0%	1	0	0	0	0	0	0.0%
	Monroe	24	2	2	16.7%	42	2	3	18	2	4	18.3%
	Ontario	1	0	0	0.0%	2	0	0	0	0	0	0.0%
	Orleans	1	0	0	0.0%	1	0	0	0	0	0	0.0%
	Wayne	0	0	0	0.0%	0	0	0	2	0	0	0.0%
40380	Rochester	27	2	2	14.8%	46	2	3	20	2	4	16.7%
	Madison	2	0	0	0.0%	2	0	0	0	0	0	0.0%
	Onondaga	26	1	3	15.4%	35	1	5	6	0	0	14.6%
45060	Syracuse	28	1	3	14.3%	37	1	5	6	0	0	14.0%
	Broome	11	3	1	36.4%	20	5	2	6	1	1	34.6%
	Tioga	1	0	0	0.0%	1	0	0	0	0	0	0.0%
13780	Binghamton	12	3	1	33.3%	21	5	2	6	1	1	33.3%
	Chemung	1	0	0	0.0%	1	0	0	0	0	0	0.0%
21300	Elmira	1	0	0	0.0%	1	0	0	0	0	0	0.0%
	Thompson	2	0	0	0.0%	3	0	0	3	0	0	0.0%
27060	Ithaca	2	0	0	0.0%	3	0	0	3	0	0	0.0%
	Ulster	5	0	1	20.0%	5	0	1	11	0	0	6.3%
28740	Kingston	5	0	1	20.0%	5	0	1	11	0	0	6.3%
	Herkimer	4	0	0	0.0%	6	0	0	2	0	0	0.0%
	Oneida	7	1	0	14.3%	15	1	0	3	0	0	5.6%
46540	Utica-Rome	11	1	0	9.1%	21	1	0	5	0	0	3.8%
	Albany	5	1	1	40.0%	6	1	1	2	1	0	37.5%
	Rensselaer	4	0	0	0.0%	4	0	0	1	1	0	20.0%
	Saratoga	1	0	0	0.0%	1	0	0	1	0	0	0.0%
	Schenectady	2	0	1	50.0%	1	0	0	0	0	0	0.0%
10580	Albany/Sch/Troy	12	1	2	25.0%	12	1	1	4	2	0	25.0%
	Dutchess	12	1	4	41.7%	13	1	4	1	0	0	35.7%
	Putnam	4	0	0	0.0%	4	0	0	0	0	0	0.0%
20524	Poughkeepsie	16	1	4	31.3%	17	1	4	1	0	0	27.8%
	Kings	3	1	0	33.3%	5	2	0	3	1	1	50.0%
	New York	7	0	0	0.0%	11	0	0	1	1	0	8.3%
	Queens	2	0	0	0.0%	2	0	0	4	0	0	0.0%
	Rockland	7	0	1	14.3%	8	0	2	1	0	0	22.2%
	Westchester	12	0	4	33.3%	12	0	4	0	0	0	33.3%
	Richmond	5	0	0	0.0%	5	0	0	0	0	0	0.0%
	Bronx	1	1	0	100.0%	1	1	0	0	0	0	100.0%
	Orange	7	0	1	14.3%	8	0	1	18	0	0	3.8%
35614	New York	44	2	6	18.2%	52	3	7	27	2	1	16.5%

	Nassau	2	0	0	0.0%	2	0	0	22	1	1	8.3%
	Suffolk	6	0	1	16.7%	6	0	1	36	0	5	14.3%
35004	Nassau/Suffolk	8	0	1	12.5%	8	0	1	58	1	6	12.1%
	Jefferson	1	0	0	0.0%	1	0	0	0	0	0	0.0%
48060	Watertown-Ft. Drum	1	0	0	0.0%	1	0	0	0	0	0	0.0%
	Allegany	1	0	0	0.0%	1	0	0	0	0	0	0.0%
	Cattaraugus	0	0	0	0.0%	0	0	0	1	0	0	0.0%
	Cayuga	1	0	1	100.0%	2	0	2	2	0	0	50.0%
	Chautauqua	9	1	1	22.2%	11	1	1	4	0	2	26.7%
	Chenango	1	0	0	0.0%	1	0	0	0	0	0	0.0%
	Cortland	1	0	0	0.0%	1	0	0	0	0	0	0.0%
	Genesee	4	0	1	25.0%	4	0	1	2	0	0	16.7%
	Seneca	1	0	0	0.0%	1	0	0	0	0	0	0.0%
	Steuben	2	0	0	0.0%	2	0	0	1	0	0	0.0%
	Sullivan	2	0	0	0.0%	2	0	0	0	0	0	0.0%
	Wyoming	2	0	0	0.0%	2	0	0	1	0	0	0.0%
Non-MSA		24	1	3	16.7%	27	1	4	11	0	2	18.4%
Total		240	21	28	20.4%	348	28	37	234	12	19	16.5%

