

## **PUBLIC DISCLOSURE**

April 3, 2000

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Manufacturers and Traders Trust Company  
501105**

**One M&T Plaza  
Buffalo, New York 14203**

**Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10038**

**NOTE:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## GENERAL INFORMATION

*The Community Reinvestment Act (“CRA”) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **Manufacturers and Traders Trust Company** prepared by the **Federal Reserve Bank of New York** (“FRBNY”) on behalf of the Board of Governors of the Federal Reserve System (“the Board”), the institution's supervisory agency, as of **April 3, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

## INSTITUTION

***INSTITUTION'S CRA RATING:*** Manufacturers and Traders Trust Company (“M&T”) is rated “OUTSTANDING.”

**Performance under the lending test is rated “high satisfactory” based on the following findings:**

- M&T demonstrated excellent responsiveness to the credit needs in its assessment areas, taking into account the number and dollar amount of home purchase, refinance, home improvement, multifamily and small business/small farm loans originated in its assessment areas.
- The overall geographic distribution of home purchase, refinance, home improvement, multifamily and small business loans across census tracts of different income levels reflected good penetration throughout the assessment areas.
- Loans among individuals of different income levels and businesses of different sizes reflected overall good distribution in its assessment areas.
- An excellent level of community development lending was noted in M&T's assessment areas.

**Performance under the investment test is rated “outstanding” based on the following finding:**

- M&T had a significant level of qualified investments and exhibited a high level of responsiveness in addressing community development needs.

**Performance under the service test is rated “outstanding” based on the following findings:**

- Service delivery systems, primarily through the branch network, are accessible to geographies and individuals of different income levels in the bank's assessment areas.
- M&T's record of opening and closing branches during the review period has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income (“LMI”) geographies and to LMI individuals.

- M&T provided a high level of community development services in its assessment areas through seminars and technical assistance, demonstrating a high level of responsiveness to the needs of LMI individuals and community development organizations.

**LENDING, INVESTMENT AND SERVICE TESTS TABLE**

*The following table summarizes the performance level of M&T with respect to the lending, investment and service tests.*

<b>PERFORMANCE LEVELS</b>	<b><u>MANUFACTURERS AND TRADERS TRUST</u></b>		
	<b>PERFORMANCE TESTS</b>		
	<b>Lending Test*</b>	<b>Investment Test</b>	<b>Service Test</b>
Outstanding		X	X
High Satisfactory	X		
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

## **DESCRIPTION OF INSTITUTION**

M&T is the principal subsidiary of M&T Bank Corporation, a New York State-based bank holding company. Headquartered in Buffalo, New York, M&T is a full-service commercial bank with \$22 billion in assets as of December 31, 1999. Ranked by total assets, M&T is the 43<sup>rd</sup> largest bank in the U.S. and the 7th largest bank based in New York State.

M&T and its subsidiaries provide individuals, corporations, professional clients, governmental entities and financial institutions with commercial and retail financial services. These services include loans, deposits, trust, mortgage banking, asset management, and other financial services. M&T Real Estate, Inc. ("MRE") and M&T Mortgage Company ("M&T Mortgage") are wholly owned subsidiaries of M&T. MRE originates commercial mortgage loans, and M&T Mortgage originates residential mortgage loans.

Net loans and leases of \$16.3 billion represent 73 percent of the bank's assets. The major component of the loan portfolio is real estate loans of \$10.5 billion (64 percent). Commercial loans and individual loans represent \$3.6 billion (22 percent) and \$1.8 billion (11 percent) of the total loan portfolio, respectively. M&T is funded primarily by deposits in domestic offices of \$14 billion, representing 74 percent of liabilities, as of December 31, 1999.

M&T has a significant market share of the domestic deposits in New York State. Ranked by total domestic deposits inside the state, M&T is the sixth largest bank with a 3.2 percent deposit share. M&T's domestic deposit market share is much less significant in the state of Pennsylvania. Ranked by total domestic deposits in Pennsylvania, M&T is the 31<sup>st</sup> largest bank with less than half of 1 percent deposit share. These deposit rankings are based on data supplied by the Federal Deposit Insurance Corporation ("FDIC") for FDIC-insured institutions operating in each state as of June 30, 1999.

M&T's domestic deposits are primarily obtained through a significant branch network (278 domestic branch offices) across 43 counties in New York and Pennsylvania. Of the total branch offices, 259 are located in New York State and 19 in Pennsylvania. In New York, M&T has the fourth largest retail branch network. This branch office ranking is based on data supplied by the FDIC for FDIC-insured institutions operating in each state as of June 30, 1999.

M&T's asset size has increased substantially as a result of recent bank acquisitions. On April 1, 1998, the bank consummated the merger of OnBank and Trust Company, based in Syracuse, New York, and Franklin First Savings Bank, based in Wilkes Barre, Pennsylvania. M&T's assets were increased by approximately \$5.5 billion as a result of this merger. In addition, M&T Bank consummated the merger of First National Bank of Rochester in June 1999. M&T's assets were increased by approximately \$600 million as a result of this merger.

There are no financial or legal factors that would keep M&T from fulfilling its responsibilities under the CRA. M&T received an overall rating of "outstanding" at the previous CRA examination conducted as of May 4, 1998.



## DESCRIPTION OF ASSESSMENT AREAS

M&T's assessment areas incorporate the western, central, and Hudson Valley regions of upstate New York, the greater New York City metropolitan region of downstate New York, and northeastern Pennsylvania. The total assessment areas include 10 metropolitan areas and 9 non-MSA counties grouped into 14 separate assessment areas.

Each of the 14 assessment areas is described below:

### STATE OF NEW YORK

1. **MSA 1280 (Buffalo-Niagara Falls, NY)**, consisting of Erie and Niagara Counties.
2. **MSA 8160 (Syracuse, NY)**, consisting of Madison, Onondaga and Cayuga Counties.
3. **MSA 6840 (Rochester, NY)**, consisting of Monroe, Wayne, Orleans, Livingston, Ontario and Genesee Counties.
4. **MSA 0960 (Binghamton, NY)**, consisting of Broome and Tioga Counties.
5. **CMSA 5602 (New York-Northern New Jersey-Long Island, NY-NJ-CT)**, which includes PMSA 5600 (New York, NY), consisting of Bronx, Kings, Queens, New York, Westchester and Rockland Counties; PMSA 5380 (Nassau-Suffolk, NY), consisting of Nassau and Suffolk Counties; PMSA 5660 (Newburgh, NY-PA), consisting of Orange County; and PMSA 2281 (Dutchess County, NY), consisting of Dutchess County.
6. **MSA 0160 (Albany-Schenectady-Troy, NY)**, consisting of Albany, Saratoga, Schenectady and Rensselaer Counties.
7. **MSA 8680 (Utica-Rome, NY)**, consisting of Oneida County.
8. **MSA 3610 (Jamestown, NY)**, consisting of a portion of Chautauqua County.
9. **MSA 2335 (Elmira, NY)**, consisting of a portion of Chemung County, including the city of Elmira and the towns of Big Flats and Horseheads.
10. **Non-MSA Group**: consisting of Seneca and Tompkins Counties and a portion of Cortland County, including the municipalities of Preble, Scott, Cortlandville, Homer, Mansons Corner, Cortland, Virgil, Harford and Lapeer.

11. **Non-MSA Group**, consisting of Cattaraugus and Wyoming Counties and portions of Steuben and Allegany Counties. Municipalities within Steuben include Pulteney, Prattsburg, Wheeler, Bath, Urbana, Wayne, Bradford, Savona, Campbell, Hornby, Erwin, Corning, Gang Mills, Painted Post, South Corning and Riverside. Municipalities within Allegany include Grove, Birdsall, West Almond, Angelica, Friendship, Wirt, Clarksville, Granger, Hume, Centerville, Rushford, Caneadea, Allen, New Hudson, Belfast and Cuba.
12. **Non-MSA County**: consisting of the eastern portion of Ulster County, including the municipalities of Saugerties, Glasco, Woodstock, Zena, Hurley, Kingston, Ulster, Port Ewen, Rosendale, Tillson, Esopus, New Paltz, Lloyd, Highland, Clintondale, Marlborough, Milton, Marlboro, Plattekill, Wallkill, Shawangunk and Gardiner.

### STATE OF PENNSYLVANIA

13. **MSA 7560 (Scranton-Wilkes Barre-Hazleton, PA)**, consisting of Columbia, Lackawanna, Luzerne and Wyoming Counties.
14. **Non-MSA County**, consisting of Monroe County.

Since the previous examination, the assessment area was expanded in New York State to include Madison County in MSA 8160, Oneida County in MSA 8680, and Seneca County in a non-MSA. In addition, M&T entered the state of Pennsylvania and expanded its assessment areas to include Columbia, Lackawanna, Luzerne, Wyoming and Monroe Counties. Both the New York State assessment area expansion and the assessment area expansion in Pennsylvania resulted from the April 1, 1998, mergers with OnBank and Trust Company and Franklin First Savings Bank, respectively.

Since the previous examination, assessment areas in New York State were reduced from whole counties to partial counties within Chautauqua County (MSA 3610), Chemung County (MSA 2335), and the Non-MSA Counties of Allegany, Cortland, Steuben and Ulster because the bank decided to include only census tracts surrounding its branch location.

M&T's assessment areas do not arbitrarily exclude any LMI geographies and are in technical compliance with the requirements of Section 228.41 of Regulation BB.

The following map illustrates M&T's assessment area:

**INSERT MAP  
OF ASSESSMENT AREA  
HERE ON SEPARATE PAGE**

## **PERFORMANCE CONTEXT**

The demographic and economic information used throughout this performance evaluation to describe M&T's assessment areas, and to evaluate the performance context in which the bank operates, was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of the Census (1990 data), the U.S. Department of Labor, U.S. Department of Housing and Urban Development ("HUD"), the New York State Department of Labor, and FRBNY Research and Market Analysis Group.

M&T's assessment areas have a combined population of approximately \$16.8 million, which includes \$4.2 million families. Of the total number of families, 38 percent are LMI. The assessment areas have 4,553 census tracts of which 1,299 or 29 percent are LMI. Owner-occupied units total 3.2 million, of which 363,836 or 11 percent are located in LMI census tracts. Business establishments total 546,000 with 114,636 or 21 percent located in LMI census tracts.

Although the bank operates in two states, 96 percent of the combined assessment area population resides in New York and only 4 percent in Pennsylvania. Accordingly, a significant majority of M&T's operations are also located in New York State; including 95 percent of branch deposits, 93 percent of branches and 96 percent of the total retail lending volumes.

After the economic downturn of the early 1990s, the economies of portions of the assessment areas are now in various stages of recovery and economic strength. The downstate portion of the New York State assessment area is experiencing significant job growth, strong tax revenues, and rising residential and commercial real estate sales prices and rental costs. Urban areas have been slower than the suburban areas in the economic strength of their recoveries.

Primary credit needs in the downstate New York portion of the assessment area are affordable owner-occupied and rental housing and financing for small businesses. The need for innovative and flexible lending programs and down payment assistance is significant in order to bridge the gap between housing costs and the incomes of LMI individuals. Home improvement lending is also an important credit need as a result of the age of the housing stock.

The economy of the upstate portion of the New York State assessment area continues to be weak but has begun to show signs of improvement over the last few years. Unemployment levels are near the national levels, but this has generally been because of a decline in population, and therefore workforce, rather than a significant increase in the number of jobs. In order to maintain population levels and reduce the outflow of young workers, communities in many portions of the upstate New York assessment areas are working hard to attract new businesses. In many upstate areas, housing prices have remained low and actually declined as a result of an oversupply.

Primary credit needs in the upstate New York and Pennsylvania portions of the assessment areas are financing for small businesses and home improvement loans. The aging, deteriorating housing stock conditions in many areas demonstrate the need for home improvement financing. Financing for small businesses is crucial to improving the strength of the economies in the area. Innovative and flexible home purchase lending programs are also very important for bridging the

gap between housing expenses and the incomes of LMI individuals, particularly low-income individuals.

Technical assistance and financial education are needed in the areas of credit counseling and education in the home purchase process for LMI individuals, and education in the credit requirements and loan approval process for small business owners. The disparity between housing costs and incomes of LMI families in the upstate New York and Pennsylvania assessment areas is not significant. Therefore, increased financial information and education can reduce the homeownership barriers and lower refinancing costs for many LMI individuals and small business owners.

## **SCOPE OF EXAMINATION**

This evaluation covers M&T's CRA performance from January 1, 1998, through December 31, 1999. All of the assessment areas were reviewed using the Federal Financial Institutions Examination Council's *Interagency Procedures and Guidelines for Large Retail Institutions*. The banks overall performance as well as its performance in both New York and Pennsylvania were rated. M&T's overall rating was greatly affected by the performance in New York because of its major presence in the state. In addition, performance was separately evaluated within each of the ten metropolitan assessment areas and the four non-metropolitan assessment areas.

Overall conclusions regarding the CRA rating were heavily influenced by performance in the following seven assessment areas: CMSA 5602 (New York, NY), MSA 1280 (Buffalo-Niagara, NY), MSA 8160 (Syracuse, NY), MSA 6840 (Rochester, NY), MSA 0960 (Binghamton, NY), MSA 7560 (Scranton-Wilkes Barre-Hazleton, PA), and Non-MSA Cortland, Tompkins and Seneca Counties. These assessment areas are considered significant because M&T has a sizable deposit market share in each one except for CMSA 5602. CMSA 5602 is considered significant because it represents a materially large percentage of the demographics within the total assessment areas.

The combination of these seven areas is a notable portion of the total assessment areas' demographics and M&T's business activities. The seven assessment areas represent 90 percent of population, 91 percent of LMI families, 87 percent of owner-occupied units, 91 percent of census tracts, and 93 percent of LMI census tracts. These assessment areas also have 84 percent of the retail branch network, 84 percent of home purchase originations, 88 percent of small business originations, and 94 percent of branch deposits.

Of these seven assessment areas, particular emphasis was placed on M&T's performance within MSA 1280 (Buffalo-Niagara, NY) and MSA 8160 (Syracuse, NY). These two assessment areas are important because of M&T's significantly larger deposit market share. As of June 30, 1999, M&T controlled 35 percent of the retail deposits in MSA 1280 (Buffalo-Niagara, NY) and 26 percent of the retail deposits in MSA 8160 (Syracuse, NY).

Lending products evaluated included small business loans, multifamily loans, home improvement loans, home purchase loans and refinancings of such loans ("refinancings"). The

refinancings and home purchase, home improvement, and multifamily loans were reported pursuant to Regulation C, the Home Mortgage Disclosure Act (“HMDA”) and originated by M&T and its affiliates M&T Mortgage Company and M&T Real Estate. M&T originated the small business loans. Small farm loan originations totaled 132 and were included in the analysis of small business loans because of the overall low number. M&T submitted no other consumer loans for evaluation.

For the evaluation of the geographic distribution of loans, geographies were classified on the basis of the Census Bureau’s 1990 Census income data. The distribution of loans to borrowers of different income levels was determined based on 1998 HUD estimated median family income data.

In evaluating the geographic distribution of HMDA-related loans, a demand-adjusted analysis was performed comparing the proportion of loan originations in LMI and non-LMI geographies with the proportion of owner-occupied housing units in LMI and non-LMI geographies. For small business loans, a demand-adjusted analysis was performed comparing the proportion of loan originations in LMI and non-LMI geographies with the proportion of business establishments in LMI and non-LMI geographies.

In evaluating the borrower characteristics of HMDA-related loans, a demand-adjusted analysis was performed comparing the proportion of loan originations to LMI and non-LMI borrowers with the proportion of LMI and non-LMI families.

For small business loans, a demand-adjusted analysis was performed comparing the proportion of loan originations to business establishments with gross annual revenues (“GAR”) of \$1 million or less with the proportion of business establishments with GAR of \$1 million or less. This analysis included loans made to businesses where GAR were not a factor in M&T's credit decision, a type of loan underwriting typically used with smaller-sized businesses. In addition, the size of the small business loan was used as a proxy to identify lending to business establishments with GAR of \$1 million.

M&T’s HMDA-related and small business lending was compared with similarly situated bank lenders reporting real estate loans under HMDA and small business loans under CRA within the seven assessment areas considered significant in New York State and Pennsylvania. HMDA-related and small business lending performance was also compared with the 1998 aggregate market data of all HMDA and small business lenders in each of M&T’s assessment areas.

In addition, commercial lending, investments, grants, and services were evaluated as qualifying community development activities.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

M&T's record of meeting the credit needs of its assessment areas through its lending activities is rated high satisfactory. Retail lending volumes reflected excellent responsiveness overall to the credit needs of its assessment areas. The geographic distribution and the distribution of loans among individuals of different income levels and businesses of different sizes demonstrated overall good penetration levels. A high level of community development lending was originated in its assessment areas. An extensive use of innovative and flexible loan product was made to address the needs of LMI individuals and geographies.

#### **Lending Activity**

M&T demonstrated excellent responsiveness to credit needs in its assessment areas, taking into account the number and dollar amount of home purchase, refinance, home improvement, multifamily and small business/small farm loans originated in its assessment areas. Overall lending activity continues to be strong in relation to the bank's size, market presence, financial capacity, and performance of similarly situated institutions. In 1998 and 1999, M&T originated 44,392 loans (home purchase, refinance, small business/small farm, multifamily) to retail and commercial customers, totaling \$6 billion, in the assessment areas.

Of these 44,392 originations, home purchase loans represented 15,482 or 35 percent of the total; refinancings represented 12,973 or 29 percent; small business/small farm loans represented 11,148 or 25 percent. Home improvement loans represented 4,340 or 10 percent of the total, and multifamily loans represented 449 or 1 percent. Of M&T's nonaffiliate lending activity, 97 percent was originated in the assessment area.

The overall level of lending in assessment areas where M&T has a significant deposit market share was excellent in New York State and good in Pennsylvania when compared with similarly situated institutions, on the basis of total loans, and the total number of loans per billion dollars in core deposits.

#### **Geographic Distribution of Lending**

The overall geographic distribution of home purchase, refinance, home improvement, multifamily, and small business loans across census tracts of different income levels reflected good penetration throughout the assessment areas. This performance was consistent with the bank's overall performance within the assessment areas in New York State. In Pennsylvania, overall geographic distribution performance reflected excellent penetration. The overall geographic distribution performance was strongest within M&T's small business and home improvement lending. Refinance lending distribution was noted as weak in many of the assessment areas where M&T has a significant presence.

### **Borrower Characteristics**

The overall distribution of HMDA-related loans across different income levels to businesses of different sizes reflected good penetration throughout the assessment areas. This performance was consistent with the bank's overall performance in the New York and Pennsylvania assessment areas.

Overall distribution performance was strongest within M&T's lending to moderate-income borrowers. Overall performance in lending to low-income borrowers was determined adequate when performance context issues are considered in relation to actual performance. M&T's performance in lending to businesses of different sizes was also adequate but generally lagged behind the market aggregate of small business lenders and similarly situated banks in the assessment areas.

### **Innovative or Flexible Lending Practices**

M&T made extensive use of several residential loan products and programs to address the credit needs of LMI individuals and geographies. In 1998 and 1999, the bank originated 3,097 loans totaling \$311 million either to LMI borrowers or in LMI geographies using flexible lending programs. (For details, see Exhibit 4.) M&T utilized 11 flexible lending programs to originate mortgage, home improvement, and small business loans. A significant number of mortgage loans were made under the Federal Housing Administration ("FHA") loan program, which provides for low down payments, competitive interest rates and higher qualifying ratios.

M&T has been proactive in creating its own affordable lending products to meet the credit needs of its assessment areas. These products include the "Get Started Program," "\$500 Down Program," and the Affordable Home Improvement Loan Program. M&T's products attempt to meet the credit needs of LMI individuals not currently provided by secondary market flexible lending programs.

The particularly innovative "Get Started" product features a biweekly below-market interest rate, low down payment, an optional unsecured installment loan to finance some closing costs, a free checking account for the first two years, and a personal banker assigned to the borrower during and after the mortgage process to assist with problems or additional financial services. This product was being piloted and available only in MSA 1280 (Buffalo-Niagara, NY) and Monroe and Genesee Counties in MSA 6840 (Rochester, NY).

The Affordable Home Improvement product features a high loan-to-value ("LTV") ratio, low loan amounts and below-market interest rates. M&T increased the maximum LTV on this product to consider the growth in low down payment mortgages and the declining home values in some of its assessment areas.



### **Community Development Lending**

M&T's community development lending performance was outstanding. During the examination period, community development loan commitments totaled \$245.3 million, of which \$193.5 million or 78.8 percent were credit facilities originated since the previous examination. Community development lending at this examination increased 136 percent since the previous examination when community development lending totaled \$103.9 million. For details, see Exhibit 13.

### **INVESTMENT TEST**

M&T's performance under the investment test is rated "outstanding." The bank had a significant level of qualified investments, exhibited a high level of responsiveness, and used innovative and/or complex investments to address community development needs.

### **Dollar Amount of Qualified Investments**

The bank's level of qualified investments was excellent, totaling \$37.7 million at this examination. This total consisted of \$33.1 million in investments in various entities and obligations supporting community development activity and \$4.6 million in charitable grants and contributions to organizations involved with community development programs. New qualified investments made during the examination period represented \$26.1 million or 69.2 percent of the total. Compared with the previous examination, total qualified investments at this examination increased 305 percent. At the previous examination, qualified investments totaled \$9.3 million. For details, see Exhibit 14.

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

M&T demonstrated an excellent level of responsiveness to the community development needs in its assessment areas. Forty-five percent of investments, or \$17 million, were directed to organizations engaged in affordable housing development, which is a need in the bank's assessment areas. Thirty-seven percent of the qualified investments were directed to organizations engaged in community services.

### **Innovative and Complex Investments**

M&T has used innovative and/or complex investments to support its community development initiatives. The bank's primary innovative and complex investment is its commitment to the Westminster Community School in an LMI area of Buffalo, New York. During this examination period, the bank provided \$1.5 million or 33 percent of its total grants to this project as part of an ongoing program. The program's focus is to raise the academic standards of this low performing school and provide greater educational opportunities to the students in this LMI neighborhood. The bank's contributions have provided the financial, technical, and administrative support that

help implement various programs designed to improve the social and academic standards of the school. The results to date include a dramatic turnaround in student academic performance.

## **SERVICE TEST**

M&T's performance under the service test is rated "outstanding" based on M&T's record of providing banking services in its assessment areas, particularly to LMI individuals and in LMI geographies. Service delivery systems providing credit and noncredit retail services are accessible to geographies and individuals of different income levels in its assessment areas. The bank's record of opening and closing branches during the review period has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. Hours and services do not vary in a way that inconveniences its assessment areas, particularly in LMI geographies and to LMI individuals. M&T is a leader in providing community development services in its assessment areas.

### **Retail Banking Services**

#### *Accessibility of Delivery Systems*

Service delivery systems are accessible to geographies and individuals of different income levels in its assessment areas. The main system for delivering retail credit and noncredit services is through the branch network. In addition to the branch network, M&T offers automated teller machines ("ATMs"), live and automated telephone banking, banking by mail, on-line banking, loan production offices ("LPOs"), and business banking offices.

#### *Branch Network*

As of December 31, 1999, M&T operated 278 branches in its New York and Pennsylvania assessment areas. Fifty-six, or 20 percent of branches, are located in LMI census tracts. For details, see Exhibit 15.

