

PUBLIC DISCLOSURE

May 4, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Manufacturers and Traders Trust Company
DSBB No. 02-36-1300**

**One M&T Plaza
Buffalo, NY 14240**

Federal Reserve Bank of New York

**33 Liberty Street
New York, New York 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.

TABLE OF CONTENTS

	BB
General Information.....	1
Institution	2
Institution's CRA Rating:	2
Lending, Investment, Service Tests Table	4
Description of Institution.....	5
Description of Assessment Areas	5
Scope of Examination	7
Map of M&T Assessment Areas	8
Conclusions with Respect to Performance Tests.....	9
Lending Test	9
Investment Test.....	17
Service Test	18
Analysis of M&T Assessment Areas.....	22
Assessment Area 1 -- PMSA 5600 (New York, NY).....	23
Assessment Area 2 -- PMSA 5380 (Nassau-Suffolk, NY)	29
Assessment Area 3 -- MSA 1280 (Buffalo-Niagara Falls, NY).....	34
Assessment Area 4 -- MSA 6840 (Rochester, NY)	42
Assessment Area 5 -- MSA 0160 (Albany-Schenectady-Troy, NY).....	48
Assessment Area 6 -- MSA 8160 (Syracuse, NY).....	52
Assessment Area 7 -- PMSA 5660 (Newburgh, NY-PA).....	56
Assessment Area 8 -- MSA 0960 (Binghamton, NY)	61
Assessment Area 9 -- (Non-MSA Steuben, Cattaraugus, Allegany & Wyoming Counties)	66
Assessment Area 10 -- (Non-MSA Tompkins and Cortland Counties).....	70
Assessment Area 11 -- (Non-MSA Ulster County)	74
Assessment Area 12 -- PMSA 2281 (Dutchess County, NY).....	78
Assessment Area 13 -- MSA 3610 (Jamestown, NY)	82
Assessment Area 14 -- MSA 2335 (Elmira, NY).....	86
M&T Exhibits.....	90
Exhibit MT1 -- Summary of Lending Activity in the Assessment Areas.....	91
Exhibit MT2 -- Owner-Occupied Unit Analysis for Home Purchase Loans and Refinancings Across Census Tract Income Level	92
Exhibit MT3 -- Distribution of Multifamily Loans Across Census Tract Income Level	93
Exhibit MT4 --Owner-occupied Unit Analysis for Home Improvement Loans Across Census Tract Income Level.....	94
Exhibit MT5 --Demand-Adjusted Analysis for Small Business and Small Farms Loans Across Census Tract Income Level.....	95
Exhibit MT6 -- Distribution of Home Purchase Loans And Refinancings Across Borrower Income Level	96
Exhibit MT7 -- Distribution of Home Improvement Loans Across Borrower Income Level ..	97

BB

Exhibit MT8 -- Distribution of Small Business and Small Farm Loans by Loan Size..... 98
Exhibit MT9 -- Small Business Loans by Gross Annual Revenue..... 99
Exhibit MT10 -- Total Community Development Lending Activity..... 100
Exhibit MT11 -- Community Development Lending Activity: PMSA 5600 (New York, NY)
..... 101
Exhibit MT12 -- Community Development Lending Activity: PMSA 5380 (Nassau-Suffolk,
NY)..... 102
Exhibit MT13 -- Community Development Lending Activity: MSA 1280 (Buffalo-Niagara
Falls, NY) 103
Exhibit MT14 -- Community Development Lending Activity: MSA 6840 (Rochester, NY) 105
Exhibit MT15 -- Community Development Lending Activity: MSA 0160 (Albany-
Schenectady-Troy, NY) 105
Exhibit MT16 -- Community Development Lending Activity: MSA 0960 (Binghamton, NY)
..... 106
Exhibit MT17 -- Community Development Lending Activity: MSA 2281 (Dutchess County,
NY)..... 106
Exhibit MT18 -- Community Development Lending Activity: Non-MSAs 107
Exhibit MT19 -- Community Development Lending Activity: Multiple MSAs..... 107
Exhibit MT20 -- Total Qualified Investment Activity..... 108
Exhibit MT21 -- Qualified Investments Activity: PMSA 5600 (New York, NY)..... 109
Exhibit MT22 -- Qualified Investments Activity: PMSA 5380 (Nassau-Suffolk, NY)..... 110
Exhibit MT23 -- Qualified Investments Activity: MSA 1280 (Buffalo-Niagara Falls, NY) .. 111
Exhibit MT24 -- Qualified Investments Activity: MSA 6840 (Rochester, NY)..... 112
Exhibit MT25 -- Qualified Investments Activity: MSA 8160 (Syracuse, NY) 112
Exhibit MT26 -- Qualified Investments Activity: PMSA 5660 (Newburgh, NY-PA) 113
Exhibit MT27 -- Qualified Investments Activity: MSA 0960 (Binghamton, NY)..... 113
Exhibit MT28 -- Qualified Investments Activity: Non-MSAs 114
Exhibit MT29 -- Qualified Investments Activity: PMSA 2281 (Dutchess County, NY) 114
Exhibit MT30 -- Number of Branches by County/MSA/PMSA..... 115
Exhibit MT31 -- Branches Closed by County/MSA/PMSA 116
Exhibit MT32 -- Reconciliation of Full-Service Branches Opened and Closed 116
Exhibit MT33 -- Description of Institution's Operation in PMSA 5600 117
Exhibit MT34 -- Description of Institution's Operation in PMSA 5380 118
Exhibit MT35 -- Description of Institution's Operation in MSA 1280 129
Exhibit MT36 -- Description of Institution's Operation in MSA 6840 120
Exhibit MT37 -- Description of Institution's Operation in MSA 0160 121
Exhibit MT38 -- Description of Institution's Operation in MSA 8160 122
Exhibit MT39 -- Description of Institution's Operation in PMSA 5660 123
Exhibit MT40 -- Description of Institution's Operation in MSA 0960 124
Exhibit MT41 -- Description of Institution's Operation in Assessment Area 9..... 125
Exhibit MT42 -- Description of Institution's Operation in Assessment Area 10..... 126
Exhibit MT43 -- Description of Institution's Operation in Assessment Area 11 127
Exhibit MT44 -- Description of Institution's Operation in PMSA 2281 128
Exhibit MT45 -- Description of Institution's Operation in MSA 3610 129
Exhibit MT46 -- Description of Institution's Operation in MSA 2335 130