Record of opening and closing branches

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

Following the November 1, 2015 merger with HCSB, M&T acquired 29 branches located in Suffolk County (12), Westchester County (nine), Richmond County (five), Putnam County (two), and Rockland County (one). In 2017, M&T closed seven of the acquired branches, including one branch located in a moderate-income census tract. In addition, M&T closed another 25 branches during the evaluation, two of which were located in moderate-income census tracts. The Bank also relocated three branches during the evaluation period, all of which were located in middle-income census tracts.

Of the three branches closed in moderate-income census tracts, one each was located in Kingston, White Plains, and Hampton Bays. LMI geographies and individuals were generally not affected by the branch closures as there is another branch in Kingston and White Plains each accessible by public transportation. The Westhampton branch is approximately eight miles away from M&T's former Hampton Bays branch and is also accessible by public transportation.

M&T offers early morning and extended evening hours at 158 branches, of which 29 are located in LMI census tracts. Saturday hours are offered at 139 branches, of which 28 are located in LMI census tracts.

Availability and effectiveness of alternative systems for delivering retail services

M&T's delivery systems are readily accessible to significant portions of the Bank's assessment area including LMI geographies and individuals.

Within its New York assessment area M&T operates 582 ATMs, of which 348 are located onsite across 236 branches (four branches have no ATMs). Of the 348 onsite ATMs, 65 are located in LMI geographies and all had deposit-taking capability. M&T also has 234 ATMs located offsite at hospitals, colleges and gas station convenience stores. The number of offsite ATMs increased by 79 (51%) since the prior evaluation, primarily due to the Bank's new relationship with the "Speedway" chain of gas stations. Of the offsite ATMs, 31 are located in LMI census tracts.

M&T Online Banking operates 24/7, allowing users to manage their checking, savings, money market, and credit card accounts as well as their mortgage or other loans from anywhere with internet service.

M&T Mobile Banking and Mobile Banking for Business offer users 24/7 access through the M&T mobile application ("app"). The app allows users to deposit checks, transfer funds, pay bills, and view account balances, transactions, and check images.

M&T has partnered with Zelle, a third-party person-to-person payment and disbursement service that is integrated into M&T's mobile banking app and online banking site. This service allows for free, quick and convenient payments 24/7 to other users that are customers of M&T or other banks within the Zelle network.

M&T BizPay through Online Banking for Business allows business owners to utilize a platform to manage and pay expenses electronically, using ACH credit originations and domestic wire transfers. Customers can utilize a daily wire and ACH limit up to \$100,000.

M&T has a call center available daily with weekday hours from 6 AM to 9 PM, and Saturday and Sunday hours from 9 AM to 5 PM.

Range of services provided

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

M&T has a selection of retail products and services designed to benefit LMI individuals and small businesses; some are listed below.

- M&T Starter Savings – Targeted to individuals under the age of 18 years to encourage them to begin saving. The account has no minimum balance requirement or monthly maintenance fee. To open the account a parent or guardian must be a joint owner.

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- M&T EZChoice Checking – The product was launched in April 2018 and is similar to the required New York State Basic Banking Account; however, the Bank does not charge a monthly maintenance fee, regardless of number of transactions, nor does it charge fees for using M&T ATMs.
 - Business Banking Credit Card – The credit card product offers business owners a one-time \$100 cash bonus and its features include unlimited 1.5% cash back on every purchase, no annual fee, and a 0% introductory APR for 12 billing cycles on purchases and balance transfers.
 - M&T Simple Checking for Business – A low-cost alternative to standard business checking accounts targeted towards startups, with no charge for the first 100 transactions per month and the first \$5,000 currency deposited or supplied per month. In addition, the monthly maintenance fee of \$10 is waived if the client maintains a \$2,500 average ledger account balance or enrolls to receive e-statements.
 - Non-Profit Checking – Specifically designed for nonprofit organizations to avoid monthly fees. No charge for the first 50 transactions per month and the monthly maintenance fee of \$7.50 is waived if the client maintains an average ledger balance of \$500 or enrolls to receive e-statements
 - M&T Business Interest Checking – Allows clients to earn interest and includes unlimited checks, overdraft protection, and 24/7 account management. To earn interest, the client must maintain a \$500 minimum daily balance. The account has a \$15 monthly maintenance fee.
 - Quest Electronic Benefits Transfer Program – Provides access to food stamps and cash benefits for recipients via a debit card instead of physical food stamps or checks.