The distribution of branches in LMI census tracts generally reflects the overall census tract distribution in the assessment areas. The assessment areas have 4,553 census tracts, of which 1,299 (29 percent) are LMI. Of the total families in the assessment areas, 24 percent reside in LMI census tracts.

Significantly more than half (217 or 78 percent) of M&T's 278 branches are located in the upstate New York portion of the assessment area, the area north of Dutchess and Ulster Counties. In upstate New York, M&T has a good and more reflective distribution of branches in LMI census tracts, with 22 percent of the upstate branches located in LMI census tracts compared with 28 percent (337) of the 1,221 census tracts located in LMI census tracts.

MSA 1280 (Buffalo-Niagara Falls, NY), the location of bank's headquarters, has the largest number of M&T branches (69 or 25 percent) in the assessment areas. In MSA 1280 alone, M&T

also has a good distribution of branches with 25 percent of the branches located in LMI census tracts compared with 30 percent of the census tracts designated as LMI.

Branch distribution in the CMSA 5602 portion of the bank's New York assessment area is weak and represents 13 percent (37 of 278) of M&T's branch network. Only 14 percent of branches in the CMSA are located in LMI census tracts while 30 percent of census tracts are LMI. M&T has no branches in Bronx County in New York, which has a large concentration of LMI census tracts and families in LMI census tracts.

CMSA 5602 has a significant portion of all assessment area LMI census tracts and families living in LMI tracts. The branch network in PMSA 5600 (New York, NY) and PMSA 5380 (Nassau-Suffolk, NY) was acquired in a May 1997 merger of an M&T bank holding company subsidiary with the East New York Savings Bank.

#### Availability and Effectiveness of Alternate Systems for Delivering Retail Services

M&T's alternate service delivery systems do not significantly enhance the availability and effectiveness of retail credit and noncredit services in LMI geographies or to LMI individuals. Other delivery systems include ATMs, drive-up windows, live and automated telephone banking, banking by mail, on-line banking, 14 LPOs, and 5 business banking centers.

M&T operates 112 off-site ATMs in its assessment areas. Of the 112 off-site ATMs, 20 or 18 percent are located in LMI tracts. The highest concentration (37 percent) of off-site ATMs is in MSA 6840 (Rochester, NY).

M&T operates 14 LPOs in its assessment areas. Five or 36 percent are located in moderate-income tracts in Rochester, Ithaca, Endicott, and Riverhead, all in New York, and Wilkes Barre, Pennsylvania.

None of the five business banking centers are located in LMI census tracts. and all five are in the New York State assessment area.

#### Record of Opening and Closing of Branches

To the extent changes have been made, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals.

Net of 120 branch acquisitions and 6 consolidations since the previous examination, 9 branches opened and 26 branches closed. None of the 9 branches opened were located in an LMI tract, and only 2 of the 26 branches closed were located in an LMI tract.

The 1998 mergers with OnBank and Trust Company and Franklin First Savings Bank resulted in the acquisition of 125 branches. Five of these branches were consolidated following these

mergers, none of which were located in LMI census tracts. Of the remaining 120 acquired branches, 101 were in New York State and 19 in Pennsylvania.

The branch closings were conducted in accordance with M&T's written branch closing policy, which complies with Section 42 of the Federal Deposit Insurance Act, implemented by the *Joint Interagency Policy Statement Regarding Branch Closings*. The bank's policy requires that, before taking action, management consider factors including, but not limited to, alternatives and demand for service delivery, economic performance of the branch, and the potential impact on the local community. The policy also requires timely advance notification to applicable regulatory agencies and affected customers.

#### *Reasonableness of Business Hours and Services in Meeting Assessment Area Needs*

M&T's business hours and services do not vary in a way that inconveniences its assessment areas, particularly in LMI geographies and to LMI individuals. All branches offer a wide variety of similar commercial and retail financial products and services, including checking and deposit services, debit and credit cards, and various consumer loans and lines of credit, home mortgage, refinancings, and home improvement loans. Business checking, savings and credit services are also offered.

The majority of branches including LMI branches have extended business hours at least one day a week and/or Saturday hours.

#### **Community Development Services**

M&T is a leader in providing community development services, including seminars and technical assistance, to various organizations that are responsive to the community development needs in the bank's assessment areas.

##### *Seminars*

During the examination period, M&T sponsored or participated in 218 mortgage lending seminars and small business training activities targeted to LMI individuals or activities in LMI census tracts.

##### *Technical Assistance*

A total of 184 community development services in the form of technical assistance were provided to 152 community and economic development organizations.

M&T's community development service work with the Westminster School is particularly noteworthy. Junior Achievement-Westminster School provides educational services intended to transform one of Buffalo's lowest performing schools through a partnership of business professionals and educators led by M&T representatives. According to the Westminster Community School Partnership's 1999 annual report, 90 percent of the school's families live

below the poverty level. Nearly 100 M&T employees have assisted in the school's efforts during the 1998-99 school year.

### **COMPLIANCE WITH FAIR LENDING LAWS**

No credit practices were identified that violated the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B), the Fair Housing Act and the Home Mortgage Disclosure Act (Regulation C), and all relevant agency regulations pertaining to nondiscriminatory treatment of credit applicants.

## **ASSESSMENT AREA ANALYSES**

## STATE OF NEW YORK

### **CRA RATING FOR NEW YORK STATE: "OUTSTANDING."**

*The lending test is rated: High satisfactory.*

*The investment test is rated: Outstanding.*

*The service test is rated: Outstanding.*

M&T's outstanding performance overall in New York State is based on the following summary conclusions:

#### **LENDING TEST**

- M&T demonstrated excellent responsiveness to the credit needs in its assessment areas, taking into account the number and dollar amount of home purchase, refinance, home improvement, multifamily and small business/small farm loans originated in its assessment areas.
- The overall geographic distribution of home purchase, home improvement, multifamily, and small business loans and refinancings across census tracts of different income levels reflected good penetration throughout the assessment areas.
- Loans among individuals of different income levels and businesses of different sizes reflected overall good distribution in its assessment areas.
- An excellent level of community development lending was noted in M&T's assessment areas.

#### **INVESTMENT TEST**

- M&T had a significant level of qualified investments and exhibited a high level of responsiveness to address community development needs.

#### **SERVICE TEST**

- Service delivery systems, primarily through its branch network, are accessible to geographies and individuals of different income levels in its assessment area.

- M&T's record of opening and closing branches during the review period has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals.
- M&T provided a high level of community development services in its assessment areas through seminars and technical assistance, demonstrating a high level of responsiveness to the needs of LMI individuals and community development organizations.

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW YORK STATE**

The New York State assessment area contains substantially all of M&T's operations and is weighted heavily in the overall CRA performance. Headquartered in Buffalo, New York, M&T operates 259 retail branches or 93 percent of its total branches in the state. This retail branch network represents the fourth largest in New York. As of June 30, 1999, M&T had the sixth largest deposit market share in New York, controlling 3.2 percent of all the state's deposits. Of the total retail loans originated, 42,525 or 96 percent were originated in the state.

## **PERFORMANCE CONTEXT**

### *Demographic Characteristics*

The population of the New York State assessment areas is approximately 16.1 million. Approximately 53 percent of the population is concentrated in the assessment area portion of PMSA 5600 (New York, NY). The second largest concentration, approximately 16 percent, is in PMSA 5380 (Nassau-Suffolk, NY), followed by MSA 1280 (Buffalo-Niagara, NY) with 7 percent. At the next census, the population level in the western part of the state is expected to show a decline. Major cities such as Buffalo, Rochester, and Syracuse have experienced large population declines over the decade, ranging from 6 percent to 8 percent.

### *Income Characteristics*

In the New York State assessment areas, the 1990 median family income is \$40,407. For 1999 the HUD-adjusted median family income is \$53,600. The HUD adjusted income ranges from \$73,300 in PMSA 5380 (Nassau-Suffolk, NY) to \$37,300 in MSA 3610 (Jamestown, NY). According to the 1990 Census, these same two MSAs exemplified the high and low ranges (\$56,726 and \$29,926, respectively) of median family income. Based on the 1990 Census, 1,275 of the 4,350 geographies used in the analysis, or 29 percent, are LMI geographies. Approximately 39.6 percent of families residing in the assessment area are upper-income, 21.8 percent are middle-income, 17.1 percent are moderate-income, and 21.5 percent are low-income. Approximately 10 percent of the families in the New York State assessment areas live below the poverty level.



Lending to low-income borrowers in numbers that reflect their demographic percentage in all of the assessment areas is challenging. An analysis of the lending performance of similarly situated banks and the aggregate of HMDA lenders demonstrates that all lenders have difficulty penetrating the low-income borrower market.

Within the downstate market of New York, particularly CMSA 5602, the very high cost of housing compared with the incomes of potential low-income borrowers is the most significant obstacle to homeownership. The median housing value in CMSA 5602 is six times greater than the median family income. The median housing values in the MSAs of CMSA 5602 are 4 to 9 times greater than the median family income.

In upstate New York, lenders are better able to penetrate the low-income borrower market as a result of the lower cost of housing in these assessment areas. However, other obstacles contribute to the difficulties in penetrating the low-income borrower market in numbers that closely reflect their demographic percentage in the market.

Many potential low-income borrowers subsist below the poverty level and have little financial opportunity for home purchases. For example, in MSA 1280 (Buffalo-Niagara Falls, NY), 9.2 percent of the families live below the poverty level.

Many of the upstate New York markets have high real estate taxes, or some of the older inner-city neighborhoods are assessed at a higher fraction of their market values than newer, more stable neighborhoods. The monthly costs of high real estate taxes add to the expense of homeownership and limits the opportunities for potential low-income borrowers to purchase homes.

In addition, the housing stock in many of these assessment areas, while affordable, is aging and in need of significant repair. The financial burden of repairing and renovating older homes limits the opportunities for potential low-income borrowers to purchase homes.

The population of the upstate New York markets continues to decline as larger numbers of the younger residents relocate for better economic opportunities elsewhere. As a result, lower income older residents that are not typically in the market for home purchases become a greater percentage of the demographics. This situation reduces the lending opportunities and contributes to the difficulties in penetrating the low-income borrower market.

Penetrating the low-income refinance lending market is also difficult. Many low-income homeowners lack the liquidity for closing costs necessary to complete refinance transactions. Many LMI borrowers also already have high LTV ratios and low interest rates from mortgage loans obtained through affordable flexible-underwriting housing programs. In addition, many low-income borrowers may lack the financial expertise regarding the advantages of refinance transactions during periods of falling interest rates.

### Housing Characteristics

Of the New York State assessment areas' 6.4 million housing units, 3 million or 47 percent are owner-occupied, and 3 million, also 47 percent, are rental units. The remaining 6 percent of housing units are vacant. Within LMI geographies, the level of rental units increases to 71 percent. About 37.8 percent of housing units are single-family, while 22.8 percent are two- to four-family units. The percentage of multiple units (36.3 percent) is somewhat higher than the state level of 33 percent, but consistent with the type of housing built in the major cities of the assessment areas. Community contacts conducted during this examination noted a pressing need in assessment area cities for affordable loans to rehabilitate or purchase/rehabilitate housing for individuals and families of low and moderate incomes.

According to the 1990 Census, the median housing value in the combined New York State assessment areas is \$138 thousand. This figure is 6 percent higher than the \$130 thousand for the state and more than double the median housing value of \$66 thousand for the non-metropolitan portions of the state. Between February 1999 and February 2000, the average sale price of an existing single-family home in the state rose 6.8 percent, from \$117 thousand to \$125 thousand, according to the New York State Association of Realtors.

### Labor, Employment and Economic Characteristics

During most of the 1990s, the upstate New York economy, which accounts for approximately one-third of the state economy, experienced a prolonged downturn as the declines in manufacturing jobs were insufficiently offset by gains in sectors such as service and retail. Between 1990 and 1996, upstate employment declined 1.3 percent while U.S. job growth climbed 15 percent. The Buffalo area experienced significant reductions as the automobile and steel industries dramatically declined, and in Utica a major air force base and a large defense contractor ceased operations. In 1997-98, despite signs of growth as the number of jobs started to increase, the rate of employment growth was less than half the national rate.

By the end of 1999, however, the economic picture had improved. New York State created private sector jobs more rapidly than the nation, 2.9 percent for the state compared with 2.3 percent for the U.S. This represents the most rapid year-to-year private sector job growth in 15 years. In addition, the private sector job count expanded more rapidly than the nation in both upstate New York (2.5 percent) and downstate New York (3.2 percent). Overall, the total number of nonfarm jobs in the state grew by 2.6 percent by the end of 1999, up from 2.1 percent at the end of 1998. Industries recording the highest job gains were services, followed by retail trade and construction. Durable and non-durable goods manufacturing jobs continued to decline.

Community contacts noted a definite need for loans to help establish and expand small businesses in the assessment areas, as well as job training programs.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW YORK STATE**

### **LENDING TEST**

M&T's performance on the lending test in New York State is rated "high satisfactory."

#### **Lending Activity**

M&T demonstrated excellent responsiveness to the credit needs in its New York State assessment areas, taking into account the number and dollar amount of home purchase, refinance, home improvement, multifamily and small business/small farm loans originated in its assessment areas. Overall lending activity continues to be strong in relation to the bank's size, market presence, financial capacity, and performance of similarly situated institutions. In 1998 and 1999, M&T originated 42,525 loans (home purchase, refinance, small business/small farm, multifamily) to retail and commercial customers, totaling \$5.9 billion, in the New York State assessment areas.

Of these 42,525 originations, home purchase loans represented 15,121 or 35 percent of the total; refinancings represented 12,202 or 29 percent; small business/small farm loans represented 10,859 or 26 percent; home improvement loans represented 3,895 or 9 percent; and multifamily loans represented 448 or 1 percent of the total.

Overall level of lending in assessment areas where M&T has a significant deposit market share is strong in comparison with similarly situated institutions on a total loan basis and on the basis of loans per billion dollars in core deposits. Excellent lending activity was noted in MSA 1280 (Buffalo-Niagara, NY); MSA 8160 (Syracuse, NY); MSA 6840 (Rochester, NY) and Non-MSA Tompkins County.

Adequate lending activity was noted in CMSA 5602, but home purchase lending in PMSA 5600 (New York, NY) and small business lending activity in PMSA 5600 and PMSA 5380 (Nassau-Suffolk, NY) should be improved. Weakness in PMSA 5600 and PMSA 5380 resulted from M&T's acquisition of East New York Saving Bank, which did not have a significant small business lending operation.

#### **Geographic Distribution of Lending**

The overall geographic distribution of home purchase, refinance, home improvement, and small business loans across census tracts of different income levels reflected good penetration in the bank's assessment areas throughout the state. However, performance varied within the assessment areas in the state. Performance was good in MSA 1280 (Buffalo-Niagara, NY), MSA 8160 (Syracuse, NY), MSA 6840 (Rochester, NY), CMSA 5602 (New York-Long Island). Excellent distribution was noted in the non-MSA assessment area including Seneca, Tompkins, and Cortland Counties. Performance was considered adequate in MSA 0960 (Binghamton, NY). For details, see Exhibits 5-8.

Generally, in the upstate New York assessment areas M&T's geographic distribution of lending in LMI census tracts was strongest in home improvement and small business loans while distribution was weak in refinance lending. In downstate New York (CMSA 5602), lending distribution in LMI census tracts was strongest in home purchase and home improvement lending.

In addition, M&T originated 448 multifamily loans in the state, of which 140 or 31 percent were made in LMI census tracts. Out of the 140 loans, 31 loans were made in low-income tracts, and 109 loans were made in moderate income tracts. By far the largest number (116) of multifamily loans extended in LMI census tracts was located in the PMSA 5600 (New York, NY) section of CMSA 5602. M&T's participation in multifamily housing lending is responsive to the needs of the communities in CMSA 5602 because of the large number of multifamily housing units in this assessment area.

### **Borrower Characteristics**

The overall lending performance of HMDA-related and small business loans across borrower income levels reflected good distribution, but performance varied within the assessment areas in the state. Performance was good in MSA 8160 (Syracuse, NY) and MSA 6840 (Rochester, NY). Performance was adequate in MSA 1280 (Buffalo-Niagara Falls, NY), MSA 0960 (Binghamton, NY), CMSA 5602 (New York, NY), and in the non-MSA group of Tompkins, Seneca and Cortland Counties. For details, see Exhibits 9-11.

Generally, M&T demonstrated excellent distribution of HMDA-related lending to moderate-income borrowers. HMDA-related lending to low-income borrowers generally demonstrated adequate distribution when considering performance context information and peer group performance. (For details, see page BB21.) M&T's small business loans to organizations with gross annual revenues ("GAR") of \$1 million or less, generally reflected adequate distribution, but performance typically lagged behind similarly situated banks and the aggregate performance of small business lenders in the markets.

### **Innovative and Flexible Lending Practices**

Innovative and/or flexible lending practices and programs available in New York State are discussed in the overall institution rating section of this report on page BB13 and Exhibit 4.

### **Community Development Lending**

M&T's community development lending performance was excellent. Total community development lending in the New York State accounted for \$243.9 million or 99.4 percent of all community development activity. Of the total community development lending in the state, \$192.1 million or 78.8 percent were commitments originated since the previous examination.

Community development lending in support of affordable housing totaled \$132.9 million or 54.5 percent of all activity in New York State. This lending provided for the financing of 3,691 affordable housing units. Most of this activity was located in PMSA 5600 (New York, NY) which accounted for \$95.5 million or 71.8 percent of all affordable housing lending in the New York assessment area. Lending related to community services amounted to \$100.1 million or 41 percent of all community development lending activity in the state.

Exhibit 13 shows that 64 percent of all the community development lending activity was concentrated in CMSA 5602, followed by the Buffalo MSA with 14 percent.

Regulation BB does not require an institution to make community development loans in all its assessment areas, and a lack of community development lending in a particular assessment area does not detract from the rating of the bank as a whole or its performance in a particular assessment area.

Examples of community development loans originated during the evaluation period:

- M&T approved a \$275 thousand line of credit for a nonprofit anti-poverty agency serving the city of Rochester. Funding provides for the administration of federal, state and locally sponsored programs directed toward reducing the primary causes of poverty.
- M&T approved a \$75 thousand line of credit for working capital to an agency licensed by New York State to operate residences for developmentally disabled adults.
- M&T approved a \$1.5 million line of credit to a home health care agency providing health care services to primarily LMI patients throughout Erie County.
- M&T financed a \$7.5 million construction loan for a comprehensive health care center in an LMI area serving primarily LMI individuals in the lower west side of Buffalo. This location has been designated as an Economic Development Zone. The new facility will replace an existing hospital and consolidate three outpatient centers into the one location.

## **INVESTMENT TEST**

M&T's performance on the investment test in New York State is rated "outstanding."

### **Dollar Amount of Qualified Investments**

The bank's level of qualified investments in the state was excellent, totaling \$37.6 million or 99.7 percent of all qualified investments at this examination. This total consisted of \$33.1 million

in investments in various entities and obligations supporting community development activity and \$4.5 million in charitable grants and contributions to organizations supporting community development projects and programs. New qualified investments represent \$26 million or 69.1 percent of the total.

M&T made \$16.8 million or 44.6 percent of all qualified investments in MSA 1280 (Buffalo-Niagara Falls, NY), followed by PMSA 5600 (New York, NY) with \$11.8 million or 31.2 percent of all qualified investments. For details, see Exhibit 14.

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

M&T demonstrated an excellent level of responsiveness to community development needs in its assessment area. Forty-five percent of investments, or \$17 million, were directed to agencies engaged in affordable housing development, which is needed in the bank's assessment areas. In addition, \$13.7 million or 36.4 percent of qualified investments were directed toward community service activity, \$6.7 million or 17.7 percent of the qualified investments were directed toward revitalization and stabilization of LMI communities. Less than 1 percent or \$268 thousand was targeted toward economic development activity.

Twenty-three percent of the qualified investments made by M&T were municipal debt obligations supporting school districts in LMI communities and public works projects in Economic Development Zones or LMI communities. Qualified investments also included deposits in Community Development Financial Institutions ("CDFIs"), investments for Industrial Revenue Bonds ("IRB") and an investment in a Small Business Investment Corporation ("SBIC").

### **Innovative and Complex Investments**

M&T used innovative and/or complex investments to support its community development initiatives. A particularly innovative investment is their commitment to the Westminster Community School. During this examination period, the bank provided \$1.5 million or 33 percent of their total grants to this project. This is part of a nine-year commitment by the bank that began in 1993. The purpose of this project is to transform one of Buffalo's neediest and lowest performing schools into one that focused on raising academic standards and offering the promise of a brighter future to its students. The project has provided funds to help implement a full-scale technology program, a summer school program and a health clinic. The bank's commitment extends to administration, facilities and technical support as well as voluntary participation in a mentoring program.

## **SERVICE TEST**

M&T's performance on the service test in New York State is rated "outstanding."

### **Retail Banking Services**

#### *Accessibility of Delivery Systems*

Service delivery systems are accessible to geographies and individuals of different income levels in M&T's New York State assessment areas. The main system for delivering retail credit and noncredit services is through the branch network. In addition to the branch network, M&T offers ATMs, live and automated telephone banking, banking by mail, on-line banking, LPOs (loan production offices), and business banking offices.

#### *Branch Network*

As of December 31, 1999, M&T operated 259 branches in its New York State assessment areas. Fifty-two, or 20 percent of branches, are located in LMI census tracts. (For details, see Exhibit 15.) The distribution of branches in LMI census tracts generally reflects the overall census tract distribution in the New York State assessment areas. The New York State assessment areas have 4,350 census tracts, of which 1,275 (29 percent) are LMI. Of the total families in the New York State assessment area, 25 percent reside in LMI census tracts.

Significantly more than half (84 percent) of the 259 New York assessment area branches are located in upstate New York, north of Dutchess and Ulster Counties. The distribution of upstate branches, with 22 percent located in LMI census tracts, is slightly more reflective of the upstate census tract distribution, of which 27 percent are LMI.

MSA 1280 (Buffalo-Niagara Falls, NY), the location of bank's headquarters, has the largest number of M&T branches (69 or 27 percent) within the New York State assessment area. Within MSA 1280, alone, M&T also has a good distribution with 25 percent of the branches located in LMI census tracts compared with 30 percent of the census tracts designated as LMI.

Branch distribution in the CMSA 5602 portion of the bank's New York assessment area is weak and represents 14 percent of M&T's New York State branch network. Only 13 percent of branches are located in LMI census tracts while 30 percent of census tracts are LMI. A significant majority of all New York assessment area LMI census tracts (73 percent) and families living in LMI census tracts (78 percent) are located in CMSA 5602. There are no branches in Bronx County of New York. The Bronx has high concentrations of LMI census tracts (58 percent), families in LMI census tracts (61 percent), and LMI families (57 percent.)

#### *Availability and Effectiveness of Alternate Systems for Delivering Retail Services*

M&T's alternate service delivery systems do not significantly enhance the availability and effectiveness of retail credit and noncredit services in LMI geographies or to LMI individuals.

Other delivery systems include ATMs, drive-up windows, live and automated telephone banking, banking by mail, on-line banking, 13 LPOs, and 5 business banking centers.