OnBank & Trust Company Performance Evaluation	131
Franklin First Savings Bank Performance Evaluation.....	179
CRA Appendices	209
CRA Appendix A: Compliance With Board Order	210
CRA Appendix B: Scope of Examination.....	242
CRA Appendix C: Glossary	245

GENERAL INFORMATION

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

*This document is an evaluation of the CRA performance of **Manufacturers and Traders Trust Company** prepared by the **Federal Reserve Bank of New York** on behalf of the Board of Governors of the Federal Reserve System, the institution's supervisory agency, as of **May 4, 1998**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This evaluation of assessment areas may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

INSTITUTION

INSTITUTION'S CRA RATING: Manufacturers and Traders Trust Company is rated OUTSTANDING.

The level of compliance of Manufacturers and Traders Trust Company (“M&T”) with the CRA is based on an evaluation of the performance criteria for large retail institutions specified under the CRA with respect to the lending, investment and service tests.

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

- During this examination period (July 1, 1996, through December 31, 1997), M&T exhibited a strong response to the credit needs of its assessment areas by originating within those areas 95 percent (20,012) of the following types of loans: home purchase and home improvement loans, refinancings of such loans (“refinancings”), small farm and small business loans, and community development loans.
- Overall, the distribution of those loans among geographies (census tracts or block numbering areas) of different income levels was excellent. When the number of loans in an assessment area is compared with the number of owner-occupied housing units in the area, M&T’s distribution of home purchase and home improvement loans and refinancings overall was greater in low- and moderate-income (“LMI”) geographies than in middle- and upper-income (“non-LMI”) geographies. When the number of small business and small farm loans in the assessment area is compared with the number of business establishments in the area, the bank’s distribution of small business loans overall was only slightly greater in non-LMI geographies than in LMI geographies.
- Overall, M&T exhibited a good distribution of loans among families of different income levels. The bank’s percentage of home purchase and home improvement loans and refinancings to low-income borrowers was well below the percentage of low-income families in its assessment areas primarily because of the high cost of homeownership in relation to the income of low-income families. The percentage of these types of loans made by the bank to moderate-income borrowers, however, exceeded the percentage of moderate-income families in its assessment areas.
- Overall, M&T demonstrated a good record of lending to businesses of different sizes.
- M&T is a leader in community development lending, and the bank received recognition for \$103.9 million in community development lending at this examination.
- M&T used innovative and flexible lending practices in a safe and sound manner to address the credit needs of LMI individuals and geographies in its assessment areas.

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

- M&T’s record of meeting the credit needs of its assessment areas through its qualified investments was good. The bank received recognition for \$9.3 million in qualified investments at this examination.
- Many of M&T’s investments were not routinely provided by private investors.
- M&T exhibited a good level of responsiveness to identified needs within its assessment areas.