M&T's participation in programs with nonprofit organizations and government entities:

- Monroe County's Home Improvement Program ("HIP") – HIP offers one-time grants and low-interest loans up to \$20,000 to income-eligible homeowners for qualified home repairs and improvements in towns and villages in Monroe County; Monroe County's Office of Community Development ("MCOCD") retains final authority to approve or decline any particular application under this program. Potentially eligible loan customers are referred by MCOCD to select M&T branches to submit an application, while the Bank performs the related underwriting. MCOCD notifies the applicant if the application is approved, while M&T will send a standard adverse action notice letter to declined applicants. M&T services loans originated pursuant to this program.
- Disaster Assistance Program – M&T offers assistance to customers living in areas declared disaster areas by the Federal Emergency Management Agency. For a period

of 90 days after the declaration, the Bank will waive late fees and not report missed mortgage and loan payments to credit bureaus for customers with mortgage and other loan accounts with the Bank.

- New York State Business Development Corporation (“NYBDC”) – NYBDC works in partnership with banks to provide loans to businesses that do not meet requirements for traditional financing. In many cases, these loans include multiple participations, SBA guarantees, flexible amortization and long-term repayment periods. M&T is also a shareholder of NYBDC and the Bank’s senior managers and lending officers have held positions on the board and local loan committees of NYBDC.
- NYC SafeStart accounts – M&T participates in this savings account initiative by the New York City Office of Financial Empowerment. Through this program, consumers can open a NYC SafeStart account at any New York City branch of a participating bank or credit union. The account features no overdraft fees, no monthly fees, a low minimum balance requirement of \$25 or less and an ATM card with no debit function.

Community Development Services: “Outstanding”

M&T provided excellent levels of community development services.

During the evaluation period, members of the Bank’s Board of Directors, members of senior management, and employees of M&T participated in community development services by providing financial and technical expertise as members of the boards and/or committees of organizations that provide community development services. Employees also provided their technical expertise to organizations by participating in seminars that included topics such as applying for a mortgage, financial literacy and small business financing.

M&T employees are also given 40 hours of paid time off annually to volunteer in their communities.

Below are highlights of M&T’s community development services.

- First-Time Home Buyer Workshops and Seminars – M&T sponsored and participated in 427 workshops and seminars with approximately 15,000 attendees. The workshops and seminars focused on educating first-time homebuyers about the mortgage application process, costs associated with a mortgage, affordable mortgage products, and available counseling and technical assistance provided by lenders. These workshops and seminars were offered together with community development organizations such as Habitat for Humanity, Pathstone, Albany County Land Bank, and various other affordable housing partnerships.

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- Small Business – M&T partnered with the US Small Business Administration, the Small Business Development Center, SCORE, and other organizations to provide education to small, startup, minority and women-owned businesses. M&T participated in 42 seminars and workshops attended by approximately 41,000 participants. In these seminars and workshops employees of the Bank presented on topics including business financing for startups, accessing credit and SBA loan programs.
 - Financial Education – M&T provided 21 presentations on financial education including budgeting, understanding credit, consumer credit, identity theft, and basic banking. The audiences included students, immigrants, and small business owners. An M&T employee was also a guest speaker on a radio station that reaches a national audience. The employee discussed financial education in two half-hour segments airing on two different days.

During the evaluation period, directors, executive officers, managers, and employees served in various leadership positions as board and/or committee members of community development organizations, providing financial and technical expertise. The following are examples of such community development services provided:

- Two of the Bank's directors are on the board (chairman and member) of an organization that operates four schools and provides free education to children in underserved communities in Buffalo. Additionally, the organization also provides one-on-one coaching for the parents on financial stability, career success and family well-being on-site at the schools.
- Two executive vice presidents served as board members of a foundation that advocates for social change, empowerment of adolescent girls, and community progress. The foundation assists single mothers by providing career guidance, internships, job placement support, and higher education in high-demand and high-wage fields.
- A regional president and a senior vice president serve on the board of an organization that provides creative financing solutions for small businesses, start-ups, and minority- and women-owned businesses. The organization assists businesses that do not meet the requirements for traditional financing.
- A senior vice president and two vice presidents were members of the board of a youth development organization. The offers preventative services for at risk-youth, including after school clubs and social programs.
- Two vice presidents and an administrative vice president sit on the boards of three local economic development organizations. serving three upstate counties. The organizations promote growth of the local economy by assisting start-ups, attracting new businesses, and creating and retaining jobs. To accomplish this they offer

services to small businesses such as marketing opportunities, business referrals, technical assistance, and information on government contracting programs.

