

PUBLIC DISCLOSURE

SEPTEMBER 9, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MANUFACTURERS AND TRADERS TRUST COMPANY

02-36-1300

**ONE M&T PLAZA
BUFFALO, NEW YORK 14203-2399**

Federal Reserve Bank of New York

33 Liberty Street

New York, NY 10045

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 Community Reinvestment Act ("CRA") performance of **Manufacturers and Traders Trust Company** prepared by the **Federal Reserve Bank of New York** on behalf of the Board of Governors of the Federal Reserve System, the institution's supervisory agency, as of **September 9, 1996**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This delineation 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 Title 12 Code of Federal Regulations ("CFR") Part 228.

The new CRA regulation was phased in over a two-year period beginning July 1, 1995. During that period, banks with total assets greater than \$250 million were examined under the prior regulation with its twelve assessment factors until July 1, 1997. However, to comply with the requirements of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, this evaluation includes conclusions with respect to overall performance as well as the bank's performance in each Metropolitan Statistical Area and the Non-Metropolitan Statewide Area which the bank has delineated for CRA purposes.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

INSTITUTION'S RATING: This institution is rated Outstanding based on the findings presented below.

Manufacturers and Traders Trust Company's ("M&T's") level of compliance with the Community Reinvestment Act is assessed as Outstanding. The bank has taken significant steps to meet community credit needs by offering a strong line of special credit products, and through substantial participation in innovative community development projects and programs. Management's commitment to its various communities is sufficiently supported through the operations of the bank's CRA program. However, mortgage, home improvement and small-business lending performance in certain segments of the delineation could be improved. (See the following sections of the disclosure for details: Conclusions with Respect to Performance Categories on page 7 and the Metropolitan Statistical Areas and Non-Metropolitan Statewide Areas Analyses on page 18.)

DESCRIPTION OF INSTITUTION:

M&T is a full-service commercial bank headquartered in Buffalo, New York. The bank is a wholly owned subsidiary of First Empire State Corporation, which is also located in Buffalo. As of June 30, 1996, the bank's total assets were \$10.78 billion. The bank's loan portfolio totaled \$8.2 billion, with mortgage, consumer, small-business and small-farm loans accounting for \$2.6 billion or 32 percent of the total portfolio.

As of August 1, 1996, M&T had 146 full-service branches, dispersed throughout 25 counties containing 9 MSAs and 3 non MSAs. In 1995 the bank acquired two residential mortgage origination companies, Statewide Funding and Exchange Mortgage, which were merged into M&T Mortgage Corporation. The bank also has a commercial real estate subsidiary and a leasing company.

There are no financial or legal factors that would impede M&T from fulfilling its responsibilities under CRA.

REASONABLENESS OF DELINEATED COMMUNITY

M&T's delineation consists of all or part of 25 counties located in 9 MSAs and non-MSA areas in New York State and is based on the political boundary and effective lending territory criteria permitted by Sections 228.3(b)(1) and (2) of Regulation BB prior to its amendment as of July 1, 1997. Since the previous examination the bank has added two counties to its delineation. The delineation is reasonable and does not arbitrarily exclude low- and moderate-income ("LMI") areas. The geographic distribution of loan applications and approvals supports the reasonableness of the bank's delineation.

The delineated community is composed of 7 fully and 18 partially delineated counties located in 9 MSAs and non-MSA areas as described below.

- All of MSA 1280 (Buffalo-Niagara Falls, NY), consisting of all of Erie and Niagara Counties.
- A portion of MSA 6840 (Rochester, NY), which includes all of Genesee, Orleans and Monroe Counties and portions of Wayne, Livingston and Ontario Counties. In Wayne County the delineated portion includes Ontario, Walworth, Macedon, Williamson, Marion and Palmyra. In Livingston County, the delineated area includes Portage, Nunda, Caledonia, York, Avon, Genesee, Lima, Livonia, Leicester, Groveland and Mt. Morris. In Ontario County the delineated area includes the city of Geneva and the townships of Victor and Geneva.
- A portion of MSA 0960 (Binghamton, NY), which includes part of Broome County and part of Tioga County. In Broome County, the delineated portion includes the townships of Binghamton, Dickinson, Union, Vestal and Maine. Tioga County communities include Owego, Richford, Berkshire, Newark Valley, Candor, Spencer and Tioga and Nichols and the city of Oswego.
- A portion of MSA 5600 (New York, NY), including parts of Rockland and Westchester Counties and two census tracts in New York City. In Westchester County, the delineated area includes part of the townships of Ossining and Mt. Pleasant, the village of Briarcliff Manor and a portion of the village of Croton-on-Hudson.
- A portion of MSA 5660 (Newburgh, NY-PA), located in Orange County, including the cities of Newburgh, Middletown, and Port Jervis. The delineation also contains portions of the townships of Montgomery, Wallkill, New Windsor, Cornwall and Monroe, as well as portions of the villages of Monroe, Harriman, Kiryas Joel and Cornwall-on-Hudson and the town of Walden.
- A portion of MSA 2281 (Dutchess, NY), consisting of part of Dutchess County which includes the townships of Beekman, East Fishkill, Wappinger and LaGrange and the city of Poughkeepsie.
- A portion of MSA 3610 (Jamestown, NY), composed of the northeastern part of Chautauqua County, including the townships of Hanover, Sheridan, Villenova, Arkwright, Cherry Creek, Charlotte, Pomfret, Portland, Fredonia, Chautauqua and Stockton and the city of Dunkirk.
- A portion of MSA 2335 (Elmira, NY), consisting of the northern half of Chemung County including the rural townships of West Elmira, Tompkins Corners, Pine Valley and Van Etten. This portion of M&T's delineation has been added since the previous examination.

- A portion of MSA 0160 (Albany-Schenectady-Troy, NY), in Albany County and the suburban area west of the city of Albany, including the township of Guilderland. This portion of M&T's delineation has been added since the previous examination. However, subsequent to its examination date, the bank adjusted this delineation to include all of Albany County. A review of the distribution of the bank's loans reportable under the Home Mortgage Disclosure Act ("HMDA"), and small-business loans supports the expanded definition.
- The non-MSA area consists of all of Wyoming and Tompkins Counties and portions of Allegany, Cattaraugus, Cortland, Steuben and Ulster Counties. In Allegany County, the portion includes Bonlivar, Centerville, Clarksville, Cuba, Hume, Granger, Genesee, Rushford, Caneadea, Allen, New Hudson and Belfast. In Cattaraugus County, the portion includes Freedom, Farmersville, Yorkshire, Machias, Ashford, East Otto, Ellicotville, Perrysburg, Dayton, Leon, Persia, Otto, New Albion, Napoli and Salamanca. In Cortland County, the delineated area includes Cortland, Cortlandville, Freetown, Cincinnatus, Scott, Marathon, Willet, Preble, Harford, LaPeer, Virgil and Homer.

The following map represents M&T's delineated community.

MAP TO BE INSERTED HERE

CONCLUSIONS WITH RESPECT TO PERFORMANCE CATEGORIES:

Following is a summary of M&T's CRA performance based on these five performance categories: 1) Community development; 2) Geographic distribution and record of opening and closing offices; 3) Marketing and types of credit offered and extended; 4) Discrimination and other illegal credit practices; and 5) Ascertainment of community credit needs. See the MSA and non-MSA analyses on page 18 for further details regarding the assessment factors that deal with performance. A discussion pertaining to the assessment factors that deal with the CRA process begins on page 34.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

M&T strongly supports and initiates community development programs in the areas in its delineation in which the bank has a significant retail presence. For the period October 1994 through August 1996, M&T's community development activities in which the bank has a significant retail presence totaled \$44.1 million, of which \$25.1 million represented new commitments. Four of the nine MSAs, 1280 (Buffalo-Niagara Falls), 6840 (Rochester), 0960 (Binghamton) and 5600 (New York), where the bank has approximately 75 percent of its branches, accounted for 89 percent of all activity. The non-MSA areas, where approximately 14 percent of the bank's branches are located, and community development with statewide organizations represented 10 percent of total activity. MSAs 5660 (Newburgh) and 2281 (Dutchess), where the bank has approximately 8 percent of its branches, accounted for the remaining community development activity. There was no community development in MSAs 3610 (Jamestown), 2335 (Elmira) and 0160 (Albany-Schenectady-Troy), where the bank has approximately 3 percent of its branches.

The three MSAs where M&T has its most significant retail presence (MSAs 1280, 6840 and 0960) accounted for two-thirds of all community development activity, while MSA 5600, where the bank has a total of seven branches of which one is a private banking office, accounted for 24 percent of all activity. All of the community development activity in this MSA was confined to Rockland and Westchester Counties. There was no community development activity attributable to New York County, including New York City where the bank maintains only a private banking office.

Exhibits 1.1 - 1.11 on pages 54-61 show the direct and indirect financing provided by M&T to organizations and projects within each MSA and non-MSA.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

The geographic distribution of M&T's lending activity was determined through an analysis of the bank's HMDA data and small-business loans originated between October 1, 1994 and June 30, 1996. Overall, the analysis demonstrates a strong performance in the geographic distribution of the bank's credit applications and approvals for home purchase, refinance, home improvement, and small-business loans throughout its delineation. For purposes of this analysis, refinancings were combined with home purchase loans into the general category of "mortgages." The HMDA data includes the aggregate of all HMDA-reportable loans from the following entities: M&T Mortgage Corporation, M&T Real Estate Inc., and M&T Trust Company. M&T Mortgage Corporation and M&T Real Estate, Inc. are wholly owned subsidiaries of the bank.

The geographic analysis ("geocoding") of HMDA-reportable transactions was adjusted for demand by calculating the proportion of loans and of applications per thousand owner-occupied housing units in an area; the proportion calculated for LMI (low- and moderate- income) census tracts is compared with the proportion for non - LMI census tracts (that is, compared on a "demand-adjusted basis").

See Exhibits 2.1, 2.2 and 2.3 on pages 62-65 showing M&T's mortgage, home improvement and small-business application on a demand-adjusted basis for each county. "Small-business loan" is defined in accordance with the definition used by the bank to mean a loan to a business entity with gross annual revenues of up to \$3 million. Small business loans are adjusted for demand by calculating the proportion of small-business loans per thousand small-business establishments in an area.

For the estimate of demand of the small business lending activity the review considered retail and service small-business establishments within delineated counties, since the number of business establishments in partially delineated counties was not available. Therefore, any partially delineated county will reflect a lower penetration level in a county where there is a high number of establishments.

HMDA Lending Summary

Overall, mortgage and home improvement loan penetration levels were substantially stronger in LMI census tracts than in non LMI census tracts. The strong penetration level is in part attributed to the bank's use of a variety of special credit-related products that support home ownership and home improvement for LMI individuals.

The total population in M&T's delineation is 3.2 million, with 641 thousand, or 20 percent, residing in LMI census tracts or BNAs. Three of the MSAs (MSA 1280, which includes Buffalo, MSA 6840, which includes Rochester, and MSA 0960, which includes Binghamton) have a combined population of 2.3 million, or 72 percent of the total population in the bank's delineation, and 73 percent of the total number of owner-occupied units within the delineation.

As shown in Exhibit 2.1, on a demand-adjusted basis, mortgage application and loan approval activity in LMI census tracts is more than one-and one-half times stronger in LMI census tracts than in non-LMI census tracts. As shown in Exhibit 2.2, home improvement loan activity indicates a strong performance in LMI areas on a demand-adjusted basis. Application and loan activity in LMI census tracts is over twice as strong in LMI census tracts as in non-LMI census tracts.

Despite the overall strong performance for HMDA-related loan products by M&T, there are some counties within the MSAs and the non-MSA area where loan approvals show some weaknesses. At the MSA level, in MSA 6840 (Rochester), Orleans County and MSA 5660 (Newburgh), Orange County, the only delineated county in the MSA, mortgage loan approvals were weak in LMI census tracts. In MSA 0960 (Binghamton) loan approvals for both mortgage and home improvement loans in Tioga were weak. Within the non-MSA area weaknesses in loan approval activity for mortgages and home improvement loans were evident in Cattaraugus and Ulster Counties.

Small-Business Lending

The bank's small-business lending is assessed as strong, with a significant level of loan penetration equally distributed throughout its delineated community. Overall, 93.8 percent (2,975 of 3,169) of small-business loans geocoded were made within M&T's delineation. The bank's overall loan penetration level was strong, averaging 38 loans per 1,000 small-business establishments.

The bank's level of lending per 1,000 small-business establishments levels in LMI census tracts ranged from reasonable to strong throughout the delineated community. M&T achieved penetration levels for small-business loans that appear proportional to the number of LMI census tracts. The bank originated 715 loans (or 24 percent) of its small-business loans in LMI census tracts. Within the delineation 27 percent of the census tracts are identified as LMI tracts. However, there are a number of counties where census tracts show weaknesses. In MSAs 5660 (Newburgh) and 0960 (Binghamton), Orange County and Tioga County, respectively, showed weak lending in LMI census tracts. In the non-MSA areas loan penetration was weak in the LMI BNAs in Cattaraugus and Ulster Counties.

See page 18 and following pages for the analyses of the individual MSAs and non-MSAs.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

As of August 1, 1996 M&T had 146 full-service branches, 6 limited-service facilities, and 136 owned and operated ATMs in New York State. Since August 1, 1994, the bank has opened 17 full-service branches and closed 10, and designated 1 loan production office ("LPO") as a full-service branch.

Exhibit 3, page 66 shows the number of branch openings, closings and consolidations since the previous examination.

Exhibit 4, page 67 shows the number of M&T branches by county within each MSA and non-MSA.

M&T has a satisfactory branch-closing policy and performs a comprehensive analysis prior to making any final decision to close a branch. Management considers the impact on the community being served, the proximity of other M&T branches, alternative means of delivering banking services, and the availability of financial services in the local market area. The policy requires the bank to take into consideration information from local civic and government officials to assess fully any adverse impact of an office-closing and also provides for adequate prior notification to customers and to the local community.

M&T provides timely advance notification to this Reserve Bank and affected customers of decisions to close, consolidate, or relocate a branch office. When a branch is closed, relocated or consolidated, the bank transfers customer accounts to a nearby or surviving branch and information concerning this transfer is included in an advance customer notice.

III. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

M&T's marketing efforts are effective, as demonstrated by the overall strong application and loan penetration levels achieved for all HMDA-reportable products and small-business loans. Print advertising represents the primary form of advertising. The objectives of the bank's 1995 and 1996 CRA marketing plans were to develop and promote special credit products for retail and commercial banking customers, continue marketing research, provide education about business and banking practices, and generate awareness of the bank's products and services throughout its entire assessment area. In addition, the bank employs specific strategies to ensure that its affordable mortgage and other special credit products are effectively marketed to LMI income individuals and communities.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

M&T offers a variety of credit products which effectively serve the needs of consumers and businesses within its delineation, including LMI areas. M&T's credit products include residential, consumer, and small business loans. M&T's strong retail product line includes products specifically developed for LMI consumers.

M&T's real estate products include home purchase and home improvement loans with flexible underwriting criteria, enabling LMI and first-time home buyers to qualify for loans. These products are offered throughout the bank's assessment area. Some programs, however, have been designed specifically to meet the credit needs of individuals in MSA 1280 (Buffalo-Niagara Falls), MSA 6840 (Rochester) and MSA 0960 (Binghamton), as well as certain non-MSA areas. These products are discussed in the individual MSA and non-MSA analyses beginning on page 18.

In addition to real estate products, M&T offers consumer credit products that include VISA credit lines, direct and indirect installment loans, variable-rate installment loans, home equity loans and lines, secured personal loans, and student loans.

The bank offers small-business lending products that include term loans, lines of credit, business installment loans, and mortgage loans. M&T also participates in small-business development initiatives such as New York State's Excelsior Linked Deposit Program and Small Business Administration ("SBA") guaranteed programs listed under Assessment Factor J.

SPECIAL CREDIT PROGRAMS

Consumer Lending

Two of M&T's available installment loans are the Homeowner's Quickloan and the Quick Equity Line of Credit. These products are targeted to customers who may not otherwise qualify under traditional underwriting equity requirements. These loans provide low rates, and flexible terms, and involve no closing costs or fees. The Homeowner's Quickloan is available in amounts as low as \$2,000 with terms from 12 to 180 months. The Quick Equity Line of Credit makes available lines of credit as low as \$5,000 with 14-year terms. M&T also offers a Visa Secured Credit Card, which is secured by an M&T deposit account. This product enables individuals who would not otherwise qualify for credit to establish or re-establish credit.

III. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (Cont.)

Real Estate Lending

All of M&T's mortgage lending is conducted by its subsidiary, M&T Mortgage Corporation. During the period from January 1995 to July 1996, M&T extended the following affordable-housing products throughout its delineation: (1) Community Home Buyer's Program; (2) Closing Cost Saver Program; (3) Closing Cost Loan; (4) Affordable Home Improvement Loan; (5) Community Home Buyer's Landlord Counseling Program; (6) 2-1 Lender Funded Buydown Program; (7) CRA Portfolio Loans; (8) Home Investment Partnership Program; and (9) \$500 Downpayment program.

In addition to the products listed above, certain unique products or programs were made available in specific geographies throughout the bank's delineated community. These products and programs are discussed in the relevant MSA writeups beginning on page 18.

The following special credit programs are available throughout the bank's delineated community.

COMMUNITY HOME BUYER'S PROGRAM

As part of its efforts to assist first time-home buyers, M&T participates in the Fannie Mae (formerly Federal National Mortgage Association) Community Home Buyers Program. This program provides two options for home buyers who can make monthly payments but have trouble making the initial downpayment. Both options can be combined with the Closing Cost Saver Program. In 1995, and 1996, M&T made 73 loans through this program totaling \$5.7 million.

The first option entitles home buyers to move in with as little as 3 percent down. These home buyers are required to have only one month's mortgage payment in reserve, rather than two. The second option requires a downpayment of 3 percent, with the remaining 2 percent eligible to be funded through a grant or a gift from a community group or non-profit organization. This program is available only for one- and two-family owner-occupied primary residences, M&T-approved planned unit developments ("PUDs"), and condominiums. The gross income of applicants may not exceed 100 percent of HUD's median income, and the minimum loan amount is \$10 thousand.

CLOSING COST SAVER PROGRAM

M&T provides closing cost loans of up to 5,000 at an interest rate of 5 percent in conjunction with the bank's \$500 Downpayment Mortgage Program described below. The Closing Cost Saver Program was started in April 1994, and it is available on Federal Housing Administration ("FHA"), conventional fixed-rate, and Community Home Buyer's Program mortgages. In 1995, there were 107 originations totaling \$7.5 million. For the first six months of 1996, M&T extended an additional 28 loans for \$1.9 million.

This Closing Cost Saver Program features a credit to the homeowner of up to 2 percent of the conventional loan amount for closing costs so long as credit to the borrower does not exceed the total allowable closing costs. Downpayment, reserves for escrow, and private mortgage insurance private mortgage insurance ("PMI") cannot be included in this credit to the borrower. This credit is made possible through the imposition of an interest rate slightly higher than it would be without this program.

III. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (Cont.)

CLOSING COST LOAN

M&T offers closing cost loans in conjunction with the Bank's \$500 Downpayment Mortgage Option. M&T provides low-interest-rate loans of up to \$5,000 towards closing costs at a rate of 5 percent. These loans are available only on one- to two-family owner-occupied primary residences, and terms on these loans run from 5 to 15 years. Since January 1995, 352 loans have been extended totaling \$1.1 million.

AFFORDABLE HOME IMPROVEMENT LOAN

M&T's Affordable Home Improvement Loan product is available to homeowners with incomes less than \$30 thousand. This program includes loans ranging from \$1,500 to \$20 thousand with terms from 12 to 180 months. The bank absorbs all third-party costs such as appraisal fees, title filing fees, and mortgage taxes. In 1995, M&T extended 76 loans totaling \$580 thousand. For the first half of 1996, M&T originated 53 loans for a total of \$534 thousand.

COMMUNITY HOME BUYER'S LANDLORD COUNSELING PROGRAM

This program enables LMI home buyers to purchase a two- to four-family home and live in one unit while

earning rental income on the other units. The program features a 95 percent maximum loan-to-value ("LTV"), ratio on a two- to four-family home with a mandatory requirement of landlord counseling. Financing is provided on loan amounts up to \$300 thousand. A low 5 percent downpayment is available on loan amounts up to \$260 thousand. PMI is required for all mortgages with a LTV ratio in excess of 80 percent. Since January 1995, M&T has extended 12 loans through this program totaling \$898 thousand.

2-1 LENDER FUNDED BUYDOWN PROGRAM

M&T's 2-1 Lender Funded Buydown Program reduces the interest rate of a first mortgage. Participation in this program lowers the annual interest rate by 2 percent for the first year and 1 percent for the second year. Participants will benefit from lower monthly payments that increase with expected increases in borrower income. This payment structure facilitates affordability and requires only a slight overall interest-rate increase over the term of the loan. This program is available for owner-occupied primary residences and can be combined only with conventional 15- and 30-year mortgages.

CRA PORTFOLIO LOANS

M&T has a flexible underwriting policy that includes affordable mortgage approvals for loans that do not meet secondary-market underwriting criteria. These loans are held in M&T's CRA Portfolio. As of June 30, 1996 the bank originated 49 loans totaling \$3.3 million under this program.

HOME INVESTMENT PARTNERSHIP PROGRAM

M&T sold foreclosed homes below market value to qualified applicants in Rochester and Buffalo through HUD's Home Program. Homes were sold directly to the applicants in the HUD property disposition area. Since January 1995, M&T has extended 14 loans totaling \$635 thousand under this program. For 1995, there were 13 loans totaling \$580 thousand and for the first half of 1996, there was one loan for \$54,857. This program was discontinued in June of 1996 by the sponsoring non-profit community-based housing development organizations.

III. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (Cont.)

\$500 DOWNPAYMENT

This loan program was developed to meet affordable-housing needs in the communities of Binghamton and Ithaca and has also been implemented in Rochester. This mortgage option requires only a \$500 cash downpayment and M&T waives all application, lock-in, documentation preparation, and underwriting fees. M&T granted 403 loans through this program totaling \$17.3 million in 1995. For the first half of 1996, 39 loans have closed totaling \$1.8 million.