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

- M&T’s delivery systems are readily accessible to geographies and individuals of different income levels in its assessment area, especially in northwestern New York where the bank has its headquarters and focuses its efforts.
- The bank’s record of opening and closing branches resulted in an increase in the number of branches in LMI geographies.
- Banking hours and services do not vary in a way that would inconvenience individuals or businesses.
- M&T is a leader in providing community development services.

LENDING, INVESTMENT, SERVICE TESTS TABLE

The following table summarizes the performance level of Manufacturers and Traders Trust Company with respect to the lending, investment and service tests.

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

* Note: The lending test is weighted more heavily than the investment and service tests in determination of the overall rating.

DESCRIPTION OF INSTITUTION

As of December 31, 1997, M&T, a New York State-chartered commercial bank, had total assets of \$13.5 billion and total loans and leases of \$10.6 billion. The bank has 176 full-service branches throughout New York State. As of December 31, 1997, M&T was a wholly owned subsidiary of First Empire State Corporation (“First Empire”), based in Buffalo, New York. First Empire is also the parent of M&T Bank, N.A. which has one office in the town of Oakfield in Genesee County, New York. M&T Bank, N.A. originates credit cards for M&T.

M&T Real Estate, Inc. (“MRE”) and M&T Mortgage Company (“M&T Mortgage”) are wholly owned subsidiaries of M&T. MRE originates commercial mortgage loans, and M&T Mortgage originates residential mortgage loans. In mid-1997, East New York Saving Bank, a New York-chartered savings bank subsidiary of First Empire with 14 offices and approximately \$2 million in assets, was merged into M&T. As a result of this merger, M&T’s assessment area in Primary Metropolitan Statistical Area (“PMSA”) 5600 (New York, NY) expanded dramatically.

Effective April 1, 1998, OnBank & Trust Company (“OnBank”), based in Syracuse, New York, and Franklin First Savings Bank (“Franklin”), of Wilkes-Barre, Pennsylvania, merged into M&T. As of December 31, 1997, OnBank had 59 offices and total assets of \$3.9 billion, and Franklin had 19 offices and total assets of \$1.5 billion.

M&T offers a full line of consumer and commercial loan products and, through MRE and M&T Mortgage, a full line of commercial and residential loan products. The bank was last examined for CRA as of September 9, 1996, and received a rating of “outstanding.” There is no indication of financial or legal impediments that would hinder M&T in meeting its obligations under CRA.

DESCRIPTION OF ASSESSMENT AREAS

M&T’s assessment areas are spread throughout New York State, but its operation focuses on the upstate regions and more specifically the northwest corner of the state, in Metropolitan Statistical Area (“MSA”) 1280 (Buffalo-Niagara Falls, NY) and MSA 6840 (Rochester, NY). The demographic and statistical information used to describe M&T’s assessment areas and evaluate the performance context within which the bank operates was obtained from the U.S. Department of Commerce Bureau of the Census, New York State Department of Labor, New York State Department of Economic Development, and U.S. Department of Housing and Urban Development’s (“HUD”) Office of Community Planning and Development, as well as in discussions with bankers and community groups.

Economic recovery has been slower in New York State, especially in the upstate region, than in the rest of the U.S. According to the New York State Department of Labor, the unemployment rate for the state decreased slightly from 6.9 percent in February 1997 to 6.8 percent in February 1998. Continuing to lag behind the U.S. in job growth, New York State’s unemployment rate (not seasonally adjusted) in February 1998 was higher than the U.S. rate of 5 percent. Further downsizing in government, manufacturing and defense-related industries has affected upstate New York, while major restructuring in the financial services sector has contributed to the slow expansion in the downstate regions.

M&T's assessment areas include 35 counties throughout New York State. For this CRA evaluation, the counties are divided into 14 assessment areas which include all or part of four PMSAs, seven MSAs and seven non-MSA counties. The bank's assessment areas meet the requirements of Regulation BB (12 CFR 228.41) and do not arbitrarily exclude any LMI geographies.