M&T operates 112 off-site ATMs. Of the 112 off-site ATMs, 20 or 18 percent are located in LMI tracts. The highest concentration (37 percent) of off-site ATMs is located in MSA 6840 (Rochester, NY). M&T operates 13 LPOs in the New York assessment areas. Four or 31 percent are located in moderate-income tracts in Rochester, Ithaca, Endicott, and Riverhead, all in New York. None of the five business banking centers are located in LMI census tracts, and all five are in the New York State assessment areas.

#### Record of Opening and Closing of Branches

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals.

Nine branches were opened and 26 were closed in the New York assessment area. None of the nine branches opened were located in an LMI census tract in the New York assessment area. Two of 26 branches closed were located in an LMI census tract in the New York assessment area.

Net of consolidations, 101 New York assessment area branches were acquired through the 1998 merger with OnBank and Trust Company. Of the acquired branches, 22 were in LMI census tracts. Five branches were consolidated as a result of these mergers, none of which were located in LMI census tracts in the New York assessment area. An additional branch, unrelated to the merger, was consolidated in a low-income census tract.

#### Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

M&T's business hours and services do not vary in a way that inconveniences its New York State assessment areas, particularly LMI geographies and LMI individuals. All branches offer a wide variety of similar commercial and retail products and services, including checking and deposit services, debit and credit cards, and various consumer loans and lines of credit, home mortgage, refinancings, and home improvement loans. Business checking, savings and credit services are also offered.

Most of the branches, including LMI branches, have extended business hours one day a week and/or Saturday hours.

#### Community Development Services

M&T is a leader in providing community development services by the number and scope of its participation, including seminars and technical assistance, to various organizations that are responsive to the community development needs in the bank's New York State assessment areas.



During the examination period, M&T sponsored or participated in 209 mortgage lending seminars and small business training activities targeted to LMI individuals or activities in LMI census tracts.

A total 179 community development services in the form of technical assistance were provided to 148 community and economic development organizations. For example, M&T employees serve as directors on the boards of Buffalo Neighborhood Revitalization Corporation, various chapters of Meals on Wheels, United Way of Buffalo and Erie County, Rensselaer Gateway Development Corporation, Greater Rochester Housing Partnership.

Other employees provide technical assistance to organizations such as Junior Achievement at Westminster School, which is one of many programs supporting the Westminster Community School Partnership and involves nearly 100 M&T employees. Ellicott District Community Development Corporation has an M&T representative serving on the loan committee, and the Regional Economic Development Corporation has an M&T representative serving on the investment committee.

# **METROPOLITAN STATISTICAL AREA ANALYSES**

## **MSA 1280 (BUFFALO-NIAGARA FALLS, NY)** **Assessment Area 1**

Overall performance in the MSA was good, based upon the following summary conclusions:

- Overall, the geographic distribution of loans in this MSA reflected good penetration of the assessment area.
- The overall lending performance of HMDA-related and small business loans across borrower income levels reflected adequate distribution.
- Service delivery systems are accessible to geographies and individuals of different income levels.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 1280 (BUFFALO-NIAGARA FALLS, NY)**

M&T is headquartered in this MSA, and as of December 31, 1999, the bank operated 69 branches or 27 percent of all New York State branches in this assessment area. As of June 30, 1999, M&T controlled 35 percent of the retail deposit market share in MSA 1280. The bank's branches contain approximately \$5.7 billion or 43 percent of the bank's deposits in the New York State assessment areas.

In 1998 and 1999, M&T originated 12,842 loans (home purchase, refinance, home, improvement, small business/small farm, and multifamily) to retail and commercial customers, totaling \$1.4 billion, in the MSA 1280 assessment area.

Of these 12,842 originations, home purchase loans represented 4,105 or 32 percent of the total; refinancings represented 3,121 or 24 percent; small business/small farm loans represented 3,879 or 30 percent; home improvement loans represented 1,702 or 14 percent of total; and multifamily loans represented 35 or less than 1 percent of the total.

### **PERFORMANCE CONTEXT**

Consisting of Erie and Niagara Counties, this assessment area has a total population of 1.2 million. Of the 290 census tracts in the MSA, 20 percent are upper-income, 50 percent are middle-income and 30 percent are LMI.

### Income Characteristics

The 1990 Census median family income for MSA 1280 (Buffalo-Niagara Falls, NY) is \$34,831, while the 1999 HUD adjusted median family income for the area is \$45,800. Based on the 1990 median family income figures, 38 percent of the families in the MSA are upper-income, 24 percent are middle-income, 18 percent moderate-income and 20 percent are low-income.

### Housing Characteristics

Among the 298 thousand owner-occupied units in the assessment area, 47,407 or 16 percent are located in LMI census tracts. The median housing value of \$71.5 thousand is more than one-half the state average of \$130 thousand.

### Labor, Employment and Economic Characteristics

Upstate New York's 1.2 percent job growth last year was the highest since 1990, but Buffalo remains the only economy in the region not on the upswing. The city's job growth continued at a sluggish pace in 1998, reaching only .1 percent and yielding just 500 new jobs. Losses in manufacturing were not offset by gains in other sectors. Retail sales fell significantly, hurt by a weak Canadian dollar, which hit record lows during the year and hampered wholesale and retail trade. Manufacturing decreased overall 1.5 percent from May 1998 to April 1999 in the MSA.

Jobs in construction – especially commercial construction – also declined despite recent strength in the housing market. Buffalo's other industries performed sluggishly over the year. The automobile industry still dominates the region's manufacturing sector. The motor vehicle and motor vehicle equipment industry, accounted for over 15 percent of manufacturing employment in the area in 1997. In addition, other manufacturing industries in the area also engaged in automobile-related production.

The unemployment rate in Erie County increased slightly from 4.7 percent in September 1998 to 4.8 percent in September 1999. In Niagara County, unemployment decreased from 5.5 percent to 5.1 percent during the same period.

### Community Contacts

According to community contacts, approximately 39 percent of the housing in the southern part of Erie County was built before 1939 and is in disrepair. Several towns have become bedroom communities to commuters who work in Buffalo. High vacancy rates in LMI areas appear to keep both housing values and rents low. More flexible home purchase and rehabilitation loan programs are needed.

Niagara Falls' economy is depressed, and approximately 45 percent of the county's residents receive some form of public assistance. Community contacts noted that the city's deteriorating conditions have resulted from major industry flight from the local area. The area's population has also declined because of decreased employment opportunities.

### Similarly Situated Banks

Within MSA 1280, similarly situated banks include HSBC, Key Bank, Fleet Bank, Charter One, Lockport Saving, and Citibank.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 1280 (BUFFALO-NIAGARA FALLS, NY )**

### **LENDING TEST**

#### **Geographic Distribution of Lending**

Overall, the geographic distribution of loans reflected good penetration of the assessment area. Performance was strongest in home improvement and small business lending, where distribution was excellent. Geographic distribution was adequate in home purchase lending, and it was weak and needs to improve in refinancings. For details, see Exhibits 5-8.

#### Home Purchase Loans

The overall geographic distribution of home purchase loans across census tracts of different income levels reflected adequate penetration of this MSA. M&T originated 9.4 percent of home purchase loans in LMI census tracts while 15.9 percent of the owner-occupied units in this MSA are located in LMI census tracts. When comparing the distribution of home purchase loans extended in LMI census tracts, M&T ranked fourth out of a group of seven similarly situated institutions in the assessment area. Also, M&T performed as well as the market aggregate of home purchase lenders in the MSA.

#### Refinancings

The overall geographic distribution of refinancings was weak and needs to improve. M&T originated 5.6 percent of refinancings in LMI census tracts while 15.9 percent of the owner-occupied units in this MSA are located in LMI census tracts. When comparing the distribution of refinancings extended in LMI census tracts, M&T ranked sixth out of a group of seven similarly situated institutions, and underperformed the market aggregate of refinance lenders in this assessment area.

#### Home Improvement Loans

The overall geographic distribution of home improvement loans was excellent. M&T originated 18.9 percent of loans in LMI geographies while 15.9 percent of owner-occupied units are located in LMI geographies. When comparing the percentage of home improvement loans with the percentage of owner-occupied units across geographies of different income levels, home improvement lending in LMI tracts was greater than in non-LMI tracts. In addition, M&T's

performance ranked third out of a group of seven similarly situated institutions in the MSA but slightly underperformed the market aggregate of home improvement lenders in the MSA.

### Small Business Loans

The overall geographic distribution of small business loans in the MSA was excellent. M&T originated 22.2 percent of loans in LMI geographies while 19.2 percent of business establishments are located in LMI geographies. When comparing the percentage of small business loans with the percentage of businesses in geographies across different income levels, small business lending in LMI tracts was greater than in non-LMI census tracts. In addition, M&T's performance ranked third out of a group of seven similarly situated institutions in the MSA and outperformed the market aggregate of small business lenders in the MSA.

### Borrower Characteristics

The overall lending performance of HMDA-related and small business loans across borrower income levels in MSA 1280 (Buffalo-Niagara Falls, NY) reflected adequate distribution. The bank demonstrated overall good performance when lending to moderate-income borrowers. Overall M&T's performance in lending to both low-income borrowers and small businesses was adequate.

### HMDA-related Lending to Low-income Families

The distribution of home purchase loans to low-income borrowers was adequate in this MSA when considering the performance context issues discussed on page BB21. The percentage of loan originations to low-income borrowers was substantially lower than the percentage of low-income families in the MSA. M&T originated only 5 percent of its home purchase loans to low-income borrowers, while low-income families total 20 percent of all families in the MSA.

The distribution of refinance lending to low-income borrowers was adequate when considering the performance context issues discussed on page BB21. The percentage of loan originations to low-income borrowers was substantially lower than the percentage of low-income families in the MSA. M&T originated only 3 percent of its refinance loans to low-income borrowers, while 20 percent of all families in the MSA are low-income.

The distribution of home improvement lending to low-income borrowers was adequate. The percentage of the bank's home improvement lending to low-income borrowers was slightly lower than the percentage of low-income families in the MSA. M&T originated 13 percent of its home improvement loans to low-income borrowers, while 20 percent of all families in the MSA are low-income. M&T outperformed similarly situated banks ranking third of seven, but underperformed the market aggregate for home improvement lenders.

In addition, the distribution of home improvement loans to low-income borrowers in Niagara County was noted as weak and needs to improve.

HMDA-related Lending to Moderate-income Families

The distribution of home purchase loans to moderate income borrowers was excellent in this MSA. The percentage of loan originations to moderate-income borrowers was slightly higher than the percentage of moderate-income families in the MSA. M&T originated 21 percent of its home purchase loans to moderate-income borrowers, while 18 percent of all families in the MSA are moderate-income. Although the bank displayed a strong lending performance, M&T underperformed the market aggregate for home purchase lenders. In addition, the bank underperformed similarly situated banks, ranking fifth out of seven.

The distribution of refinance lending to moderate-income borrowers was adequate. The percentage of loan originations to moderate-income borrowers was lower than the percentage of moderate-income families in the MSA. M&T originated 13 percent of its refinancings to moderate-income borrowers, while 18 percent of all families in the MSA are moderate-income. M&T underperformed the market aggregate for refinance lenders. In addition, the bank underperformed similarly situated banks, ranking last of seven.

The distribution of home improvement lending to moderate-income borrowers was excellent. The percentage of the bank's home improvement lending to moderate-income families was higher than the percentage of moderate-income families in the MSA. M&T originated 24 percent of its home improvement loans to moderate-income borrowers, while 18 percent of all families in the MSA are moderate-income. Although the bank's level of lending reflected a strong performance, M&T underperformed the market aggregate for home improvement lenders but outperformed similarly situated banks ranking second of seven.

Lending to Businesses of Different Sizes

The bank's distribution of loans to businesses of different sizes was adequate. Approximately 63 percent of small business loans originated during the examination period were to businesses with GAR (gross annual revenues) of \$1 million or less, or to businesses where the revenue information was not collected. Eighty seven percent of business establishments in the MSA have GAR of \$1 million or less.

Of the 3,879 small business loan originations in the MSA, 2,359 or 61 percent were for loan amounts less than or equal to \$100 thousand. The average size of originations in this category was approximately \$46 thousand. M&T underperformed the market aggregate for small business lenders and underperformed similarly situated banks ranking seventh of eight.

Community Development Lending

Community development activity in MSA 1280 (Buffalo-Niagara Falls, NY) totaled \$34.5 million or 14.1 percent of all community development lending and provided 164 units of affordable housing. Forty-eight percent or \$16.7 million of community development lending in this MSA supported affordable housing. In addition, 52 percent or \$17.8 million supported community services. For details, see Exhibit 13.

## **INVESTMENT TEST**

Qualified investments in MSA 1280 (Buffalo-Niagara Falls, NY) totaled \$16.8 million or 44.6 percent of M&T's total investment activity for this examination. Community service investments totaled \$10 million, including an innovative investment of \$1.5 million in a neighborhood school in an LMI community in Buffalo. Revitalization and stabilization investments totaled \$3.9 million. For details see Exhibit 14.

## **SERVICE TEST**

### **Retail Banking Services**

#### *Accessibility of Delivery Systems*

Service delivery systems are accessible to geographies and individuals of different income levels in MSA 1280 (Buffalo-Niagara Falls, NY). The main system for delivering retail credit and noncredit services is through the branch network. In addition to the branch network, M&T offers ATMs, drive-up windows, live and automated telephone banking, banking by mail, on-line banking, and an LPO.

#### *Branch Network*

As of December 31, 1999, M&T operated 69 full-service branches in this MSA. Seventeen, or 25 percent of branches, are located in LMI census tracts. (For details, see Exhibit 15.) The distribution of branches in LMI census tracts reflects the overall census tract distribution in the MSA, which has 290 census tracts with 87 (30 percent) LMI. Of the total families in the MSA, 38 percent reside in LMI census tracts.

Accessibility of banking services to LMI families is particularly strong in Erie County (where bank headquarters are located). This county has more branches (63) and more LMI branches (15) than any other county in the assessment areas.

#### *Availability and Effectiveness of Alternate Systems for Delivering Retail Services*

M&T's alternate service delivery systems do not significantly enhance the availability and effectiveness of retail credit and noncredit services in LMI geographies or to LMI individuals. M&T operates 18 off-site ATMs in this MSA. Of the 18 off-site ATMs, one is located in a moderate-income census tract. M&T operates an LPO in Erie County in Buffalo, New York.

Record of Opening and Closing of Branches

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals in MSA 1280 (Buffalo-Niagara Falls, NY).

Since the previous examination, one branch opened and three branches closed. None of the branches opened were located in LMI census tracts. One of the three closures was located in an LMI tract.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

M&T's business hours and services do not vary in a way that inconveniences its assessment area particularly LMI geographies and LMI individuals. All branches offer a wide variety of similar commercial and retail financial services. Most full-service branches, including LMI branches, have extended business hours one day a week and/or Saturday hours.

Community Development Services

M&T provides a relatively high level of community development services including seminars and technical assistance to various organizations that are responsive to the community development needs in MSA 1280 (Buffalo-Niagara Falls, NY).

During the examination period, M&T sponsored or participated in 77 seminars and provided 70 technical assistance programs for organizations targeted to LMI individuals or activities in LMI census tracts.

Seventy community development services in the form of technical assistance were provided to community and economic development corporations. Thirty-six M&T employees serve on the boards of directors of corporations including Center City for Neighborhood Development, Buffalo Neighborhood Revitalization Corporation, and United Way of Buffalo and Erie County. Of the 34 employees serving in other technical assistance capacities, one is a teacher at the Westminster School working to transform one of Buffalo's lowest performing schools through a partnership of business professionals and educators. Another is a loan administrator for the Ellicott District CRA Loan Pool in Erie County.



**MSA 8160 (SYRACUSE, NY)**  
**Assessment Area 2**

Overall performance in this MSA was good, based upon the following summary conclusions:

- Overall, the geographic distribution of loans reflected good penetration of the assessment area.
- The overall lending performance of HMDA-related and small business loans across borrower income levels reflected good distribution.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in this MSA.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 8160 (SYRACUSE, NY)**

As of December 31, 1999, M&T operated 32 branches or 12 percent of all New York State branches in this assessment area. As of June 30, 1999, the bank controlled 26 percent of the retail deposit market share in MSA 8160. M&T's branches contain approximately \$1.7 billion or 13 percent of the bank's deposits in the New York State assessment areas.

During 1998-99, M&T originated 3,956 loans (home purchase, refinance, home improvement, small business/small farm, multifamily) to retail and commercial customers, totaling \$363 million, in the assessment area.

Of these 3,956, home purchase loans represented 1,130 or 29 percent; refinancings represented 1,125 or 28 percent; small business/small farm loans represented 1,220 or 31 percent; home improvement loans represented 470 or 12 percent; and multifamily loans represented 11 originations or less than 1 percent of the total.

**PERFORMANCE CONTEXT**

Assessment area MSA 8160 (Syracuse, NY) includes the counties of Onondaga, Cayuga, and Madison. The assessment area has a population of 620,406, with most of the population, 468,973 (76 percent), residing in Onondaga County. Of the 179 census tracts in the MSA, 23 percent are upper-income, 50 percent are middle-income, 16 percent are moderate-income and 11 percent are low-income.

**Income Characteristics**

According to the 1990 Census, the median family income in the assessment area is \$37,168 while the 1999 HUD-adjusted median family income for the MSA is \$45,400. In the assessment area, 39 percent of all families are upper-income, 25 percent are middle-income, 18 percent are

moderate-income, and 18 percent are low-income. The percentage of families living below the poverty level is 7.1 percent. Of approximately 50 thousand elderly living in Onondaga County, 18 percent are in need of supportive services. Of the 179 census tracts in this assessment area, 26.2 percent are LMI.

### Housing Characteristics

The assessment area has 251 thousand housing units, and 151 thousand or 60 percent are owner-occupied. Approximately 10 percent of the owner-occupied units are located in LMI census tracts. The median housing age is 43 years, slightly higher than the 40-year median housing age for the state. The median housing value for the assessment area based on the 1990 Census is \$77 thousand, considerably less than the state median of \$130 thousand. Rental units constitute 32 percent of the assessment area's housing units.

As higher paying manufacturing jobs disappear and are replaced with lower paying service sector jobs in Onondaga County, the gap between a family's income and the ability to afford rental housing or homeownership, especially saving for a down payment, is expected to widen.

### Labor, Employment and Economic Characteristics

Between 1992 and 1996, employment increased in the MSA, mostly in the services, finance, insurance, and real estate industries. Service sector employment increased the most during this period (3.3 percent). Expansion in area software development companies has contributed to recent economic growth. As of 1996, the service, retail trade, and government sectors were the three largest employers in the MSA.

Onondaga County is a major center for the distribution of goods and services and a major transportation hub. The county is home to Hancock International Airport, Syracuse University, and a broad base of industrial and technological companies. Syracuse, the major city in Onondaga County, has been losing its industrial base since the early 1980s.

Cayuga County is basically suburban in nature with many of its residents commuting to nearby Syracuse for work. The major industries are manufacturing, retail trade and services. Fifty-seven percent of the land in the county is agricultural, but less than 1 percent of the workforce is employed in agricultural services.

The unemployment rate, according to 1990 Census, is 5.8 percent. By September 1998 the unemployment rate had dropped to 3.6 percent in Onondaga County where it remained stable through September 1999. In Madison County the rate increased from 3.5 percent in September 1998 to 4.4 percent in September 1999. In Cayuga County the rate decreased slightly during this period from 4.7 percent to 4.6 percent.

### Community Contacts

According to community contacts, LMI residents have difficulty finding decent affordable rental housing in the city of Syracuse. Weak sales, high vacancy rates, and poor management characterize the housing market. Rental housing is in demand. For example, over 50 percent of the housing on the west side of Syracuse is rental and owned by absentee landlords. Although flexible underwriting by many banks and lower purchase prices for houses exist, the lack of jobs and adequate income prevent many from purchasing a home.

### Similarly Situated Banks

Within MSA 8160 (Syracuse, NY), similarly situated banks include HSBC, Key Bank, Fleet Bank, Charter One, and Chase.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 8160 (SYRACUSE, NY)**

### **LENDING TEST**

#### **Geographic Distribution of Lending**

Overall, the geographic distribution of loans in the MSA reflected good penetration of the assessment area. Performance was strongest in small business lending where distribution was excellent. Geographic distribution was good in home purchase lending and adequate in home improvement lending. Distribution of refinance lending was weak, however, and needs to improve. For details, see Exhibits 5-8.

#### Home Purchase Loans

The overall geographic distribution of home purchase loans across census tracts of different income levels reflected good penetration of the MSA. M&T originated or purchased 8.4 percent of home purchase loans in LMI census tracts while 10.2 percent of the owner-occupied units in this MSA are located in LMI census tracts. When comparing the distribution of home purchase loans extended in LMI census tracts, M&T ranked third out of a group of six similarly situated institutions in the assessment area and performed as well as the market aggregate of home purchase lenders in the MSA.

In addition, geographic distribution in the Madison County portion of the assessment area was noted as weak and needs to improve.

#### Refinancings

The overall geographic distribution of refinancings in this assessment area was weak and needs to improve. M&T originated 4.3 percent of refinancings in LMI census tracts while 10.2 percent

of the owner-occupied units in this MSA are located in LMI census tracts. When comparing the distribution of refinancings extended in LMI census tracts, M&T ranked fourth out of six similarly situated institutions, and underperformed the market aggregate of refinance lenders in the MSA.

### Home Improvement Loans

The overall geographic distribution of home improvement loans in the MSA was adequate. M&T originated 7.2 percent of loans in LMI geographies while 10.2 percent of owner-occupied units are located in LMI geographies. When comparing the distribution of home improvement loans extended in LMI census tracts, M&T ranked third out of six similarly situated institutions and underperformed the market aggregate of home improvement lenders in the MSA. In addition, geographic distribution in the Madison County portion of the assessment area was weak and needs to improve.

### Small Business Loans

The overall geographic distribution of small business loans was excellent. M&T originated 21.5 percent of loans in LMI geographies while 21.1 percent of business establishments are located in LMI geographies. When comparing the percentage of small business loans with the percentage of businesses in geographies across different income levels, the distribution of small business loans in LMI census tracts was as good as in non-LMI tracts. Although strong, M&T's performance ranked fourth out of a group of six similarly situated and underperformed the market aggregate of small business lenders in the MSA.

### Borrower Characteristics

The overall lending performance of HMDA-related and small business loans across borrower income levels in MSA 8160 (Syracuse, NY) reflected good distribution. The bank demonstrated excellent performance in lending to moderate-income borrowers. In addition, good performance was displayed in HMDA-related lending to low-income borrowers and adequate performance was noted in lending to small businesses.

### HMDA-related Lending to Low-income Families

The distribution of home purchase loans to low-income borrowers was adequate in the MSA when considering performance context issues discussed on page BB21. The percentage of loan originations to low-income borrowers was significantly lower than the percentage of low-income families in the MSA. M&T originated only 5 percent of its home purchase loans to low-income borrowers, while low-income families total 18 percent of all families in the MSA.

The distribution of refinance lending to low-income borrowers was adequate when considering performance context issues. The percentage of loan originations to low-income borrowers was substantially lower than the percentage of low-income families in the MSA. M&T originated

only 4 percent of its refinance loans to low-income borrowers, while low-income families make up 18 percent of all families in the MSA.