M&T will also provide a second, low-interest loan of up to \$5,000 toward closing costs at a rate of 5 percent through the Closing Cost Loan Program described above. M&T has set a maximum mortgage of \$70 thousand in order to ensure that the program's focus is on LMI home buyers. This program is available only for a one- or two-family owner-occupied principal residence. All borrowers are required to attend pre-and post-purchasing counseling sessions.

Energy Conservation Lending

M&T participates in various energy conservation programs that provide loans for home improvement throughout the bank's assessment area.

Through the New York State Electric & Gas Company ("NYSEG") "1-4 Family Program," M&T offers loans from \$500 to \$4,500 at low, fixed-interest rates for the installation of energy conservation measures by residents. Since January 1995, M&T extended 203 loans through this program totaling \$455 thousand. In mid-1996, NYSEG discontinued this program.

In 1995, M&T began to extend credit through NYSEG's "Electrical Equipment Loan and the Gas Conversion Programs." The Electrical Equipment Loan program offers loans to commercial and residential electric customers for the purchase and installation of energy efficient equipment. Since January 1995, there have

been 47 loans extended totaling \$145 thousand. Through NYSEG's "Gas Conversion Program," M&T provides specially priced financing to customers who are installing gas-saving equipment in their homes. Under the conversion program, 35 loans were extended totaling \$146 thousand.

M&T participates in the "Home Improvement Loan Program" in conjunction with the Central Hudson Gas and Electric Company's Residential Energy Conservation Program covering the northern portion of mid-Hudson Valley. This program is available in Dutchess, Albany, Orange, and Ulster-Putnam Counties. From January 1, 1995 to June 30, 1996, 18 loans totaling \$38,770 were extended.

Small-Business Lending

M&T's Business Banking Department provides a variety of credit services to small-business owners. M&T targets companies with annual sales volumes of up to \$3 million. Business development efforts are coordinated through the bank's branch office network, primarily through M&T's Business Banking Centers.

The bank offers credit services that include short, intermediate, and long-term financing. The small-business product line includes term loans, lines of credit, business installment loans, construction loans, mortgage loans, and equipment leasing to small businesses. In addition, M&T provides construction loans for affordable-housing builders who would not qualify under standard underwriting guidelines, and offers specialized financing programs for volunteer fire companies and fire districts for the acquisition or rehabilitation of new firefighting equipment.

III. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (Cont.)

M&T originated 1,992 small-business loans in 1995 totaling \$93.6 million. M&T's new loan activity for the first six months of 1996 amounted to 1,079 loans, with \$75.1 million in credit extended.

Assessment Factor J- The institution's participation in governmentally- insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

M&T actively participates in government-related housing, small-business, and education loan programs throughout its delineation. M&T's housing loans are originated in conjunction with the State of New York Mortgage Association ("SONYMA"), the FHA, the Veterans Administration ("VA") and the Rural Farms Services Association. M&T is also an SBA preferred and certified lender, an issuer of government subsidized student loans, and a participant in the Excelsior Linked Deposit Program. In addition, M&T has participated in three new affordable real estate programs since January 1995. These programs include M&T's MakeOver Mortgage/ FHA 203(k), SONYMA's New York State Home of Your Own, and SONYMA's New Construction Incentive Program.

The following products and programs are offered throughout the bank's delineation:

SONYMA

SONYMA's programs provide home buyers with flexible, affordable lending options such as fixed, below-market rates, up to 100 percent financing under certain programs, debt-to-income ratio limits, and short- and long-term repayment schedules. SONYMA provides below-market rate loans with low downpayments to eligible first-time home buyers. The loans encourage home ownership for families with annual incomes below the statewide median income. As a participating SONYMA lender, M&T has closed a total of 647 SONYMA loans in 1995 for \$46.7 million. M&T originated 479 SONYMA loans in the first six months of 1996 for \$36.3 million.

M&T currently offers four SONYMA programs: the New Construction Incentive Program, the Low Interest Rate Program for First-Time Home Buyers, the Low Down Payment Program for First Time Home Buyers, and the New York State Home of Your Own Program. SONYMA's programs are available for one- to four-family properties and SONYMA-approved condominiums and PUDs.

In 1996, M&T was selected to be the exclusive lender for a SONYMA-guaranteed mortgage loan program, A Home of Your Own, which is targeted for the developmentally disabled. M&T has waived application fees, reduced the appraisal fee to \$100, and limited its origination fee to percent for this program. In addition, the interest rate is 4 percent with a 100 percent LTV ratio and a single underwriting ratio of 36 percent debt-to-income.

FHA

Special features for M&T's FHA mortgages include downpayments as low as 2.25 percent, higher qualifying ratios than for conventional loans, and lower closing costs. M&T offers a number of FHA mortgage products, including fixed-rate loans for up to 30 years and a one-year adjustable-rate mortgage. In 1995, M&T granted 1,469 FHA loans for a total of \$106 million. Through the first six months of 1996, 1,587 loans were originated totaling \$119 million.

III. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (Cont.)

M&T's MakeOver Mortgage/ FHA 203 (k) covers various types of home improvement through low downpayments and financing for most closing costs. In addition, there is no up-front mortgage insurance premium and the mortgage covers almost every property type. This product enables the buyer to finance the purchase of the property and the home improvements at the same time. In addition, this product offers higher qualifying ratios than those for conventional mortgages. In 1995, M&T extended one loan under this program for \$34 thousand. In March of 1996, the program was offered statewide. As of July 1996, 30 MakeOver Mortgage loans were extended totaling \$1.9 million.

VA MORTGAGES

M&T offers fixed-rate and adjustable-rate loans with 100 percent financing to eligible veterans, reservists, and active military personnel. VA Adjustable Rate Mortgages ("ARMs") are also available. The maximum loan amount is \$200 thousand and is available on one- to four-family homes and VA-approved condominiums. There are no downpayments, application fees or PMI requirements, and the loan features reduced closing costs. M&T closed 296 loans under this program in 1995 worth \$26.1 million. As of July 1996, 122 VA loans have closed totaling \$9.4 million.

RURAL FARMS SERVICES ASSOCIATION

M&T extends loans guaranteed by the Rural Farms Services Association for the purchase of one-family owner-occupied residential dwellings in eligible rural areas with populations of less than 10 thousand. M&T also offers 100 percent financing with no mortgage-insurance requirement. This program was previously administered and guaranteed by the Farmers Home Administration ("FmHA") Loan Program. Currently, there are ten outstanding loans totaling \$1.7 million. Since January 1995, there has been one new loan origination totaling \$30,000.

SBA LOANS

In 1995, M&T originated 367 SBA-guaranteed loans totaling \$31.8 million. For the first half of 1996, M&T extended 104 SBA-guaranteed loans totaling \$10.6 million. Overall, M&T has 662 outstanding SBA-guaranteed loans in its portfolio totaling \$63.6 million. SBA loans account for 18 percent of M&T's small-business loan portfolio.

During fiscal year 1995, M&T originated more SBA-guaranteed business loans than any other financial institution in New York State. Since 1993, M&T has been a Preferred SBA Lender, which enables it to extend SBA loans for a reduced guaranteed fee. M&T participates in the SBA 7(a) Program, Low Doc Program, and Women's Prequalification Program.

The 7(a) Program is the SBA's primary business-loan program. The bank provides the funds and the SBA guarantees up to 90 percent of the loan. There is no maximum loan amount, but SBA exposure is limited to \$750 thousand. The Low Doc Program targets a new businesses or businesses that have annual sales below \$5 million and fewer than 100 employees. Interest rates on these loans depend on the size of the loan. Loans are for \$100 thousand or less and are guaranteed by the SBA up to 90 percent of the loan. The Women's Prequalification Program targets women-owned businesses with annual sales of less than \$5 million and fewer than 100 employed workers. Loan amounts may not exceed \$250 thousand and are guaranteed up to 90 percent by the SBA.

NEW YORK STATE EXCELSIOR LINKED DEPOSIT PROGRAM

New York State's Excelsior Linked Deposit Program is an economic development initiative through which M&T provides funding to small businesses. Eligible business owners can borrow from M&T at an interest rate that is 2 percent to 3 percent below market rates on similar loans, while M&T receives deposits of state funds at comparably reduced rates. In 1995, M&T originated ten loans for \$3.08 million. For the first half of 1996, M&T closed three loans for a total of \$440 thousand.

STUDENT LOANS

M&T offers both federally subsidized and non-subsidized Stafford loans for vocational, undergraduate, graduate and professional students. In addition, M&T offers Federal Plus loans for the parents or guardians of financially dependent undergraduate, graduate or professional students. Since January 1995, M&T has originated 13,422 government-guaranteed student loans totaling \$43.1 million. The bank has 39,859 total outstanding government-guaranteed student loans totaling \$118.8 million.

HOME INVESTMENT PARTNERSHIP (HOME) PROGRAM

As noted above under III, Marketing and Types of Credit Offered and Extended, Assessment Factor I (page 12), M&T sold foreclosed homes below market value to qualified applicants in Rochester and Buffalo through the HUD Home Program. Homes were sold directly to the applicants in the HUD property disposition area. Since January 1995, M&T has extended 14 loans totaling \$635 thousand. For 1995, there were 13 loans totaling \$580 thousand, and for the first half of 1996, there was one loan for \$54,857. This program was discontinued in June of 1996 by the sponsoring non-profit community-based housing development organizations.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

M&T solicits credit applications from all segments of its delineated community including LMI areas. Management has developed written policies, procedures and training programs to ensure that the bank does not illegally discourage or prescreen applicants. A review of policies, procedures and credit applications relating to the bank's own non-correspondent lending did not produce any evidence of practices intended to discourage applications for the types of credit set forth in the bank's CRA statement. In connection, however, with its services as correspondent for investor institutions, the bank briefly applied geographic criteria outside of its CRA delineated areas at the instruction of one investor institution, which criteria appeared to be inappropriate. The bank discontinued implementation of these criteria by severing the correspondent relationship.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

With the exception noted above under Assessment Factor D with respect to its correspondent banking services on behalf of another institution, M&T is in compliance with the substantive provisions of the antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, the Fair Housing Act and the agency regulations pertaining to nondiscriminatory treatment of credit applications.

V. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

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

M&T's ascertainment efforts are effective and assist management in identifying community credit needs and

lending opportunities throughout its community, including LMI neighborhoods. Various committees serve as a focal point for monitoring information and informing management of the bank's performance in identifying the credit needs of its delineated community. Ascertainment information is conveyed to senior management on a regular basis.

The bank's CRA organizational structure consists of four divisions, Buffalo, Rochester, Southern, and Hudson Valley. Each division is divided along geographic areas and supported by a Regional CRA Officer. The four Regional CRA Officers are located throughout the state to support ascertainment efforts of M&T's CRA Administration Department. In addition to M&T's four Regional CRA Officers, the bank has an established Board of Directors' CRA Committee, a CRA Steering Committee, and a CRA Marketing Committee that provide a forum for the discussion of issues related to outreach efforts, business referrals, and other topics of mutual interest throughout New York State. The committees are composed of management representatives from the mortgage, consumer credit, consumer compliance, marketing and community reinvestment areas of the bank, and from the regional branch network.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

M&T's CRA program includes the participation of senior management and the board of directors in the formulation of CRA policy, in the establishment of CRA goals and objectives, and in the review of M&T's current CRA efforts. The board of directors has a multitiered structure that manages M&T's CRA program effectively. This structure includes a CRA Committee composed of three directors, which meets regularly with the CRA Officer and senior representatives of the consumer lending, marketing and small-business departments to develop, implement and review CRA initiatives. This Committee meets six times a year and acts as liaison with the full board of directors to facilitate its review and approval of actions presented by the Committee. With the aid of this structure, M&T's board of directors has demonstrated a strong commitment to the bank's delineated community, including LMI areas, through the introduction of unique credit products and services and through the bank's substantial involvement in community development activities.

METROPOLITAN STATISTICAL AREA AND NON-METROPOLITAN STATEWIDE

AREA ANALYSIS

MSA 1280 (BUFFALO-NIAGARA FALLS, NY)

Twenty-nine percent of the census tracts in this MSA are LMI census tracts, with the population residing in such tracts representing 24 percent of the MSA's population and 44 percent of the total population in LMI tracts in the bank's delineation.

M&T has a strong CRA record in this MSA. Overall, HMDA-reported activity was strong, with mortgages (home purchase and refinancing) and home improvement approvals particularly strong in LMI census tracts. Small-business loan originations in this MSA were strong. The population in this MSA's LMI census tracts represents the greatest concentration of population in the bank's delineation.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

Community development activity in this MSA totaled \$17.1 million. This commitment consisted of \$16.9 million in direct lending activities and \$191 thousand in indirect lending. Thirty-nine percent of all community development activity was in this MSA.

The largest portion of direct community development lending in this MSA was devoted to the construction and rehabilitation of affordable housing in LMI census tracts, which accounted for 80 percent of the community development commitment in this MSA.

Despite a median rental of \$105 less than the state average, 44 percent of renters above the state average, devote more than 30 percent of their income to rent. In addition, the MSA has a population that is considerably older than New York State as a whole, suggesting a need for retirement housing in this area.

The bank has no direct economic-development lending in this MSA. However, M&T has committed \$3 million to the New York Business Development Corporation, which promotes economic development in these counties. Community development grants allocated to non-profit organizations in this MSA totaled \$987 thousand with 89 percent of the funds going towards education and social services.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

MORTGAGE ACTIVITY

Loan application activity was strong, with loans originated throughout the MSA. Demand-adjusted home purchase and refinance application and approval activity was more than one and one-half times stronger in LMI census tracts than in non-LMI census tracts in Erie and Niagara Counties, the two counties which constitute this MSA. M&T's mortgage approvals in LMI census tracts have helped stimulate the city's private housing market and provided home ownership opportunities to many LMI renters.

HOME IMPROVEMENT ACTIVITY

Home improvement lending on a demand-adjusted basis was very strong in LMI census tracts. Application and loan activity in LMI census tracts was more than twice as strong as the level achieved in non-LMI census tracts. The MSA's housing stock is among the nation's oldest, with 60 percent of units in Buffalo built before 1940. M&T has identified the need this signifies, and home improvement lending represented over 50 percent of overall HMDA-related lending in the MSA. The level of activity was particularly strong in Erie County, where the bank has a strong branch presence. In Niagara County, applications and approvals from LMI census tracts were stronger than those in non-LMI census tracts.

SMALL-BUSINESS LENDING

Within this MSA, the bank achieved a high penetration level of 130 loans per 1,000 small-business establishments. Lending activity was dispersed throughout the MSA. Loan penetration in LMI census tracts was comparable to the percentage of LMI census tracts in this MSA. Lending activity occurred around all branch offices and was particularly strong in Niagara County where the percentage of loans originated in LMI census tracts equals 28 percent of total loans and 26 percent of the census tracts are LMI tracts.

III. TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

In addition to the products and special-credit programs discussed on pages ----- which are offered throughout the bank's delineated community, the following programs were designed specifically to meet the credit needs of MSA 1280:

OLD FIRST WARD LOAN PROGRAM

In July 1996, the Old First Ward Community Center located in Buffalo received a home improvement grant of \$200 thousand from the New York State Affordable Housing Corporation for the purpose of rehabilitating owner-occupied residences. These funds will be used to make a 60 percent grant to individuals for home rehabilitation purposes. M&T has agreed to make a 40 percent match to these grant funds for qualified applicants. The bank's loans will range from \$2,000 up to \$20 thousand and will be made available to creditworthy applicants with annual incomes below \$30 thousand. Loans will be extended at a rate which is 2 percent below M&T's normal rate for this type of home improvement loan, and terms will range from 12 to 180 months.

III. TYPES OF CREDIT OFFERED AND EXTENDED (Cont.)

SEVENTY EIGHT RESTORATION CORP. LOAN PROGRAM ("SERC")

M&T works in conjunction with SERC to provide both secured and unsecured fixed rate loans in the Masten District of Buffalo, which is predominantly an LMI area. The SERC loan program is state-funded, although grants from the state may not exceed 60 percent of the homeowner's financing. M&T provides the remaining portion of the loan to the homeowner. The minimum loan amount is \$1,000 while the maximum loan amount is \$20 thousand. Loans are provided at 3 percent below the market rate with the repayment terms on the loans

ranging from 12 to 120 months. M&T has committed an additional \$100 thousand to the program in 1996 and is currently servicing seven loans totaling \$54 thousand.

BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION ("RDC")

M&T participates with the SBA in a Buffalo and Eric County RDC Business Loan Fund. This program is designed to offer incentives for the start-up, development, or expansion of small and/or minority businesses. Loans range from \$20 thousand to \$150 thousand with an interest rate of prime plus 2 percent. SBA guarantees these loans up to 90 percent. M&T initially funds 100 percent of the total principal amount and in turn sells RDC a 35 percent participation in the loan. This program is offered in Buffalo, Lackawanna, and Tonawanda. Between December 1995 and July 1996, M&T extended seven loans through this program totaling \$809 thousand.

SCATTERED SITE HOMEOWNERSHIP PROGRAM

M&T has provided financial counseling and mortgages for 25 newly rehabilitated homes in Niagara Falls through the Scattered Site Homeownership Program. This program was developed with funding from HUD. The Niagara Falls Housing Authority developed this program to enable former public housing tenants to become first-time homeowners. A \$500 downpayment is required of all borrowers. Monthly mortgage payments including principal and interest, insurance, taxes, and a utility allowance cannot exceed 30 percent of each family's income. There are currently seven outstanding loans totaling \$175 thousand. This program ended in mid-1996 after earmarked funds were extended.

ENERGY CONSERVATION LENDING

M&T has extended reduced-rate loans to National Fuel Gas customers through the National Fuel Gas SAVINGPOWER Program since June 1985. These loans are targeted for energy conservation-related repairs or improvements on one- to four-family homes built prior to 1980. This program makes funds available at a 6.5 percent fixed rate for customers in National Fuel Gas territory. M&T extended 201 loans totaling \$418 thousand between January 1, 1995 and June 30, 1996. However, National Fuel has recently discontinued this program.

FEDERAL HOME LOAN BANK ("FHLB") AFFORDABLE HOUSING PROGRAMS

The Buffalo Neighborhood Revitalization Corp. sponsored an FHLB grant of \$420 thousand in March 1996 for the Buffalo New Housing Program. FHLB subsidies will be used for interest-rate buydowns, downpayments, and closing-cost assistance. Thirty new homes will be built, with five of these homes sold to households with an income less than 50 percent of the median income. Fifteen homes will be sold to households with an income between 51 percent and 65 percent of the median family income. The remaining ten homes will be sold to households with an income between 66 percent and 80 percent of the median family income. M&T has committed \$21 million in end-loan mortgages and also has assumed the monitoring and disbursing responsibilities for this program.

III. TYPES OF CREDIT OFFERED AND EXTENDED (Cont.)

The Polish Community Center of Buffalo sponsored an FHLB grant of \$50 thousand in February 1996 for the Broadway Fillmore Affordable Housing Program in Buffalo. The program will enable ten low-income renters to become homeowners through counseling, purchase price reduction, subsidy of repair work, and interest-rate buydown. M&T has committed \$280 thousand in end-loan mortgages in conjunction with this program. M&T is also responsible for disbursing and monitoring the FHLB grant.

MSA 6840 (ROCHESTER, NY)

Thirty-three percent of the census tracts in this MSA are LMI census tracts, with the population residing in such tracts representing 21 percent of the MSA's population and 30 percent of the total population in LMI census tracts in the bank's delineation.

M&T has a strong record in this MSA. The geographic distribution of mortgage loans in MSA 6840 was consistent with the bank's overall strong performance. For mortgage and home improvement products, application and approval activity was stronger in LMI census tracts than in non-LMI census tracts. Small-business loan penetration was strong; however, the percentage of loans originated in LMI census tracts showed significant weakness in two of the six counties in the MSA. The bank's community development activity in this MSA was concentrated in an area that contains the largest proportion of the LMI census tracts in the MSA.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

Community development activity in MSA 6840 totaled \$5.1 million and represented 12 percent of the bank's total activity. Approximately \$4.0 million of the activity was for affordable housing. Social service lending totaled \$900 thousand and economic development lending amounted to \$204 thousand. Of the \$5.1 million extended in this MSA, \$4.5 million or 90 percent, was concentrated in Monroe County. Monroe County contains 86 percent of the LMI census tracts within the bank's delineated portion of this MSA.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

MORTGAGE ACTIVITY

MSA 6840 was the bank's second largest market for mortgage lending. It represented 25 percent of both overall mortgage application and loan approval activity in M&T's delineated community. Approximately 80 percent of the mortgage originations within this MSA were from Monroe County, which contains 76 percent of the MSA's owner-occupied units.

On a demand-adjusted basis, the level of mortgage applications in LMI census tracts was twice the level achieved in non-LMI census tracts. Mortgage loan approvals in LMI census tracts were approximately twice the number in non-LMI census tracts. However, despite the overall strong demand-adjusted levels in LMI census tracts, loan activity in such tracts in Orleans County was weak. There was no loan activity shown in LMI tracts in Ontario County that as of the examination date, were only recently included in the bank's delineation, in anticipation of the opening of a new branch in July 1996.

HOME IMPROVEMENT ACTIVITY

Home Improvement activity was strong in this MSA. Overall, home improvement applications and approval levels were one- and one-half times higher in LMI census tracts than in non-LMI census tracts. However, there was no application activity in Ontario County's two LMI tracts. However, as noted above, these tracts were only recently included in the bank's delineation, as of examination date, in anticipation of a new branch opening in July 1996.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (Cont.)

SMALL-BUSINESS LENDING

Within the MSA, the bank achieved a strong penetration rate of 93 loans per 1,000 small-business establishments. Genesee, Orleans and Monroe counties experienced exceptionally high penetration rates with each exceeding 100 loans per 1,000 business establishments. Of the six counties which constitute the MSA, only Ontario showed a somewhat low loan penetration rate. However, it should be noted that only 6 of the county's 23 census tracts are included in the bank's delineation.