- A senior vice president served on the board of a nonprofit organization established to acquire, improve, and redistribute tax-foreclosed, vacant, or abandoned properties. The organization then partners with local and state governments, nonprofit organizations, community groups, developers, and investors to return the properties to productive use as affordable housing.

Additional Factors

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

The extent of participation by the banking institution's board of directors or board of trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the CRA.

M&T's board established the Bank's CRA committee and appoints the committee members, who include senior officers from retail banking, business banking, mortgage and consumer lending, commercial real estate, and other key divisions.

The CRA committee meets twice a year and reports to the Regulatory Compliance Risk Committee ("RCRC"). The CRA committee reports on the Bank's compliance and performance regarding CRA requirements and escalates issues that may jeopardize the Bank's "Outstanding" CRA rating.

Discrimination and other illegal practices

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

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

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

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

Process Factors

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

banking institution.

M&T is organized around seven community bank regions led by regional presidents. Since M&T is a multi-state commercial bank (New York, Maryland, New Jersey, Pennsylvania, Delaware, Connecticut, Virginia, West Virginia, and Washington DC) this structure helps the Bank better respond to its diverse communities and their credit needs and incorporate them into the Bank's strategy and across business lines. Furthermore, a director's advisory group in each of M&T's markets provides insight into local community credit needs, and feedback regarding the Bank's business strategy and CRA performance in its markets.

The Bank also gains significant insight into the credit needs of its communities through interactions with government officials, community leaders, religious leaders and nonprofit organizations. Bank management and employees serving on committees and boards of local organizations or volunteering in community organizations also provide valuable community feedback.

M&T also utilizes research and surveys of customers and non-customers to obtain feedback related to the development of new products and services and improve customer services.

- *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 promotes affordable/LMI mortgage programs through a variety of mass media to reach potential LMI and first-time homebuyers. These include advertisements of affordable lending programs through print ad campaigns in major daily publications, radio spots, direct mail, in-branch materials, web page content, social media posts, statement inserts, statement messages, and internet ads.

In addition, M&T provides marketing to support and assist loan officers to attract and educate potential borrowers and make loans within the Bank's communities. The Bank produces a variety of mortgage materials helping loan officers to increase awareness and educate customers about available affordable/LMI mortgage products/programs and develop these relationships further to ultimately originate affordable/LMI mortgage loans. Marketing materials include flyers, brochures, direct mail, email messages, print ads, lawn signage, loan officers' web pages and giveaways. Loan officers and other M&T employees also participate in first-time homebuyer seminars and presentations.

M&T's business banking marketing strategy includes direct mail, digital banner ads, email, and advertising on the Bank's website are utilized across the entire geography, including LMI census tracts. Direct mail campaigns are supported by follow-up calling

performed by branch managers, relationship managers, and the telephone contact center. The marketing strategy for business banking also includes customer outreach covering products and services such as business deposit accounts, loan and credit card products, and treasury and merchant services.

Other factors that in the judgment of the Superintendent bear upon the extent to which M&T is helping to meet the credit needs of its entire community

M&T continues to create new products and services beneficial to LMI individuals and communities. The MyWay Banking account was launched in December 2018 and is available to consumers that have been previously denied for a traditional checking account. The account is a checkless account offering online bill pay and debit card access to the account holder.

GLOSSARY

Aggregate Lending

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

Community Development

“Community development”:

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

Community Development Loan

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

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

Community Development Service

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

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

Geography

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

Home Mortgage Disclosure Act (“HMDA”)

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

Income Level

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the Metropolitan Statistical Area ("MSA") or statewide nonmetropolitan median income.

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

Small Business Loan

A small business loan is a loan less than or equal to \$1 million.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 2000 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a MSA or Primary Metropolitan Statistical Area ("PMSA"), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

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

LMI Individuals/Persons

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

LMI Penetration Rate

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

Low-Income Housing Tax Credit (LIHTC)

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

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified Investment

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

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;

- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.