The distribution of home improvement lending to low-income borrowers was excellent. The percentage of the bank's home improvement lending to low-income families was slightly lower than the percentage of low-income families in the MSA. M&T originated 16 percent of its home improvement loans to low-income borrowers, while 18 percent of all families in the MSA are low-income families

M&T outperformed similarly situated banks ranking first out of six, and outperformed the market aggregate for home improvement lenders.

#### *HMDA-related Lending to Moderate-income Families*

The distribution of home purchase loans to moderate-income borrowers was excellent in the MSA. The percentage of loan originations to moderate-income borrowers was slightly higher than the percentage of moderate-income families in the MSA. M&T originated 22 percent of its home purchase loans to moderate-income borrowers, while 18 percent of all families in the MSA are moderate-income. Although the bank's level of lending demonstrated strong performance, M&T underperformed the market aggregate for home purchase lenders. Also, the bank underperformed similarly situated banks, ranking last of six.

The distribution of refinance lending to moderate-income borrowers was good. The percentage of loan originations to moderate-income borrowers was slightly lower than the percentage of moderate-income families in the MSA. M&T originated 15 percent of its refinancings to moderate-income borrowers, while 18 percent of all families in the MSA are moderate-income. Although the bank displayed a good level of lending to moderate-income borrowers, M&T underperformed the market aggregate for refinance lenders. However, the bank outperformed similarly situated banks, ranking third out of six.

The distribution of home improvement lending to moderate-income borrowers was excellent. The percentage of the bank's home improvement lending to moderate-income families was higher than the percentage of moderate-income families in the MSA. M&T originated 22 percent of its home improvement loans to moderate-income borrowers, while 18 percent of all families in the MSA are moderate-income. Although the bank's performance reflected excellent distribution, M&T underperformed the market aggregate for home improvement lenders. However, the bank outperformed similarly situated banks, ranking third of six.

#### *Lending to Businesses of Different Sizes*

The bank's distribution of loans to businesses of different sizes was adequate. Approximately 57 percent of small business loans originated during the examination period were to businesses with GAR of \$1 million or less or to businesses where the revenue information was not collected. In comparison, 88 percent of MSA business establishments have GAR of \$1 million or less.

Of the 1,220 small business loan originations in the MSA, 843 or 69 percent were for loan amounts less than or equal to \$100 thousand. The average size of originations in this category was \$46 thousand.

M&T underperformed the market aggregate for small business lenders. In addition, the bank underperformed similarly situated banks, ranking fifth out of six.

### Community Development Lending

Community development activity in MSA 8160 (Syracuse, NY) totaled \$6.9 million or 2.8 percent of all community development lending. Thirty-eight percent or \$2.6 million of community development lending in this MSA supported affordable housing. In addition, 52 percent or \$3.6 million supported revitalization stabilization and 10 percent or \$650 thousand targeted economic development. For details see Exhibit 13.

## **INVESTMENT TEST**

Qualified investments in MSA 8160 (Syracuse, NY) totaled \$3.7 million or 9.9 percent of M&T's total investment activity for this examination. Targeted community service investments totaled approximately \$400 thousand. Affordable housing investment activity totaled \$3.1 million and revitalization and stabilization activity totaled \$200 thousand. For details, see Exhibit 14.

## **SERVICE TEST**

### **Retail Banking Services**

#### Accessibility of Delivery Systems

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in MSA 8160 (Syracuse, NY). The main system for delivering retail credit and noncredit services is through the branch network. In addition to the branch network, M&T offers ATMs, drive-up windows, live and automated telephone banking, banking by mail, and on-line banking.

#### Branch Network

As of December 31, 1999, M&T operated 32 full-service branches in this MSA. Six, or 19 percent of branches, are located in LMI census tracts. (For details, see Exhibit 15.) The distribution of branches in LMI census tracts generally reflected the overall census tract distribution in the MSA, which has 179 census tracts with 47 or 26 percent LMI. Of the total number of families in the MSA, 36 percent reside in LMI census tracts.

Availability and Effectiveness of Alternate Systems for Delivering Retail Services

M&T's alternate service delivery systems do not significantly enhance the availability and effectiveness of retail credit and noncredit services in LMI geographies or to LMI individuals. M&T operates ten off-site ATMs in this MSA. Of the ten off-site ATMs, six are located in LMI census tracts.

Record of Opening and Closing of Branches

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals in the MSA. Since the previous examination, no branches opened and six branches closed. None of the six closures took place in an LMI tract.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

M&T's business hours and services do not vary in a way that inconveniences its assessment area, particularly LMI geographies and LMI individuals. All branches offer a wide variety of similar commercial and retail financial products and services. Most of the full-service branches, including LMI branches, have extended business hours one day a week and/or Saturday hours.

Community Development Services

M&T provides an adequate level of community development services including seminars and technical assistance to various organizations that are responsive to the community development needs in MSA 8160 (Syracuse, NY). During the examination period, M&T sponsored or participated in 25 seminars and provided 16 technical assistance programs for organizations targeted to LMI individuals or activities in LMI census tracts.

Sixteen community development services in the form of technical assistance were provided to community and economic development corporations. Eleven M&T employees serve on the boards of directors of corporations including Appleseed Trust, Syracuse Community Health Center, Empire Housing and Development Corporation, and Rebuild Syracuse, Inc. Of the five employees serving in other technical assistance capacities, one is a finance committee member for Syracuse Model Neighborhood Corporation and another is a loan committee member for Greater Syracuse Business Development Corporation.

**MSA 6840 (ROCHESTER, NY)**  
**Assessment Area 3**

Overall performance in the MSA was good, based upon the following summary conclusions:

- Overall, the geographic distribution of loans reflected good penetration of the assessment area.
- The overall lending performance of HMDA-related and small business loans across borrower income levels reflected good distribution.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 6840 (ROCHESTER, NY)**

As of December 31, 1999, M&T operated 46 branches or 18 percent of all New York State branches in this assessment area. As of June 30, 1999, M&T controlled 15 percent of the retail deposit market share in the MSA. The bank's branches contain approximately \$1.9 billion or 14 percent of the bank's deposits in the New York State assessment areas.

In 1998 and 1999, M&T originated 7,676 loans (home purchase, refinance, home improvement, small business/small farm, multifamily), totaling \$928 million, to retail and commercial customers in the MSA assessment area.

Of these 7,676 originations, home purchase loans represented 2,347 or 32 percent of the total; refinancings represented 1,964 or 26 percent; small business/small farm loans represented 2,683 or 34 percent; home improvement loans represented 667 or 9 percent; and multifamily loans represented 15 or less than 1 percent of the total.

**PERFORMANCE CONTEXT**

Consisting of Monroe, Wayne, Orleans, Livingston, Ontario and Genesee Counties, assessment area MSA 6840 (Rochester, NY) has a total population of 1.1 million. Of the 264 census tracts in the MSA, 17 percent are upper-income, 49 percent are middle-income, 20 percent are moderate-income, and 14 percent are low-income. Most of the LMI census tracts are located in the city of Rochester in Monroe County.

*Income Characteristics*

Overall, this is the most affluent MSA in upstate New York. The 1990 Census figure for median family income is \$40,519 while the 1999 HUD adjusted median family income is \$50,600. Based on the 1990 median family income, 38 percent of the families are upper-income, 25 percent middle-income, 18 percent moderate-income and 19 percent low-income.



### Housing Characteristics

Of the 422 thousand housing units in the assessment area, 269 thousand units or 64 percent are owner-occupied. LMI census tracts contain 15.1 percent of owner-occupied housing, and 13.3 percent of housing units are within multifamily structures. The median housing value in the assessment area, based on the 1990 Census, is \$85,120.

### Labor, Employment and Economic Characteristics

This MSA has lost 5,000 manufacturing jobs since 1992, but manufacturing still accounts for close to 24 percent of the MSA's employment. The services industry provides 29 percent of the jobs in the MSA, creating jobs as manufacturing jobs declined. The city of Rochester also is considered one of the largest tool and die centers in the U.S. and a world leader in optics technology. Eastman Kodak Company, which employs 34 thousand workers, is the area's largest employer. The MSA also relies on Bausch & Lomb and the Xerox Corporation for many of its manufacturing jobs.

Approximately 80 percent of jobs in the MSA are located in Monroe County. As a result, only 3 percent of Monroe's workforce commutes out of the county for employment. In comparison, 33 percent to 46 percent of the workers residing in the other five counties must commute out of their home county for employment. Of the 8,874 retail and service business establishments in the MSA, over two-thirds are located in Monroe County. Of the 85 businesses in the MSA employing over 500 people, 70 are located in Monroe County.

After experiencing net job losses in 1991 and 1992, MSA employment has steadily increased. The MSA has one of the lowest unemployment rates (4.1 percent) as of June 1999.

### Similarly Situated Banks

Within the MSA, similarly situated banks include HSBC, Key Bank, Fleet Bank, Charter One, Chase and Citibank.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 6840 (ROCHESTER, NY)**

### **LENDING TEST**

#### **Geographic Distribution of Lending**

Overall, the geographic distribution of loans reflected good penetration of the assessment area. Performance was strongest in small business lending where distribution was excellent. Geographic distribution was good in home purchase lending and adequate in home improvement lending. However, refinance lending distribution was weak and needs to improve. For details, see Exhibits 5-8.

### Home Purchase Loans

The overall geographic distribution of home purchase loans across census tracts of different income levels reflected good penetration of MSA 6840 (Rochester, NY). M&T originated 11 percent of home purchase loans in LMI census tracts while 15.1 percent of the owner-occupied units in this MSA are located in LMI census tracts. When comparing the distribution of home purchase loans extended in LMI census tracts, M&T ranked fourth out of a group of seven similarly situated institutions and performed as well as the market aggregate of home purchase lenders in the MSA.

In addition, in the Wayne County and Ontario County portion of the assessment area, geographic distribution of home purchase loans was weak and needs to improve.

### Refinancings

The overall geographic distribution of refinancings in this assessment area was weak and needs improvement. M&T originated 6 percent of refinancings in LMI census tracts while 15.1 percent of the owner-occupied units in this MSA are located in LMI census tracts. When comparing the distribution of refinancings extended in LMI census tracts, M&T ranked seventh out of a group of seven similarly situated institutions, and underperformed the market aggregate of refinance lenders in the MSA.

### Home Improvement Loans

The overall geographic distribution of home improvement loans was adequate. M&T originated 11.7 percent of loans in LMI geographies while 15.1 percent of owner-occupied units are located in LMI geographies. When comparing the distribution of home improvement loans extended in LMI census tracts, the bank ranked sixth out of seven similarly situated institutions in home improvement lending, and underperformed the market aggregate of home improvement lenders.

In addition, in the Wayne County and Orleans County portion of the assessment area, geographic distribution of home improvement loans was weak and needs to improve.

### Small Business Loans

The overall geographic distribution of small business loans was excellent. M&T originated 24.2 percent of loans in LMI geographies while 23 percent of business establishments are located in LMI geographies. When comparing the percentage of small business loans with the percentage of businesses in geographies across different income levels, the bank's small business lending was greater in LMI tracts than in non-LMI tracts. M&T's performance ranked fourth out of seven similarly situated institutions in small business lending. In addition, the bank outperformed the market aggregate of small business lenders in the MSA.

## **Borrower Characteristics**

The overall lending performance of HMDA-related and small business loans across borrower income levels in MSA 6840 (Rochester, NY) reflected good distribution. The bank demonstrated excellent performance when lending to moderate-income borrowers. Adequate performance was displayed in lending to both low-income borrowers and to small businesses.

### *HMDA-related Lending to Low-income Families*

The distribution of home purchase loans to low-income borrowers was adequate in this MSA when considering the performance context issues discussed on page BB21. The percentage of loan originations to low-income borrowers was substantially lower than the percentage of low-income families in the MSA. M&T originated only 8 percent of its home purchase loans to low-income borrowers, while 19 percent of all families in the MSA are low-income.

The distribution of refinance lending to low-income borrowers was poor. The percentage of loan originations to low-income borrowers was substantially lower than the percentage of low-income families in the MSA. M&T originated only 3 percent of its refinance loans to low-income borrowers, while 19 percent of all families in the MSA are low-income families. M&T significantly underperformed the market aggregate for refinance lenders. In addition, the bank underperformed similarly situated banks, ranking fourth out of six.

The distribution of home improvement lending to low-income borrowers was good. The percentage of the bank's home improvement lending to low-income families was slightly lower than the percentage of low-income families in the MSA. M&T originated 12 percent of its home improvement loans to low-income borrowers, while low-income families amount to 19 percent of all families in the MSA. Ranking first out of seven, M&T outperformed similarly situated banks. The bank also outperformed the market aggregate for home improvement lenders.

The distribution of home improvement loans to low-income borrowers in Wayne, Ontario and Genesee Counties, however, was weak and needs to improve.

### *HMDA-related Lending to Moderate-income Families*

The distribution of home purchase loans to moderate-income borrowers was excellent in the MSA. The percentage of loan originations to moderate-income borrowers was higher than the percentage of moderate-income families in the MSA. M&T originated 25 percent of its home purchase loans to moderate-income borrowers, while 18 percent of all families in the MSA are moderate-income. Although the bank's level of lending reflected strong performance, M&T underperformed the market aggregate for home purchase lenders and underperformed similarly situated banks, ranking last of seven.

The distribution of refinance lending to moderate-income borrowers was good. The percentage of loan originations to moderate-income borrowers was slightly lower than the percentage of moderate-income families in the MSA. M&T originated 15 percent of its refinance loans to

moderate-income borrowers, while moderate-income families total 18 percent of all families in the MSA. Although the bank displayed a good level of lending to moderate-income borrowers, M&T underperformed the market aggregate for refinance lenders. Also, the bank underperformed similarly situated banks, ranking fifth out of seven.

In addition, the distribution of refinance loans to moderate-income borrowers in Ontario County was considered weak and needs to improve.

The distribution of home improvement lending to moderate-income borrowers was excellent. The percentage of the bank's home improvement lending to moderate-income families was substantially higher than the percentage of moderate-income families in the MSA. M&T originated 23 percent of its home improvement loans to moderate-income borrowers, while moderate-income families total 18 percent of all families in the MSA. While M&T lending performance to moderate-income borrowers reflected excellent penetration, the bank underperformed similarly situated banks, ranking fourth out of six, and underperformed the market aggregate for home improvement lenders.

#### Lending to Businesses of Different Sizes

The distribution of loans to businesses of different sizes was adequate. Approximately 46 percent of small business loans originated during the examination period were to businesses with GAR of \$1 million or less, or to businesses where the revenue information was not collected. In comparison, 89 percent of business establishments in the MSA have GAR of \$1 million or less.

Of the 2,683 small business loan originations in the MSA, 1,575 or 59 percent were for loan amounts less than or equal to \$100 thousand. The average size of originations in this category was \$46 thousand. The bank underperformed both the market aggregate for small business lenders and similarly situated banks, ranking last of seven.

#### Community Development Lending

Community development activity in the MSA totaled \$11.8 million or 4.8 percent of all community development lending and financed 112 units of affordable housing. Eighty-three percent or \$9.8 million of community development lending in this MSA supported affordable housing. In addition, 17 percent or \$2 million supported community services. For details, see Exhibit 13.

### **INVESTMENT TEST**

Qualified investments in MSA 6840 (Rochester, NY) totaled \$758 thousand or 2 percent of M&T's total investment activity for this examination. Revitalization and stabilization investment activity totaled \$256 thousand, investments in community services totaled \$440, economic development investments totaled \$50 thousand, affordable housing investments totaled \$12 thousand. For details, see Exhibit 14.

## **SERVICE TEST**

### **Retail Banking Services**

#### *Accessibility of Delivery Systems*

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in MSA 6840 (Rochester, NY). The main system for delivering retail credit and noncredit services is through the branch network. In addition to the branch network, M&T offers ATMs, drive-up windows, live and automated telephone banking, banking by mail, on-line banking, an LPO, and a business banking center.

#### *Branch Network*

As of December 31, 1999, M&T operated 46 full-service branches in the MSA. Ten, or 22 percent of branches, are located in LMI census tracts. (For details see Exhibit 15.) The distribution of branches in LMI census tracts generally reflects the overall census tract distribution in the MSA, which has 264 census tracts with 89 or 34 percent LMI. Of the total families in the MSA, 37 percent reside in LMI census tracts.

#### *Availability and Effectiveness of Alternate Systems for Delivering Retail Services*

M&T's alternate service delivery systems do not significantly enhance the availability and effectiveness of retail credit and noncredit services in LMI geographies or to LMI individuals. The bank operates 41 off-site ATMs in the MSA. Of the 41 off-site ATMs, 9 are located in LMI census tracts. In addition, M&T operates an LPO in a moderate-income census tract of Monroe County in Rochester, New York.

#### *Record of Opening and Closing of Branches*

The bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals in the MSA.

Since the previous examination, one branch was opened and nine branches were closed. The new branch was not located in an LMI census tract. One of the nine closures was in an LMI tract.

#### *Reasonableness of Business Hours and Services in Meeting Assessment Area Needs*

M&T's business hours and services do not vary in a way that inconveniences its assessment area, particularly LMI geographies and LMI individuals. All branches offer a wide variety of similar financial products and services. Most full-service branches, including LMI branches, have extended business hours one day a week and/or Saturday hours.

### **Community Development Services**

M&T provides an adequate level of community development services, including seminars and technical assistance to various organizations, that are responsive to the community development needs in MSA 6840 (Rochester, NY). During the examination period, the bank sponsored or participated in 37 seminars and provided technical assistance to 30 organizations that target LMI individuals or activities in LMI census tracts.

Thirty community development services in the form of technical assistance were provided to community and economic development corporations. Sixteen M&T employees serve on the boards of directors of corporations including Greater Rochester Housing Partnership, Literacy Volunteers of America, and YMCA of Greater Rochester. Fourteen employees serve in other technical assistance capacities; for example, loan committee member for the Neighborhood Housing Services of Rochester, finance committee member for the Catholic Family Center, and member of the Genesee Housing Initiatives Committee.

**MSA 0960 (BINGHAMTON, NY)**  
**Assessment Area 4**

Overall performance in the MSA was adequate, based upon the following summary conclusions:

- Overall, the geographic distribution of loans in this MSA reflected adequate penetration of the assessment area.
- The overall lending performance of HMDA-related and small business loans across borrower income levels reflected adequate distribution.
- Service delivery systems are readily accessible to geographies and individuals of different income levels.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 0960 (BINGHAMTON, NY)**

As of December 31, 1999, M&T operated 22 branches or 8 percent of all New York State branches in this assessment area. As of June 30, 1999, the bank controlled 12 percent of the retail deposit market share in this MSA. M&T's branches contain approximately \$320 million or 2 percent of the bank's deposits in the New York State assessment areas.

In 1998 and 1999, M&T originated 1,437 loans (home purchase, refinance, home improvement, small business/small farm, multifamily), totaling \$118 million, to retail and commercial customers in the MSA assessment area.

Of the 1,437 originations, home purchase loans represented 410 or 29 percent; refinancings represented 268 or 19 percent; small business/small farm loans represented 613 or 42 percent; home improvement loans represented 128 or 9 percent of the total; and multifamily loans represented 18 or 1 percent.

**PERFORMANCE CONTEXT**

Assessment Area MSA 0960 (Binghamton, NY) consists of Broome and Tioga Counties and has a population of 264 thousand. Eighty percent of the populace resides in Broome County. Of the 68 census tracts located in the MSA, 16 percent are upper-income, 53 percent are middle-income and 31 percent are LMI.

### Income Characteristics

The 1990 Census MSA median family income is \$35,873, while the 1999 HUD adjusted median family income is \$42,900. Based on the 1990 median family income figures, 19 percent of all families in the MSA are low-income, 19 percent are moderate-income, 24 percent are middle-income, and 38 percent are upper-income. In addition, 7 percent of the families live below the poverty line.

### Housing Characteristics

The 1990 Census data indicates that the MSA has 68 thousand owner-occupied units or 63 percent of the housing stock. Ten thousand or 15 percent of the owner-occupied units are located in LMI census tracts. The median housing value of \$77 thousand is substantially less than the state average of \$130 thousand.

### Labor, Employment and Economic Characteristics

The Binghamton MSA has experienced an ongoing economic decline over the past several years largely because of lost manufacturing jobs. Historically, one of the area's predominant labor characteristics was the high percentage of jobs in the manufacturing sector. In 1988, manufacturing jobs accounted for 31.4 percent of all non-agricultural jobs, but the percentage dropped to 22.2 percent by 1994.

Between 1988 and 1994, defense spending cuts have resulted in the loss of nearly 14 thousand manufacturing jobs. The Binghamton region has suffered as its commercial and industrial buildings aged, with little or no attention paid to modernization. The unemployment rate in Broome County decreased from 3.9 percent in September 1998, to 3.8 percent in September 1999. Also in Tioga County, the unemployment rate decreased from 3.3 percent to 3.1 percent during the same period.

### Similarly Situated Banks

Similarly situated banks in MSA 0960 (Binghamton, NY) include HSBC, Charter One, Chase, BSB Bank, and NBT Bank.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 0960 (BINGHAMTON, NY)**

### **LENDING TEST**

#### **Geographic Distribution of Lending**

Overall, the geographic distribution of loans reflected adequate penetration of the assessment area. Performance was strongest in small business lending where distribution was excellent. Geographic distribution was adequate in home purchase lending, refinancings, and home



improvement lending. Lending in all four categories was poor in Tioga County. Although the bank has included this county as part of this assessment area in both the current and past examination periods, M&T had no branch presence in Tioga County until late 1999. For details, see Exhibits 5-8.

### Home Purchase Loans

The overall geographic distribution of home purchase loans across census tracts of different income levels reflected adequate penetration in the MSA. M&T originated 10.2 percent of home purchase loans in LMI census tracts while 15 percent of the owner-occupied units in this MSA are located in LMI census tracts. The geographic distribution in LMI census tracts was good in Broome County where the bank has an established presence. When comparing the distribution of home purchase loans extended in LMI census tracts, M&T ranked fourth out of a group of six similarly situated institutions and underperformed the market aggregate of home purchase lenders in the MSA.

### Refinancings

The overall geographic distribution of refinancings in this assessment area was adequate. M&T originated 7.8 percent of refinance loans in LMI census tracts while 14.6 percent of the owner-occupied units in this MSA are located in LMI census tracts. When comparing the distribution of refinancings extended in LMI census tracts, M&T ranked fourth out of six similarly situated institutions, and underperformed the market aggregate of refinance lenders in the MSA.

### Home Improvement Loans

The overall geographic distribution of home improvement loans in the MSA was adequate. M&T originated 9.4 percent of loans in LMI geographies while 14.6 percent of owner-occupied units are located in LMI geographies. When comparing the distribution of home improvement loans extended in LMI census tracts, M&T ranked third out of six similarly situated institutions and underperformed the market aggregate of home improvement lenders in the MSA.

### Small Business Loans

The overall geographic distribution of small business loans in MSA 0960 (Binghamton, NY) was excellent. M&T originated 30.3 percent of loans in LMI geographies while 27 percent of business establishments are located in LMI geographies. Originations of small business loans were greater in LMI tracts than in non-LMI tracts based on the proportion of lending to businesses in LMI tracts compared with non-LMI tracts. M&T's performance ranked fourth of six similarly situated institutions and performed as well as the market aggregate of small business lenders in the MSA.