Lending was generally disbursed throughout the MSA, with the bank originating 26 percent of its small-business loans in LMI census tracts; 33 percent of the census tracts within the MSA are LMI census tracts.

III. TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

The following programs were designed specifically to meet the credit needs of MSA 6840:

MONROE COUNTY REHABILITATION PROGRAM

M&T has formed a partnership with Monroe County Planning and Development Department for a housing rehabilitation program targeted towards low-income homeowners residing in Monroe County. The program is HUD-funded and loans are provided at a low interest rate of 3 percent. The maximum loan amount is \$7,500 and only Monroe County residents are eligible for the program. M&T is responsible for credit review, collection activities, monthly reporting to the county, disbursement, and payments.

CITY OF BATAVIA RESIDENTIAL REHABILITATION

HUD together with the city of Batavia has provided \$375 thousand for home improvement loans and grants to residents in the Jackson Street neighborhood. The eligible recipient must be a low-income homeowner whose property is in need of essential repairs to correct basic structural deficiencies that present health and safety hazards to residents. M&T has assumed responsibility for the disbursement, servicing, and collection activities of the program.

FHLB AFFORDABLE HOUSING PROGRAM

The city of Rochester sponsored an FHLB grant of \$150 thousand for the Homesteading/Low-Income Rental Program in Rochester. This program will create homeownership possibilities for 25 low-income families in Monroe County by providing downpayment and closing cost assistance. M&T has committed \$950 thousand in end-loan mortgages and is also responsible for disbursing and monitoring this grant.

III. TYPES OF CREDIT OFFERED AND EXTENDED (Cont.)

CITY OF ROCHESTER'S HOUSING OPPORTUNITIES INCORPORATED REHABILITATION PROGRAM (HOP)

M&T participates in HOP. Through this program, vacant properties are acquired and completely renovated. M&T originates mortgages based on the projected, post-rehabilitation value. Additional city and non-profit housing organization funds are used to make the homes more affordable. To qualify for this program, applicants must have an annual income below 80 percent of the median. Between December, 1995 and July, 1996, M&T has extended two loans through this program totaling \$91,000. This program ended in mid-1996 after all allocated funds were extended.

Although, overall, this MSA is the most affluent MSA in upstate New York, 42 percent of tenants in the 115 thousand rental units contained in the bank's delineation pay more than 30 percent of their income for rent.

MSA 0960 (BINGHAMTON, NY)

Thirty-three percent of the census tracts in this two county MSA are LMI census tracts, with the population residing in such tracts representing 24 percent of the MSA's population and 8 percent of the total population in LMI census tracts in the bank's delineation.

M&T has a satisfactory CRA record in this MSA. Community development activity in this MSA represented 15 percent of the bank's total community development activity. The bank's performance with regard to HMDA-related loan activity and small-business loan origination activity is at a satisfactory level. However, a strong level of HMDA-related activity and very satisfactory small-business lending in Broome County was partially offset by weak lending performance in each of these categories in Tioga County.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

Community development activity was \$6.5 million. Approximately 85 percent of the activity in this MSA is attributable to an economic development project in Endicott, New York.

Major restructuring by major industrial and defense-related firms on which the area's economic performance depends has reduced economic growth, with the result that Binghamton was the only major New York State market to experience a net job loss in 1995.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

MORTGAGE ACTIVITY

The bank's performance with regard to home purchase and refinance loans in this MSA is satisfactory. On a demand-adjusted basis, loan approval activity was only slightly stronger in non-LMI census tracts than in LMI census tracts. However, the strong performance was entirely attributable to strong penetration in LMI census tracts in Broome County and as loan activity in such tracts in Tioga County was very weak.

HOME IMPROVEMENT ACTIVITY

Overall, on a demand-adjusted basis, home improvement activity was moderately stronger in non-LMI census tracts than in LMI census tracts. However, loan activity in Tioga County was extremely weak, with only one loan approval in LMI census tracts. Loan activity in Broome County was at a satisfactory level.

SMALL-BUSINESS LENDING

The bank's penetration level of small-business loans per 1000 small-business establishments is satisfactory in this MSA. However, lending in LMI census tracts showed some weaknesses, especially in Tioga County. Overall, 33 percent of the census tracts in this MSA are LMI census tracts and 26 percent of the loans were originated in such tracts. In Tioga County, however, where 22 percent of the tracts (two census tracts) were LMI tracts, no loans were originated in such tracts.

MSA 5600 (NEW YORK, NY)

At examination date M&T delineated only a small portion of this MSA, which is the largest in New York State. The bank maintained a retail presence in portions of Rockland and Westchester Counties through six branches. In addition, it operate a private banking branch in New York County.

M&T's delineation in this MSA contains a population of only 172 thousand, with 6,000 (4 percent) residing in LMI tracts. New York City, which has a significant LMI population, is included in the bank's delineation to only a minimal extent, but the bank's delineation is reasonable (see "Reasonableness of Delineated Community, page 4).

This MSA contains the approximated equivalent of 343 LMI census tracts, taking into account the inclusion of parts of LMI census tracts, with a population of 2.8 million or 39 percent. Three census tracts in the bank's delineation in this MSA (10 percent of the tracts in the bank's delineation in the MSA) are LMI tracts, and the population of these tracts equals only approximately 1 percent of the population residing in LMI tracts in the bank's overall delineated community.

M&T has a satisfactory CRA record in this MSA. Of the bank's total community development lending, 25 percent pertained to this MSA. The activity was confined, however, to the two counties, Rockland and Westchester, in which the bank maintains a retail presence. There was no community development activity in New York City, where the bank has a private banking office. Overall, HMDA-related activity was reasonably distributed in Rockland and Westchester Counties, but there were no mortgage loan approvals and only two home improvement loan approvals in the LMI census tracts in these two counties. Small-business loan penetration was adequate, but no small-business loan originations were made in LMI census tracts.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

Of the bank's total community development lending, 24 percent, or \$10.6 million, was extended within the delineated portions of Rockland and Westchester. However, as previously noted, no community development activity was noted in New York City, where the bank maintains a private banking branch. All of the community development loans within the MSA were extended to affordable housing projects, with primary emphasis on housing for senior citizens.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

MORTGAGE AND HOME IMPROVEMENT ACTIVITY

The overall level of home mortgage and home improvement activity was at an adequate level; however, no mortgage loans and only two home improvement loans were approved in LMI census tracts. Opportunities to make loans in such tracts, however, may be limited inasmuch as there are only two LMI census tracts containing a total of 482 owner-occupied units in the Rockland and Westchester portions of this MSA.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (Cont.)

SMALL-BUSINESS LENDING

Overall, small-business loan penetration was adequate in these two partially delineated counties. In all, 35 loans were made in the delineated areas in Rockland and Westchester Counties. However, no loans were originated in LMI census tracts. Five percent of the delineated census tracts in Rockland and 20 percent of such tracts in Westchester County are LMI tracts.

A large number of Fortune 500 and middle-market corporations are headquartered in Westchester County and according to the Westchester County Board of Realtors, 1994 and 1995 were the two most successful years for home sales since 1980. Approximately 35 percent of the county's work force commutes to work outside the county.

Rockland County's economy is more oriented toward small and medium-sized businesses than that of neighboring counties. Approximately 44 percent of the county's work force commutes to work outside the county.

MSA 5660 (NEWBURGH, NY-PA)

Thirty-four percent of the census tracts in this MSA are LMI census tracts; the population residing in such tracts represents 33 percent of the MSA's population and 9 percent of the total population in LMI census tracts in the bank's delineated community.

M&T overall performance in this MSA is reasonable. M&T's community development activity in this MSA represents less than 1 percent of M&T's total activity. Mortgage loan approvals and small-business lending were weak in LMI census tracts. Home improvement activity, however, was strong.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

Community development activity totaled \$264 thousand in Orange County, which is the only county in this MSA. The community development activity is represented primarily by two loans to a provider of transitional affordable housing. The total represents less than 1 percent of the bank's total community development lending.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

MORTGAGE ACTIVITY

On a demand-adjusted basis, the level of mortgage applications and approvals was nearly twice as strong in non-LMI census tracts than in LMI census tracts. The MSA has a significant LMI population, and 19 percent of all owner-occupied units are located in LMI census tracts.

HOME IMPROVEMENT ACTIVITY

On a demand-adjusted basis, applications in LMI tracts were slightly stronger than in non-LMI census tracts. Loan approval activity in LMI census tracts was equal to that in non-LMI income tracts.

SMALL-BUSINESS LENDING

The bank's penetration level in this MSA is reasonable. The bank achieved a loan penetration level of 37 loans per 1,000 small-business establishments. A geographic analysis of lending indicates that activity was generally disbursed throughout the bank's delineated areas in this MSA. The penetration level in LMI census tracts was significantly below the percentage of LMI census tracts in this MSA. However, with the exception of Middletown, lending was evident in most LMI areas.

Since many of the residents of this MSA are employed in the higher-income areas of Westchester County and New York City, incomes and housing values in this MSA are higher than in the rest of the upstate region. There has been an increased demand for housing in this MSA as a result of the 7.3 percent increase in the population over the last decade. Between 1980 and 1990, there was a departure of manufacturing and commercial establishments that had a significant negative impact on the local economy.

MSA 2281 (DUTCHESS, NY)

Thirty six percent of the census tracts in this MSA are LMI census tracts, with the population residing in such tracts representing 28 percent of the MSA's population and 4 percent of the total population in LMI census tracts in the bank's delineated communities.

M&T has a generally satisfactory CRA record in this MSA. The bank's community development activity in this MSA totaled \$101 thousand. Mortgage and home improvement activity was at a satisfactory level. The bank's overall small-business loan volume in this MSA was weak. However, loans in LMI tracts exceeded those in the non-LMI tracts.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

In this MSA \$101 thousand was extended for community services.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

MORTGAGE ACTIVITY

Overall, the geographic distribution of the mortgage activity in this MSA was reasonable. Loan application activity, on a demand-adjusted basis, was moderately stronger in LMI census tracts than in non-LMI tracts. However, loan approval activity was moderately stronger in non-LMI tracts.

HOME IMPROVEMENT LENDING

The geographic distribution of the home improvement products was reasonable. On a demand-adjusted basis, loan application activity was moderately stronger in LMI census tracts than in non-LMI census tracts. Loan approvals, however, were moderately stronger in non-LMI census tracts.

SMALL-BUSINESS LENDING

The bank had a low loan penetration rate of only 3.08 loans per 1,000 small-business establishments in this MSA. The low level of lending activity is partially attributed to the fact that the bank's delineated community encompasses less than one-third of the census tracts that comprise this MSA. However, the proportion of loan activity in LMI census tracts exceeded the proportion of LMI tracts within the delineation and was centered in the city of Poughkeepsie, an area with a substantial LMI population.

Dutchess County is a highly developed suburban area dominated by one major employer, IBM. During the 1980's, the cost of a single-family house doubled, and for the first time a median-income family in Dutchess County could not afford a median-value house. In 1994, IBM began a massive downsizing of its operations, and significant job losses in the county have had a negative impact on real estate values and construction activity. Despite the slight decline in housing costs in the 1990's, home ownership remains unattainable for many in this income bracket.

MSA 3610 (JAMESTOWN, NY)

There are only 14 census tracts in the bank's delineated portion of this MSA, including 1 LMI census tract. The population residing in the LMI tract represents 6 percent of the MSA's population and less than 1 percent of the total population in LMI census tracts in the bank's delineated community.

M&T has a reasonable CRA record in this MSA. There was no community development lending in this MSA. On a demand-adjusted basis, mortgage loan application and loan approval activity was satisfactory and home improvement activity was strong in the LMI census tract. Overall, small-business lending penetration was adequate, but there were no loans originated in the LMI tracts.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

The bank has not extended any community development loans within this MSA. However, opportunities to make such loans appear to be limited inasmuch as the bank delineates only a portion of Chautauqua County.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

MORTGAGE ACTIVITY

The overall geographic distribution of the mortgage activity in this MSA was reasonable. On a demand-adjusted basis, mortgage application activity was somewhat stronger in LMI income census tracts than in non-LMI tracts. Loan approval activity, however, is moderately stronger in non-LMI census tracts.

HOME IMPROVEMENT LENDING

The geographic distribution of the home improvement products was strong. On a demand-adjusted basis, loan approvals were stronger in LMI census tracts than in non-LMI tracts.

SMALL-BUSINESS LENDING

The loan penetration level in this MSA was 23 loans per 1,000 small-business establishments, which is considered reasonable. Lending activity is distributed throughout most of the delineation. However, there was no lending in the one LMI census tract in this delineation.

The Jamestown housing market is characterized by high vacancies and substandard conditions, especially in the rental stock.

MSA 2335 (ELMIRA, NY)

There are only six census tracts in the bank's delineated portion of this MSA, none of which are LMI tracts. The bank operates one branch in this MSA which did not open until July 1996, two months prior to this examination.

M&T has a reasonable CRA record in this MSA. There were no community development loans in this MSA. Mortgage loan activity was adequate, but home improvement loan activity was weak. Small-business loan penetration was satisfactory.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

The bank has not extended any community development loans within MSA 2335.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

MORTGAGE AND HOME IMPROVEMENT

Mortgage loan and application activity was noted throughout the delineated portion of Chemung County. However, only one home improvement application was received and approved.

SMALL-BUSINESS LENDING

The low penetration level of 14.07 loans per 1,000 small-business establishments was considered satisfactory in light of the fact the bank lacked a branch presence prior to July 1996.

MSA 0160 (ALBANY-SCHENECTADY-TROY, NY)

At examination date, M&T delineated only four contiguous census tracts surrounding the bank's one branch in Albany County. The initial purpose of this branch, which is located on the second floor of a building located in an industrial park was to function as a commercial real estate loan production office. However, at this examination, a review of small-business loan originations and mortgage loan activity showed the bank to have a substantial retail presence in Albany County. While the mortgage loan activity was conducted primarily through the bank's mortgage subsidiary, the small-business loan activity noted was actively solicited through loan offices at the loan production office. Subsequent to the examination date, and in recognition of a change in the focus of the branch's activities, M&T expanded its delineation to include all of Albany County.

The bank's delineated community in this MSA has a population of only 20 thousand, and contains no LMI census tracts. Albany County, however, contains a population of approximately 293 thousand, of which 51 thousand or 24 percent reside in LMI census tracts. Approximately 17 percent of the census tracts within Albany County are LMI tracts.

M&T's overall performance in this MSA is reasonable. No assessment was made of HMDA-related or small-business lending within the bank's delineated communities at examination date as a result of the limited focus of the branch. An analysis of lending in Albany County was done to reflect the expansion of the delineated community subsequent to examination date. Analysis of the loan distribution in the expanded area shows an excellent penetration level for HMDA-related activities and an adequate level of business-loan origination.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

The bank has not extended any community development loans, within this MSA. Opportunities to participate in community development exist however, in Albany County which as noted above, has been added to the bank's delineation.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

MORTGAGE AND HOME IMPROVEMENT

At examination date, there was only a nominal level of activity in the four delineated census tracts as indicated in Exhibit 2.2; however, a review of HMDA-related activity in Albany County subsequent to the examination date overall showed a strong level of activity throughout the county (659 loans approved), with loans approved in LMI census tracts at almost twice the level of approvals in non-LMI census tracts.

SMALL-BUSINESS LENDING

At examination date, there was only a nominal level of activity as indicated in Exhibit 2.3; however, a review of small-business activity in Albany county subsequent to the examination date showed that overall 23 loans were originated, 3 (13 percent) were made in LMI tracts. Seventeen percent of the census tracts in Albany County are LMI tracts.

NON-MSA COUNTIES

M&T has included in its delineation all or part of seven counties that are not part of any MSA. These counties are divided into 99 BNAs (Block Numbering Areas) ten of which, or 10 percent are LMI tracts. The population residing in such census tracts represents 8 percent of the non-MSA's population and 5 percent of the total population in LMI census tracts in M&T's delineated community. Only four of the seven counties, Tompkins, Ulster, Cattaraugus and Allegany, contain LMI BNAs.

Overall, M&T's record of meeting the credit needs in the non-MSA portion of its delineation is at a very satisfactory level. HMDA-related lending activity is satisfactory. Small-business loan penetration is strong with lending in LMI census tracts at an excellent level.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

The bank's community development activity in the non-MSA portion of its delineation totaled \$1.4 million, or 3 percent of the bank's total community development activity. The bank had community development activity in four of the bank's seven counties constituting the non-MSA areas. Community development activity occurred in Cattaraugus, Ulster, Tompkins and Wyoming Counties.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

MORTGAGE ACTIVITY

M&T's overall penetration level was strong. On a demand-adjusted basis, the overall level of application and loan approval activity in LMI BNAs approximated the level achieved in non-LMI BNAs. Four of the seven non-MSA counties contain LMI BNAs. In Tompkins County, loan approval activity was very strong in such BNAs. However, this strong performance was partially offset by weaknesses in lending in LMI BNAs in Cattaraugus and Ulster Counties.

HOME IMPROVEMENT LENDING

M&T's overall penetration level was strong. On a demand-adjusted basis, loan activity in the LMI BNAs was stronger than in the non-LMI BNAs. Demand-adjusted loan penetration in LMI BNAs was strong in Allegany and Tompkins Counties. The bank's performance with regard to home improvement loans was weak in Ulster and Cattaraugus Counties.

SMALL-BUSINESS LENDING

For the non-MSA counties in the bank's delineation, M&T achieved a satisfactory rate of 79 loans per 1,000 small-business establishments, with lending activity disbursed throughout the BNAs. The bank achieved its highest penetration level in the non-MSA in Tompkins and Wyoming counties. Lending activity was disbursed throughout the non-MSA, with penetration in LMI BNAs significantly higher than the percentage of LMI BNAs. Lending activity in LMI BNAs was particularly strong in Tompkins County. However, weaknesses in lending in such BNAs was noted in Cattaraugus and Allegheny counties.

III. TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

In addition to the products and special credit programs discussed on pages 10-16 which are offered throughout the bank's delineated community, the following program was designed specifically to meet the credit needs of Tompkins Country.

M&T provides end-loan commitments in conjunction with Better Housing for Tompkins County. Tompkins County subsidizes up to 20 percent of the purchase price through a deferred-payment loan to the buyer and provides a loan of up to \$3,750 for closing costs. Individual loan applicants are referred to M&T after prequalification and counseling by Better Housing for Tompkins County. M&T has made a new commitment to provide \$1 million in permanent mortgages for the Tompkins County Homeownership Program for 1996 and 1997. Since January 1995, there have been 11 loans extended in Tompkins County totaling \$553 thousand.

CONCLUSIONS WITH RESPECT TO ASSESSMENT FACTORS AND CRITERIA THAT PERTAIN SOLELY TO THE CRA PROCESS, DEMOGRAPHICS, AND ECONOMIC FACTORS:

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

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

Ascertainment efforts in M&T's assessment area are carried out primarily through: (1) activities of the CRA Administration; (2) M&T Bank lending officers, branch managers, and municipal specialists; (3) bank-sponsored seminars and fairs; and (4) credit needs assessment studies.

CRA ADMINISTRATION

The CRA Administration is comprised of the CRA Officer, a vice president, a banking officer, and a CRA analyst. The staff is responsible for ensuring that the credit needs in M&T's markets are assessed and conclusions regarding M&T's ascertainment efforts are incorporated into the product review, development, and marketing process. The CRA Administration develops a yearly CRA plan, publishes a consumer newsletter, and ensures that area goals and objectives are met. The CRA Administration maintains ongoing contact with community-based organizations, government officials, community boards, and community leaders. The CRA vice president serves on the board of directors of Buffalo Neighborhood Housing Services ("NHS") and other M&T employees serve as officers, directors, or loan committee members on the boards of others local NHS affiliates in the Buffalo area.

Efforts of the CRA Administration are supported by four Regional CRA officers in the Buffalo, Rochester, Southern, and Hudson Valley Divisions. In addition, the CRA Steering Committee, Board of Directors CRA Committee, Rochester Advisory Board Committee, and CRA Marketing Committee all assist in ascertaining the credit needs of M&T's delineated community.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (Cont.)

The CRA Steering Committee includes approximately 20 representatives from the mortgage, consumer credit, regional branch network, small-business lending, marketing, institutional banking, consumer compliance, and community reinvestment areas of the bank. A review of the 1995 and 1996 CRA Steering Committee's monthly meeting minutes indicated that the Committee reviewed HMDA data trends, discussed CRA initiatives, and developed agendas for seminars and affordable housing programs.

M&T BANK EMPLOYEES

M&T bank employees are actively involved in ascertaining the credit needs of the communities within the bank's assessment area. Employees participating in this effort include branch managers, lending officers, municipal specialists, and other bank personnel.

Branch managers and loan officers, during the course of daily business activities and contacts, are aware of the types of credit needed by businesses and residential communities, especially those located in areas with significant minority or low-income populations. M&T Mortgage Corporation loan originators ascertain housing credit needs through developers, builders, realtors and organizations, as well as through companies

associated with affordable housing programs. In Buffalo and Rochester, M&T has assigned mortgage originators whose sole responsibility is to interact and work with LMI home buyers.

Employee participation in community organizations and groups has also led to a greater understanding of local credit needs. M&T employees serve as directors, officers, and committee members for organizations concerned with affordable housing, small business, and farming issues. Employees are involved for example, with the following organizations: NHS (Neighborhood Housing Services) of Buffalo, Rochester, and Ithaca; The Young Executives Council in Rochester; and Rural Region Advisory Boards in western New York, the Southern Division, Rochester, and the Hudson Valley.

BANK-SPONSORED SEMINARS AND FAIRS

M&T promotes its credit services through seminars, open houses, housing conferences, college day events, loan fairs, trade shows, agricultural exchanges, and annual auto, boat, and home shows. M&T uses these forums to obtain community feedback and recommendations to enhance credit services.

Of special recognition are M&T's seminars. For example, M&T sponsored and organized three worthy seminars at the Beautiful Plain Baptist Church in Binghamton. The seminars included topics such as First-Time Home Buying, Budgeting and Credit Ratings, and Starting Your Own Business. M&T sponsored and organized four small business open houses in Ithaca, Newburgh and Nyack. M&T has also sponsored a series of customer seminars conducted by a senior citizens agency to address housing concerns of the elderly.