## **Borrower Characteristics**

The overall lending performance of HMDA-related and small business loans across borrower income levels in MSA 0960 (Binghamton, NY) reflected adequate distribution. The bank demonstrated good performance when lending to both moderate-income borrowers and small businesses. However, lending performance to low-income borrowers was poor.

### *HMDA-related Lending to Low-income Families*

The overall distribution of HMDA-related loans to low-income borrowers was poor. Performance context issues discussed on page BB21 were considered, but since the bank substantially underperformed the market aggregate for all HMDA lenders, its performance was considered poor and needs to improve.

The distribution of home purchase loans to low-income borrowers was poor in this MSA. The percentage of loan originations to low-income borrowers was substantially lower than the percentage of low-income families in the MSA. M&T originated only 5 percent of its home purchase loans to low-income borrowers, while low-income families amount to 18 percent of all families in the MSA. M&T substantially underperformed the market aggregate for home purchase lenders and underperformed similarly situated banks, ranking fifth of six.

The distribution of refinancings to low-income borrowers also was poor. The percentage of loan originations to low-income borrowers was substantially lower than the percentage of low-income families in the MSA. M&T originated only 2 percent of its refinancings to low-income borrowers, while low-income families total 18 percent of all families in the MSA. M&T substantially underperformed the market aggregate for refinance lenders and underperformed similarly situated banks, ranking fourth of six.

The distribution of home improvement lending to low-income borrowers was poor. The percentage of the bank's home improvement lending to low-income families was substantially lower than the percentage of low-income families in the MSA. M&T originated 6 percent of its home improvement loans to low-income borrowers, while 18 percent of all families in the MSA are low-income. M&T underperformed similarly situated banks ranking fourth of six and significantly underperformed the market aggregate for home improvement lenders.

### *HMDA-related Lending to Moderate-income Families*

The distribution of home purchase loans to moderate-income borrowers was excellent in this MSA. The percentage of loan originations to moderate-income borrowers was comparable to the percentage of moderate-income families in the MSA. M&T originated 19 percent of its home purchase loans to moderate-income borrowers, while 19 percent of all families in the MSA are moderate-income. While the bank displayed excellent lending performance, M&T underperformed both the market aggregate of home purchase lenders and similarly situated banks, ranking fifth of seven.

The distribution of refinancings to moderate-income borrowers was good. The percentage of loan originations to moderate-income borrowers was slightly lower than the percentage of moderate-income families in the MSA. M&T originated 15 percent of its refinancings to moderate-income borrowers, while 19 percent of all families in the MSA are moderate-income families. While the bank displayed a good level of lending to moderate-income borrowers, M&T underperformed the market aggregate for refinance lenders but outperformed similarly situated banks, ranking third of six.

The bank's level of home improvement lending to moderate-income borrowers was good. The percentage of the bank's home improvement lending to moderate-income families was slightly lower than the percentage of moderate-income families in the MSA. M&T originated 17 percent of its home improvement loans to moderate-income borrowers, while moderate-income families amount to 19 percent of all families in the MSA. Although M&T demonstrated strong lending performance, the bank underperformed similarly situated banks, ranking fourth of six, and underperformed the market aggregate for home improvement lenders.

In addition, the distribution of home improvement loans to moderate-income borrowers in Tioga County was considered weak and needs to improve.

#### *Lending to Businesses of Different Sizes*

The bank's distribution of loans to businesses of different sizes was good. Approximately 70 percent of small business loans originated during the examination period were to businesses with GAR of \$1 million or less, or to businesses where the revenue information was not collected. In comparison, 88 percent of business establishments in the MSA have GAR of \$1 million or less.

Of the 613 small business loan originations in the MSA, 480 or 78 percent were for loan amounts less than or equal to \$100 thousand. The average size of originations in this category was \$36 thousand. M&T underperformed both the market aggregate for small business lenders and similarly situated banks, ranking fourth of five.

#### *Community Development Lending*

Community development activity in MSA 0960 (Binghamton, NY) totaled \$106 thousand, or less than 1 percent of all community development lending, and this entire sum supported affordable housing. For details, see Exhibit 13.

### **INVESTMENT TEST**

Qualified investments in MSA 0960 (Binghamton, NY) totaled \$734 thousand or 2 percent of M&T's total investment activity for this examination. A total of \$590 thousand supported revitalization and stabilization and \$144 thousand supported community services. For details, see Exhibit 14.

## **SERVICE TEST**

### **Retail Banking Services**

#### *Accessibility of Delivery Systems*

Service delivery systems are readily accessible to geographies and individuals of different income levels in MSA 0960. The primary system for delivering retail credit and noncredit services is through the branch network. In addition to the branch network, M&T offers ATMs, drive-up windows, live and automated telephone banking, banking by mail, on-line banking, an LPO, and a business banking office.

#### *Branch Network*

As of December 31, 1999, M&T operated 22 full-service branches in the MSA. Eight, or 36 percent of branches, are located in LMI census tracts. (For details, see Exhibit 15.) The distribution of branches in LMI census tracts reflects the overall census tract distribution in MSA 0960, which has 68 census tracts with 21 tracts or 31 percent LMI. Of the total families in the MSA, 38 percent reside in LMI census tracts.

#### *Availability and Effectiveness of Alternate Systems for Delivering Retail Services*

M&T's alternate service delivery systems do not significantly enhance the availability and effectiveness of retail credit and noncredit services in LMI geographies or to LMI individuals. The bank operates four off-site ATMs in the MSA, one of which is located in an LMI census tract. In addition, M&T operates one LPO in a moderate-income census tract of Broome County in Endicott, New York.

#### *Record of Opening and Closing of Branches*

Since the previous examination, no branches were opened or closed.

#### *Reasonableness of Business Hours and Services in Meeting Assessment Area Needs*

M&T's business hours and services do not vary in a way that inconveniences its assessment area, particularly LMI geographies and LMI individuals. All branches offer a wide variety of similar commercial and retail financial products and services. Most of the full-service branches, including LMI branches, have extended business hours one day a week and/or Saturday hours.

### **Community Development Services**

M&T provides an adequate level of community development services, including seminars and technical assistance to various organizations, that are responsive to the community development needs in MSA 0960. During the examination period, the bank sponsored or participated in eight seminars and provided technical assistance to eight organizations that target LMI individuals or activities in LMI census tracts.

The eight community development services in the form of technical assistance were provided to community and economic development corporations. Five M&T employees serve on the boards of directors of corporations that include Meals on Wheels, Binghamton Local Development Corporation, and Planned Parenthood of Broome and Chenango Counties. Of the three bank employees serving in other technical assistance capacities, one is a committee member at Broome County Mortgage Outreach Partnership, another is a loan committee member for the Minority & Women Business Enterprise Development Center, and the third employee is a development committee member for Challenge Industries.

**CMSA 5602 (NEW YORK-NORTHERN NEW JERSEY-  
LONG ISLAND, NY-NJ-CT)**  
**Assessment Area 5**

Overall performance in the CMSA was adequate based upon the following summary conclusions:

- Overall, the geographic distribution of loans in CMSA 5602 reflected good penetration of the assessment area.
- The overall lending performance of HMDA-related and small business loans across borrower income levels reflected adequate distribution.
- Service delivery systems are inaccessible to portions of this assessment area, particularly in LMI geographies and to LMI individuals.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN CMSA 5602 (NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-CT)**

As of December 31, 1999, M&T operated 37 branches or 14 percent of all New York State branches in this assessment area. As of June 30, 1999, M&T controlled less than 1 percent of the retail deposit market share in CMSA 5602. M&T's branches contain approximately \$2.5 billion or 19 percent of the bank's deposits in the New York State assessment areas.

In 1998 and 1999, M&T originated 9,391 loans (home purchase, refinance, home improvement, small business/small farm, multifamily), totaling \$2.4 billion, to retail and commercial customers in the CMSA 5602 assessment area.

Of the 9,391 originations, home purchase loans represented 4,429 or 47 percent of the total; refinancings represented 3,184 or 34 percent; small business/small farm loans represented 1,084 or 11 percent; home improvement loans represented 341 or 4 percent; and multifamily loans represented 353 originations or 4 percent of the total.

**PERFORMANCE CONTEXT**

The CMSA 5602 assessment area includes:

- PMSA 5600 (New York, NY), consisting of Bronx, Kings, Queens, New York, Westchester and Rockland Counties;
- PMSA 5380 (Nassau-Suffolk, NY), consisting of Nassau and Suffolk Counties;
- PMSA 5660 (Newburgh, NY-PA), consisting of Orange County; and
- PMSA 2281 (Dutchess County, NY), consisting of Dutchess County.

This assessment area has a population of 11.3 million with PMSA 5600 (New York, NY) and PMSA 5380 (Nassau-Suffolk, NY) accounting for 95 percent of the CMSA assessment area population. The remaining 5 percent of the population is located in PMSA 5660 (Newburgh, NY-PA) with 3 percent, and PMSA 2281 (Dutchess County, NY) with 2 percent. Of the 3,094 census tracts in the CMSA, 29 percent are upper-income, 41 percent are middle-income, 17 percent are moderate-income and 13 percent are low-income.

#### *Income Characteristics*

The 1990 median family income for CMSA 5602 is \$42,200, which is higher than the \$37,515 median income for PMSA 5600 (New York, NY), but lower than that of the other PMSAs in this assessment area. Of the 3,094 census tracts in the assessment area, 937 or 30.3 percent are LMI. PMSA 5600 (New York, NY) contains 814 or 86.9 percent of the LMI tracts, and PMSA 5380 (Nassau-Suffolk, NY) contains 92 or 9.8 percent of the LMI tracts. In addition, 39.7 percent of the families residing in the CMSA are upper-income, 20.7 percent are middle-income, 16.6 percent are moderate-income, and 23 percent are low-income.

#### *Housing Characteristics*

The CMSA contains 4.4 million housing units, and 40.7 percent of them are owner-occupied. The median age of the housing stock in the CMSA is 40 years, which parallels the median age of the housing stock of the state. In LMI census tracts, 11 percent of the housing units are owner-occupied. The median housing value of \$191 thousand is higher than the state median housing value of \$130 thousand.

#### *Labor, Employment and Economic Characteristics*

Making a strong recovery from the economic downturn of the early 1990s, the New York City economy continued to show steady gains in the last half of the decade. The current private sector expansion is broad-based, with every sector except manufacturing adding jobs. The primary job generators were services, wholesale/retail trade, and finance/insurance/real estate. A strong local economy and a booming financial industry have contributed to the retail and services sector growth. The wealth created by Wall Street has generated strong tax revenues, raised home prices, attracted high-end retailers, and led to a marked improvement in the commercial real estate market.

#### *Similarly Situated Banks*

Within CMSA 5602, similarly situated banks include HSBC, Bank of New York, Republic National Bank, Fleet Bank, Dime Savings, Greenpoint, Citibank, and Chase. In addition, similarly situated banks include EAB, Northfork, Emigrant, Apple Bank, and Independence.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CMSA 5602 (NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-CT)**

### **LENDING TEST**

#### **Geographic Distribution of Lending**

Overall, the geographic distribution of loans in CMSA 5602 reflected good penetration of the assessment area, but performance varied within the PMSAs making up this assessment area. Geographic distribution was good in PMSA 5600 (New York, NY) and in PMSA 5380 (Nassau-Suffolk, NY), and adequate in PMSA 5660 (Newburgh, NY-PA) and PMSA 2281 (Dutchess County, NY). For details see Exhibits 5-8.

#### **Home Purchase Loans**

The overall geographic distribution of home purchase loans across census tracts of different income levels reflected excellent penetration of CMSA 5602. The percentage of home purchase loans originations in LMI geographies was greater than the percentage of owner-occupied units in these census tracts.

In CMSA 5602, M&T originated 20.3 percent of home purchase loans in LMI census tracts while 11.1 percent of the owner-occupied units are located in LMI tracts. Performance was strongest in PMSA 5600 (New York, NY) and PMSA 5380 (Nassau-Suffolk, NY) where distribution was excellent. Home purchase loan distribution was good in PMSA 5660 (Newburgh, NY-PA) and adequate in PMSA 2281 (Dutchess County, NY). In particular, M&T's geographic distribution outperformed the market aggregate of home purchase lenders in PMSA 5600 and ranked at the top of a group of nine similarly situated banks.

#### **Refinancings**

The overall geographic distribution of refinancings reflected adequate penetration throughout most of the assessment area. In CMSA 5602, M&T originated 7.9 percent of refinancings in LMI census tracts while 11.1 percent of owner-occupied units are located in these census tracts.

Performance was strongest in PMSA 5380 (Nassau-Suffolk, NY) where the distribution of refinance lending was good. Distribution in the remaining three PMSAs was considered adequate. In particular, in PMSA 5600, M&T ranked fifth in a group of nine similarly situated institutions when comparing the percentage of refinancings in LMI census tracts with the percentage of owner-occupied units in these tracts. In addition, the bank underperformed the market aggregate of refinance lenders in this PMSA.

#### **Home Improvement Loans**

The overall geographic distribution of home improvement loans reflected good penetration throughout most of the assessment area. In CMSA 5602, M&T originated 10 percent of home



improvement loans in LMI census tracts while 11.1 percent of owner-occupied units are located in these census tracts. Performance within the PMSAs varied, however, and was strongest in PMSA 5600 (New York, NY) and PMSA 5380 (Nassau-Suffolk, NY) where distribution was excellent. Home improvement loan distribution was adequate in PMSA 5660 (Newburgh, NY-PA) and was weak and needs to improve in PMSA 2281 (Dutchess County, NY). In particular, in PMSA 5600, M&T ranked fourth in a group of nine similarly situated institutions when comparing the percentage of home improvement loans made in LMI census tracts with the percentage of owner-occupied units in these tracts. However, the bank underperformed the market aggregate of home improvement lenders in this PMSA.

### Small Business Loans

The overall geographic distribution of small business loans reflected adequate penetration in the assessment area. M&T originated 10.8 percent of small business loans in LMI census tracts while 21.7 percent of business establishments are located in these census tracts. Performance within the PMSAs varied, however, and was weak and needs to improve in PMSA 5600 (New York, NY) and PMSA 5380 (Nassau-Suffolk, NY). Small business loan distribution was adequate in PMSA 5660 (Newburgh, NY-PA) and was considered good in PMSA 2281 (Dutchess County, NY). In particular, when comparing the percentage of small business loans made in LMI tracts with the percentage of businesses in these tracts in PMSA 5600, M&T ranked last among nine similarly situated institutions. In addition, the bank underperformed the market aggregate of small business lenders in this PMSA.

### Borrower Characteristics

The overall lending performance of HMDA-related and small business loans across borrower income levels in CMSA 5602 reflected adequate distribution. The bank demonstrated good performance when lending to moderate-income borrowers. Adequate performance was noted in lending to both low-income borrowers and small businesses.

### HMDA-related Lending to Low-income Families

The distribution of home purchase loans to low-income borrowers was adequate in CMSA 5602 when considering performance context issues discussed on page BB21. The percentage of loan originations to low-income borrowers was substantially lower than the percentage of low-income families in the MSA. M&T originated only 2 percent of its home purchase loans to low-income borrowers, while low-income families amount to 23 percent of all families in the CMSA. This level of performance was consistent with all the PMSAs in the CMSA.

The distribution of refinancings to low-income borrowers was adequate in CMSA 5602 when considering performance context issues discussed earlier. The percentage of loan originations to low-income borrowers was significantly lower than the percentage of low-income families in the MSA. M&T originated only 3 percent of its refinancings to low-income borrowers, while low-income families total 23 percent of all families in the CMSA. This level of performance was consistent with all the PMSAs in the CMSA.

The distribution of home improvement lending to low-income borrowers was adequate in CMSA 5602 when considering performance context issues discussed earlier. The percentage of the bank's home improvement lending to low-income families was substantially lower than the percentage of low-income families in the MSA. M&T originated only 6 percent of its home improvement loans to low-income borrowers, while 23 percent of all families in the CMSA are low-income. This level of performance was consistent with all the PMSAs in the CMSA.

*HMDA-related Lending to Moderate-income Families*

The distribution of home purchase loans to moderate-income borrowers was good in CMSA 5602. The percentage of loan originations to moderate-income borrowers was slightly lower than the percentage of moderate-income families in the MSA. M&T originated 14 percent of its home purchase loans to moderate-income borrowers, while 17 percent of all families in the CMSA are moderate-income. However, performance varied within the PMSAs making up this assessment area. Geographic distribution was excellent in PMSA 5380 (Nassau-Suffolk, NY) and good in PMSA 2281 (Dutchess County, NY). In PMSA 5600 (New York, NY) and PMSA 5660 (Newburgh, NY-PA), distribution was adequate. In particular, while the bank demonstrated overall good lending performance, M&T underperformed the market aggregate and similarly situated banks for home purchase lenders in PMSA 5600 (New York, NY).

The distribution of refinance lending to moderate-income borrowers was good in CMSA 5602. The percentage of loan originations to moderate-income borrowers was slightly lower than the percentage of moderate-income families in the MSA. M&T originated 12 percent of its refinance loans to moderate-income borrowers, while 17 percent of all families in the CMSA are moderate-income. However, performance varied within the PMSAs in this assessment area. Geographic distribution was excellent in PMSA 5380 (Nassau-Suffolk, NY) and good in PMSA 2281 (Dutchess County, NY). Distribution was weak in PMSA 5600 (New York, NY) and adequate in PMSA 5660 (Newburgh, NY-PA). While the bank displayed an overall good level of lending to moderate-income borrowers in PMSA 5600 (New York, NY), M&T underperformed the market aggregate for refinance lenders but outperformed similarly situated banks.

The distribution of home improvement lending to moderate-income borrowers was excellent. The percentage of the bank's home improvement lending to moderate-income families was slightly higher than the percentage of moderate-income families in the MSA. M&T originated 20 percent of its home improvement loans to moderate-income borrowers, while 17 percent of all families in the CMSA are moderate-income. However, performance varied slightly within the PMSAs making up the CMSA. Excellent distribution was noted in PMSA 5600 (New York, NY) and PMSA 5380 (Nassau-Suffolk, NY). Good distribution was noted in PMSA 2281 (Dutchess County, NY) and PMSA 5660 (Newburgh, NY-PA). In particular, M&T's performance compared favorably with similarly situated banks in PMSA 5600 (New York, NY) but underperformed the market aggregate.

### Lending to Businesses of Different Sizes

The bank's distribution of loans to businesses of different sizes was adequate, and this level of performance was consistent throughout the CMSA. Approximately 62 percent of small business loans originated during the examination period were to businesses with GAR of \$1 million or less, or to businesses where the revenue information was not collected. In comparison, 85 percent of business establishments in the CMSA have GAR of \$1 million or less.

Of the 1,084 small business loan originations in the CMSA, 550 or 51 percent were for loan amounts less than or equal to \$100 thousand. The average size of originations in this category was \$48 thousand. In PMSA 5600 (New York, NY), M&T underperformed both the market aggregate for small business lenders as well as similarly situated banks.

### Community Development Lending

Community development lending for CMSA 5602 was \$156.9 million or 64 percent of all community development activity. Most of this lending took place in PMSA 5600 (New York, NY) with a total of \$126.7 million or 51.7 percent of all lending, followed by PMSA 5380 (Nassau-Suffolk, NY) with a total of \$25.5 million and 10.4 percent of the community development lending. For details, see Exhibit 13.

Sixty-three percent or \$99.5 million of the lending activity in CMSA 5602 was directed toward affordable housing and financed 3,216 affordable housing units. In addition, 36 percent or \$55.9 million of the lending activity in this CMSA supported community services.

## **INVESTMENT TEST**

Qualified investments in CMSA 5602 totaled \$15.5 million or 41 percent of all qualified investments. Most of the investments, amounting to \$11.7 million, were made in PMSA 5600 (New York, NY). For details, see Exhibit 14.

The qualified investments in the CMSA consisted primarily of municipal bonds for various school districts and municipalities, deposits in Community Development Financial Institutions ("CDFI") and investments in collateral trust notes of the Community Preservation Corporation.

## **SERVICE TEST**

### **Retail Banking Services**

#### Accessibility of Delivery Systems

Service delivery systems are inaccessible to portions of the CMSA 5602 assessment area, particularly in LMI geographies and to LMI individuals. The main system for delivering retail

credit and noncredit services is through the branch network. In addition to the branch network, M&T offers ATMs, drive-up windows, live and automated telephone banking, banking by mail, on-line banking, LPOs, and business banking centers.

### Branch Network

As of December 31, 1999, M&T operated 37 full-service branches in CMSA 5602. Five, or 14 percent of the branches, are located in LMI census tracts. (For details, see Exhibit 15.) Branch distribution in the CMSA is weak as only 14 percent of branches are located in LMI census tracts while 30 percent of the census tracts are LMI.

A significant portion (72 percent) of all the assessment areas' LMI census tracts and LMI families (68 percent) are located in CMSA 5602. There are no branches in Bronx County, which has a large concentration of census LMI tracts (58 percent), families living in LMI census tracts (61 percent), and LMI families (57 percent). The branch network located in PMSA 5600 (New York, NY) and PMSA 5380 (Nassau-Suffolk, NY) was acquired when an M&T bank holding company subsidiary merged with the East New York Savings Bank in May 1997.

### Availability and Effectiveness of Alternate Systems for Delivering Retail Services

M&T's alternate service delivery systems do not significantly enhance the availability and effectiveness of retail credit and noncredit services in LMI geographies or to LMI individuals. Other delivery systems include ATMs, live and automated telephone banking, banking by mail, on-line banking, five LPOs, and two business banking centers.

M&T operates four off-site ATMs in CMSA 5602. All the ATMs are located in upper-income census tracts, none in LMI census tracts. All ATMs provide various withdrawal, deposit, loan transaction, and transfer services.

M&T operates five LPOs in the CMSA, one of which is located in a moderate-income census tract of Suffolk County in Riverhead, New York. Other offices are located in Orange County (Newburgh), Queens County (Ozone Park), Suffolk County (Melville), and Richmond County (Staten Island).

### Record of Opening and Closing of Branches

The bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals of CMSA 5602. Since the previous examination, three branches opened and six branches closed. None of the branches opened and closed were located in an LMI tract.

*Reasonableness of Business Hours and Services in Meeting Assessment Area Needs*

M&T's business hours and services do not vary in a way that inconveniences assessment areas of CMSA 5602, particularly LMI geographies and LMI individuals. All branches offer a wide variety of similar commercial and retail financial products and services. Most of the full-service branches, including LMI branches, have extended business hours one day a week and/or Saturday hours.

**Community Development Services**

M&T provides an adequate level of community development services, including seminars and technical assistance to various organizations, that are responsive to the community development needs in the CMSA. During the examination period, M&T sponsored or participated in 25 seminars and provided technical assistance to 18 organizations that target LMI individuals or activities in LMI census tracts.

Eighteen community development services in the form of technical assistance were provided to community and economic development corporations. Eight M&T employees serve on the boards of directors of corporations that include Family Health Center of Newburgh, Literacy Volunteers of America, and Cypress Hills Development Corporation. Ten employees serve in other technical assistance capacities, including program consulting for Junior Achievement in Orange County, fundraising for People to People, and serving as a committee member for Neighborhood 2000 Fund.