CREDIT NEEDS ASSESSMENT STUDIES

Since December 1994, M&T has carried out six formal studies in order to ascertain the credit needs of its delineated community. The six studies included the following: a Credit Needs Assessment for Binghamton, NY conducted in March 1996; Tompkins County Credit Needs Assessment conducted in October 1995; the Commercial Business Credit Needs Survey for Buffalo, Rochester, Binghamton, mid-Hudson Valley, Albany and Syracuse markets for firms with sales between \$3 million and \$50 million carried out in October 1996; Long Island Business Banking Survey conducted in March/April 1996; Ithaca-Cortland business banking telephone survey; and non-traditional banking research in May-September 1996 to determine customer's preferences relative to supermarket and bank-at-work options.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (Cont.)

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

M&T's board of directors ("board") is directly involved in the formation, development, implementation and oversight of the bank's CRA policy. The board and members of senior management have developed an effective, multilevel organizational structure for the development, implementation, and review of the bank's CRA initiatives.

Responsibility for the bank's CRA program rests with the board. As documented in the minutes of the board, its regulatory responsibility is met by reviewing CRA examination reports from state and federal regulatory agencies and approving branch opening and closing practices, and by annually approving the bank's CRA Statement. To expedite this process, the board formed a special committee, which meets bi-monthly with the CRA Officer and senior officers representing Consumer Lending, Marketing and Small Business departments. This Committee serves as a liaison with the full board on CRA issues.

The Bank's CRA Statement is a comprehensive document that describes in detail the community M&T serves, credit products offered, credit ascertainment activities and delivery systems, employee community involvement, and M&T's branch and ATM network.

M&T's CRA Steering Committee meets monthly and its membership includes representatives from M&T Mortgage Company and the Consumer Lending, Small Business and Commercial Banking, Marketing, Corporate Compliance and Communications areas of the bank. The Committee is the working body responsible for the development and implementation of CRA-related initiatives. The Senior CRA Officer is the Committee chair and is supported by the Regional CRA Officers of the Buffalo, Rochester, Hudson Valley

and Southern Divisions.

A CRA Marketing Committee meets monthly to develop marketing and advertising campaigns for the Bank's CRA Program and to prepare community education materials and programs.

In addition to managing internal bank functions, members of these committees meet with community leaders and non-profit organizations on a regular basis to determine unmet community and organizational needs. Committee members also directly serve as community, residential, business and professional leaders in the following organizations: Rochester Chamber of Commerce Banking Committee, Towne Gardens Task Force and Planning Committee, Greater Buffalo Development Foundation, Business Council of New York State, and NHS neighborhood offices.

II. MARKETING

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

M&T publicizes its loan products primarily through newspapers, radio, television, and in-branch materials. In addition, the bank utilizes educational fairs and seminars, billboards, bus shelter kiosks, doorhangers, and direct mail to advertise its products. Since January 1995, the bank has specifically targeted its advertising to certain LMI groups. In addition, the bank communicates its services through realtor product flyers, community newsletters, open house services, and press releases. The bank further augments the traditional media and advertising sources with telemarketing through its toll-free loan-by-phone service.

II. MARKETING (Cont.)

From January 1, 1995 through July 31, 1996, print and broadcast media advertisements were placed throughout the four regions of the bank's assessment area; the Western New York, Rochester, Hudson Valley, and Southern Regions. In total, advertisements within the bank's assessment area appeared in 85 print publications and were broadcast on 47 radio stations and 16 television channels.

M&T periodically performs market research analyses in order to identify consumer needs. Such research activities are intended to develop a better understanding of the needs of the individuals and businesses in LMI communities. One such study, initiated in May 1996, consisted of a telephone survey investigating business banking opportunities in the Southern Region. The bank also commissioned two studies to assess credit needs in the communities of Binghamton and Ithaca, which were completed in October of 1995 and March of 1996, respectively. Most of the bank's research initiatives were started in 1996 and are still ongoing.

RETAIL MARKETING AND ADVERTISING INITIATIVES

From October 1994 through December 1996, M&T focused its marketing efforts on its affordable home improvement loans, personal loans, and home equity loans. To promote such products, the bank initiated quarterly campaigns that were distributed through a wide variety of media.

Affordable home improvement loans were emphasized in two separate campaigns conducted during the fourth quarter of 1995 and the second quarter of 1996. Advertising consisted of print and radio advertisements, in-branch materials, billboards, advertisements in bus shelter kiosks, doorhangers, and direct mail campaigns. Marketing of home improvement loans through print and broadcast media amounted to \$282 thousand, or 6 percent of total newspaper and radio advertising.

Personal loans were marketed under the title of "LoanFest" during the second quarters of 1995 and 1996 through the use of print and radio advertisements, billboards, and in-branch materials. Marketing of personal loans through print and broadcast media accounted for 19 percent of the bank's total newspaper and radio advertising.

Home equity loans were advertised during the second and third quarters of 1995 and the first two quarters of 1996. The home equity lines of credit were marketed through print and radio advertisements and in-branch materials. Marketing of home equity loans through print and broadcast media accounted 24 percent of the bank's total newspaper and radio advertising.

MORTGAGE INITIATIVES

M&T's Residential Mortgage Corporation advertises its mortgage products through a variety of methods, including print and radio advertising, affordable mortgage seminars, open house services, pre-purchase counseling programs, affordable mortgage campaigns, and the bank-generated "Community Line" newsletter.

During the examination period, print advertisements appeared for M&T's combined mortgage/home improvement product, FHA mortgage, VA mortgage, SONYMA mortgage, and low-downpayment program. These advertisements were published regularly in newspapers whose readership consisted mainly of ethnic or LMI populations. FHA mortgage advertisements were broadcast on seven radio stations in the Binghamton and Ithaca regions during the first quarter of 1996.

II. MARKETING (Cont.)

The Mortgage Corporation regularly sponsors affordable home ownership seminars throughout the bank's entire assessment area. Held in cooperation with local non-profit organizations, these seminars educate members of the community on various credit issues and inform them of affordable mortgage products offered by M&T. From January 1995 through July 1996, the Mortgage Corporation presented 180 affordable mortgage seminars, 80 of them in Western New York, 48 in the Rochester region, 33 in the Ithaca region, and 10 in the Hudson Valley region. These seminars are promoted through flyers, newspaper advertisements, and local non-profit organizations.

Information on the bank's mortgage products is disseminated by means of the Mortgage Corporation's open house services and pre-purchase counseling programs. Programs and organizations through which M&T provides pre-purchase counseling include Footprints on the Path to Home Ownership, Rochester Home Store, and Scattered Site Home Ownership Program.

SMALL-BUSINESS ADVERTISING

M&T has a three-pronged business marketing strategy utilizing of its branch managers, business bankers, and loan processing center. The branch manager is responsible for the development and implementation of all sales activities and marketing tactics for M&T's conventional business clients. The business banker maintains contact with the branch manager and handles all of the bank's larger or non-conventional clients. The loan processing center supports branch marketing activities.

The bank also markets its small-business loan products and services through print advertisements. Most of the advertisements promote the bank's image as a strong lender to small business. Other advertisements market the Business QuickLoan service and M&T's involvement with SBA-guaranteed programs.

The bank also generates awareness of its small-business products through sponsorship and participation in various educational and promotional programs. Since the previous examination, the bank has held several business seminars, including an SBA Women in Business conference, at which attendees heard presentations on starting and maintaining small businesses. Participants in the seminar are given information regarding M&T's credit services and are later contacted by bank personnel.

ETHNIC-TARGETED MARKETING INITIATIVES

The majority of M&T's ethnic-targeted advertising is through print advertisements. Among the 85 different publications utilized by M&T within its delineated area, 49 publications were targeted to either LMI, African-American, or Latino populations. Targeted minority publications consisted of eight African-American publications, including the *Buffalo Challenger*, *Reality Newspaper*, and *Hudson Valley Black Press*; and six Latino publications, including *La Prensa Hispana*, *Panorama Hispano Magazine*, and *El Vecino*.

M&T also uses broadcast media to promote its loan products to specific ethnic populations. Of the 47 radio stations on which the bank advertised, 2 of the stations catered to Spanish language speakers. In addition, two stations carrying M&T advertisements had a predominantly African-American audience.

III. COMMUNITY DEVELOPMENT

COMMUNITY PROFILE

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

M&T's delineated community is comprised of 7 fully and 18 partially delineated counties located in 9 MSAs and non-MSA areas in New York State.

Following is a profile of M&T's entire delineation throughout New York State, followed by a profile of each MSA and non-MSA which make up the bank's delineated community. Demographic and economic information was obtained from the following sources; the U.S. Department of Commerce Bureau of the Census, the New York State Department of Labor, the U.S. Department of Housing and Urban Development, and the New York State Department of Economic Development. Housing, income, and population data was also obtained from the 1990 Census Data.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs.

M&T's long-term municipal holdings from municipalities located within the bank's delineated community totaled \$295 million as of July, 1996. M&T's IDA bond portfolio totaled \$252 million compared to \$214 million at the last examination. Municipal obligations located within the bank's delineated community totaled \$43 million.

TOTAL DELINEATION

The total population in M&T's delineation is 3.2 million, with 641 thousand, or 20 percent, residing in LMI census tracts or BNAs. Three of the MSAs (msa 1280, which includes Buffalo, MSA 6840 which includes Rochester, and MSA 0960, which includes Binghamton) contain 72 percent of the population in the bank's delineation and 73 percent of the total number of owner-occupied units within the bank's delineation.

There are 782 census tracts within M&T's delineated community that contain housing units, of which 213 tracts, or 27 percent, are LMI tracts. The total number of owner-occupied units within the bank's delineation is 795 thousand, with 104 thousand, or 13 percent, located in LMI census tracts. Generally, rental housing comprises a majority of the housing units in LMI census tracts and BNAs.

New York State's unemployment rate has remained in a fairly narrow range (6.0 to 6.5 percent) for the last 20 months and has a current rate of 6.3 percent, compared to 4.9 percent for the country as a whole. This higher unemployment rate is attributed to the state's slow recovery from the 1989-1992 U.S. recession. Continued downsizing in government, manufacturing and defense-related industries, together with large scale restructuring in the financial services sector and low real estate values, contribute to New York's slow recovery rate. Even prior to the recent recession, manufacturing jobs, especially in the upstate region, were on the decline. The jobs lost in manufacturing and the financial services industry have been replaced with jobs in the general services and wholesale/retail industries. Overall income levels have experienced minimal gains since 1990.

The following is a breakdown of M&T's delineation by census tract or BNA for each region. LMI census tracts are those tracts where the family median income is less than 50 and 80 percent, respectively, of the median family income for the MSA. For counties not within an MSA, LMI areas are those BNAs with less than 50 and 80 percent, respectively, of the median family income for the non-metropolitan area of the state.

MSA 1280 (BUFFALO-NIAGARA FALLS, NY)

M&T's delineation includes the entire MSA consisting of Erie and Niagara Counties, which have a combined population of 1.2 million. Of the 287 census tracts considered for analysis, 84, or 29 percent, are LMI census tracts. These LMI tracts contain a population of 279 thousand, or 24 percent, of the MSA's total population.

Approximately 44 percent of the total LMI population within the bank's delineation resides within Erie and Niagara Counties.

Between 1980 and 1990 the MSA lost nearly 54 thousand, or 4.3 percent, of the region's population. However, the population over the age of 65 grew by more than 17 percent during this period and now accounts for 15.2 percent of the MSA's total population. As a result the MSA has a population that is considerably older than the population of New York State as a whole. These trends signify a need for retirement housing in this area.

The MSA's median household income is \$28 thousand, as compared with a median family income of \$35 thousand. Both incomes are approximately \$5,000 less than the state median income amounts. Almost 13 percent of households and 9.2 percent of families are below the poverty level. In comparison, the state poverty level averages are 12.7 and 10.0 percent respectively.

The MSA contains 298 thousand owner-occupied units with a median housing age of 55 years, which is considerably older than the state average of 38 years. Within the LMI census tracts, 66.2 percent of the housing units are owner-occupied, which is well above the state average of 48 percent. The median housing value of \$71.5 thousand is almost one-half the state average of \$130 thousand.

The delineation contains 164 thousand rental units with a median rent of \$381. Some 78.5 percent of the units rent for less than \$500. Despite a median rental of \$105 less than the state average, 44 percent of renters, above the state average, devote more than 30 percent of their gross income to rent. High vacancy rates in LMI areas appear to keep both housing values and rents at low levels. Demand for commercial space in downtown Niagara Falls and Buffalo is weak.

During the four-year period from 1989-1993, the Buffalo economy suffered a significant decline in overall employment. Most of the MSA's poor performance during this slow-growth period was due to a loss of 30 percent of manufacturing jobs, a significant slowdown in service sector growth and a contraction in the retail-trade sector. Unemployment levels have remained virtually unchanged between April 1995 and April 1996, at 5.5 percent and 5.4 percent, respectively.

Historically, manufacturing has been the primary employment source in MSA 1280. Since September 1966, manufacturing jobs declined from 184,600, or 35 percent of all employment, to 89,600 jobs in 1993. As of April 1996, Buffalo's employment in manufacturing stood at 90 thousand jobs, or 17 percent of total employment. This equals the national average. As manufacturing has declined in importance, the service sector has become an increasingly important part of the MSA's economy. Wholesale and retail trade-related jobs account for 24.2 percent of employment while the service and government sectors employ 29.2 percent and 16.3 percent of the labor force respectively.

MSA 6840 (ROCHESTER, NY)

M&T's delineation includes all of Genesee, Orleans and Monroe Counties and portions of Wayne, Livingston and Ontario Counties. This area has a combined population of 930 thousand. Of the 232 census tracts considered for analysis, 77, or 33 percent, are LMI tracts. These LMI tracts contain a population of 191 thousand which amounts to 21 percent of the MSA's population. Approximately 30 percent of all LMI families within the bank's entire delineation reside within this area.

Overall, this MSA is the most affluent MSA in upstate New York. Both the 1990 delineation's median household income of \$34.4 thousand and the median family income of \$41.2 thousand are \$1,500 above the state median amounts.

The bank's delineation contains 233 thousand owner-occupied housing units, with a median housing age of 42 years. Owner-occupied housing accounts for 63.5 percent of all units, which is significantly above the state average of 48 percent. Additionally, 82 percent of the housing units are in one- to four-family structures. The median housing value of \$86.8 thousand is just below the MSA's median and considerably below the state average of \$130 thousand. M&T's delineation contains 115 thousand rental units with a median rent of \$476. Forty-two percent of tenants are cost-burdened and pay more than 30 percent of their income for rent.

Construction of single-family homes fell 20 percent to \$173 million in 1995 as compared with the 1994 figure of \$217 million. This decline in construction reflects reduced housing demand, evidenced by 5.3 percent decline in housing sales, and new residential building permits declined 43 percent to 1,938 in 1995.

The Rochester metropolitan area is the center of economic activity in the MSA and the most fundamentally sound of the upstate metropolitan areas in which M&T does business. The MSA continues to rely on Eastman Kodak Company, the area's largest employer, which employs 34,000 workers. After experiencing net job losses in 1991 and 1992, MSA employment has steadily increased, and the MSA posts one of the lowest unemployment rates in the state. Employment is rebounding from 1994, when over 16 thousand jobs were lost as a result of reductions in staff at major employers. The number employed has increased from 532 thousand in 1995 to 541 thousand in 1996.

Approximately 80 percent of jobs in the MSA are located in Monroe County. As a result, only three percent of Monroe's work force commutes out of the county for employment. In comparison, between 33 percent and 46 percent of the work force residing in the other five counties must commute out of their county for employment. Manufacturing jobs declined nominally in 1995 and now account for 23.7 percent of employment. Service sector jobs increased by 5.6 percent to 29 percent of the work force. Trade industries continue to show employment growth. As of April 1996, trade accounted for 29.1 percent of employment. Of the 8,874 retail and service business establishments in the MSA, over two-thirds are located in Monroe County. Of the 85 business establishments in the MSA employing over 500 people, 70 are located in Monroe County.

MSA 0960 (BINGHAMTON, NY)

The bank's delineation contains most of Tioga County and the southwestern portion of Broome County, including the Binghamton metropolitan area. M&T's delineation contains 208 thousand of the 264 thousand people in this MSA. Fifty thousand, or 24 percent, reside in LMI census tracts. With over half of the population and employment in the Binghamton metropolitan area, Binghamton is the economic hub of Broome County and the MSA. The bank's delineation in Tioga County contains approximately 38 thousand of the 52 thousand people in the county. There are 51 thousand owner-occupied units in these delineated counties with 9 thousand, or 18 percent, located in LMI census tracts.

The area's economic performance is dependent on major industrial and defense-related employers such as IBM, Lockheed Martin, Loral, and Hughes Corporation. Major restructuring at these firms has reduced economic growth and Binghamton was the only major New York State market to experience a net job loss in 1995.

The bank's delineation contains 51 thousand owner-occupied housing units. The median housing age of 55 years is significantly above the MSA's average of 38 years. This is the result of the fact that the bank's delineation encompasses older communities in Broome County. Sixty percent of total housing units are owner-occupied, and 80.5 percent of all housing units are in one-to four-family structures. The median housing value of \$79.1 thousand is well below the state average.

M&T's delineation in MSA 0960 contains 29 thousand rental units with a median rent of \$385, approximately \$100 less than the state median rent. Approximately 60 percent of rental units are in structures containing five or more units. Even though 77 percent of apartments rent for less than \$500, 40.6 percent of tenants are cost-burdened and pay in excess of 30 percent of their income for rent.

The negative employment trend has resulted in high commercial real estate vacancy rates, a decline in single-family home sales and a fall in spending for commercial and residential construction. New residential building permits have been declining since 1992, and in 1995, only 40 single-family housing units have been developed.

In the past five years, no multifamily building permits have been issued. Commercial building vacancy is reported to be approximately 40 percent in downtown Binghamton.

Beginning in 1988, there has been a steady drop in area employment from a labor force of 125 thousand to its current level of 115 thousand. Primarily as a result of the decline in the work force by 7,000 over the last two years, the unemployment rate has fallen from 7.3 percent to 4.6 percent. Almost 72 percent of business establishments are in trade and service industries. Approximately 10 of 308 manufacturing establishments employ 500 or more employees.

MSA 5600 (NEW YORK, NY)

M&T's delineation in this MSA 5600 contains a population of 172 thousand, with 6 thousand, or 4 percent, residing in LMI census tracts. Of the 31 census tracts considered for analysis, 3 tracts, or 10 percent are LMI tracts. Of the total 38 thousand owner-occupied units in the bank's delineation, only 559, or 1.5 percent, are located in LMI tracts.

M&T's delineation in New York County consists of two census tracts around its branch office located in the mid-town Manhattan business district. M&T has delineated areas around its Rockland County branch offices with the result that 135 thousand, or 51 percent, of the county's population are within the bank's delineation. M&T's delineation in Westchester County has a population of 38 thousand and encircles Ossining, where the bank's one branch office in the county is located.

Community contacts were made with grass-roots organizations and a governmental organization that identified the most pressing community credit needs as construction and rehabilitation loans for rental and owner-occupied affordable housing. Small-business financing under \$5,000 was also identified as a critical need.

M&T's delineation in MSA 5600 contains 38 thousand owner-occupied housing units. The median housing age is 28 years and is below the MSA average of 53 years. The median housing value is \$224 thousand and is above the MSA's median housing value of \$207 thousand.

The bank's delineation in this MSA contains almost 20 thousand rental units, with a median monthly rent of \$7003. Only 22.6 percent of apartments rent for less than \$500 a month. However, due to income levels, 43 percent of tenants pay in excess of 30 percent of their income for rent.

According to the Westchester County Board of Realtors, 1994 and 1995 were the two most successful years for home sales since 1980. Although home sales declined to 4,400 units from more than 5,000 units in 1994, the decline was due to an insufficient supply of homes on the market. The strong demand accounts for the fact that the average selling price of single-family home increased more than 7 percent in 1995 to \$284 thousand.

Rockland County's economy is more oriented toward small and medium-sized businesses than that of neighboring counties. The county's economic base is weighted toward the service and trade sectors which provide 53 percent of the jobs. The service, wholesale, and retail sectors dominate the local job market. Other major employment sectors include government, which employs 20 percent of the labor force and manufacturing which employs 12.7 percent of the work force. Only 13 of the business establishments in the county employed 500 or more employees in 1993. Some 44 percent of the work force commutes outside the county for employment.

The employment picture has continued to improve moderately in Rockland County after significant job losses in the early 1990's as a result of a recession and corporate restructuring. The unemployment rate fell from 4.7 percent to 4.0 percent during this time and is more than a full percentage point below the statewide average.

Westchester County has a large number of middle-market and Fortune 500 corporations headquartered in the county. Of the total number of business establishments in the county, 72 percent are in the trade and service industries. Only 4 percent are involved in manufacturing. Business establishments employing 500 or more employees total 78. Approximately 35 percent of the county's work force commutes outside the county for employment

MSA 5600 (NEW YORK, NY) (Cont.)

The unemployment rate increased for New York City from 8.4 percent in January 1995 to 9.3 percent in January 1996. In 1995, New York County suffered heavy job losses. As a result, the outer boroughs of New York City now account for over 38 percent of the city's private sector jobs.

The financial services industry, including banking, insurance and securities, continues to be a major contributor to employment. However, in response to economic and competitive pressures, this industry has consolidated and downsized during the past decade and is continuing to shift operations outside New York City to Westchester, Putnam, and Rockland Counties. The public sector, including federal and municipal agencies, has also suffered the effects of consolidation and reduced revenue. This has limited the creation of new jobs throughout the MSA. Light industry and manufacturing jobs have been slowly leaving the metropolitan area for the past 30 years. Only in the garment and apparel industries have the job loss recently abated. In contrast, health and human services, education and social services remain strong and continue posting modest job gains.

MSA 5660 (NEWBURGH, NY-PA)

M&T's delineation in this MSA contains a population of 172 thousand, with 57 thousand, or 33 percent, residing in LMI census tracts. Of the 38 census tracts considered for analysis, 13, or 34 percent, are LMI tracts. Of the total 36 thousand owner-occupied units in the bank's delineation, 7,000 or 19 percent are located in LMI tracts.