*For the remaining New York State MSAs, which follow, the exhibits beginning on page BB96 provide details on geographic distribution of loans, distribution of loans among borrowers of different income levels and businesses of different sizes, the accessibility of the bank's branches in the MSAs, community development lending, and qualified investments.*

**MSA 0160 (ALBANY-SCHENECTADY-TROY, NY)**  
**Assessment Area 6**

Performance in the MSA was consistent with the bank's overall performance.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 0160 (ALBANY-SCHENECTADY-TROY, NY)**

As of December 31, 1999, M&T operated 12 branches or 5 percent of all New York State branches in this assessment area. As of June 30, 1999, the bank controlled 4 percent of the retail deposit market share in this MSA. M&T's branches contain approximately \$342 million or 4 percent of the bank's deposits in the New York State assessment areas.

In 1998 and 1999, M&T originated 4,004 loans (home purchase, refinance, home improvement, small business/small farm, multifamily), totaling \$439 million, to retail and commercial customers in the MSA 0160 assessment area.

Of these 4,004 originations, home purchase loans represented 1,913 or 48 percent of the total; refinancings represented 1,499 or 37 percent; small business/small farm loans represented 509 or 13 percent; home improvement loans represented 78 or 2 percent; and multifamily loans represented 5 or less than 1 percent of the total.

**PERFORMANCE CONTEXT**

MSA 0160 (Albany-Schenectady-Troy, NY) consists of Albany, Rensselaer, Schenectady, and Saratoga Counties. This assessment area has a total population of 777 thousand, with the majority of the population, 292,594 or 38 percent, residing in Albany County. Of the 191 census tracts in the assessment area, 22 percent are upper-income, 56 percent of middle-income and 23 percent are LMI.

The 1990 Census median family income for the MSA is \$40,655, while the HUD estimated 1999 median family income for the MSA is \$49,700. Based on the 1990 median family income figures, 39.7 percent of the families in this MSA are upper-income, 25.5 percent middle-income, 18.3 percent moderate-income and 16.4 percent low-income. Six percent of families live below the poverty level.

There are 190 thousand owner-occupied housing units in the assessment area, and 21 thousand units (11 percent) are located in LMI areas. In addition, 33 percent or 109 thousand of the total number of housing units in the MSA are rentals. The median housing value for the MSA is \$101,744, significantly lower than the state average of \$130,351.

**MSA 8680 (UTICA-ROME, NY)**  
**Assessment Area 7**

Performance in this MSA was generally consistent with the bank's overall performance except for geographic distribution. The geographic distribution of loans in this MSA reflected adequate penetration overall in all four lending products.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 8680 (UTICA-ROME, NY)**

As of December 31, 1999, M&T operated three branches or 1 percent of all New York State branches in this assessment area. As of June 30, 1999, the bank controlled 4 percent of the retail deposit market share in this MSA. M&T's branches contain approximately \$95 million or 1 percent of the bank's deposits in the New York State assessment areas.

In 1998 and 1999, M&T originated 355 loans (home purchase, refinance, home improvement, small business/small farm, multifamily), totaling \$23 million, to retail and commercial customers in this assessment area.

Of the 355 originations, home purchase loans represented 136 or 38 percent of the total; refinancings represented 144 or 41 percent of total; small business/small farm loans represented 45 or 13 percent of total; and home improvement loans represented 30 originations or 8 percent of the total.

**PERFORMANCE CONTEXT**

The assessment area of MSA 8680 (Utica-Rome, NY) consists of Oneida County, which has a population of 250,836, or 79 percent of the MSA's total population.

The 1990 median family income for the MSA is \$31,702, which is considerably lower than the \$39,741 median family income reported by the state. The 1990 median family income for the assessment area is \$32,558, while the HUD-adjusted 1999 median family income for the area is \$38,600. Based on 1990 Census data, 40.5 percent of the families residing in this assessment area are upper-income, 23.8 percent are middle-income, 18.4 percent are moderate-income, and 17.3 percent are low-income. Approximately 8.8 percent of families subsist below the poverty level. Of the 82 census tracts that make up the county, 24 tracts, or 29 percent, are LMI.

The Oneida County assessment area contains 101,251 housing units, of which 60 percent are owner-occupied. In LMI census tracts, 10.3 percent of the housing units are owner-occupied. The

median age of the housing stock is 55 years, considerably older than the state average of 41 years. The 1990 median housing value of \$72 thousand for this assessment area is slightly higher than that of the MSA overall (\$70 thousand), but well below the state median housing value (\$130 thousand).

**MSA 3610 (JAMESTOWN, NY)**  
**Assessment Area 8**

Performance in this MSA is generally consistent with the bank's overall performance except in geographic distribution. The geographic distribution of loans reflected overall weak penetration. Weak distribution was noted in home purchase and refinance lending while performance in home improvement lending was adequate.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 3610 (JAMESTOWN, NY)**

As of December 31, 1999, M&T operated 12 branches or 5 percent of all New York State branches in this assessment area. As of June 30, 1999, the bank controlled 8 percent of the retail deposit market share in this MSA. M&T's branches contain approximately \$94 million or 1 percent of the bank's deposits in the New York State assessment areas.

In 1998 and 1999, M&T originated 555 loans (home purchase, refinance, home improvement, small business/small farm, multifamily), totaling \$42 million, to retail and commercial customers in the MSA 3610 assessment area.

Of these 555 originations, home purchase loans represented 86 or 15 percent of the total; refinancings represented 113 or 20 percent; small business/small farm loans represented 268 or 49 percent; home improvement loans represented 86 or 16 percent; and multifamily loans represented 2 originations or less than 1 percent of the total.

**PERFORMANCE CONTEXT**

Assessment area MSA 3610 consists of a portion of Chautauqua County that includes the city of Jamestown. This assessment area has a population of 129,424. Of the 30 census tracts in Jamestown County, 3 (10 percent) are upper-income, 22 (73 percent) are middle-income, and 5 (17 percent) are LMI.

The 1990 Census figure for median family income is \$24,026 while the HUD estimated 1999 median family income for the MSA is \$37,300. Based on the 1990 median family income figures, 39 percent of the families qualify as upper-income, 23 percent middle-income, 18 percent moderate-income and 20 percent low-income. Ten percent of the families live below the poverty level.



Of the 33,346 owner-occupied housing units in the assessment area, 3,298 (10 percent) are in LMI census tracts. The 16,007 rental units have an average median rent of \$326, substantially lower than the state average of \$486. High vacancies and substandard conditions, especially in the rental stock, characterize the Jamestown housing market.

**MSA 2335 (ELMIRA, NY)**  
**Assessment Area 9**

Performance in the MSA is generally consistent with the bank's overall performance except for geographic distribution. The geographic distribution of loans reflected adequate penetration overall. Distribution was weak in small business and refinance lending while performance in home improvement lending was adequate.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 2335 (ELMIRA, NY)**

As of December 31, 1999, M&T operated one branch or less than 1 percent of all New York State branches in this assessment area. As of June 30, 1999, the bank controlled 2 percent of the retail deposit market share in this MSA. M&T's branches contain approximately \$22 million or less than 1 percent of the bank's deposits in the New York State assessment areas.

In 1998 and 1999, M&T originated 57 loans (home purchase, refinance, home improvement, small business/small farm, multifamily), totaling \$3.3 million, to retail and commercial customers in the MSA 2335 assessment area. Of these 57 originations, home purchase loans represented 19 or 34 percent of the total; refinancings represented 15 or 26 percent; small business/small farm loans represented 15 or 26 percent; and home improvement loans represented 8 or 14 percent of the total.

**PERFORMANCE CONTEXT**

Assessment area MSA 2335 (Elmira, NY) consists of a portion of Chemung County and contains 19 census tracts. The assessment area has a population of 75,767, or 80 percent of the total population in the entire MSA. The 1990 Census figure for the MSA median family income is \$32,015, which approximates the 1990 median family income of the assessment area of \$32,133. The HUD-adjusted 1999 median family income for the MSA is \$41,400. Based on the 1990 assessment area median family income, 39.5 percent of the families qualify as upper-income, 22.3 percent middle-income, 18.1 percent moderate-income, and 20.1 percent low-income. Approximately 10 percent of the families in this assessment area live below poverty the level. Based on the 1990 Census, 6 or 32 percent of the 19 census tracts that make up the assessment area are LMI.

Of the 30,081 housing units in this assessment area, 61 percent are owner-occupied with approximately 9 percent of that housing is located in LMI areas. The median housing age is 55 years, which is significantly higher than the state average of 41 years. The median housing value

is \$53,417, well below the \$130 thousand median housing value of the state. Programs are needed to increase homeownership in the city of Elmira as the number and percentage of owner-occupied units has declined in recent years. There is also a strong demand for housing options for Elmira's senior citizen population. Fifteen percent of the city's population is over 65 years of age.

# ANALYSIS OF NON-METROPOLITAN STATISTICAL AREAS

## NEW YORK STATE COUNTIES OF SENECA, TOMPKINS, AND CORTLAND Assessment Area 10

Overall performance in this non-MSA assessment area was good, based on the following summary conclusions:

- The overall geographic distribution of loans was excellent.
- The overall lending performance of HMDA-related and small business loans across borrower income levels reflected adequate distribution.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in Seneca, Tompkins, and Cortland Counties in New York State.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN SENECA, TOMPKINS, AND CORTLAND COUNTIES**

As of December 31, 1999, M&T operated nine branches or 3 percent of all New York State branches in this assessment area. As of June 30, 1999, the bank controlled 14 percent of the retail deposit market share in these non-MSA counties combined. M&T's branches contain approximately \$247 million or 2 percent of the bank's deposits in the New York State assessment areas.

In 1998 and 1999, M&T originated 766 loans (home purchase, refinance, home improvement, small business/small farm, multifamily), totaling \$76 million, to retail and commercial customers, in this assessment area. Of these 766 originations, home purchase loans represented 225 or 30 percent; refinancings represented 330 or 43 percent of the total; small business/small farm loans represented 132 or 17 percent; home improvement loans represented 71 or 9 percent; and multifamily loans represented 8 or 1 percent of the total.

### **PERFORMANCE CONTEXT**

This assessment area includes portions of Tompkins, Cortland and Seneca Counties. The total population in the assessment area is 169 thousand, with the majority of the populace, 94,097 or 56 percent, residing in Tompkins. Of the 45 block numbering areas ("BNAs"), 27 percent are upper-income, 58 percent are middle-income and 16 percent are LMI.

### Income Characteristics

According to the 1990 Census, median family income for this non-MSA group is \$31,473. The HUD estimated 1999 median family income for Cortland County is \$41,400, \$48,200 for Tompkins County and \$41,900 for Seneca County. Also, based on the 1990 Census data for median family income figures, 46 percent of the families qualify as upper-income, 22 percent as middle-income, 16 percent as moderate-income and 16 percent as low-income. Nine percent of the families live below the poverty level.

### Housing Characteristics

The assessment area contains 36 thousand owner-occupied housing units, of which 3.5 percent are located in LMI BNAs. Cortland County does not have any LMI BNAs. The median housing value of \$65 thousand is substantially lower than the state average of \$130 thousand.

### Labor, Employment and Economic Characteristics

This predominantly rural area is home to Cornell University, Ithaca College and Tompkins Cortland Community College. Tompkins County's economy remains one of the most stable in upstate New York, primarily because of Cornell and Ithaca College's status as the area's two largest employers.

Cortland County, also predominantly rural, is considered the southeastern gateway to the Finger Lakes region. Milling machines, medical instruments and components, textiles, electrical components, plastic consumer goods, components for NASA, and various other goods and services are produced here. In addition, international export is an integral part of many area corporations. The number of farms in the county has declined, but acreage per farm and yield per acre have increased. Continued growth in the service and light industry sectors contributes to the growing economic strength of the central New York region.

The unemployment rate in Cortland County decreased from 7.8 percent in September 1998 to 5.5 percent in September 1999. In Tompkins County, the unemployment rate increased during the same period from 3.1 percent to 3.3 percent. Finally, in Seneca County the unemployment rate increased from 3.6 percent to 4.5 percent.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS SENECA, TOMPKINS, AND CORTLAND COUNTIES**

### **LENDING TEST**

#### **Geographic Distribution of Lending**

The overall geographic distribution of loans in this non-MSA assessment area was excellent. Performance was strong in all four lending products and concentrated in Tompkins County since Cortland and Seneca County have no LMI BNAs. For details, see Exhibits 5-8.

#### *Home Purchase Loans*

The overall geographic distribution of home purchase loans across census tracts of different income levels reflected excellent penetration in this non-MSA assessment area. M&T originated 6.2 percent of home purchase loans in LMI BNAs while 3.5 percent of the owner-occupied units are located in LMI BNAs. Although M&T's performance was strong, the bank ranked third out of a group of four similarly situated institutions in this assessment area.

#### *Refinancings*

The overall geographic distribution of refinancings in this non-MSA assessment area was excellent. M&T originated 5.2 percent of refinance loans in LMI BNAs while 3.5 percent of the owner-occupied units are located in LMI BNAs. Although strong, M&T's performance ranked third out of four similarly situated institutions.

#### *Home Improvement Loans*

The overall geographic distribution of home improvement loans in this non-MSA was excellent. M&T originated 8.5 percent of loans in LMI BNAs while 3.5 percent of owner-occupied units are located in LMI BNAs. M&T's performance, although strong, ranked third out of a group of four similarly situated institutions in home improvement lending.

#### *Small Business Loans*

The geographic distribution of small business loans in this non-MSA was excellent. M&T originated 27.3 percent of loans in LMI BNAs while 17.8 percent of business establishments are located in LMI BNAs. M&T's performance ranked first out of seven similarly situated institutions in small business lending.

#### **Borrower Characteristics**

The overall lending performance of HMDA-related and small business loans across borrower income levels in this non-MSA (Seneca-Tompkins-Cortland) reflected adequate distribution. The

bank's performance was good when lending to moderate-income borrowers and adequate when lending to both low-income borrowers and small businesses.

*HMDA-related Lending to Low-income Families*

The distribution of home purchase loans to low-income borrowers was adequate in Non-MSA Cortland, Tompkins, and Seneca Counties when considering the performance context issues discussed on page BB21. The percentage of loan originations to low-income borrowers was substantially lower than the percentage of low-income families in the MSA. M&T originated only 4 percent of its home purchase loans to low-income borrowers while 16 percent of all families in the counties are low-income.

The distribution of refinance lending to low-income borrowers was adequate in this non-MSA when considering the performance context issues discussed earlier. The percentage of loan originations to low-income borrowers was significantly lower than the percentage of low-income families in the non-MSA. M&T originated 1 percent of its refinance loans to low-income borrowers, while 16 percent of all families in the counties are low-income.

The distribution of home improvement lending to low-income borrowers was adequate. The percentage of the bank's home improvement lending to low-income families was significantly lower than the percentage of low-income families in the MSA. M&T originated only 4 percent of its home improvement loans to low-income borrowers, while low-income families amount to 16 percent of all families in the counties. M&T outperformed similarly situated banks ranking second out of four in Tompkins County.

*HMDA-related Lending to Moderate-income Families*

The distribution of home purchase loans to moderate-income borrowers was excellent. The percentage of loan originations to moderate-income borrowers was comparable to the percentage of moderate-income families in the MSA. M&T originated 16 percent of its home purchase loans to moderate-income borrowers, while 16 percent of all families in the MSA are moderate-income. M&T outperformed similarly situated banks for moderate-income borrowers in Tompkins County, ranking first of four.

However, the distribution of home purchase loans to moderate-income borrowers in Seneca County was weak and needs to improve.

The distribution of refinance lending to moderate-income borrowers was adequate. The percentage of loan originations to moderate-income borrowers was lower than the percentage of moderate-income families in the counties. M&T originated 7 percent of its refinance loans to moderate-income borrowers, while moderate-income families total 16 percent of all families in the counties. M&T underperformed similarly situated banks in Tompkins County ranking third among four.

The distribution of home improvement lending to moderate-income borrowers was adequate. The percentage of the bank's home improvement lending to moderate-income families was lower than the percentage of moderate-income families in the counties. M&T originated 9 percent of its home improvement loans to moderate-income borrowers, while 16 percent of all families in the counties are moderate-income. While the bank's lending level reflected adequate performance, M&T underperformed similarly situated banks ranking third of four in Tompkins County.

In addition, the distribution of home improvement loans to moderate-income borrowers in Seneca and Cortland Counties was weak and needs to improve.

#### Lending to Businesses of Different Sizes

The bank's distribution of loans to businesses of different sizes was adequate. Approximately 61 percent of small business loans originated during the examination period were to businesses with GAR of \$1 million or less, or to businesses where the revenue information was not collected. In comparison, 91 percent of business establishments in the non-MSA have GAR of \$1 million or less.

Of the 132 small business loan originations in the non-MSA, 92 or 70 percent were for loan amounts less than or equal to \$100 thousand. The average size of originations in this category was \$45 thousand. The bank underperformed similarly situated banks in Tompkins County, ranking fourth of four.

#### Community Development Lending

There was no community development activity in this non-MSA (Seneca, Tompkins, Cortland, NY). Regulation BB does not require an institution to make community development loans in all its assessment areas.

### **INVESTMENT TEST**

There were no qualified investments in this assessment area. Regulation BB does not require an institution to make qualified investments in all its assessment areas.

### **SERVICE TEST**

#### **Retail Banking Services**

##### Accessibility of Delivery Systems

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in Seneca, Tompkins, and Cortland Counties in New York State. As of December 31, 1999, M&T operated nine full-service branches. Of the nine branches, one branch is located

in one of seven LMI census tracts. Thirty-two percent of families in the non-MSA are LMI. For details, see Exhibit 15.

Availability and Effectiveness of Alternate Systems for Delivering Retail Services

M&T's alternate service delivery systems do not significantly enhance the availability and effectiveness of retail credit and noncredit services in LMI geographies or to LMI individuals. M&T operates five off-site ATMs in this non-MSA. One is located in moderate-income census tract of Tompkins County. There is also one LPO in a moderate-income census tract of Tompkins County.

Record of Opening and Closing Branches

Since the previous examination, no branches were opened or closed in the non-MSA assessment areas of Seneca, Tompkins, and Cortland Counties.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

M&T's business hours and services do not vary in a way that inconveniences its assessment area in this non-MSA, particularly in LMI geographies and LMI individuals. All branches offer a wide variety of similar commercial and retail financial products and services.

**Community Development Services**

M&T provided an adequate level of community development services, including seminars and technical assistance to various community development organizations, that are responsive to the needs in Seneca, Tompkins, and Cortland Counties. Most community development service activity was concentrated in Tompkins County.

Technical Assistance

Six community development services in the form of technical assistance were provided to community development and economic development corporations. Two M&T employees serve on the boards of directors of corporations that include Ithaca Housing Authority and Ithaca Neighborhood Housing Services. Four employees serve in other technical assistance capacities, such as president of Whitney Point Business Association and loan origination assistant for Ithaca Neighborhood Housing.



**NEW YORK STATE COUNTIES OF CATTARAUGUS,  
WYOMING, STEUBEN, AND ALLEGANY**  
**Assessment Area 11**

Performance in this non-MSA group was generally consistent with the bank's overall performance except with respect to geographic distribution. The geographic distribution of loans overall reflected adequate penetration. Weak overall distribution was noted in home purchase lending. Also, distribution of home improvement and home purchase lending was poor in the Cattaraugus County portion of the assessment area. In the Steuben County portion of the assessment area, weak distribution was noted in refinance and home improvement lending.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN CATTARAUGUS, WYOMING, STEUBEN, AND ALLEGANY COUNTIES**

As of December 31, 1999, M&T operated 11 branches or 4 percent of all New York State branches in this assessment area. As of June 30, 1999, the bank controlled 9 percent of the retail deposit market share in these non-MSA counties combined. M&T's branches contain approximately \$185 million or 1 percent of the bank's deposits in the New York State assessment areas.

In 1998 and 1999, M&T originated 989 loans (home purchase, refinance, home improvement, small business/small farm, multifamily), totaling \$56 million, to retail and commercial customers in the non-MSA assessment area. Of these 989 originations, home purchase loans represented 203 or 21 percent; refinancings represented 304 or 31 percent of the total; small business/small farm loans represented 223 or 23 percent; and home improvement loans represented 259 originations or 26 percent of the total.

**PERFORMANCE CONTEXT**

This non-MSA group assessment area includes Wyoming and Cattaraugus Counties as well as parts of Steuben County and Allegany County. The Steuben County portion of the assessment area consists of 15 block BNAs. The portion of Allegany County included in the assessment area is smaller, consisting of only five BNAs. This assessment area has a population of 189,456 of which 22.44 percent reside in Wyoming, 44.46 percent in Cattaraugus, 24.78 percent in Steuben, and 8.32 percent in Allegany.

The 1990 median family income for counties located in New York State's non-MSAs is \$31,473, compared with \$39,741 for the state. The HUD-adjusted 1999 median family income for the non-MSAs is \$39,300. Based on the 1990 Census, of the 53 BNAs in the assessment area, eight, or 15.1 percent, are LMI. Cattaraugus County contains five LMI BNAs (62.5 percent), Allegany County contains two LMI BNAs (25 percent), and Steuben contains one LMI BNA (12.5 percent). Wyoming County contains no LMI BNAs. The 1990 Census also indicates that 35 percent of the families residing in this assessment area are upper-income, 25 percent middle-

income, 21 percent are moderate-income, and 19 percent are low-income. Approximately 8.9 percent of the assessment area's families live below the poverty level.

The four-county assessment area contains 82,170 housing units, of which 61 percent are owner-occupied. In LMI BNAs, 10 percent of the housing units are owner-occupied. The median age of the housing stock is 40 years, slightly below the figure of 42 years for the non-MSAs of the state. The 1990 median housing value of \$46 thousand in this assessment area is considerably lower than both the New York State non-MSA median housing value of \$65 thousand and the \$130 thousand median housing value reported by the state. Allegany County has the lowest median housing value with \$38 thousand, followed by Cattaraugus County (\$42 thousand), and Steuben County (\$46 thousand). Wyoming County has the highest median housing value with \$52 thousand.

### **NEW YORK STATE COUNTY OF ULSTER** **Assessment Area 12**

Performance in this non-MSA was generally consistent with the bank's overall performance. However, the geographic distribution of refinance lending was weak and reflected poor distribution. In addition, lending to moderate-income borrowers reflected adequate loan distribution in Ulster County.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN ULSTER COUNTY**

As of December 31, 1999, M&T operated five branches or 2 percent of all New York State branches in this assessment area. As of June 30, 1999, M&T controlled 9 percent of the retail deposit market share in this non-MSA county. M&T's branches contain approximately \$185 million or 1 percent of the bank's deposits in the New York State assessment areas.

In 1998 and 1999, M&T originated 497 loans (home purchase, refinance, home improvement, small business/small farm, multifamily), totaling \$48 million, to retail and commercial customers in this assessment area. Of these 497 originations, home purchase loans represented 118 or 24 percent; refinancings represented 135 or 27 percent; small business/small farm loans represented 188 or 38 percent; home improvement loans represented 55 or 11 percent; and multifamily loans represented 1 origination or less than 1 percent of the total.