Approximately 51 percent of the delineation's 71 thousand housing units are owner-occupied. The median housing value is \$136 thousand and is above the state average. Since many of the residents of this MSA are employed in the higher-income areas of Westchester County and New York City, incomes and housing values in this MSA are higher than in the rest of the upstate regions. There has been an increased demand for housing in this MSA as a result of 7.3 percent increase in the population over the last decade.

The MSA's employment is centered in the trade and services industries. Trade and services employ 53 percent of employees, while government and manufacturing employ 23 percent and 10 percent of employees, respectively. Between 1980 and 1990, there was a departure of manufacturing and commercial establishments that had a significant negative impact on the local economy in this MSA.

MSA 2281 (DUTCHESS, NY)

M&T's delineation contains 22 census tracts in Dutchess County, of which 8 or 36 percent are LMI tracts. The bank's delineation contains a population of 86 thousand, of which 24 thousand, or 28 percent, reside in LMI tracts. The population in this MSA's LMI tracts represents only 4 percent of the bank's statewide LMI population.

The delineation contains 20 thousand owner-occupied units, of which 3,000 or 15 percent, are in LMI tracts. The median housing value is \$152 thousand and is above the MSA and state average. Significant job losses in the county had a negative impact on real estate values and construction activity. Residential construction activity has been at a low level for three years with only 537 residential building permits issued in 1995. No multifamily building permits were issued in 1994 or 1995.

During the 1980's, the cost of a single- family home doubled, and for the first time a median-income family in Dutchess County could not afford a median-value house. There has been a slight decline in housing costs in the 1990's but home ownership is still unattainable for many in this income bracket.

Dutchess County is a highly developed suburban area dominated by one major employer, IBM. Manufacturing, business and professional services account for the majority of jobs. Trade and services businesses account for 71.4 percent of the total business establishments in the county. In 1994, IBM began a massive downsizing of its operations. Over the last two years, there has been a loss of 11,000 manufacturing jobs and reports of a 50 percent drop in some retail areas. The unemployment rate is currently at 4.6 percent, as compared with the state's rate of 6.3 percent. Just over 23 percent of the work force commute outside the county for employment.

MSA 3610 (JAMESTOWN, NY)

The bank's delineation takes in the northern one-half of Chautauqua county, and includes 56 thousand of the 142 thousand county residents, or 39 percent. Three thousand of the delineation's population, or 6 percent, reside in LMI tracts, representing only 1/2 percent of the bank's entire LMI population.

There are 15 thousand owner-occupied units in the bank's MSA 3610 delineation of which 871, or 6 percent, are located in LMI census tracts. Only 6.4 percent of owner-occupied housing is valued in excess of \$100 thousand. There continues to be a low level of new residential construction activity in the county. An average of only 13 single-family dwelling units and no multifamily dwelling units have been built each year during the past four years. The Jamestown housing market is characterized by high vacancies and substandard conditions, especially in the rental stock.

The unemployment rate in the county has fallen from 7.4 percent to 4.3 percent in the past two years. The MSA's employment is centered in the trade and service industries, which employ 71 percent of the work force. Of the 3,162 business establishments in the county, only 9 employ 500 or more employees. While once dependent on manufacturing of durable goods, the MSA has seen its economic base shift towards smaller businesses and service sector operations.

MSA 2335 (ELMIRA, NY)

M&T's delineation includes six census tracts in the northern part of Chemung County which has 29 thousand of the 95 thousand county residents, or 31 percent. There are no LMI census tracts within the bank's delineation in this MSA.

M&T's delineation contains 9,000 owner-occupied units in this MSA. The median housing age is 43 years, which is significantly below the MSA's average of 54 years. The median housing value is \$67 thousand and is one-half the state average, but \$13 thousand higher than the MSA average. The MSA 2335 delineation contains almost 2,000 rental units with a median rent of \$385. Thirty percent of tenants pay in excess of 30 percent of their income for rent. This situation results from 39 percent of rental units rent for less than \$350 and that there is a below-average number of LMI and the fact that households in the delineation. There is a need to increase homeownership in Elmira in that the number and percentage of owner-occupied units has been on the decline in recent years. There is also a strong demand for housing options for Elmira's elderly population. Fifteen percent of Elmira's population is over 65 years of age.

The city of Elmira is the focal point of industry, business, and recreation in the Chemung County region. Currently, trade and service industries employ almost 51 percent of the labor force in the county, while manufacturing and government employ 22 percent and 18 percent of the labor force respectively. All major industries, including manufacturing and government, had employment gains in the past year. The unemployment rate in the county has declined from 6.4 percent to 4.4 percent in the last two years. Over 15 percent of the work force commutes outside the county for employment.

MSA 0160 (ALBANY, SCHENECTADY, AND TROY, NY)

M&T's delineation contains four census tracts in Albany County, none of which are LMI tracts. The bank's delineation contains a population of 20 thousand, which is seven percent of the county's total population and constitutes less than 1 percent of the bank's total statewide delineation.

There are 5,000 owner-occupied units in the MSA 0160 delineation, with a median age of 35 years. The median housing value is \$124 thousand, which is significantly above the MSA's median housing value of \$99 thousand. M&T's delineation contains almost 3,200 rental units, of which only 12 percent rent for under \$500 a month. Twenty-four percent of tenants pay in excess of 30 percent of their income for rent.

The unemployment rate in Albany County has been declining for the past two years. As of April 1996, the unemployment rate was 3.4 percent which was well below the state rate of 6.3 percent. Albany is also the regional center for several banks, major manufacturing firms, and the extensive healthcare, education, and research facilities of the Albany Medical Center complex. Without double-digit employment growth in the services industry there would have been a loss of jobs in the county as a result of the fact that manufacturing, construction, trade, transportation and public utilities industries and the government sector lost jobs. As of 1994, government, trade, and services industries provided 29 percent, 33.8 percent, and 18.3 percent, respectively, of the jobs in the county.

**Non-MSAs (ALLEGANY, CATTARAUGUS, CORTLAND, STEUBEN,
TOMPKINS, ULSTER AND WYOMING COUNTIES)**

The non-MSA portion of the bank's delineation is composed of all or portions of the following seven counties: Allegany, Cattaraugus, Cortland, Steuben, Tompkins, Ulster, and Wyoming. The delineated areas have a combined population of 384 thousand, with 31 thousand, or 8 percent, residing in LMI BNAs. There are 90 thousand owner-occupied units, with 5,000 or 5.5 percent, located in LMI BNAs.

Median household incomes vary from a high of \$34.4 thousand in Ulster County to between \$23.4 and \$27.7 thousand in the other six counties. The median state non-MSA household income is \$26.5 thousand, as compared with a state average of \$33 thousand. The median family income is above \$30 thousand in Cortland, Tompkins and Ulster Counties, and is approximately \$28 thousand in the remaining counties. Over 12 percent of households have incomes below the poverty level.

The bank's non-MSA delineation contains approximately 90 thousand owner-occupied housing units, with a median age of 40 years. Ulster, Tompkins and Cortland Counties have the highest median housing values of \$115 thousand, \$95 thousand, and \$66 thousand respectively. In the remaining counties the median housing values range between \$37 thousand and \$52 thousand.

M&T's delineations in the non-MSA contain almost 47 thousand rental units, of which 58 percent rent for under \$500 a month. Forty-two percent of tenants in this delineation are cost-burdened and pay in excess of 30 percent of their income for rent. Ulster, Tompkins and Cortland Counties have the highest monthly median rents of \$529, \$489 and \$396 respectively. The average monthly median rent in the remaining four counties ranges between \$314 and \$354.

The unemployment rates in each of the seven counties has been falling for the last two years. As of April 1996, Tompkins and Ulster Counties had the lowest unemployment rates of 3.1 and 4.5 percent, respectively. The remaining counties have unemployment rates equal to or above the state's unemployment rate of 6.3 percent.

Employment and trends by industry in the non-MSAs generally reflect statewide trends. With the exception of manufacturing, establishment employment by industry held steady or increased between 1990 and 1994. Manufacturing employment declined 17 percent and now accounts for 15.6 percent of establishment employment. Services, trade, and government account for 30.3 percent, 19.6 percent, and 16.5 percent of employment, respectively.

The percentage of the work force commuting to employers outside of their county is approximately 22 percent. Commutation out of county for employment varies greatly from county to county. As a result of the employment opportunities in Ithaca, Tompkins County has only 8.1 percent of its work force commuting outside the county. Wyoming County is primarily suburban in nature and has 40 percent of its work force commuting outside the county.

The economies are also reasonably diversified. Of the 5,000 business establishments in the seven counties, less than 4 percent have 50 or more employees and only 41 establishments employ 500 or more employees. A large percentage of larger businesses are involved in manufacturing. Almost 25 percent of business establishments having 50 or more employees and 44 percent of establishments having 500 or more employees are involved in manufacturing.

**Non-MSAs (ALLEGANY, CATTARAUGUS, CORTLAND, STEUBEN,
TOMPKINS, ULSTER AND WYOMING COUNTIES) (Cont.)**

The Ithaca/Tompkins County economy remains one of the most stable in upstate New York. This is attributable primarily to Cornell and Ithaca Universities, which are the area's two largest employers. The area's made progress or held steady by most measures in 1995. Residential real estate activity and median household income did decline in 1995. The area experienced a 16 percent drop in single family home sales to 553 and median household income decreased by 13.6 percent (to 26,700 in 1995 from 30,900 in 1994). The median single-family home price fell by 4.8 percent in 1995 to \$89.2 thousand.

Despite having the second lowest unemployment rate of the seven counties, Ulster County has had the weakest economy. As was the case with other counties in the lower Hudson Valley region, Ulster County experienced significant job losses as a result of IBM's restructuring. The Ulster County labor force declined by three thousand or almost 4 percent over the two-year period ending April 1996.

BOARD ORDER

The Federal Reserve Board Order of October 12, 1994 approved the application of M&T Bank's parent holding company to acquire all 12 branches of Citizens Savings Bank of Ithaca and 7 branches of Chemical Bank of New York. In granting approval, the Board took into consideration M&T's community development commitments made in two separate proposals to Broome County/City of Binghamton and Tompkins County/City of Ithaca. These proposals committed the bank to meeting the overall credit needs in these areas, with emphasis on the needs of LMI individuals and small businesses. The three-year commitment commenced on January 1, 1995.

The Board Order stipulates that M&T's compliance with "all commitments and representations" be monitored by the Federal Reserve Bank of New York. A review of the required semi-annual reports submitted by the bank and information obtained during the September 1996 CRA examination has confirmed that the bank has fully complied with all 22 commitments extended to Tompkins County and the City of Ithaca, having exceeded all of its 1995-targeted small-business, mortgage and home improvement lending goals. Furthermore, the bank has fully complied with 27 of the 29 commitments extended to Broome County and the City of Binghamton.

The bank exceeded the small-business and mortgage lending goals for the entire county. However, the bank did not reach the goals it established for home improvement lending throughout Broome County or its residential mortgage goal for targeted census tracts in the City of Binghamton. The bank was able to attain 78 and 79 percent, respectively, of these two goals. Although the bank did not reach these two goals, the geographic distribution of the bank's overall loan penetration in Broome County discussed previously under Factor E, geographic distribution of credit extensions, applications and denials, indicates that mortgage and home improvement loan penetration in LMI tracts was comparable to or exceeded the penetration rate in non LMI tracts.

M&T has substantially complied with all of the commitments extended to Broome County/City of Binghamton and Tompkins County/City of Ithaca. For detailed information, see Appendix D, Compliance with Board Order.

**APPENDIX A
SCOPE OF EXAMINATION**

SCOPE OF EXAMINATION : FULL SCOPE EXAMINATION INCORPORATING TRADITIONAL GUIDELINES.			
TIME PERIOD REVIEWED	10/1/94 TO 6/30/96		
<u>FINANCIAL INSTITUTION</u> <u>M&T Bank</u> <u>Buffalo, NY</u>			<u>PRODUCTS REVIEWED</u> ● <u>Mortgage Loans</u> ● <u>Home Improvement Loans</u> ● <u>Small BusinessLoans</u>
<u>AFFILIATE(S)</u>	<u>AFFILIATE RELATIONSHIP</u>		<u>PRODUCTS REVIEWED</u>
<u>M&T Mortgage Corp</u> <u>M&T Real Estate, Inc.</u>	<u>Bank subsidiary</u> <small><u>Bank subsidiary</u></small>		<small><u>Mortgage loans</u></small> <small><u>Mortgage loans</u></small>

APPENDIX B**BRANCHES VISITED AND TYPE OF EXAMINATION**

ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
<p>NEW YORK</p> <p>MSA 1280 (Buffalo-Niagara Falls,NY)</p> <p>MSA 0960 (Binghamton, NY)</p> <p>MSA 5660 (Newburgh, NY-PA)</p> <p>MSA 6840 (Rochester, NY)</p> <p>MSA 5600 (New York, NY)</p>	<p>On-site</p> <p>Off-site</p> <p>Off-site</p> <p>Off-site</p> <p>Off-site</p>	<p>8</p> <p>4</p> <p>2</p> <p>3</p> <p>1</p>	<p>Loan products offered in all areas except the following programs:</p> <p>Offered only in MSA 1280 - Old First Ward Mgt. Program; Seventy Eight Restoration Corp. Buffalo/Erie County RDC Scattered Site Homeownership</p> <p>Offered only in MSA 6840 Monroe County Rehabilitation Program City of Batavia Residential Rehab City of Rochester Housing Opportunities Inc. Rehab Program</p> <p>Offered only in Non-MSA Better Housing for Tompkins County</p>

APPENDIX C

GLOSSARY

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 nonmetropolitan median family income.

ARM: Adjustable-rate mortgage.

ATM: Automated teller machine.

BNA: Block numbering area.

Demand adjusted: Calculated on a demand-adjusted basis.

Demand-adjusted basis: Proportion of loans and of applications 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.

FHLB: Federal Home Loan Bank.

FmHA: Farmers Home Administration.

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.

HUD: United States Department of Housing and Urban Development.

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 nonmetropolitan median family income), or a 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.

LTV ratio: Loan-to-value ratio.

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.

APPENDIX C (Cont.)

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 or a primary metropolitan statistical area as defined by the director of the Office of Management and Budget.

NHS: Neighborhood Housing Services.

PMI: Private mortgage insurance.

PUD: Planned unit development.

SBA: Small Business Administration

Small-business loan: A loan to a business entity with gross annual revenues of up to \$3 million (based on bank's definition).

SONYMA: State of New York Mortgage Association.

Upper-income: An individual income that is 120 percent or more of the area median income, or a BNA or census tract median family income that is 120 percent or more of the area median income.

VA: Veterans Administration.

APPENDIX D

COMPLIANCE WITH BOARD ORDER

The Board Order of October 12, 1994 approved the application of M&T's parent holding company to acquire Ithaca Bancorp and thereby acquire the 12 branches of Citizens Savings Bank of Ithaca, New York. The Board Order also approved M&T's application to acquire seven branches of Chemical Bank of New York. The Board Order considered the actions taken by M&T's board of directors in approving two separate bank-initiated proposals that pledge the bank to multiple commitments to strengthen the bank's community development services in Tompkins and Broome Counties over a three year period. The following summarizes M&T's compliance with the commitments and representations made in the proposals:

PROPOSAL 1

BROOME COUNTY/CITY OF BINGHAMTON

HOUSING

COMMITMENT #1:

M&T Bank's financing programs for the support of housing in Broome County shall continue to include loans for single- and multi-family homes for qualified low- and moderate-income individuals, housing cooperatives, land trusts and mobile homes/manufactured housing. In addition, M&T Bank intends to add Veterans Administration (VA) mortgages to its already extensive line of home mortgage products.

Owner-occupied one- to four- family residential mortgage loans offered by M&T Bank feature no minimum loan amounts and no prepayment penalties. M&T Bank supports financing requests from not-for-profit housing developers, and offers numerous affordable housing programs for the purchase of owner-occupied residential housing and a special home improvement loan product.

Status:

M&T Bank continues to offer loans for single- and multi-family homes to qualified LMI individuals, housing cooperatives, land trusts and mobile homes/ manufactured housing, pursuant to the terms and conditions specified in the commitment letter. M&T has introduced a variety of VA mortgage products, including a conventional fixed-rate product, a variable rate product and a refinance product. All of these loan products are available with no prepayment penalties and without a minimum mortgage amount.

The bank also extends Affordable Home Improvement Loans to homeowners with annual incomes of less than \$30 thousand.

M&T Bank is in compliance with this commitment.

AFFORDABLE HOUSING PROGRAMS

COMMITMENT #2:

M&T Bank shall continue to offer a variety of affordable home loan programs to assist low- and moderate-income individuals to purchase their own homes. These programs are generally designed to lower down payment and closing costs for first-time home buyers and, in some cases, to extend favorable rate unsecured loans to individuals to help finance their home purchase. A brief synopsis of these programs currently offered follows:

APPENDIX D (Cont.)

FHA 203B Mortgages

M&T Bank offers FHA 203B Mortgages at minimum down payment levels by Federal Housing Administration (FHA) and permits most of the customer's closing costs to be financed. Other options

allow for significantly reduced closing costs coupled with the ability to use flexible underwriting in assisting applicants to qualify for loans. In certain instances, "sweat equity" counts towards down payment requirements. The programs encourage the purchase of property in designated target areas; typically, these target areas are populated by individuals with annual incomes below the median income level of the overall marketplace.

SONYMA Loans

All available State of New York Agency ("SONYMA") programs are offered through M&T Bank for first-time home buyers. M&T Bank currently offers the following available SONYMA products: (1) Low Interest Rate Program, (2) Modest Means Program, (3) Mortgage Assistance Program, and (4) Construction Incentive Program. The Low Interest Rate Program allows M&T Bank to offer a less expensive mortgage loan with modest down payment requirements, making it easier for consumers to qualify for loans. Targeted to urban areas, the Modest Means Program allows M&T Bank to offer 5% mortgage loans with no up-front finance costs and allows for up to 100% Loan-to-Value financing. The Mortgage Assistance Program is similar to the Modest Means Program, but applies only to non-urban areas. The Construction Incentive Program provides a maximum of 100% financing for new construction at below-market rates.

FANNIE MAE Loans

M&T Bank's FANNIE MAE sponsored Community Home Buyer's Program lowers down payment requirements for individuals who earn less than 115% of the market's median income. M&T's Special Financing Program can further lower down payment requirements by offering an unsecured loan for a portion of the down payment. M&T's Special Financing Program, featuring the 3/2 option, can also provide assistance with closing costs for those who wish to own a home but do not have the cash available to pay the required closing costs.

Affordable Home Improvement Loans

This product, available to homeowners with household incomes of \$30,000 or below, normally provides access to funds from \$1,500 to \$20,000 with loan terms from 12 to 180 months. Additional features of the product include potential tax deductibility since it is secured by a mortgage lien, an attractive rate, and access to funds typically within a week of application. M&T absorbs all third party costs such as appraisal, title filing, and mortgage tax, so there are no out-of-pocket expenses for the borrower.

Bi-Weekly Residential Mortgages

These mortgages allow fixed rate mortgage customers a bi-weekly payment option, resulting in a significantly shorter time to maturity and substantial interest savings over the life of the loans.

APPENDIX D (Cont.)

Home Equity Lines

The revolving Home Equity Line of Credit offered by M&T Bank provides homeowners with the flexibility to meet a wide variety of financing needs. In an effort to make its Home Equity Lines affordable, M&T offers this product as a second mortgage in amounts less than \$100,000, free of application fees, closing costs, mortgage costs and mortgage taxes. An added benefit to borrowers is the potential tax deductibility of the interest payments.

M&T Bank's Home Equity Loan

This loan meets the needs of individuals who have a one time use for funds. The rate is fixed so the borrower can enjoy the certainty of a set monthly payment. To increase access to this product, the Bank offers this loan free of application fees, closing costs and mortgage tax, thus eliminating the applicant's out-of-pocket costs.

M&T Bank's Homeowner QuickLoan

The QuickLoan is designed for those who have modest borrowing needs. The loan is available for amounts as low as \$2,000, with terms from 12 to 180 months. The Homeowner's QuickLoan is designed for fast access to funds in as little as a week from time of application. No application, closing costs, or mortgage taxes apply to this product.

M&T Bank's Quick Equity Line of Credit

These Quick Equity lines of credit are available in amounts as low as \$5,000 with 14 year terms. As with the Quickloan, the Quick Equity Line is designed for quick access to funds. Both of these products fill a void for consumers with modest borrowing needs, such as for home improvement or debt consolidation, who could not qualify for the higher equity borrowing minimums required by many financial institutions.

Multi-Family/Commercial Real Estate Loans

M&T Bank offers commercial mortgage loans, including multi-family mortgage financing and construction loans. M&T Bank shall continue to finance mixed use properties under its investment property lending program. M&T Bank stresses a relationship approach in conducting its commercial real estate lending and strives to tailor products to suit each customer's financing requirements.

Status:

M&T Bank continues to offer the above-described products in Broome County and the City of Binghamton. In addition to these established products, M&T introduced the FANNIE MAE 97 product in May, 1995. M&T Bank is marketing this product as "M&T's 3-Down Mortgage" and pairs it with the bank's "Closing Cost Saver Program." The Closing Cost Saver Program allows the consumer to finance the closing costs as a second mortgage.

M&T Bank is in compliance with this commitment.

APPENDIX D (Cont.)

COMMITMENT #3:

Broome County Affordable Mortgage Credit Product

M&T Bank shall offer a new mortgage product, the "M&T Down Payment and Closing Cost Assistance Pilot Program." This program exhibits several attractive features to enhance affordability of this product. M&T shall allocate \$1,000,000 for this product for the first year, and shall consider an increase in this amount at a later date as conditions may warrant.

Status:

As of December 1, 1994, M&T Bank introduced the "M&T Down Payment and Closing Cost Assistance Pilot Program." This mortgage option requires only a \$500 cash down payment and waives all application, lock-in fees, documentation preparation, and underwriting fees. M&T also provides a second loan, with terms from 5 to 15 years of up to \$5,000 towards closing costs at a rate of 5 percent through the Closing Cost Loan Program. Local realtors, as well as local community organizations, have been informed of the product terms and its availability.

Citizen Action, Opportunities for Broome and the Broome County Urban League are three not-for-profit community organizations that have been advised of the availability of the M&T Down Payment and Closing Costs Assistance Program. Consumer Credit Counseling Services of Central New York and Metro Interfaith will provide the pre- and post-purchase counseling for the homeowners and prospective applicants.

In documentation submitted at this examination, the bank disclosed that in 1995, it originated ten loans for a total of \$432 thousand; in the first five months of 1996, it originated seven loans for a total of \$271 thousand.

M&T Bank is in compliance with this commitment.

COMMITMENT #4:

Lending Product Offerings

M&T Bank prides itself on offering prospective customers a full range of competitive and effective affordable mortgage products. M&T Bank shall continue to explore and access appropriate special loan products, including those designed for two- to four-family dwelling residents, as they become available and as market needs arise. An example is provided by the Federal Home Loan Bank ("FHLB") special loan programs, which became accessible to M&T Bank upon recently gaining membership in the FHLB. Market, economic conditions, and the government entities administering various mortgage credit products detailed herein may render it impossible, or imprudent, for M&T Bank to offer all such products at all times. However, M&T shall continually adhere to, and offer, a range of affordable mortgage products which conform, at a minimum, to secondary market standards.

APPENDIX D (Cont.)

Status:

In addition to offering all of the mortgage products noted in commitment #2, M&T has introduced a new FANNIE MAE product which the bank calls the "3-Down Mortgage." This product requires only a 3 percent down payment and closing costs can be financed. In addition, the bank has introduced the FHA 203 K product, which provides renovation funds along with funds for a residential purchase, with low down payments and the financing of closing costs if needed.

M&T Bank is in compliance with this commitment.

COMMITMENT #5:

Underwriting Standards

M&T Bank shall continue to take a flexible approach to underwriting housing loans, consistent with the best interests of the applicant and bank safety and soundness standards. In this regard, the Bank shall continue to:

- (a) Provide special consideration for applicants with no credit history by accepting the prior 18 months payment pattern for utility bills, landlords, doctor bills, etc.**
- (b) Not disqualify applicants with late payments, provided no late payments or derogatory credit items have occurred in the past 18 months.**
- (c) Identify credit problems during the initial phase of processing the loan. The applicant shall**

continue to have the opportunity to provide credit history explanations. If no derogatory credit history has occurred in the past 18 months or, if in the bank's judgement, the problem was beyond the control of the customer, is not likely to re-occur and is unlikely to affect the repayment of the loan, the applicant shall remain eligible for a loan.

- (d) Provide flexibility when evaluating employment history. M&T Bank shall continue to accept evidence of continuous employment for a minimum of the previous two years. Such employment need not be with the same employer, provided the job and income have been similar and the applicant can substantiate verifiable, stable income.
- (e) Provide broad provisions for the type of income considered when evaluating the credit-worthiness of low- to moderate-income applicants. M&T Bank shall continue to consider all traditional and verifiable sources of income including, but not limited to, social security, unemployment benefits, public assistance, self employment, part-time employment and other supplementary income.

Income used in the evaluation must be verifiable, have a history of being received over at least the prior two years, and must be expected to continue on a stable, regular basis for at least three years. Self-employed individuals must have a minimum of two years history and must provide verification through such means as tax returns, profit statements and other financial statements.

APPENDIX D (Cont.)

- (f) Not disqualify applicants with conventional non-SONYMA fixed rate loans higher underwriting ratios, up to 40% of verifiable monthly income towards a monthly mortgage obligation consisting of principal, interest, hazard insurance, taxes and any mortgage insurance premium. M&T Bank shall continue not to disqualify applicants with total debt ratios up to 45% of monthly verifiable income. In such circumstances, M&T Bank will generally require no derogatory credit history in the past 18 months as well as two years of demonstrated history of the applicant being able to carry equivalent payments at these higher ratios.
- (g) Have no minimum loan amount for one- to four-family mortgages loans.
- (h) Provide diverse mechanisms to alleviate payment problems experienced by families due to circumstances beyond their control, as consistent with parameters set forth by the owners of the loan.
- (I) Undertake a second review of all initially-declined applications for residential mortgage finance for properties located in the target area and for those of low- to moderate-income in Broome County.

Status:

All of the flexible underwriting criteria were instituted on December 1, 1994 and remain in effect. At this examination, the compliance examiners verified that the bank's articulated underwriting standards are consistent with the above-written standards and are being practiced as stated.

M&T Bank is in compliance with this commitment.

COMMITMENT #6:

Mortgage Lending Goals

M&T Bank shall continue to make available the above mortgage- and housing-related credit products

and employ the aforementioned underwriting standards in conducting its financing activities in support of housing loans. Assuming a sufficient demand from qualified borrowers exists, M&T Bank hereby commits to the following loan targets for residential loan financing to low- and moderate-income individuals (total Broome County) and to all individuals (targeted Binghamton Census Tracts):

APPENDIX D (Cont.)

TOTAL BROOME COUNTY

	<u>GOAL</u>	<u>ACTUAL</u>	<u>% COMPLETE</u>
1995	\$1,000,000	\$1,446,000	145%
1996	\$1,250,000	*	
1997	\$1,500,000		

TARGETED BINGHAMTON CENSUS TRACTS**

	<u>GOAL</u>	<u>ACTUAL</u>	<u>% COMPLETE</u>
1995	\$500,000	\$394,000	79%
1996	\$750,000	*	
1997	\$1,000,000		

* Full year data not available for analysis or verification at time of examination.

** Denotes low- and moderate-income census tracts within the City of Binghamton, specifically #'s 11,12,and # 13 (low) and 2,3,5,6,9,10, and 18 (moderate). (This is different from the original Commitment Letter as a result of previous error in identification of low- and moderate-income tracts.)

Status:

In 1995, M&T Bank surpassed its commitment for residential loan financing in Broome County, with \$1.45 million, or 145% of the goal. However, the bank achieved only 79 percent of its goals for mortgage lending in the targeted LMI census tracts in Binghamton. It appears, however, that demand in the Binghamton market may not have been at a sufficient level to enable M&T to achieve its 1995 goal. A local community contact with the Chamber of Commerce of Binghamton indicated that the downsizing by the area's major industrial and defense-related employers, such as IBM, Lockheed Martin, Loral and The Hughes Corporation, led to a large out-migration by residents in 1994 and 1995. This had a negative impact on the local housing market, and it has only been as of mid-year 1996 that housing demand has shown "some sign of improvement." An analysis of HMDA peer group data from seven peer banks with the highest level of mortgage lending activity in the community disclosed that M&T Bank originated the second highest number of home purchase loans in these targeted tracts. The bank with the most originations is a local S&L which has been serving the community for close to 100 years. M&T has been serving the community only since 1992.

M&T Bank is in compliance with the established goals for Broome County and is found to be substantially in compliance with the goal stated in the Binghamton targeted census tract commitment. This conclusion is based on the bank's high level of loan penetration in comparison to its peer group in an area where the market for housing showed a decline in 1994 and 1995.

APPENDIX D (Cont.)

COMMITMENT #7:

In order to meet the residential loan target details herein, M&T Bank shall continue to aggressively market its products in local media, conduct workshops and seminars with interested local realtors and

community-based organizations concerning M&T Bank's affordable mortgage programs, and maintain an active calling program in low- and moderate-income neighborhoods.

Status:

In an effort to market affordable mortgage products to the community, M&T Bank continues to promote its products in local media and inform the real estate community and community-based organizations of the products through presentations and mailings. *City Living Sundays* is a joint by the City of Binghamton, local banks and local realtors to showcase homes available for sale throughout the city. *City Living Sundays* offered M&T an opportunity to market the bank's products directly to the public on three Sundays (April 23 and 30 and May 7, 1995). M&T invested \$1,500 towards the promotion and underwriting of this event. A workshop with the YWCA to highlight some of M&T's affordable mortgage products was also held in August, 1995.

Initiatives publicizing M&T's affordable mortgage and home improvement loan products in 1996 included the following: First Time Homebuyer Seminar held at a minority neighborhood church in January; a Binghamton Community Breakfast Meeting in April; a Neighborhood Loan Fair in May; *City Living Sundays* Program on April 21, April 28 and May 1; a first-time homebuyer's seminar for the low-income refugee population in August; and participation in a multi-bank loan counseling program in Binghamton for LMI residents.

M&T Bank is in compliance with this commitment.

COMMITMENT #8:

Home Improvement Lending Goals

Assuming sufficient market demand from qualified borrowers exists for such products, M&T Bank shall commit to the following loan targets for home improvement loans to low- and moderate-income individuals (total Broome County) and to all individuals (targeted Binghamton Census Tracts):

<u>TOTAL BROOME COUNTY</u>			
	<u>GOAL</u>	<u>ACTUAL</u>	<u>% COMPLETE</u>
1995	\$200,000	\$170,000	85%
1996	\$250,000	*	
1997	\$300,000		

APPENDIX D (Cont.)

<u>TARGETED BINGHAMTON CENSUS TRACTS**</u>			
	<u>GOAL</u>	<u>ACTUAL</u>	<u>% COMPLETE</u>
1995	\$100,000	\$64,000	64%
1996	\$200,000	*	
1997	\$250,000		

* Full year data not available for analysis or verification at time of examination.

**** Denotes low- and moderate-income census tracts within the City of Binghamton, specifically #'s 11,12,and # 13 (low) and 2,3,5,6,9,10, and 18 (moderate). (This is different from the original Letter as a result of previous error in identification of low- and moderate-income tracts.)**

Status:

In 1995, M&T did not reach targeted home improvement lending goals in either Broome County (85%) or in the targeted Binghamton census tracts (64%). Although the bank did not meet its stated goals, a HMDA peer analysis indicated that the bank's home improvement lending exceeded that of all but one of its peers. As indicated in Commitment #6 above, downsizing by major employers has had a negative impact on the local housing market, especially in the Binghamton market.

The bank has not met its commitment, however, M&T's home improvement loan penetration, however, based on loan demand is evidence that the bank has exceeded its peers in meeting the market's needs.

COMMITMENT #9:

In order to meet its home improvement lending target, M&T shall continue to aggressively market this product in local media and highlight its availability through community workshops and seminars.

Status:

M&T Bank utilizes print and broadcast media to promote the availability of its affordable home improvement loan products. Print media was emphasized in two separate campaigns conducted during the fourth quarter of 1995 and the second quarter of 1996. This effort, designed to complement the marketing efforts surrounding M&T's annual summer LoanFest campaign, utilized print advertisements, billboards, and promotion through community-based organizations.

M&T Bank is in compliance with this commitment.

PARTICIPATION IN PUBLIC PROGRAMS, LOAN POOLS AND CONSORTIA

In response to M&T Bank's belief in making available investment vehicles to support and facilitate housing development, M&T shall continue to encourage, support, and participate, when appropriate, in the development of these entities. M&T Bank shall fulfill this goal through the following three commitments:

APPENDIX D (Cont.)

COMMITMENT #10:

M&T Bank shall encourage the establishment of a multi-bank "Housing Partnership Program," featuring participation by the public sector, banks, and community-based organizations. This program shall be similar to the existing operation in Syracuse and other cities.

Status:

In collaboration with three other local financial institutions, M&T has developed and funded a loan counseling initiative. Two community outreach organizations, two loan counseling organizations and four lending institutions are involved with the initiative. Through May, 1996, the program generated 30 mortgage loans, and 24 additional clients are enrolled in the counseling program.

M&T is in compliance with this commitment.

COMMITMENT #11:

M&T Bank shall continue to support, as appropriate, the efforts of community-based not-for-profit organizations committed to rehabilitating existing housing and the development of affordable housing in Broome County. It will also evaluate and provide appropriate financial support in concordance with standard guidelines utilized in furtherance of its overall corporate philanthropic initiatives.

Status:

M&T Bank continues to offer the above-described support to qualified not-for-profit organizations. The CRA examination revealed that the bank extended \$600 thousand in community development direct loans for the construction or rehabilitation of affordable housing.

M&T Bank is in compliance with this commitment.

COMMITMENT #12:

Loan Counseling Initiative

M&T Bank agrees that loan counseling services to educate consumers on the lending process are beneficial to facilitate both a demand for residential loans and an overall improvement in housing for the community. M&T Bank shall work with other financial institutions, government and private agencies, and community-based organizations to develop an effective vehicle, similar in structure and operation to the New York Mortgage Coalition and the Long Island Thrift Mortgage Initiative, for such a counseling program. M&T shall provide \$15,000 as "seed money" to a qualifying not-for-profit community-based organization.

A Request For Proposals concerning this initiative was issued on September 20, 1994. Applicants with demonstrated experience serving a constituency of individuals from low- and moderate-income and minority communities will be given preference.

APPENDIX D (Cont.)

Status:

In conjunction with three other local financial institutions, M&T has developed and funded a loan counseling initiative called "Consumer Credit." Currently, the program consists of two community outreach organizations, two loan counseling organizations and four lending institutions. As stated above in connection with Commitment #10 above, the program has been responsible for the origination of 30 loans. M&T Bank has provided \$15 thousand to the Consumer Credit Counseling Service (CCCS) of Central New York.

M&T Bank is in compliance with this commitment.

APPENDIX D (Cont.)

BUSINESS AND ECONOMIC DEVELOPMENT

M&T Bank provides a full range of credit and banking services to small businesses. The Bank advertises and maintains an active calling program to market additional products to existing customers and to solicit new banking relationships. M&T Bank is a "preferred lender" with the Small Business Administration (SBA), thus enabling M&T Bank to obtain necessary credit enhancements to help businesses grow and prosper. M&T Bank solicits relationships with all types of businesses, including not-for-profit organizations and women- and minority-owned enterprises.

LOAN POOLS AND CONSORTIA

COMMITMENT #13:

M&T Bank maintains a strong relationship with the SBA and shall continue to use this entity to finance women- and minority-owned enterprises. M&T Bank shall also continue to utilize available local, New York State and federal programs designed to improve access to, and the pricing of, credit. Some of these vehicles include, but are not limited to, the Binghamton Local Development Corporation, the New York State Business Development Corporation (Southern Tier Chapter) and the Excelsior-Linked Deposit Program.

Status:

The bank has continued to work with the Binghamton Local Development Corporation, the Southern Tier Chapter of the New York State Business Development Corporation and the Excelsior-Linked Deposit Program. M&T continues to offer the SBA's guaranteed loan programs and to solicit new business relationships with not-for-profit organizations and women- and minority-owned businesses.

M&T is in compliance with this commitment.

COMMITMENT #14:

M&T Bank agrees to evaluate proposals for the creation and administration of loan pools and consortia or other such mechanisms designed to provide equity capital to business enterprises either located in targeted areas or designed to serve women- and minority-owned businesses. M&T Bank shall take a proactive role in attempting to identify these opportunities and shall support feasible initiatives featuring joint participation and access to funding from other local financial institutions.

Status:

M&T Bank continues to evaluate proposals for loan pools and consortia "that provide equity capital to women- and minority-owned businesses as well as business enterprises located in targeted areas."

To the extent that the bank continues to evaluate proposals, M&T is in compliance with this commitment; however, there is no evidence of actual participation in any loan pools or consortia to date.

APPENDIX D (Cont.)

COMMITMENT #15:

M&T Bank shall take a proactive role in contacting the appropriate individuals to bring the SBA's "Women's Pre-qualification Pilot Program" and the SBA's "Microloan Program" to Broome County.

Status:

The bank contacted the SBA in an effort to introduce these SBA programs to Broome County. The SBA informed the bank that the agency was not expanding the geographic distribution of these programs at this time.

M&T is in compliance with this commitment.

COMMITMENT #16:

M&T Bank shall establish a tier concept for reviewing all initially-denied small business loan applications, whereby loans shall be reviewed by a lender one level higher in the organization for the same type and size of loan.

Status:

The Compliance examination team has confirmed that all initially denied small-business loan applications received a second review by a lender, one level higher in the organization.

M&T is in compliance with this commitment.

COMMITMENT #17:

M&T Bank shall refer denied start-up business applicants to various small-business counseling services, including, but not limited to, the SBA and those outlined in the Small Business Resource Guide published jointly by M&T Bank, Binghamton University's Small Business Resource Center, and Broome County Community College.

Status:

M&T Bank continues to refer denied start-up business applicants to various small-business counseling services. In addition, the fourth update and printing of the Small Business Resource Guide of the Southern Tier was underwritten by M&T Bank.

M&T Bank is in compliance with this commitment.

APPENDIX D (Cont.)

COMMITMENT #18:

Upon request, M&T Bank shall provide free counseling and technical assistance concerning financing and related bank issues to not-for-profit agencies to enable them to serve their constituency.

Status:

M&T Bank maintains close contact with many of the area's not-for-profit agencies by offering technical support when solicited and appropriate. This support includes informing several agencies of M&T Bank's loan products and educational seminars. M&T Bank, for example, is currently finalizing an agreement with the Community Action Team to provide two programs each consisting of a series

seminars for LMI individuals in Johnson City.

One series, targeting the Russian, Laotian and Vietnamese immigrant population, will be geared toward preparing first time home buyers for home ownership. Interpreters will be present throughout the program to facilitate the education process. The second series, created for adults in the Johnson City school district, will highlight the fundamentals of personal finance. This program was initiated as a response to a need voiced by the community for a program that emphasizes the basics of banking, including how to open a savings account, apply for a loan, and balance a checkbook.

M&T Bank is in compliance with this commitment.

COMMITMENT #19:

M&T Bank shall perform outreach to small businesses in target areas which are not current M&T Bank clients and shall call on 25 minority-owned and 25 women-owned businesses.

Status:

M&T Bank continues to maintain an active call program, including, but not limited to, targeted census tracts and women- and minority-owned businesses. As of December 31, 1996, 35 women-owned and 25 minority-owned businesses were called on by M&T Bank's community business lenders.

M&T Bank is in compliance with this commitment.

COMMITMENT #20:

M&T Bank shall continue to employ trained community lending representatives familiar with the needs of the small business market segment.

Status:

M&T Bank has continued to employ trained community lenders and branch managers. These employees are experienced in working with the small business market.

M&T is in compliance with this commitment.

APPENDIX D (Cont.)

COMMITMENT #21:

M&T Bank shall conduct small business resource fairs targeted towards minority- and women-owned businesses.

Status:

M&T Bank sponsors and participates in small business resource fairs and seminars targeting minority- and women-owned businesses. The bank has sponsored and participated in the following business resource fairs and seminars: 1) the Broome County Trade Show; 2) the Small Business Resource Fair at Broome Community College; and 3) a seminar on business start-up and expansion at the Beautiful Plain Baptist Church.

M&T is in compliance with this commitment.

COMMITMENT #22:

MARKETING OF BUSINESS SERVICES

M&T Bank maintains an aggressive small business calling program. M&T Bank shall also develop a referral network with interested community organizations to broaden the exposure of M&T Bank to the business community-at-large and women- and minority-owned businesses in particular. M&T Bank shall also utilize reasonable marketing efforts, including local media, community workshops and seminars and related initiatives designed to reach women- and minority-owned businesses.

Status:

M&T Bank continues to maintain an active calling program. To enhance its referral network with interested community organizations, M&T Bank representatives meet with community groups, local government officials, not-for-profit organizations and various community leaders to discuss business, consumer and residential mortgage lending. M&T Bank also utilizes its marketing efforts to reach out to women- and minority-owned businesses, including the local media and the sponsorship of seminars and trade shows featuring services available to small businesses (see Status: Commitment #21 above).

M&T is in compliance with this commitment.

COMMITMENT #23:

SMALL BUSINESS LENDING GOALS

M&T Bank shall, assuming a sufficient demand from qualified borrowers exists, commit to the following loan targets for small business lending in Broome County.

<u>GOAL</u>	<u>ACTUAL</u>	<u>%COMPLETE</u>
1995 \$3,000,000	\$7,422,258	247%
1996 \$3,500,000	*	
1997 \$4,000,000		

* Full year data not available for analysis or verification at the time of examination.
APPENDIX D (Cont.)

Status:

In 1995, M&T Bank far surpassed the targeted lending goals.

M&T is in compliance with this commitment.

BUILDING COMMUNITY CAPACITY

COMMITMENT #24:

Support for Community Development Credit Unions

M&T Bank is currently evaluating a proposal to support a proposed Binghamton Housing Authority Residents Community Development Federal Credit Union ("BHARCDFCU"). This organization has been recently formed, but it has not yet commenced operation. At such time as the BHARCDFCU receives deposit insurance from the National Credit Union Share Insurance Fund, M&T Bank shall deposit \$100,000 with the BHARCDFCU, under terms and conditions to be determined at a later date.

M&T Bank shall also make personnel available to provide technical assistance, without charge, to BHARCDFCU in both its start-up and operational phases.

Status:

M&T Bank deposited \$100 thousand in the credit union on April 20, 1995, at 0% for a one-year term. After the initial term expired in April 1996, M&T Bank agreed to renew its deposit of \$100 thousand

at a below-market interest rate. The bank also assisted the credit union by providing training to its staff on the underwriting of consumer loans.

M&T is in compliance with this commitment.

COMMITMENT #25:

Support for Community Development Loan Funds

M&T shall continue to identify and support efforts to develop community development loan funds designed to provide capital for housing preservation and improvement, small business assistance and commercial revitalization through the joint participation of other local financial institutions, as well as public and private agencies.

Status:

M&T Bank continues to identify and support community development efforts, including loan funds when appropriate. At the suggestion of M&T Bank, the Director of the Office of Economic Development for the City of Binghamton has offered to explore the establishment of a micro-enterprise revolving loan fund, which would be partially funded by a consortium of local banks.

M&T is in compliance with this commitment.

APPENDIX D (Cont.)

COMMITMENT #26:

Loans and Credit Lines for Community Development

M&T Bank, in the course of business, provides financing and other banking services to a variety of government and not-for-profit entities. M&T Bank shall continue to provide loans and credit lines to credit-qualified community development and not-for-profit organizations.