### **PERFORMANCE CONTEXT**

This assessment area consists of a portion of Ulster County and has a population of 131,226. Of the 35 BNAs in the assessment area, 71 percent are upper-income, 26 percent are middle-income and 3 percent are LMI.

According to the 1990 Census, median family income for Ulster County is \$41,584, while the HUD estimated 1999 median family income for the area is \$44,500. Based on the 1990 median family income figures, 56 percent of the families in the county are upper-income, 20 percent are middle income, 13 percent moderate-income, and 11 percent are low-income. Five percent of the families incomes are living below the poverty line.

Of the 33 thousand owner-occupied units in the assessment area, 664 (2 percent) of them are in LMI census tracts. The median housing value in the assessment area, based on the 1990 Census, is \$116 thousand, slightly less than the state median housing value of \$130 thousand. There are 15 thousand rental units in the assessment area.

## STATE OF PENNSYLVANIA

### CRA RATING FOR PENNSYLVANIA: "SATISFACTORY."

*The lending test is rated: High satisfactory.*

*The investment test is rated: Needs to improve.*

*The service test is rated: Outstanding*

Overall the performance in Pennsylvania is rated "satisfactory" based upon the following summary conclusions:

#### LENDING TEST

- M&T demonstrated good responsiveness to credit needs in its Pennsylvania assessment areas taking into account the number and dollar amount of home purchase, refinance, home improvement, multifamily and small business/small farm loans originated.
- The overall geographic distribution of home purchase, refinance, home improvement, and small business loans across census tracts of different income levels reflected excellent penetration throughout the bank's assessment areas in the state.
- The overall lending performance of HMDA-related and small business loans across borrower income levels in the state reflected good distribution.
- M&T made a low level of community development loans in Pennsylvania.

#### INVESTMENT TEST

- M&T's performance under the investment test needs to improve. The level of qualified investments made in Pennsylvania was low.

#### SERVICE TEST

- Service delivery systems providing credit and noncredit retail services are readily accessible to geographies and individuals of different income levels in the bank's Pennsylvania assessment areas.

- The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals.

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN PENNSYLVANIA**

The state of Pennsylvania assessment area contains a small part of M&T's operations and is not weighted heavily in the overall CRA performance. The bank operates 19 retail branches or only 7 percent of its total branches in Pennsylvania. At this examination, M&T does not have a large presence in the state. As of June 30, 1999, M&T had the 31<sup>st</sup> largest deposit market share in Pennsylvania, controlling less than half of 1 percent of all the state's deposits. Of the total retail loans originated, only 1,867 or 4 percent were originated in Pennsylvania.

## **PERFORMANCE CONTEXT**

The Pennsylvania assessment area consists of MSA 7560 (Scranton-Wilkes Barre-Hazleton, PA) and Non-MSA Monroe County. This assessment area has a population of 734 thousand, with 87 percent of the populace residing in MSA 7560. Of the 203 census tracts in the Pennsylvania state assessment area, 14 percent are upper-income, 74 percent are middle-income and 12 percent are LMI. MSA 7560 encompasses 93 percent of all the census tracts in the assessment area.

### *Income Characteristics*

Based on the 1990 Census median family income figure of \$31,375, 18 percent of all families in the state are low-income, 18 percent are moderate-income, 24 percent are middle-income, and 40 percent are upper-income. This MSA contains 87 percent of the total families and 91 percent of the total LMI families in the assessment area. In addition, 8 percent of the families live below the poverty line. The difficulties in penetrating the low-income borrower market are similar to the issues discussed in the New York State performance context section.

### *Housing Characteristics*

There are 196,600 owner-occupied units or 61 percent of the housing with a median housing value of \$65,991. MSA 7560 includes 87 percent of the owner-occupied units in the assessment area. Rental units represent 26 percent of the housing in the assessment area with a significant majority located in MSA 7560.

### *Labor, Employment and Economic Characteristics*

Pennsylvania lost roughly 24 percent of its employment in manufacturing positions, but manufacturing firms remain the second largest employers in the state. In contrast to these losses, growth in the construction trades (38 percent) and finance positions (37 percent) grew faster in Pennsylvania than the nation. Based on September 1999 figures, the state has a 4.3 percent unemployment rate.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PENNSYLVANIA**

### **LENDING TEST**

#### **Lending Activity**

M&T demonstrated good responsiveness to credit needs in its Pennsylvania assessment areas, taking into account the number and dollar amount of home purchase, refinance, home improvement, multifamily and small business/small farm loans originated. Overall lending activity continues to be strong in relation to the bank's size, market presence, financial capacity, and performance of similarly situated institutions. In 1998 and 1999, M&T originated 1,867 loans (home purchase, refinance, small business/small farm, multifamily), totaling \$127 million, to retail and commercial customers in the Pennsylvania assessment areas.

Of the 1,867 originations, home purchase loans represented 361 or 19 percent; refinancings represented 771 or 41 percent; small business/small farm loans represented 289 or 16 percent; home improvement loans represented 445 or 24 percent; and multifamily loans represented one origination or less than 1 percent of the total.

The overall level of lending in assessment areas where M&T has a significant deposit market share was good in comparison with similarly situated institutions on the basis of total loans and loans per billion dollars in core deposits. Good lending activity was noted in MSA 7560 (Scranton-Wilkes Barre-Hazleton, PA). However, small business lending activity in the MSA should be improved. Weakness in the MSA resulted from M&T's acquisition of Franklin First Saving Bank, which did not have a significant small business lending operation.

#### **Geographic Distribution of Lending**

The overall geographic distribution of home purchase, refinance, home improvement, and small business loans across census tracts of different income levels reflected excellent penetration throughout the bank's assessment areas in the state. The geographic distribution in the LMI census tracts of the MSA reflected strong overall performance. The non-MSA assessment area of Monroe County has no LMI census tracts so a geographic distribution analysis was not conducted.

#### **Borrower Characteristics**

The overall lending performance of HMDA-related and small business loans across borrower income levels reflected good distribution. Good distribution was noted in MSA 7560 while adequate distribution was noted in Non-MSA Monroe County.

### **Innovative and Flexible Lending Practices**

Innovative and flexible lending practices and programs and their availability in Pennsylvania are discussed in the overall institution rating section of this report on page BB13 and in Exhibit 4.

### **Community Development Lending**

M&T made a low level of community development loans in Pennsylvania. The bank originated one community development loan supporting affordable housing and amounting to \$1.4 million or 0.6 percent of all community development lending.

## **INVESTMENT TEST**

M&T's performance under the investment test needs to improve. The level of qualified investments made in Pennsylvania was low.

### **Dollar Amount of Qualified Investments**

M&T's qualified investments were in the form of grant donations amounting to \$105 thousand or 0.3 percent of all qualified investments.

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

M&T's investments consisted of \$91 thousand in grants to support community services, grants totaling \$9 thousand to support economic development, and \$5 thousand in grants to support affordable housing.

### **Innovative and Complex Investments**

None of the qualified investments made by M&T in this assessment area are innovative or complex.

## **SERVICE TEST**

M&T's performance under the service test is rated "outstanding" based on the bank's record of providing banking services in the state of Pennsylvania, particularly to LMI individuals and in LMI geographies. Service delivery systems providing credit and noncredit retail services are readily accessible to geographies and individuals of different income levels in its Pennsylvania assessment areas. The bank's record of opening and closing branches during the review period has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. Hours and services do not vary in a way that inconveniences certain portions of its Pennsylvania assessment areas. M&T provides an adequate level of community development services in its Pennsylvania assessment areas.

## **Retail Banking Services**

### *Accessibility of Delivery Systems*

Service delivery systems are readily accessible to geographies and individuals of different income levels of M&T's Pennsylvania assessment areas. The main system for delivering retail credit and noncredit services is the branch network. In addition to the branch network, M&T offers ATMs, live and automated telephone banking, banking by mail, on-line banking, and an LPO.

### *Branch Network*

As of December 31, 1999, M&T operated 19 branches in its Pennsylvania assessment areas. Four, or 21 percent of branches, are located in LMI census tracts. (For details, see Exhibit 15.) The distribution of branches in LMI census tracts (21 percent) was greater than the overall LMI census tract distribution in the Pennsylvania assessment areas. The Pennsylvania assessment areas have 203 census tracts, of which 24 tracts or 12 percent are LMI. Of the total number of families in the Pennsylvania assessment area, 36 percent reside in LMI census tracts. MSA 7560 (Scranton-Wilkes Barre-Hazleton, PA) has the largest concentration of M&T branches (18 or 95 percent) in the Pennsylvania assessment area.

### *Availability and Effectiveness of Alternate Systems for Delivering Retail Services*

M&T's alternate service delivery systems do not significantly enhance the availability and effectiveness of retail credit and noncredit services in LMI geographies or to LMI individuals. Other delivery systems include telephone banking, PC banking, and an LPO. M&T operates no off-site ATMs in Pennsylvania.

### *Record of Opening and Closing of Branches*

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals.

In 1998, 19 branches were acquired in Pennsylvania as M&T entered into the northern Pennsylvania market after the merger with Franklin First Savings Bank. Four of these branches were located in LMI tracts. Net of the 19 acquisitions, no branches were opened or closed in the Pennsylvania assessment area.

### *Reasonableness of Business Hours and Services in Meeting Assessment Area Needs*

M&T's business hours and services do not vary in a way that inconveniences its Pennsylvania assessment areas, particularly LMI geographies and LMI individuals. All branches offer the same products and services, including checking and deposit services, debit and credit cards, and various consumer loans and lines of credit, home mortgage, refinancings, and home improvement



loans. Business checking, savings and credit services are also offered. Most of the full-service branches, including LMI branches, have extended business hours one day a week and/or Saturday hours.

### **Community Development Services**

M&T provides an adequate level of community development services, including seminars and technical assistance to various organizations, that are responsive to the community development needs in the bank's Pennsylvania assessment areas. During the examination period, the bank sponsored or participated in nine seminars and training activities targeted to LMI individuals or activities in LMI census tracts. Five community development services in the form of technical assistance were provided to community and economic development organizations. MetroAction, Incorporated, has M&T representatives serving on the loan committee. M&T employees also worked with the Greater Scranton Chamber of Commerce to negotiate a second round of financing for the loan fund.

# **METROPOLITAN STATISTICAL AREA ANALYSES**

## **MSA 7560 (SCRANTON-WILKES BARRE-HAZLETON, PA)** **Assessment Area 13**

Overall performance in the MSA was good based upon the following summary conclusions:

- Overall, the geographic distribution of loans reflected excellent penetration of the assessment area.
- The overall lending performance of HMDA-related and small business loans across borrower income levels reflected good distribution.
- Service delivery systems are readily accessible to geographies and individuals of different income levels in the MSA.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 7560 (SCRANTON-WILKES BARRE-HAZLETON, PA)**

As of December 31, 1999, M&T operated 18 branches or 95 percent of all branches in the Pennsylvania assessment area. As of June 30, 1999, the bank controlled 9 percent of the retail deposit market share in this MSA. M&T's branches contain approximately \$734 million or 96 percent of the bank's deposits in the Pennsylvania state assessment areas.

In 1998 and 1999, M&T originated 1,645 loans (home purchase, refinance, small business/small farm, home improvement, multifamily), totaling \$109 million, to retail and commercial customers in the MSA assessment area.

Of the 1,645 originations, home purchase loans represented 302 or 18 percent; refinancings represented 642 or 39 percent; small business/small farm loans represented 273 or 17 percent; home improvement loans represented 427 or 26 percent; and multifamily loans represented 1 origination or less than 1 percent of the total.

### **PERFORMANCE CONTEXT**

Assessment area MSA 7560 includes Columbia, Lackawanna, Luzerne and Wyoming Counties. The assessment area's total population is 638,466. Of the 189 census tracts in this assessment area, 10 percent are upper-income, 76 percent middle-income and 13 percent LMI.

### Income Characteristics

The 1990 Census figure for median family income is \$30,676 while the 1999 HUD adjusted median family income is \$40,500. Based on the 1990 median family income figures, 37 percent of all families in this MSA are LMI, 25 percent are middle-income, and 38 percent are upper-income. Eight percent of the families live below the poverty level.

### Housing Characteristics

Of the 171 thousand owner-occupied units in the assessment area, 12 thousand (7 percent) are located in LMI census tracts. The median housing value in the assessment area, based on the 1990 Census, is \$59,791, slightly less than the state median of \$69,075. There are 75,822 rental units in the MSA.

### Labor, Employment and Economic Characteristics

The Scranton-Wilkes Barre metropolitan area consists of Lackawanna, Luzerne, Columbia and Wyoming Counties. Hundreds of manufacturing and wholesale jobs were lost in the 1980s, partly because of national trends away from manufacturing, and partly because of the limited supply of modern buildings and sites within the metro area. Wholesale companies moved to adjacent municipalities, apparently to avoid the high mercantile and business privilege tax rates, and to obtain larger sites closer to major highways.

The Scranton-Wilkes Barre economy relies more on manufacturing than most areas. Within the metropolitan area, manufacturing jobs are concentrated within a relatively small number of manufacturing types. A few large firms dominate the job market, which could make the area vulnerable to changes in specific industries.

As part of a national trend, Scranton-Wilkes Barre's large job growth in the past decade has taken place in the service business, especially health care and education. Retail trade employment in the city has remained relatively stable after severe declines in the 1960s. Scranton-Wilkes Barre has not attracted its fair share of the region's new business growth, except for medical care, or any large new private companies during the past decade, other than department stores proposed in the downtown mall.

Small business has produced the most employment growth throughout the country in the past 20 years. Most of Scranton-Wilkes Barre's prospective employment growth is expected through new and expanding small businesses rather than large new companies moving into the area.

### Community Contacts

According to community contacts, the Scranton area's problems include a rapidly aging population, an old housing stock in need of rehabilitation, and declining property values. The city's biggest problem is that it can't attract people. Those who live in the city do so because they

have to or because they can't afford to go elsewhere. In addition, most of the people in the city are LMI.

The contacts also indicated that Scranton's major employers are small businesses, which offer needed jobs to residents, although only at minimum wage rates. Service-related businesses are the major industry, followed by retail and then manufacturing.

#### Similarly Situated Banks

Within MSA 7560, similarly situated banks include HSBC, PNC Bank, Mellon Bank, Summit Bank, and First Union.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 7560 (SCRANTON-WILKES BARRE-HAZLETON, PA)**

### **LENDING TEST**

#### **Geographic Distribution of Lending**

Overall, the geographic distribution of loans reflected excellent penetration of the assessment area. Geographic distribution was excellent in home purchase, refinance, and home improvement lending, and good in small business lending. For details, see Exhibits 5-8.

#### Home Purchase Loans

The overall geographic distribution of home purchase loans across census tracts of different income levels reflected excellent penetration of the MSA. M&T originated 8 percent of home purchase loans in LMI census tracts while 7 percent of the owner-occupied units in this MSA are located in LMI census tracts. In this assessment area the percentage of home purchase loans originated by M&T in LMI geographies was greater than the percentage of owner-occupied units in these census tracts. M&T's performance ranked first of five similarly situated institutions and outperformed the market aggregate of home purchase lenders in the MSA.

#### Refinancings

The overall geographic distribution of refinancings was excellent. M&T originated 7.8 percent of refinance loans in LMI census tracts while 7 percent of the owner-occupied units in this MSA are located in LMI census tracts. The percentage of refinancings originated by M&T in LMI geographies was greater than the percentage of owner-occupied units in these census tracts. M&T's performance ranked second of five similarly situated institutions and exceeded the market aggregate of refinance lenders in this MSA.

### Home Improvement Loans

Overall, the geographic distribution of home improvement loans in this MSA was excellent. M&T originated 7.7 percent of loans in LMI geographies while 7 percent of owner-occupied units are located in LMI geographies. The percentage of home improvement loans originated by the bank in LMI geographies was greater than the percentage of owner-occupied units in these census tracts. M&T's performance, although strong, ranked fifth in a group of five similarly situated institutions in home improvement lending, and underperformed the market aggregate of home improvement lenders in the MSA.

### Small Business Loans

The geographic distribution of small business loans was good. M&T originated 9.9 percent of loans in LMI geographies while 14 percent of business establishments are located in LMI geographies. M&T's performance ranked second out of a group of five similarly situated institutions and outperformed the market aggregate of small business lenders in the MSA.

### Borrower Characteristics

The overall lending performance of HMDA-related and small business loans across borrower income levels reflected good distribution. The bank demonstrated excellent performance when lending to moderate-income borrowers. In addition, performance was good in lending to small businesses and adequate in lending to low-income borrowers.

### HMDA-related Lending to Low-income Families

The distribution of home purchase loans to low-income borrowers was adequate in MSA 7560 when considering performance context issues discussed on page BB21. The percentage of loan originations to low-income borrowers was substantially lower than the percentage of low-income families in the MSA. M&T originated only 7 percent of its home purchase loans to low-income borrowers, while 18 percent of all families in the MSA are low-income.

The distribution of refinancings to low-income borrowers was adequate when considering performance context issues. The percentage of loan originations to low-income borrowers was substantially lower than the percentage of low-income families in the MSA. M&T originated only 5 percent of its refinancings to low-income borrowers, while low-income families amount to 18 percent of all families in the MSA.

The distribution of home improvement lending to low-income borrowers was good. The percentage of the bank's home improvement lending to low-income families was slightly lower than the percentage of low-income families in the MSA. M&T originated 14 percent of its home improvement loans to moderate-income borrowers, while low-income families total 18 percent of all families in the MSA.

HMDA-related Lending to Moderate-income Families

The distribution of home purchase loans to moderate-income borrowers was excellent. The percentage of loan originations to moderate-income borrowers was substantially higher than the percentage of moderate-income families in the MSA. M&T originated 28 percent of its home purchase loans to moderate-income borrowers, while moderate-income families total 19 percent of all families in the MSA. M&T outperformed the market aggregate for home purchase lenders and outperformed similarly situated banks, ranking third of five.

The distribution of refinance lending to moderate-income borrowers was good. The percentage of loan originations to moderate-income borrowers was slightly lower than the percentage of moderate-income families in the MSA. M&T originated 17 percent of its refinance loans to moderate-income borrowers, while moderate-income families represent 19 percent of all families in the MSA. While the bank displayed a strong level of lending to moderate-income borrowers, M&T underperformed the market aggregate for refinance lenders but outperformed similarly situated banks, ranking second of five.

The distribution of home improvement lending to moderate-income borrowers was excellent. The percentage of the bank's home improvement lending to moderate-income families was higher than the percentage of moderate-income families in the MSA. M&T originated 22 percent of its home improvement loans to moderate-income borrowers, while 19 percent of all families in the MSA are moderate-income. M&T outperformed similarly situated banks, ranking first of five, and outperformed the market aggregate for home improvement lenders.

The distribution of home improvement loans to moderate-income borrowers in Lackawanna County, however, was weak and needs to improve.

Lending to Businesses of Different Sizes

The bank's distribution of loans to businesses of different sizes was good. Approximately 74 percent of small business loans originated during the examination period were to businesses with GAR of \$1 million or less, or to businesses where the revenue information was not collected. In comparison, 89 percent of business establishments in the MSA have GAR of \$1 million or less.

Of the 273 small business loan originations in the MSA, 201 or 74 percent were for loan amounts less than or equal to \$100 thousand. The average size of originations in this category was \$38 thousand. M&T outperformed the market aggregate for small business lenders and outperformed similarly situated banks ranking second of five.

The distribution of loans to small businesses in Lackawanna County, however, was weak and needs to improve.

### Community Development Lending

Community development activity in MSA 7560 totaled \$1.4 million, or less than 1 percent of all community development lending, and it supported affordable housing. For details, see Exhibit 13.

## **INVESTMENT TEST**

Qualified investments in MSA 7560 totaled \$105 thousand or less than 1 percent of M&T's total investment activity for this examination. Investment activity supporting community services totaled \$91 thousand. Affordable housing investment activity totaled \$5 thousand, and economic development initiatives totaled \$9 thousand. For details, see Exhibit 14.

## **SERVICE TEST**

### **Retail Banking Services**

#### Accessibility of Delivery Systems

Service delivery systems are readily accessible to geographies and individuals of different income levels in the MSA. The main system for delivering retail credit and noncredit services is through the branch network. In addition to the branch network, M&T offers ATMs, live and automated telephone banking, banking by mail, on-line banking, an LPO, and a business banking office.

#### Branch Network

As of December 31, 1999, M&T operated 18 full-service branches in the MSA. Four, or 22 percent of branches, are located in LMI census tracts. (For details, see Exhibit 15.) The distribution of branches in LMI census tracts reflects the overall census tract distribution in MSA 7560, which has 189 census tracts with 24 or 13 percent LMI. Of the total families in the MSA, 37 percent reside in LMI census tracts.

#### Availability and Effectiveness of Alternate Systems for Delivering Retail Services

M&T's alternate service delivery systems do not significantly enhance the availability and effectiveness of retail credit and noncredit services in LMI geographies or to LMI individuals. M&T operates no off-site ATMs in this MSA. M&T operates one LPO in a moderate-income census tract of Wilkes Barre, PA.

Record of Opening and Closing of Branches

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and LMI individuals in this MSA.

Since the previous examination, 18 branches were acquired, four of which were located in LMI census tracts. In 1998, M&T acquired branches in Pennsylvania as a result of the merger with Franklin First Savings Bank.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

M&T's business hours and services do not vary in a way that inconveniences its assessment area, particularly LMI geographies and LMI individuals. All branches offer a wide variety of similar commercial and retail deposit and loan products and services. Most full-service branches, including LMI branches, have extended business hours one day a week and/or Saturday hours.

**Community Development Services**

M&T provides an adequate level of community development services, including seminars and technical assistance to various organizations, that are responsive to community development needs.

Seminars

During the examination period, M&T sponsored or participated in eight seminars and provided technical assistance to four organizations that target LMI individuals or activities in LMI census tracts.

Technical Assistance

Four instances of community development services in the form of technical assistance were provided to community and economic development corporations. Two M&T employees serve on the boards of directors of Lackawanna Housing Development Corporation and Scranton Industrial Development Corporation. And two employees serve in other technical assistance capacities, one as a committee member for Neighborhood Housing of Scranton and the other on a loan committee for MetroAction's Microloan Fund.



# **NON-METROPOLITAN STATISTICAL AREA ANALYSIS**

## **PENNSYLVANIA COUNTY OF MONROE** **Assessment Area 14**

Overall performance in this non-MSA county was generally consistent with the bank's overall performance except in lending to moderate-income borrowers. Lending to moderate-income borrowers reflected adequate loan distribution in Monroe County.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN MONROE COUNTY, PA.**

As of December 31, 1999, M&T operated one branch or 5 percent of all branches in the Pennsylvania assessment area. As of June 30, 1999, the bank controlled 3 percent of the retail deposit market share in this non-MSA. M&T's branch in this non-MSA contains approximately \$34 million or 4 percent of the bank's deposits in the Pennsylvania state assessment areas.

In 1998 and 1999, M&T originated 222 loans (home purchase, refinance, small business/small farm, and home improvement), totaling \$18 billion, to retail and commercial customers in this assessment area. Of these 222 originations, home purchase loans represented 59 or 27 percent of the total; refinancings represented 129 or 58 percent; small business/small farm loans represented 16 or 7 percent; and home improvement loans represented 18 or 8 percent of the total.