Status:

The CRA examination team has confirmed that there are currently ten community development loans with outstanding balances totaling \$6.1 million in Broome County. Of the total outstanding loans, six were made since January, 1995 for a total of \$556 thousand. The loans were granted to governmental and private not-for profit organizations, as well as to individuals and companies involved in affordable housing or economic development projects.

M&T Bank is in compliance with this commitment.

COMMITMENT #27:

Financial Support to Community-Based Organizations

M&T Bank is an active supporter of a variety of community-based organizations dedicated to making Broome County a better place to live and work. M&T shall continue to maintain an active financial grant awards program. Each grant proposal shall be evaluated on its own merits, under established M&T Bank guidelines. Special consideration shall be given to proposals submitted by not-for-profit entities involved in affordable housing development and minority- and women-owned businesses.

Status:

M&T Bank continues to maintain a financial grant award program. Local organizations supported through this initiative include the following: Broome County Partnership 2000, Broome County Arts

Council, Vestal School Foundation, Southern Tier Independence Center, Good Shepherd Foundation, and Lourdes Hospital Foundation.

M&T is in compliance with this commitment.

MARKETING AND OUTREACH

COMMITMENT # 28:

M&T Bank strives to market its banking service to prospective customers as an integral part of its overall business strategy. In addition to advertising, M&T Bank conducts community outreach through workshops and seminars to inform the public of banking services offered.

M&T Bank shall conduct regularly-scheduled training classes and seminars with community groups to inform them of available banking products and services.

APPENDIX D (Cont.)

Status:

In September 1995 and 1996, M&T sponsored a Small Business Resource Fair at Broome County Community College. In October of 1995, the bank sponsored a presentation to the Broome County Community College Immigrant and Refugee Counseling Program on how the bank could meet financial needs. In April 1996, M&T sponsored a community breakfast for local realtors, directors of community-based organizations, and public officials. The purpose of this event was to discuss the housing needs and concerns within the community and to examine how M&T's affordable mortgage programs can address these needs.

M&T Bank, in collaboration with several community-based organizations, sponsored a Neighborhood Loan Fair in May, 1996. The goal was to provide LMI borrowers with information concerning the many loan and credit services available within their community. Participants included the SBA, Consumer Credit Counseling Services of Central New York, Broome-Tioga BOCES, Metro Interfaith Services Inc. and First Ward Action Council.

M&T also instituted a series of regularly scheduled seminars at the Beautiful Plain Baptist Church. These educational seminars highlight a variety of subjects related to personal finance, including first-time home buying, reading a credit report, maintaining good credit, and improving one's property.

M&T is in compliance with this commitment.

COMMITMENT #29:

M&T Bank shall place advertisements, highlighting the credit products and financial services detailed herein, in media targeted to reach those of low- to moderate-income in the Broome Country/City of Binghamton service area. Emphasis shall be placed on advertisements in journals and publications compiled and distributed by community-based not-for-profit organizations.

Status:

M&T Bank continues to utilize targeted media vehicles, such as the *Reporter* and the First Ward Action Council's newsletter, to promote its products and programs. Recently, M&T also utilized mailing lists from a variety of community organizations such as the Broome County Urban League, Broome County Chamber of Commerce, Opportunities For Broome, and Binghamton Housing Authority.

M&T is in compliance with this commitment.

APPENDIX D (Cont.)

PROPOSAL II

TOMPKINS COUNTY AND CITY OF ITHACA

HOUSING

M&T Bank provides a full range of mortgage products, including affordable housing programs with particular appeal to the needs of low- to moderate-income home buyers. M&T shall improve these products through the following six commitments:

CONVENTIONAL RESIDENTIAL MORTGAGE LOANS

COMMITMENT #1:

M&T Bank provides loans for either the purchase or refinance of one- to-four-family residential units, which are available for terms from ten to thirty years. The loans are competitively priced with either fixed or variable rates. The bank shall continue the tradition of fine service established by Citizens Savings Bank by serving the Ithaca and Tompkins County market with the same professionalism that enabled M&T Bank to originate in excess of \$1.3 billion of residential mortgage loans in 1993.

M&T Bank offers construction loan financing for residential properties either on an individual basis or in concert with a program arranged through local contractors.

Status:

M&T Bank has offered the above-described products since the consummation of the merger.

M&T is in compliance with this commitment.

COMMITMENT #2:

AFFORDABLE HOUSING PROGRAMS

FHA 203B Mortgages

M&T Bank offers these loans at minimum down payment levels by FHA and permits most of the customer's closing costs to be financed. Other options allow for significantly reduced closing costs coupled with the ability to use flexible underwriting in assisting applicants to qualify for loans. In certain instances, "sweat equity" counts towards down payment requirements. The programs encourage the purchase of property in designated target areas; typically, these target areas are populated by individuals with annual incomes below the median income level of the overall marketplace.

APPENDIX D (Cont.)

SONYMA Loans

All available State of New York Agency ("SONYMA") programs are offered through M&T Bank for first-time home buyers. M&T Bank currently offers the following available SONYMA products: (1) Low Interest Rate Program, (2) Modest Means Program, and (3) Mortgage Assistance Program. The Low Interest Rate Program allows M&T Bank to offer a less expensive mortgage loan with modest down payment requirements, making it easier for consumers to qualify for loans. Targeted to urban areas, the Modest Means Program allows M&T Bank to offer 5% mortgage loans with no up-front finance costs and allows for up to 100% Loan-to-Value financing. The Mortgage Assistance Program is similar to the Modest Means Program but applies only to non-urban areas.

FANNIE MAE Loans

M&T Bank's FANNIE MAE sponsored Community Home Buyer's Program lowers down payment requirements for individuals who earn less than 115% of a market's median income. M&T's Special Financing Program can further lower down payment requirements by offering an unsecured loan for a portion of the down payment. M&T's Special Financing Program can also provide assistance with closing costs for those who wish to own a home but do not have the cash available to pay required closing costs.

Status:

M&T Bank has offered the above-described products since consummation of the merger. As of May 1, 1995, M&T began offering the Fannie Mae 97 product. M&T Bank is marketing the product as M&T's 3-Down Mortgage and pairs it with the Closing Cost Saver Program. The Closing Cost Saver Program allows the consumer to finance the closing costs as a second mortgage. The Closing Cost Assistance Program now has a built-in counseling component provided by Ithaca Neighborhood Housing.

M&T is in compliance with this commitment.

COMMITMENT #3:

Affordable Home Improvement Loans

This product, available to homeowners with household incomes of \$30,000 or below, normally provides access to funds from \$1,500 to \$20,000 with loan terms from 12 to 180 months. Additional features of the product include potential tax deductibility since it is secured by a mortgage lien, an attractive rate, and access to funds typically within a week of application. M&T absorbs all third party costs such as appraisal, title filing, and mortgage tax, so there are no out-of-pocket expenses for the borrower.

Status:

M&T Bank has offered the Affordable Home Improvement Loan products since the consummation of the merger.

M&T is in compliance with this commitment.

APPENDIX D (Cont.)

COMMITMENT #4:

Bi-Weekly Residential Mortgages

These mortgages allow fixed rate mortgage customers a bi-weekly payment option, resulting in a significantly shorter time to maturity and substantial interest savings over the life of the loans.

Status:

M&T Bank has offered the Bi-weekly Residential Mortgage product since consummation of the merger.

M&T is in compliance with this commitment.

COMMITMENT #5:

Home Equity Lines

The revolving Home Equity Line of Credit offered by M&T Bank provides homeowners with the flexibility to meet a wide variety of financing needs. To make its Home Equity Lines more affordable, M&T usually offers this product free of application fees, closing costs, mortgage costs and mortgage taxes. An added benefit to borrowers is the potential tax deductibility of interest payments.

M&T Bank's Home Equity Loan

This loan is a popular choice among individuals who have a one-time use for funds. The rate is fixed so the borrower can enjoy the certainty of a set monthly payment. To increase access, the Bank offers this loan free of application fees, closing costs and mortgage tax to eliminate an applicant's out-of-pocket costs.

M&T Bank's Homeowner Quickloan

The Quickloan is designed for those who have modest borrowing needs. The loan is available for amounts as low as \$2,000, with terms from 12 to 180 months. The Homeowner's QuickLoan is designed for fast access to funds in as little as a week from time of application. No application, closing costs, or mortgage taxes apply to this product.

The success of M&T Bank's Homeowner's QuickLoan prompted the introduction of M&T Bank's Quick Equity Line of Credit. Lines are available for amounts as low as \$5,000 with 14 year terms. The Quick Equity Line is also designed for quick access to funds. Both of these products fill a void for consumers who have modest borrowing needs, such as for home improvement or debt consolidation, and could not qualify for the higher equity borrowing minimums required by many financial institutions.

Status:

M&T Bank has offered the above-described Home Equity Line products since the consummation of the merger.

M&T is in compliance with this commitment.

APPENDIX D (Cont.)

COMMITMENT #6:

Multi-Family/Commercial Real Estate Loans

M&T Bank offers a broad variety of commercial loan and commercial mortgage products, including multi-family mortgage financing and construction loans. M&T Bank stresses a relationship approach to conducting its commercial business and strives to tailor products to suit each customer's individual

financing requirements. Commercial customers will also have available top-quality cash management services, corporate VISA capabilities and other commercial services.

Status:

M&T Bank has offered the above-described Multi-Family/Commercial Real Estate Loan products since consummation of the merger.

M&T is in compliance with this commitment.

SMALL BUSINESS LENDING

COMMITMENT #7:

M&T Bank Products

M&T Bank is active in soliciting and marketing its loan and lease products to assist small businesses in meeting their financial needs. Entrepreneurs can meet short-term financial requirements by obtaining M&T Bank's Flexline of Credit designed specifically for small businesses. This credit line is geared to provide permanent working capital needs, equipment purchases, leasehold improvements, business expansion, technological upgrading and other financial requirements. M&T Bank offers term loans with repayment periods extending up to seven years. Lease financing is also available for equipment and fixed asset acquisitions. Long-term loans (up to 20 years) are available for real estate renovations and acquisitions.

SBA Loans

M&T Bank actively participates in the U.S. Small Business Administration's (SBA) loan programs and has been designated a "Preferred Lender," thus providing a greater degree of flexibility to small business clients and applicants.

Status:

M&T Bank has offered the above-described business loan products since the consummation of the merger.

M&T is in compliance with this commitment.

APPENDIX D (Cont.)

CONSUMER LENDING

COMMITMENT #8:

Indirect Lending

M&T Bank is a recognized leader in providing consumer loans through a diverse group of established businesses. These businesses include automobile, boat and recreational vehicle dealerships and home improvement contractors. The bank shall bring this experience into the Ithaca market.

Other Personal Loans

In addition to the retail credit services detailed above, M&T Bank offers loans directly to individuals for any legitimate purpose, such as purchasing new or used automobiles. Personal loans may also be used to cover moving expenses, make home improvements, consolidate debts, or fund an Individual

Retirement Account.

Status:

M&T Bank has offered the above-described personal loan products in the city of Ithaca and Tompkins County since consummation of the merger.

M&T is in compliance with this commitment.

COMMITMENT #9:

Credit Cards

M&T Bank's credit card program has been designed to meet the individual credit needs of a diverse customer base. A choice of three VISA credit card products are available, each including both a grace period on purchases and extended payment terms for low monthly payments. Customers can select either a fixed or a variable rate of interest.

A new product, known as VISA Checkcard, will be introduced into Ithaca and Tompkins County by M&T Bank. This product meets the needs of customers who prefer the convenience of a credit card but prefer not to access a credit line for purchases.

Status:

M&T Bank has offered the above-described Credit Card products, including the VISA Checkcard in the city of Ithaca and Tompkins County since the consummation of the merger.

M&T is in compliance with this commitment.

APPENDIX D (Cont.)

NOT-FOR-PROFIT CORPORATIONS

COMMITMENT #10:

M&T responds to the needs of not-for-profit corporations by making short-term working capital loans to help them meet their cash flow needs. In addition, as such organizations await receipt of federal, state, or private grants, M&T provides low-cost bridge loans until these funds are received.

Status:

M&T Bank has offered the above-described financing in the City of Ithaca and Tompkins County for not-for-profit organizations since the consummation of the merger.

M&T is in compliance with this commitment.

EDUCATION LOANS

COMMITMENT #11:

M&T Bank provides a variety of education loan offerings guaranteed by the New York Higher Education Services Corporation.

M&T Bank offers the following types of loans:

- * **Federal Subsidized Stafford Loan - Loans for vocational, undergraduate, graduate and professional students.**
- * **Federal Non-Subsidized Stafford Loans - Loans for vocational, undergraduate, graduate and professional students.**
- * **Federal SLS Loans - Loans for undergraduate, graduate and professional students who are usually financially independent of their parents.**
- * **Federal PLUS Loans - Loans for the parents or guardians of financially dependent undergraduate, graduate or professional students.**

Status:

M&T Bank has offered the above-described Education Loan products in the City of Ithaca and Tompkins County since the consummation of the merger.

M&T is in compliance with this commitment.

APPENDIX D (Cont.)

MUNICIPAL SERVICES

COMMITMENT #12:

M&T Bank provides municipalities with various depository services. In addition, M&T Bank is active in bidding on and buying municipal bond issues in the communities it serves.

Status:

Since the consummation of the merger, M&T has offered the above-described Municipal Services, including the purchasing of bonds and the issuance of Certificates of Deposit in Ithaca and Tompkins County.

M&T is in compliance with this commitment.

TRUST

COMMITMENT #13:

M&T Bank has a large and active Trust Department the services of which it shall bring to the Ithaca and Tompkins County community. Trust Services offered include custodial services, investment management, investment advisory, living trusts, executor, pension and other retirement plan trustee services, corporate trust services as well as other trust services.

Status:

M&T Bank has offered the above-described Trust Department services in the City of Ithaca and Tompkins County since the consummation of the merger.

M&T is in compliance with this commitment.

TREASURY/INTERNATIONAL SERVICES

COMMITMENT #14:

As a large regional banking organization, M&T Bank also markets and sells various Treasury Services, such as a discount brokerage operation, as well as International and foreign exchange abilities.

Status:

M&T Bank has offered the above-described Treasury/International Services since consummation of the merger.

M&T is in compliance with this commitment.

APPENDIX D (Cont.)

COMMITMENT #15:

To further clarify M&T Bank pledges that the aforementioned credit products and financial services will be offered in the City of Ithaca and Tompkins County, M&T Bank hereby pledges the following:

- 1) M&T Bank pledges that the aforementioned credit products and financial services will be offered to the Ithaca and Tompkins County community at the time of the consummation of the merger with Citizens Savings Bank. All affordable housing programs available in other M&T Bank markets will also be made available in Ithaca and Tompkins County.**

Status:

The progress with respect to offering the aforementioned credit products and financial services is highlighted in the foregoing paragraphs. All affordable housing programs M&T offers are available in Tompkins County and the City of Ithaca.

M&T is in compliance with this commitment.

COMMITMENT #16:

- 2) M&T Bank pledges to the City of Ithaca and Tompkins County to ensure through community outreach that these opportunities exist, especially for those of low-to-moderate income. M&T Bank foresees this effort as a partnership between M & T Bank, government authorities, and community-based organizations whose mission is consistent with these goals, as well as with other interested local financial institutions. We believe this process is important in ensuring the long-term economic well being of the area.**

Status:

M&T has met with, and will continue to meet with, several community organizations, including but not limited to, Ithaca Neighborhood Housing Services, Better Housing for Tompkins County, Cornell Cooperative Extension, Tompkins County Chamber of Commerce, Greater Ithaca Activities Center, Displaced Homemakers, Tompkins-Cortland Community College and Mutual Housing Association of Tompkins County.

M&T Bank maintained its commitment to community outreach throughout the first five months of 1996

through the sponsorship of many community-oriented events, including a first-time home buyer seminar held at Ithaca's Holiday Inn, in January 1996.

In May 1996, M&T Bank co-sponsored a Small Business Resources Open House. This Open House was designed to highlight the various small business resources available to the Tompkins County community. Participants included representatives from local governmental institutions, not-for-profit organizations, educational institutions and lenders. Over 20 organizations participated in the event, which was attended by close to 100 members of the community.

M&T actively utilizes print and broadcast media in the promotion of its home improvement loan products. In the second quarter of 1996, M&T Bank unveiled an aggressive program promoting its Affordable Home Improvement Loan. This effort, designed to complement the marketing efforts surrounding M&T's annual summer Loan Fest campaign, included print advertisements, billboards, and marketing through community-based organizations.

APPENDIX D (Cont.)

M&T Bank also serves as a co-sponsor for a series of Homebuyers Clubs. Organized by Ithaca Neighborhood Housing Services (NHS), these clubs were created to educate first-time home buyers about home ownership opportunities and responsibilities.

M&T continues to meet with the Tompkins County Advisory Council in an effort to improve its ascertainment of community credit needs. The most recent meeting was conducted in March 1996.

M&T is in compliance with this commitment.

COMMITMENT #17:

- 3) M&T Bank shall make every attempt to minimize any employment dislocation following consummation of the merger. However, for employees of Citizens Savings Bank whose services will not be required, M&T pledges that such employees:
 - a) Shall be eligible, and encouraged to apply, for other positions available within M&T Bank. Such employees shall be given priority treatment in situations where job skills are commensurate with job requirements.

Status:

All dislocated Citizens Savings Bank employees received priority consideration for available positions within M&T Bank.

- b) Such employees shall be granted a severance package commensurate with years of service, as well as paid professional assistance in out-placement.

Status:

All employees fired as a result of the merger were provided with a severance package commensurate with their years of service.

- c) Cross-training opportunities, to the extent feasible, shall be provided to train existing personnel for open positions at the time of the merger.

Status:

Cross-training was provided to personnel whose jobs were eliminated as a result of the merger and who accepted a position elsewhere in M&T Bank.

M&T is in compliance with this commitment.

COMMITMENT #18:

- 4) **M&T Bank pledges that all credit decisions regarding residential mortgages shall be made locally. Local bank officials will be empowered to make credit decisions on commercial loans up to a maximum of \$1.5 million per customer.**

APPENDIX D (Cont.)

Status:

The Compliance examination team has verified that all credit decisions regarding residential mortgages are made locally, with the exception of the unique VA and 203K mortgage products (business necessity dictates that these mortgages be underwritten in a central location). Local underwriters have completed training and received FHA designation, ensuring that decisions on all other FHA products are made locally.

The authority to make credit decisions on commercial loans, up to a maximum of \$1.5 million per customer, continues to be vested in the Executive Vice President responsible for operations in the Tompkins County market.

M&T is in compliance with this commitment.

COMMITMENT #19:

- 5) **M&T Bank pledges that the total amount of corporate contributions to civic and cultural organizations in Ithaca and Tompkins County will be at least such amount as granted by Citizens Savings Bank in 1993.**

Status:

M&T Bank offers financial support and other assistance to organizations that contribute to the quality of life in the region. This is accomplished through the Bank's financial grant program and by encouraging M&T employees to serve on boards and committees of local not-for-profit organizations. M&T has exceeded the amount of grants made by citizens Savings Bank in 1993. M&T has also donated office furniture and computers to several not-for-profit organizations in Tompkins County.

M&T is in compliance with this commitment.

COMMITMENT #20:

- 6) **M&T Bank pledges that upon consummation of the merger, we shall designate appropriate representatives of local senior management to work with designees of the City of Ithaca and Tompkins County on the development of a collaborative "needs assessment" which will highlight both existing and arising credit and financial needs in the City of Ithaca and Tompkins County.**

Status:

In the first quarter of 1996, an independent consultant, The Frank B. Howe Company, produced the credit needs assessment, which was compiled in conjunction with M&T, other financial institutions, and public officials and community representatives from the City of Ithaca and Tompkins County. The needs assessment documentation revealed that no "significant gaps" in the provision of credit exist.

M&T is in compliance with this commitment.

APPENDIX D (Cont.)

LOAN TARGETS

COMMITMENT #21:

In support of the above-detailed offerings and services in Tompkins County and the City of Ithaca, M&T Bank hereby commits, assuming a sufficient market demand from qualified borrowers, the following dollar amounts for a three-year period to commence upon consummation of its merger with Citizens Savings Bank, F.S.B.

AFFORDABLE MORTGAGE FINANCING*

Total Tompkins County

	<u>GOAL</u>	<u>ACTUAL</u>	<u>% COMPLETE</u>
Year 1	\$1,000,000	\$1,572,641	157%
Year 2	\$1,250,000	**	
Year 3	\$1,500,000		

* Affordable mortgage financing shall include, but not be limited to, M&T Bank participation and offerings in connection with the Sate of New York Mortgage Agency Affordable Mortgage Programs, Fannie Mae Community Homebuyers Program, Federal Housing Administration, New York State Affordable Housing Corporation, and the G.E. Homebuyers Program, among others that are available or become available to income-eligible prospective home buyers.

** Full year data not available for analysis or verification at the time of examination.

Status:

As the above figures indicate, M&T Bank has surpassed 1995 lending goals and during the first five months of 1996 has completed more than 75 percent of its goal.

M&T is in compliance with this commitment.

COMMITMENT #22:

In support of the above-detailed offerings and services in Tompkins County and the City of Ithaca, M&T Bank hereby commits, assuming a sufficient market demand from qualified borrowers, the following dollar amounts for a three-year period to commence upon consummation of its merger with Citizens Savings Bank, F.S.B.

APPENDIX D (Cont.)

SMALL BUSINESS LENDING

Total Tompkins County

<u>GOAL</u>	<u>ACTUAL</u>	<u>% COMPLETE</u>
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Year 1	\$1,500,000	\$2,430,750	162%
Year 2	\$2,000,000	*	
Year 3	\$2,500,000		

*** Full year data not available for analysis or verification at the time of examination.**

Status:

M&T Bank surpassed the 1995 lending goals and is expected to meet its 1996 lending goals.

M&T is in compliance with this commitment.

CJ\96CAE23\TABLES D#13

DSBB No. 02-36-1300

Exhibit 2.1										
October 1, 1994 through June 30, 1996										
Mortgage and Refinance Activity by County & MSA in Delineation										
	<u>Owner-Occupied</u>		<u>Total</u>		<u># of Applications</u>		<u>Total</u>		<u># of Approvals</u>	
	<u>Units In</u>		<u>Applications</u>		<u>Per 1,000 Units</u>		<u>Approvals</u>		<u>Per 1,000 Units</u>	
County	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M
Erie	200,215	40,031	2,262	772	11.30	19.29	2,067	664	10.32	16.59
Niagara	50,347	7,376	525	136	10.43	18.44	469	116	9.32	15.73
MSA 1280	250,562	47,407	2,787	908	11.12	19.15	2,536	780	10.12	16.45
Orleans	7,080	3,651	37	11	5.23	3.01	31	9	4.38	2.47
Monroe	152,978	23,967	1,152	385	7.53	16.06	1,043	326	6.82	13.60
Ontario	5,066	811	15	0	2.96	0.00	12	0	2.37	0
Livingston	9,662	1,871	33	18	3.42	9.62	26	14	2.69	7.48
Genesee	14,489	1,243	110	19	7.59	15.29	95	17	6.56	13.68
Wayne	12,043	n/a	53	n/a	4.40	n/a	46	n/a	3.82	n/a
MSA 6840	201,318	31,543	1,400	433	6.95	13.73	1,253	366	6.22	11.60
Broome	29,719	6,934	152	50	5.11	7.21	131	38	4.41	5.48
Tioga	12,476	2,365	72	6	5.77	2.54	53	2	4.25	0.85
MSA 0960	42,195	9,299	224	56	5.31	6.02	184	40	4.36	4.30
New York	311	77	0	0	0.00	0.00	0	0	0	0
Westchester	8,158	247	19	1	2.33	4.05	17	0	2.08	0
Rockland	28,596	235	89	0	3.11	0.00	69	0	2.41	0
MSA 5600	37,065	559	108	1	2.91	1.79	86	0	2.32	0
Orange	29,294	6,978	323	41	11.03	5.88	276	30	9.42	4.30
MSA 5660	29,294	6,978	323	41	11.03	5.88	276	30	9.42	4.30
Dutchess	16,760	2,963	72	15	4.30	5.06	55	7	3.28	2.36
MSA 2281	16,760	2,963	72	15	4.30	5.06	55	7	3.28	2.36
Chautauqua	13,655	871	55	4	4.03	4.59	43	2	3.15	2.30
MSA 3610	13,655	871	55	4	4.03	4.59	43	2	3.15	2.30
Chemung	9,109	n/a	19	n/a	2.09	n/a	16	n/a	1.76	n/a
MSA 2335	9,109	n/a	19	n/a	2.09	n/a	16	n/a	1.76	n/a
Albany	5,026	n/a	62	n/a	12.34	n/a	59	n/a	11.74	n/a
MSA 0160	5,026	n/a	62	n/a	12.34	n/a	59	n/a	11.74	n/a
Cattaraugus	9,248	1,902	63	6	6.81	3.15	53	6	5.73	3.15
Steuben	10,357	n/a	53	n/a	5.12	n/a	45	n/a	4.34	n/a
Allegany	4,429	1,096	7	4	1.58	3.65	4	4	0.90	3.65
Wyoming	10,443	n/a	77	0	7.37	n/a	64	0	6.13	n/a
Tompkins	17,157	1,270	259	29	15.10	22.83	238	24	13.87	18.90
Cortland	10,171	n/a	70	n/a	6.88	n/a	65	n/a	6.39	n/a
Ulster	23,566	664	169	0	7.17	0.00	146	0	6.20	0.00
Non MSA Total	85,371	4,932	698	39	8.18	7.91	615	34	7.20	6.89

TOTAL	690,355	104,552	5,748	1,497	8.33	14.32	5,123	1,259	7.42	12.04
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CJ\96CAE23\TABLES D#13
DSBB No. 02-36-1300

Exhibit 2.2										
October 1, 1994 through June 30, 1996										
Home Improvement Activity by County and MSA in Delineation										
	Owner-Occupied		Total		# of		Total		# of Approvals	
	Units In		Applications		Per 1,000 Units		Approvals		Per 1,000 Units	
County	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M
Erie	200,215	40,031	3,043	1,858	15.20	46.41	2,404	1,025	12.01	25.61
Niagara	50,347	7,376	576	117	11.44	15.86	427	76	8.48	10.30
MSA 1280	250,562	47,407	3,619	1,975	14.44	41.66	2,831	1,101	11.30	23.22
Orleans	7,080	3,651	86	29	12.15	7.94	62	23	8.76	6.30
Monroe	152,978	23,967	551	182	3.60	7.59	417	109	2.73	4.55
Ontario	5,066	811	6	0	1.18	0	5	0	0.99	0
Livingston	9,662	1,871	20	42	2.07	22.45	14	28	1.45	14.97
Genesee	14,489	1,243	276	24	19.05	19.31	212	16	14.63	12.87
Wayne	12,043	n/a	51	n/a	4.23	n/a	43	n/a	3.57	n/a
MSA 6840	201,318	31,543	990	277	4.92	8.78	753	176	3.74	5.58
Broome	29,719	6,934	173	40	5.82	5.77	144	29	4.85	4.18
Tioga	12,476	2,365	39	1	3.13	0.42	22	1	1.76	0.42
MSA 0960	42,195	9,299	212	41	5.02	4.41	166	30	3.93	3.23
New York	311	77	0	0	0	0	0	0	0	0
Westchester	8,158	247	2	1	0.25	4.05	1	1	0.12	4.05
Rockland	28,596	235	44	1	1.54	4.26	31	1	1.08	4.26
MSA 5600	37,065	559	46	2	1.24	3.58	32	2	0.86	3.58
Orange	29,294	6,978	106	29	3.62	4.16	82	18	2.80	2.58
MSA 5660	29,294	6,978	106	29	3.62	4.16	82	18	2.80	2.58
Dutchess	16,760	2,963	35	7	2.09	2.36	26	4	1.55	1.35
MSA 2281	16,760	2,963	35	7	2.09	2.36	26	4	1.55	1.35
Chautauqua	13,655	871	184	11	13.47	12.63	142	11	10.40	12.63
MSA 3610	13,655	871	184	11	13.47	12.63	142	11	10.40	12.63
Chemung	9,109	n/a	1	n/a	0.11	n/a	1	n/a	0.11	n/a
MSA 2335	9,109	n/a	1	n/a	0.11	n/a	1	n/a	0.11	n/a
Albany	5,026	n/a	0	n/a	0	n/a	0	n/a	0	n/a
MSA 0160	5,026	n/a	0	n/a	0	n/a	0	n/a	0	n/a
Cattaraugus	9,248	1,902	53	4	5.73	2.10	32	1	3.46	0.53
Steuben	10,357	n/a	11	n/a	1.06	n/a	6	n/a	0.58	n/a
Allegany	4,429	1,096	24	11	5.42	10.04	9	8	2.03	7.30
Wyoming	10,443	n/a	43	n/a	4.12	n/a	33	n/a	3.16	n/a
Tompkins	17,157	1,270	42	5	2.45	3.94	34	3	1.98	2.36
Cortland	10,171	n/a	18	n/a	1.77	n/a	12	n/a	1.18	n/a

Ulster	23,566	664	28	0	1.19	0	15	0	0.64	0
Non MSA Total	85,371	4,932	219	20	2.57	4.06	141	12	1.65	2.43
TOTAL	690,355	104,552	5,412	2,362	7.84	22.59	4,174	1,354	6.05	12.95

<p align="center">Exhibit 2.3 Small Business Lending October 1, 1994 through June 30, 1996</p>								
Area Name	Small Business Loans	Small Business Establishments ¹	Loans/1,000 Small Business Establishments	Loans Within Delineation		Loans Within Delineation & In LMI Geographies		% LMI Geographies Within Delineation
				#	%	#	%	
Erie	1,282	9,559	134.11	1,282	100.00	332	25.90	30.93
Niagara	180	1,659	108.50	180	100.00	51	28.33	25.93
MSA 1280	1,462	11,218	130.33	1,462	100.00	383	26.20	30.00
Orleans	31	260	119.23	31	100.00	12	38.71	50.00
Monroe	653	6,289	103.83	653	100.00	174	26.65	36.96
Ontario	23	885	25.99	15	65.22	0	0.00	33.33
Livingston	35	430	81.40	32	91.43	18	56.25	18.18
Genesee	58	471	123.14	58	100.00	7	12.07	20.00
Wayne	24	539	44.53	21	87.50	0	0.00	0.00
MSA 6840	824	8,874	92.86	810	98.30	211	26.05	34.05
Broome	132	1,883	70.10	119	90.15	33	27.73	35.71
Tioga	10	264	37.88	10	100.00	0	0.00	22.22
MSA 0960	142	2,147	66.14	129	90.85	33	25.58	33.33
New York	4	30,799	0.13	3	75.00	0	0.00	50.00
Westchester	9	11,074	0.81	4	44.44	0	0.00	20.00
Rockland	36	3,141	11.46	31	86.11	0	0.00	5.00
MSA 5600	49	45,014	1.09	38	77.55	0	0.00	12.50
Orange	108	2,899	37.25	100	92.59	9	9.00	35.90
MSA 5660	108	2,899	37.25	100	92.59	9	9.00	35.90
Dutchess	8	2,601	3.08	6	75.00	4	66.67	36.36
MSA 2281	8	2,601	3.08	6	75.00	4	66.67	36.36
Chautauqua	29	1,273	22.78	28	96.55	0	0.00	7.14
MSA 3610	29	1,273	22.78	28	96.55	0	0.00	7.14
Chemung	12	853	14.07	2	16.67	0	0.00	0.00
MSA 2335	12	853	14.07	2	16.67	0	0.00	0.00
Albany	23	3,298	6.97	3	13.04	0	0.00	0.00

Exhibit 2.3								
Small Business Lending								
October 1, 1994 through June 30, 1996								
				Loans Within Delineation		Loans Within Delineation & In LMI Geographies		
MSA 0160	23	3,298	6.97	3	13.04	0	0.00	0.00
Cattaraugus	20	681	29.37	20	100.00	0	0.00	18.18
Steuben	28	806	34.74	17	60.71	0	0.00	0.00
Allegany	12	319	37.62	12	100.00	0	0.00	20.00
Wyoming	32	278	115.11	32	100.00	0	0.00	0.00
Tompkins	277	868	319.12	277	100.00	73	26.35	21.74
Cortland	15	415	36.14	15	100.00	0	0.00	0.00
Ulster	24	1,808	13.27	24	100.00	1	4.17	3.7
Non-MSA	408	5,175	78.84	397	97.30	74	18.64	10.10
Other NY								
Out of State	36							
Total	3,169	83,352	38.02	2,975	93.88	714	24.00	27.88

1. Number of establishments with < \$1 million in sales or receipts. Source: 1992 Economic Census of Retail Trade and 1992 Economic Census of Service Industries, U.S. Department of Commerce, Bureau of the Census.

<u>Exhibit 3</u> M&T Full-Service Branches	
Beginning Number of Branches (09/01/94)	138
Branches Opened	17
Branches Closed	(10)
LPOs designated as full service branches	1
Net Change	8
Ending Number of Branches (08/01/96)	146

Exhibit 4		
Number of Branches by County/MSA		
County/MSA	Number of Branches	Number in LMI/Tracts
Erie	49	13
Niagara	7	3
MSA 1280 Total	56	16
Orleans	1	0
Monroe	28	6
Ontario	1	0
Livingston	1	1
Genesee	4	1
Wayne	1	0
MSA 6840 Total	36	8
Broome	10	2
Tioga	0	0
MSA 0960 Total	10	2
New York	1	0
Westchester	1	0
Rockland	5	0
MSA 5600 Total	7	0
Orange	9	1
MSA 5660 Total	9	1
Dutchess	3	0
MSA 2281 Total	3	0
Chautauqua	3	0
MSA 3610 Total	3	0
Chemung	1	0
MSA 2335 Total	1	0
Albany	1	0
MSA 0160	1	0
Allegany	1	0
Cattaraugus	2	0
Cortland	2	0
Steuben	2	0
Tompkins	6	1
Ulster	4	0
Wyoming	3	0
NON-MSA TOTAL	20	1
TOTAL	146	28

EXHIBIT 5.1

TOTAL DELINEATION

Tract Characteristics	Total Delineation
Total Number of Tracts	789
LESS: Tracts with Zero Population/Housing	7
Tracts Considered for Analysis	782
Number of LMI Tracts	213
% LMI Tracts	27.49
Number of Minority Tracts (> = 80%)	27
% Minority Tracts	3.45
Number LMI & Minority Tracts	26
% LMI & Minority Tracts	3.32

Tract Demographics	Total Delineation
Population	3,240,038
Population in LMI Tracts	640,728
% of Population in LMI Tracts	19.78
Market Minority Population	400,835
% Minority Population	12.37
Minority Population in LMI Tracts	239,123
% Minority Population in LMI Tracts	7.38
Number of Owner-Occupied Units	794,907
Owner-Occupied Units in LMI Tracts	103,506
% Owner-Occupied Units in LMI Tracts	13.02

EXHIBIT 5.2

MSA 1280 (BUFFALO-NIAGARA FALLS, NY)

Tract Characteristics	
Total Number of Tracts	290
LESS: Tracts with Zero Population/Housing	3
Tracts Considered for Analysis	287
Number of LMI Tracts	84
% LMI Tracts	29.27
Number of Minority Tracts (> = 80%)	22
% Minority Tracts	7.67
Number LMI & Minority Tracts	22
% LMI & Minority Tracts	7.67

Tract Demographics	
Population	1,183,265
Population in LMI Tracts	278,737
% of Population in LMI Tracts by MSA	23.56
% of Population in LMI Tracts within MSA to Total Population in LMI Tracts	44
Market Minority Population	161,192
% Minority Population	13.62
Minority Population in LMI Tracts	116,343
% Minority in LMI Tracts	9.83
Number of Owner-Occupied Units	297,969
Owner-Occupied Units in LMI Tracts	47,407
% Owner-Occupied Units in LMI Tracts	15.91

EXHIBIT 5.3

MSA 6840 (ROCHESTER, NY)

Tract Characteristics	
Total Number of Tracts	232
LESS: Tracts with Zero Population/Housing	2
Tracts Considered for Analysis	230
Number of LMI Tracts	77
% LMI Tracts	33.48
Number of Minority Tracts (> = 80%)	1
% Minority Tracts	0.43
Number LMI & Minority Tracts	1
% LMI & Minority	0.43

Tract Demographics	
Population	929,901
Population in LMI Tracts	191,124
% of Population in LMI Tracts by MSA	20.55
% of Population in LMI Tracts within MSA to Total Population in LMI Tracts	29.83
Market Minority Population	133,896
% Minority Population	14.40
Minority Population in LMI Tracts	84,904
% Minority in LMI Tracts	9.13
Number of Owner-Occupied Units	232,861
Owner-Occupied Units in LMI Tracts	31,543
% Owner-Occupied Units in LMI Tracts	13.55

EXHIBIT 5.4

MSA 0960 (BINGHAMTON, NY)

Tract Characteristics	
Total Number of Tracts	51
LESS: Tracts with Zero Population/Housing	0
Tracts Considered for Analysis	51
Number of LMI Tracts	17
% LMI Tracts	33.33
Number of Minority Tracts (> = 80%)	0
Number LMI & Minority Tracts	0

Tract Demographics	
Population	207,932
Population in LMI Tracts	49,845
% of Population in LMI Tracts by MSA	23.97
% of Population in LMI Tracts within MSA to Total Population in LMI Tract	7.78
Market Minority Population	10,451
% Minority Population	5.03
Minority Population in LMI Tracts	4,075
% Minority in LMI Tracts	1.96
Number of Owner-Occupied Units	51,494
Owner-Occupied Units in LMI Tracts	9,299
% Owner-Occupied Units in LMI Tracts	18.06

EXHIBIT 5.5

MSA 5600 (NEW YORK, NY)

Tract Characteristics	
Total Number of Tracts	32
LESS: Tracts with Zero Population/Housing	1
Tracts Considered for Analysis	31
Number of LMI Tracts	3
% LMI Tracts	9.68
Number of Minority Tracts (> = 80%)	1
% Minority Tracts	3.23
Number LMI & Minority Tracts	0

Tract Demographics	
Population	172,411
Population in LMI Tracts	6,208
% of Population in LMI Tracts by MSA	3.60
% of Population in LMI Tracts within MSA to Total Population in LMI Tracts	0.97
Market Minority Population	39,446
% Minority Population	22.88
Minority Population in LMI Tracts	2,122
% Minority in LMI Tracts	1.23
Number of Owner-Occupied Units	37,624
Owner-Occupied Units in LMI Tracts	559
% Owner-Occupied Units in LMI Tracts	1.49

EXHIBIT 5.6

MSA 5660 (NEWBURGH, NY-PA)

Tract Characteristics	
Total Number of Tracts	39
LESS: Tracts with Zero Population/Housing	1
Tracts Considered for Analysis	38
Number of LMI Tracts	13
% LMI Tracts	34.21
Number of Minority Tracts (> = 80%)	1
% Minority Tracts	2.63
Number LMI & Minority Tracts	1
% LMI & Minority Tracts	2.63

Tract Demographics	
Population	171,651
Population in LMI Tracts	57,383
% of Population in LMI Tracts by MSA	33.43
% of Population in LMI Tracts within MSA to Total Population in LMI Tracts	8.96
Market Minority Population	32,487
% Minority Population	18.93
Minority Population in LMI Tracts	20,619
% Minority in LMI Tracts	12.01
Number of Owner-Occupied Units	36,272
Owner-Occupied Units in LMI Tracts	6,978
% Owner-Occupied Units in LMI Tracts	19.24

EXHIBIT 5.7

MSA 2281 (DUTCHESS, NY)

Tract Characteristics	
Total Number of Tracts	22
LESS: Tracts with Zero Population/Housing	0
Tracts Considered for Analysis	22
Number of LMI Tracts	8
% LMI Tracts	36.36
Number of Minority Tracts (>=80%)	0
Number LMI & Minority Tracts	0

Tract Demographics	
Population	85,653
Population in LMI Tracts	23,981
% of Population in LMI Tracts by MSA	28.00
% of Population in LMI Tracts within MSA to Total Population in LMI Tracts	3.74
Market Minority Population	16,445
% Minority Population	19.20
Minority Population in LMI Tracts	9,839
% Minority in LMI Tracts	11.49
Number of Owner-Occupied Units	19,723
Owner-Occupied Units in LMI Tracts	2,963
% Owner-Occupied Units in LMI Tracts	15.02

EXHIBIT 5.8

MSA 3610 (JAMESTOWN, NY)

Tract Characteristics	
Total Number of Tracts	14
LESS: Tracts with Zero Population/Housing	0
Tracts Considered for Analysis	14
Number of LMI Tracts	1
% LMI Tracts	7.14
Number of Minority Tracts (> = 80%)	0
Number LMI & Minority Tracts	0

Tract Demographics	
Population	56,219
Population in LMI Tracts	3,396
% of Population in LMI Tracts by MSA	6.04
% of Population in LMI Tracts within MSA to Total Population in LMI Tracts	0.53
Market Minority Population	4,567
% Minority Population	8.12
Minority Population in LMI Tracts	857
% Minority in LMI Tracts	1.52
Number of Owner-Occupied Units	14,526
Owner-Occupied Units in LMI Tracts	871
% Owner-Occupied Units in LMI Tracts	6.00

EXHIBIT 5.9

MSA 2335 (ELMIRA, NY)

Tract Characteristics	
Total Number of Tracts	6
LESS: Tracts with Zero Population/Housing	0
Tracts Considered for Analysis	6
Number of LMI Tracts	0
Number of Minority Tracts (> = 80%)	0
Number LMI & Minority Tracts	0
Tract Demographics	
Population	29,398
Population in LMI Tracts	0
% of Population in LMI Tracts by MSA	0
% of Population in Low/Mod Tracts within MSA to Total Population in Low/Mod Tracts	0
Market Minority Population	800
% Minority Population	2.72
Minority Population in LMI Tracts	0
% Minority in LMI Tracts	0.00
Number of Owner-Occupied Units	9,109
Owner-Occupied Units in LMI Tracts	0
% Owner-Occupied Units in LMI Tracts	0

EXHIBIT 5.10

MSA 0160 (ALBANY, SCHENECTADY, AND TROY, NY)

Tracts Characteristics	
Total Number of Tracts	4
LESS: Tracts with Zero Population/Housing	0
Tracts Considered for Analysis	4
Number of LMI Tracts	0
Number of Minority Tracts (> = 80%)	0
Number LMI & Minority Tracts	0

Tract Demographics	
Population	19,956
Population in LMI Tracts	0
% of Population in LMI Tracts by MSA	0
% of Population in LMI Tracts within MSA to Total Population in Low/Mod Tracts	0
Market Minority Population	1,187
% Minority Population	5.95
Minority Population in LMI Tracts	0
% Minority in LMI Tracts	0.00
Number of Owner-Occupied Units	5,026
Owner-Occupied Units in LMI Tracts	0
% Owner-Occupied Units in LMI Tracts	0.00

EXHIBIT 5.11
Non-MSAs (ALLEGANY, CATTARAUGUS, CORTLAND, STEUBEN, TOMPKINS,
 ULSTER AND WYOMING COUNTIES)

BNA Tract Characteristics	
Total Number of BNAs	99
Less: BNAs with Zero Population/Housing	0
BNAs Considered for Analysis	99
Number of LMI BNAs	10
% LMI BNAs	10.10
Number of Minority BNAs (> 80%)	2
% Minority BNAs	2.02
Number of LMI & Minority BNAs	2
% LMI & Minority BNAs	2.02

BNA Demographics	
Population	383,652
Population in LMI BNAs	30,607
% of Population in LMI BNAs in non-MSA	7.98
% of Population in LMI BNAs in non-MSA To Total Population in LMI Tracts	4.77
Market Minority Population	23,946
Minority Population in LMI BNAs	5,755
Number of Owner-Occupied Units	90,303
Owner-Occupied Units in LMI BNAs	4,932
% Owner-Occupied Units in LMI BNAs	546.00