### **PERFORMANCE CONTEXT**

The Monroe County non-MSA assessment area lies in northeastern Pennsylvania. Based on 1990 Census data, the county had a population of 95,709 but is considered one of the fastest growing areas in the country. The estimated 1998 population is 125,583. Much of the growth is attributed to county residents' accessibility to the New York-New Jersey metropolitan region and to expanded job opportunities in the county.

The 1990 median family income for Monroe County is \$36,514, compared with \$34,856 for the state overall. The HUD-adjusted 1999 median family income for New York State non-MSAs is \$36,700. Based on the 1990 Census, none of the 14 census tracts that make up the county are defined as LMI.

The 1990 Census also indicates that 53 percent of the families residing in this assessment area are upper-income, 21 percent are middle-income, 14 percent moderate-income, and 11 percent low-income. Approximately 5 percent of Monroe County's families live below the poverty level.

The Monroe County assessment area contains 54,823 housing units of which 47 percent are owner-occupied. The median age of the housing stock is 26 years, considerably less than the non-MSA average of 45 years. The 1990 median housing value of \$117 thousand in this assessment area is considerably higher than both the non-MSA median housing value of \$50 thousand and the \$70 thousand median housing value reported by the state. The county contains 32,164 rental units.

## **EXHIBITS**

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# **EXHIBIT 1**

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EXHIBIT 2

# Total Assessment Area Loan Originations And Purchases

M&T Bank and Affiliates  
 January 1, 1998 – December 31, 1999

Loan Type	#	%	\$('000s)	%
HMDA Home Purchase	15,482	35	\$1,772,301	29
HMDA Refinancings	12,973	29	\$1,329,946	22
HMDA Home Improvement	4,340	10	\$60,494	1
HMDA Multifamily	449	1	\$945,921	16
<b>Total HMDA-related</b>	<b>33,244</b>	<b>75</b>	<b>\$4,108,662</b>	<b>68</b>
<b>Total Small Business</b>	<b>11,148</b>	<b>25</b>	<b>\$1,926,993</b>	<b>32</b>
<b>TOTALS</b>	<b>44,392</b>	<b>100</b>	<b>\$6,035,655</b>	<b>100</b>

EXHIBIT 3

# Originations and Purchases Inside and Outside the Assessment Area

M&T  
 January 1, 1998 – December 31, 1999

Loan Type	INSIDE		OUTSIDE	
	#	\$('000s)	#	\$('000s)
HMDA Home Purchase	190 (86%)	\$5,624 (86%)	30 (14%)	\$889 (14%)
HMDA Refinancings	752 (97%)	\$31,235 (96%)	21 (3%)	\$1,246 (4%)
HMDA Home Improvement	4,340 (97%)	\$60,494 (96%)	152 (3%)	\$2,547 (4%)
HMDA Multifamily	6 (75%)	\$121,796 (98%)	2 (25%)	\$2,538 (2%)
<b>Total HMDA-related</b>	<b>5,288 (96%)</b>	<b>\$219,149 (97%)</b>	<b>205 (4%)</b>	<b>\$7,220 (3%)</b>
<b>Total Small Business</b>	<b>11,148 (97%)</b>	<b>\$1,926,993 (95%)</b>	<b>386 (3%)</b>	<b>\$107,891 (5%)</b>
<b>TOTALS</b>	<b>16,436 (97%)</b>	<b>\$2,146,142 (95%)</b>	<b>591 (3%)</b>	<b>\$115,111 (5%)</b>

EXHIBIT 4		
<b>Summary of Innovative or Flexible Lending Programs</b>		
INNOVATIVE OR FLEXIBLE AFFORDABLE LOAN PROGRAMS 1998 & 1999		
Loan Program/Product	ORIGINATIONS	
	#	\$('000's)
<b><i>Mortgage Products:</i></b>		
FHA (Federal Housing Administration) Program	2,339	263,156
Get Started Program	247	13,454
VA (Veterans Administration) Program	151	10,505
\$500 Down Program	94	4,566
Helping Hand Homebuyer Program (PA Only)	31	1,600
Community Home Buyer 3% Down Program	23	2,112
Community Home Buyer Landlord Program	10	1,214
<b><i>Mortgage Products Total</i></b>	<b>2,895</b>	<b>\$296,607</b>
<b><i>Home Improvement Products:</i></b>		
Affordable Home Improvement Program	130	945
NYSEG Gas Conversion Program	21	78
NYSEG Electrical Equipment Program	5	25
<b><i>Home Improvement Products Total</i></b>	<b>156</b>	<b>\$1048</b>
<b><i>Small Business Products:</i></b>		
Excelsior Linked Deposit	46	13,683
<b><i>Small Business Products Total</i></b>	<b>46</b>	<b>\$13,683</b>
<b>TOTALS</b>	<b>3,097</b>	<b>\$311,338</b>

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EXHIBIT 13

# Summary of Community Development Lending

Assessment Area	Commitment ('000s)	%	Outstanding ('000s)	%	New Money ('000s)	%	Housing Units
PMSA 5600 (New York, NY)	\$126,729	51.66%	\$120,972	54.7%	\$116,837	60.4%	3,134
PMSA 5380 (Nassau-Suffolk, NY)	\$25,522	10.40%	\$20,671	9.36%	\$25,100	12.98%	0
PMSA 5660 (Newburgh, NY-PA)	\$0	0%	\$0	0%	\$0	0%	0
PMSA 2281 (Dutchess County, NY)	\$4,625	1.9%	\$3,377	1.53%	\$4,625	2.38%	82
<b>CMSA 5602 Total</b>	<b>\$156,876</b>	<b>63.96%</b>	<b>\$145,020</b>	<b>65.59%</b>	<b>\$146,562</b>	<b>75.76%</b>	<b>3,216</b>
MSA 1280 (Buffalo-Niagara Falls, NY)	\$34,492	14.06%	\$30,366	13.73%	\$20,769	10.74%	164
MSA 6840 (Rochester, NY)	\$11,796	4.81%	\$9,693	4.38%	\$10,241	5.29%	112
MSA 8160 (Syracuse, NY)	\$6,857	2.80%	\$6,558	2.97%	\$4,025	2.08%	0
MSA 0960 (Binghamton, NY)	\$106	0.04%	\$106	0.05%	\$0	0%	0
MSA0160 (Albany-Schenectady-Troy, NY)	\$33,346	13.60%	\$29,070	13.15%	\$10,065	5.20%	199
MSA 2335 (Elmira, NY)	\$0	0%	\$0	0%	\$0	0%	0
MSA 3610 (Jamestown, NY)	\$50	0.02%	\$50	0.02%	\$50	0.03%	0
MSA 8680 (Utica-Rome, NY)	\$0	0%	\$0	0%	\$0	0%	0
NON-MSA (Ulster, NY)	\$350	0.14%	\$243	0.11%	\$350	0.18%	0
NON-MSA (Steuben, Cattaraugus, Allegany, Wyoming, NY)	0	0	0	0	0	0	0
NON-MSA (Seneca, Tompkins, Cortland, NY)	0	0	0	0	0	0	0
<b>NY Assessment Area Totals</b>	<b>\$243,873</b>	<b>99.4%</b>	<b>\$221,106</b>	<b>100%</b>	<b>\$192,062</b>	<b>99.2%</b>	<b>3,691</b>
MSA 7560 (Scranton-Wilkes Barre-Hazleton, Pa.)	\$1,400	0.6%	0	0%	\$1,400	0.8%	0
NON-MSA (Monroe County, Pa.)	0	0	0	0	0	0	0
<b>Pa. Assessment Area Totals</b>	<b>\$1,400</b>	<b>0.6%</b>	<b>\$0</b>	<b>0%</b>	<b>\$1,400</b>	<b>0.8%</b>	<b>0</b>
<b>TOTALS</b>	<b>\$245,273</b>	<b>100%</b>	<b>\$221,106</b>	<b>100%</b>	<b>\$193,462</b>	<b>100%</b>	<b>3,691</b>
Direct Activity	\$245,273	100%	\$221,106	100%	\$193,462	100%	3,691
<b>TOTAL ACTIVITY</b>	<b>\$245,273</b>	<b>100%</b>	<b>\$221,106</b>	<b>100%</b>	<b>\$193,462</b>	<b>100%</b>	<b>3,691</b>
Affordable Housing	\$134,269	54.75%	\$129,440	58.54%	\$120,350	62.21%	3,691
Community Service	\$100,113	40.81%	\$84,519	38.23%	\$64,327	33.25%	0
Economic Development	\$5,150	2.12%	\$1,406	0.64%	\$5,150	2.66%	0
Revitalization & Stabilization	\$5,741	2.32%	\$5,741	2.59%	\$3,635	1.88%	0

EXHIBIT 14

# Summary of Qualified Investment Activity

Assessment Area	Commitment ('000s)	%	Outstanding ('000s)	%	New Money ('000s)	%	Housing Units
PMSA 5600 (New York, NY)	\$11,779	31.23%	\$4,365	28.52%	\$3,379	12.95%	0
PMSA 5380 (Nassau-Suffolk, NY)	\$2,760	7.32%	\$650	4.25%	\$2,760	10.57%	0
PMSA 5660 (Newburgh, NY-PA)	\$917	2.43%	\$56	0.37%	\$917	3.51%	0
PMSA 2281 (Dutchess County, NY)	\$1	0%	\$0	0%	\$1	0%	0
<b>CMSA 5602 Total</b>	<b>\$15,457</b>	<b>41.0%</b>	<b>\$5,071</b>	<b>33.14%</b>	<b>\$7,057</b>	<b>27.03%</b>	<b>0</b>
MSA 1280 (Buffalo-Niagara Falls, NY)	\$16,823	44.6%	\$6,997	45.72%	\$16,723	64.06%	0
MSA 6840 (Rochester, NY)	\$758	2.01%	\$186	1.22%	\$697	2.67%	0
MSA 8160 (Syracuse, NY)	\$3,747	9.92%	\$3,049	19.92%	\$698	2.68%	0
MSA 0960 (Binghamton, NY)	\$734	1.95%	\$0	0%	\$734	2.82%	0
MSA 0160 (Albany-Schenectady-Troy, NY)	\$82	0.22%	\$0	0%	\$82	0.3%	0
MSA 2335 (Elmira, NY)	\$0	0%	\$0	0%	\$0	0%	0
MSA 3610 (Jamestown, NY)	\$10	0.03%	\$0	0%	\$10	0.04%	0
MSA 8680 (Utica-Rome, NY)	\$0	0%	\$0	0%	\$0	0%	0
NON-MSA (Ulster, NY)	\$0	0%	\$0	0%	\$0	0%	0
NON-MSA (Steuben, Cattaraugus, Allegany, Wyoming, NY)	\$0	0%	\$0	0%	\$0	0%	0
NON-MSA (Seneca, Tompkins, Cortland, NY)	\$0	0%	\$0	0%	\$0	0%	0
<b>NY Assessment Area Total</b>	<b>\$37,611</b>	<b>99.7%</b>	<b>\$15,303</b>	<b>100%</b>	<b>\$26,001</b>	<b>99.6%</b>	<b>0</b>
MSA 7560 (Scranton-Wilkes Barre-Hazleton, Pa.)	\$105	0.3%	0	0%	\$105	0.4%	0
NON-MSA (Monroe County, Pa.)	\$0	0%	\$0	0%	\$0	0%	0
<b>Pa. Assessment Area Total</b>	<b>\$105</b>	<b>0.3%</b>	<b>\$0</b>	<b>0%</b>	<b>\$105</b>	<b>0.4%</b>	<b>0</b>
<b>TOTALS</b>	<b>\$37,716</b>	<b>100%</b>	<b>\$15,303</b>	<b>100%</b>	<b>\$26,106</b>	<b>100%</b>	<b>0</b>
Direct Activity	\$37,716	100%	\$15,303	100%	\$26,106	100%	0
<b>TOTAL ACTIVITY</b>	<b>\$37,716</b>	<b>100%</b>	<b>\$15,303</b>	<b>100%</b>	<b>\$26,106</b>	<b>100%</b>	<b>0</b>
Affordable Housing	\$17,017	45.1%	\$9,975	65.18%	\$5,957	22.81%	0
Community Service	\$13,770	36.5%	\$550	3.59%	\$13,220	50.64%	0
Economic Development	\$277	0.8%	\$125	0.82%	\$277	1.07%	0
Revitalization & Stabilization	\$6,652	17.6%	\$4,653	30.41%	\$6,652	25.48%	0



EXHIBIT 15

# Number of Branches by County/MSA

As of December 31, 1999

County/MSA	# of Branches	# in LMI Tracts	% in LMI Tracts
Kings	3	1	33.3%
Bronx	0	0	0.0%
New York	7	2	28.6%
Queens	1	0	0.0%
Westchester	3	1	33.3%
Rockland	5	0	0.0%
<b>PMSA 5600</b>	<b>19</b>	<b>4</b>	<b>21.1%</b>
Suffolk	2	0	0.0%
Nassau	2	0	0.0%
<b>PMSA 5380</b>	<b>4</b>	<b>0</b>	<b>0.0%</b>
Orange	10	1	10.0%
<b>PMSA 5660</b>	<b>10</b>	<b>1</b>	<b>10.0%</b>
Dutchess	4	0	0.0%
<b>PMSA 2281</b>	<b>4</b>	<b>0</b>	<b>0.0%</b>
<b>CMSA 5602 TOTAL</b>	<b>37</b>	<b>5</b>	<b>13.5%</b>
Erie	63	15	23.8%
Niagara	6	2	33.3%
<b>MSA 1280</b>	<b>69</b>	<b>17</b>	<b>24.6%</b>
Monroe	37	8	21.6%
Wayne	1	0	0.0%
Orleans	1	0	0.0%
Livingston	1	1	100.0%
Ontario	2	0	0.0%
Genesee	4	1	25.0%
<b>MSA 6840</b>	<b>46</b>	<b>10</b>	<b>21.7%</b>
Albany	6	1	16.7%
Schenectady	1	0	0.0%
Rensselaer	5	1	20.0%
Saratoga	0	0	0.0%
<b>MSA 0160</b>	<b>12</b>	<b>2</b>	<b>16.7%</b>
Onondaga	28	5	17.9%
Cayuga	2	1	50.0%
Madison	2	0	0.0%
<b>MSA 8160</b>	<b>32</b>	<b>6</b>	<b>18.8%</b>
Oneida	3	1	33.3%
<b>MSA 8680</b>	<b>3</b>	<b>1</b>	<b>33.3%</b>

(CONTINUED)

EXHIBIT 15

# Number of Branches by County/MSA

As of December 31, 1999

Broome	21	8	38.1%
Tioga	1	0	0.0%
<b>MSA 0960</b>	<b>22</b>	<b>8</b>	<b>36.4%</b>
Steuben (partial)	4	0	0.0%
Cattaraugus	3	0	0.0%
Allegany (partial)	1	1	100.0%
Wyoming	3	0	0.0%
<b>Non-MSA 1</b>	<b>11</b>	<b>1</b>	<b>9.1%</b>
Seneca	1	0	0.0%
Tompkins	6	1	16.7%
Cortland (partial)	2	0	0.0%
<b>Non-MSA 2</b>	<b>9</b>	<b>1</b>	<b>11.1%</b>
Ulster (partial)	5	0	0.0%
<b>Non-MSA 3</b>	<b>5</b>	<b>0</b>	<b>0.0%</b>
Chautauqua (partial)	12	1	8.3%
<b>MSA 3610</b>	<b>12</b>	<b>1</b>	<b>8.3%</b>
Chemung (partial)	1	0	0.0%
<b>MSA 2335</b>	<b>1</b>	<b>0</b>	<b>0.0%</b>
<b>NEW YORK SUBTOTAL</b>	<b>259</b>	<b>52</b>	<b>20.1%</b>
Luzerne	15	4	26.7%
Lackawanna	1	0	0.0%
Columbia	1	0	0.0%
Wyoming	1	0	0.0%
<b>MSA 7560</b>	<b>18</b>	<b>4</b>	<b>22.2%</b>
Monroe	1	0	0.0%
<b>Non-MSA</b>	<b>1</b>	<b>0</b>	<b>0.0%</b>
<b>PENNSYLVANIA SUBTOTAL</b>	<b>19</b>	<b>4</b>	<b>21.1%</b>
<b>TOTALS</b>	<b>278</b>	<b>56</b>	<b>20.1%</b>

## **CRA APPENDICES**

**CRA APPENDIX A**  
**SCOPE OF EXAMINATION**

<b>Manufacturers and Traders Trust Company</b>			
<b>TIME PERIOD REVIEWED</b>	<b>1/1/98 TO 12/31/99</b>		
<b>FINANCIAL INSTITUTION</b>  Manufacturers And Traders Trust Company Buffalo, NY			<b>PRODUCTS REVIEWED</b>  <ul style="list-style-type: none"> <li>• Small business</li> <li>• Home purchase</li> <li>• Refinance</li> <li>• Home improvement</li> <li>• Multifamily</li> <li>• Community development</li> </ul>
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>
M&T Mortgage Company	Bank subsidiary		Mortgage loans
M&T Real Estate	Bank subsidiary		Multifamily Commercial Mortgage Loans

<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
<b>New York State</b>			
CMSA 5602 (New York-Northern NJ-Long Island, NY-NJ-CT)	On-site		
MSA 1280 Buffalo-Niagara Falls, NY)	On-site		
MSA 6840 (Rochester, NY)	Off-site		
MSA 0160 (Albany-Schenectady-Troy, NY)	Off-site		
MSA 8160 (Syracuse, NY)	Off-site		
MSA 8680 (Utica-Rome, NY)	Off-site		
MSA 0960 (Binghamton, NY)	Off-site		
MSA 3610 (Jamestown, NY)	Off-site		
MSA 2335 (Elmira, NY)	Off-site		
Non-MSA (Cattaraugus, Wyoming, Steuben, Allegany Counties)	Off-site		
Non-MSA (Seneca, Tompkins, Cortland Counties)	Off-site		
Non-MSA (Ulster County)			
<b>PENNSYLVANIA</b>			
MSA 7560 (Scranton-Wilkes Barre-Hazleton, PA)	Off-site		
Non-MSA (Monroe County)	Off-site		

**CRA APPENDIX B**

## **Summary of State and Multistate MSA Ratings**

<b>Manufacturers and Traders Trust Company 4-3-00 CRA Performance</b>				
	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>	<b>Overall Rating</b>
<b>New York</b>	<b>High Satisfactory</b>	<b>Outstanding</b>	<b>Outstanding</b>	<b>Outstanding</b>
<b>Pennsylvania</b>	<b>High Satisfactory</b>	<b>Needs to Improve</b>	<b>Outstanding</b>	<b>Satisfactory</b>

## CRA APPENDIX C

### GLOSSARY

**AFFILIATE:** Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**AREA MEDIAN INCOME:** (1) The median family income for the MSA, if a person or geography (block numbering area or census tract) is located in an MSA; or (2), if a person or geography (census tract or block numbering area) is located outside an MSA, the statewide non-metropolitan median family income.

**ATM:** Automated teller machine.

**BNA:** Block numbering area.

**CDC:** A community development corporation, or community development company, which can be organized under banks, bank holding companies, or independent nonprofit neighborhood or government-sponsored organizations. CDCs offer various services and implement various projects focusing on community improvement, housing development and job development, particularly for LMI persons.

**CMSA:** Consolidated Metropolitan Statistical Area.

**COMMUNITY DEVELOPMENT:** (1) Affordable housing including multifamily rental housing for low- or moderate-income individuals; (2) community services targeted to low- or moderate-income individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of 13 CFR 121.802 (a)(2) or have gross annual revenues of \$1 million or less; or (4) activities that revitalize or stabilize low- or moderate-income geographies.

**CRA:** Community Reinvestment Act.

**DEMAND-ADJUSTED:** Proportion of mortgage loans per thousand owner-occupied housing units in an area, or proportion of small business loans per thousand small business establishments in an area, as applicable.

**FHA:** Federal Housing Administration.

**GAR:** Gross annual revenues.

**GEOGRAPHY:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census (1990).

**HMDA:** Home Mortgage Disclosure Act.

**HMDA-RELATED LOANS:** Loans reported by the bank under Regulation C, Home Mortgage Disclosure Act. They include home purchase mortgage loans, home improvement loans, and refinancings of such loans.

**HUD:** The United States Department of Housing and Urban Development.

**LIHTC:** Low-income housing tax credits.

**LMI:** Low- and moderate-income, as in LMI census tracts.

**LOW-INCOME:** An individual income that is less than 50 percent of the area median income (i.e., of the median family income for the MSA, if the individual is located in an MSA, or, if the individual is located outside an MSA, of the statewide non-metropolitan median family income), or a block number area (“BNA”) or census tract median family income that is less than 50 percent of the area median income. Accordingly, a low-income census tract is one in which the median family income is less than 50 percent of the area median income.

**LPOs:** Loan production offices.

**LTV:** Loan-to-value ratio is the relationship, expressed as a percent, between the principal amount of a loan and the appraised value of the asset securing the financing. In a residential mortgage loan, this is the percentage value of the property the lender is willing to finance with a mortgage (Dictionary of Banking Terms, 3rd Edition, by Thomas Fitch).

**MIDDLE-INCOME:** An individual income that is at least 80 percent and less than 120 percent of the area median income, or a BNA or census tract median family income that is at least 80 percent and less than 120 percent of the area median income.

**MODERATE-INCOME:** An individual income that is at least 50 percent and less than 80 percent of the area median income, or a BNA or census tract median family income that is at least 50 percent and less than 80 percent of the area median income.

**MSA:** A metropolitan statistical area as defined by the director of the Office of Management and Budget.

**PEERS:** Similarly situated banks.



**PERFORMANCE CONTEXT:** The economic and demographic characteristics of a bank's assessment area(s). The following information is considered to help understand the context in which an institution's performance should be evaluated: (1) the economic and demographic characteristics of the assessment area(s); (2) lending, investment, and service opportunities in the assessment area(s); (3) the institution's product offerings and business strategy; (4) the institution's capacity and constraints; (5) the prior performance of the institution, and in appropriate circumstance, the performance of similarly situated institutions; and (6) other relevant information.

**PMSA:** A primary metropolitan statistical area as defined by the director of the Office of Management and Budget.

**QUALIFIED INVESTMENT:** A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**REFINANCINGS:** Refinancings of HMDA-reportable home purchase and/or home improvement loans.

**SBA:** Small Business Administration.

**SMALL BUSINESS LOANS:** Such loans are defined in Regulation BB, Section 228.12 (u) with reference to the definition of such loans in the instructions for preparation of the Consolidated Report of Condition and Income. These instructions define small business loans as loans with original amounts of \$1 million or less that have been reported in Schedule RC-C, Part 1, (1.e)(4) of the report.

**SMALL FARM LOANS:** A loan for agricultural purposes with an origination amount of \$100 thousand or less; a loan with an origination amount of \$500 thousand or less made to a farm with gross annual revenues of \$1 million or less.

**UPPER-INCOME:** An individual income that is 120 percent or more of the median family income in an MSA or a census tract in which the median family income is 120 percent or more of the median family income in an MSA.

**URBAN ENTERPRISE ZONES:** An impoverished urban area is so designated in order to stimulate business and job development. As money-saving incentives for locating in an UEZ, a business would be offered tax breaks and/or flexible building codes and zoning regulations.

**VA:** Veterans Administration.