The assessment areas are as follows:

- Assessment Area 1 consists of a portion of PMSA 5600 (New York, NY) and includes Kings, Bronx, New York, Queens, Westchester and Rockland Counties.
- Assessment Area 2 consists of PMSA 5380 (Nassau-Suffolk, NY), which includes Suffolk and Nassau Counties.
- Assessment Area 3 consists of MSA 1280 (Buffalo-Niagara Falls, NY), which includes Erie and Niagara Counties.
- Assessment Area 4 consists of MSA 6840 (Rochester, NY), which includes Monroe, Wayne, Orleans, Livingston, Ontario and Genesee Counties.
- Assessment Area 5 consists of a portion of MSA 0160 and includes Albany, Schenectady, Rensselaer and Saratoga Counties.
- Assessment Area 6 consists of a portion of MSA 8160 (Syracuse, NY) and includes Onondaga and Cayuga Counties.
- Assessment Area 7 consists of Orange County in New York State, in the multistate PMSA of 5660 (Newburgh, NY-PA).
- Assessment Area 8 consists of MSA 0960 (Binghamton, NY), which includes Broome and Tioga Counties.
- Assessment Area 9 consists of four non-MSA counties in the southern tier of western New York (Steuben, Cattaraugus, Allegany, and Wyoming Counties).
- Assessment Area 10 consists of two non-MSA counties, Tompkins and Cortland, in central New York.
- Assessment Area 11 consists of the non-MSA county of Ulster in the Hudson Valley region of New York.
- Assessment Area 12 consists of PMSA 2281 (Dutchess County, NY).
- Assessment Area 13 consists of MSA 3610 (Jamestown, NY), which includes Chautauqua County.

- Assessment Area 14 consists of MSA 2335 (Elmira, NY), which includes Chemung County.

SCOPE OF EXAMINATION

The evaluation of M&T's CRA performance covered the period beginning September 9, 1996, the date of its previous CRA evaluation, through May 4, 1998. Loan products considered in the evaluation, however, were originated between July 1, 1996, and December 31, 1997, by the bank and by its affiliates MRE and M&T Mortgage. These products included the bank's home purchase loans and refinancings (which were evaluated together), home improvement loans, small business loans and other loans that qualified as community development loans. Bank investments, deposits, grants and services qualifying as community development were also included in the evaluation. In addition, the bank's system and record of delivering its products and services to all communities within its assessment areas were evaluated on the basis of information supplied by the bank and community contacts.

For evaluation of the geographic distribution of loans, geographies were classified on the basis of the Census Bureau's 1990 census income data. Determination of the distribution of loans to borrowers of different income levels was based on 1998 HUD estimated income data.

M&T's performance regarding the geographic distribution of loans reported pursuant to the Home Mortgage Disclosure Act ("HMDA") and small business and small farm loans was compared with the 1996 aggregate of such loans made by all lenders in key assessment areas (specifically Assessment Areas 1-5, which have the greatest concentration of lending activity). M&T's small business lending performance based on borrower characteristics was compared to the 1996 aggregate in these key assessment areas. M&T's performance regarding borrower characteristics for HMDA-related lending in the key assessment areas was compared with that of similarly situated institutions ("peers") for 1997.

The five key assessment areas contain 71.5 percent of the branches, 84.6 percent of deposits, 80 percent of HMDA-related loans, and 83 percent of small farm and small business loans. The bank's performance in these five assessment areas heavily influenced the overall rating.

As noted in "Description of Institution" above, M&T merged with OnBank and Franklin on April 1, 1998. This evaluation of M&T's CRA performance did not take into account the effect of the merger. Separate performance evaluations of OnBank and Franklin, as of the date of the merger, are included, but the ratings of those institutions did not affect M&T's rating. (See pages BB131 and 179 for the evaluations of these two institutions.)

A map of the bank's assessment areas follows:

Map of M & T Assessment Areas

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Conclusions concerning M&T's CRA performance under the lending, investment and service tests are as follows:

LENDING TEST

M&T's record of meeting the credit needs of its assessment areas through its lending activity is outstanding.

Lending Activity

M&T's lending activity reflects a strong level of responsiveness to the credit needs of its assessment areas. The overall volume of loans originated during the examination period was strong, and a substantial portion of the loans was originated in the bank's assessment areas.

During the examination period, the bank originated 11,403 home purchase and home improvement loans and refinancings ("HMDA-related loans") and small business loans totaling \$1.5 billion. Of the 4,397 HMDA-related loan originations between July 1, 1996 and December 31, 1997, approximately 95 percent (4,174 out of 4,397) were made within the bank's assessment areas. These HMDA-related loan originations do not include affiliate lending. Of the 7,006 small business and small farm loans included in the analysis, 96 percent (6,724 of 7,006) were made in the assessment areas. Of the 110 community development loans totaling \$103.9 million, 100 percent were made in the bank's assessment areas.

M&T's total lending for small business and HMDA-related loans originated, including affiliate lending activities, totaled 20,012. HMDA-related loans represented 66 percent of the loans in the bank's assessment areas, and small business loans amounted to 33.6 percent of the total. A substantial proportion of the small business and HMDA-related loans was concentrated in MSA 6840 (Rochester, NY) and MSA 1280 (Buffalo-Niagara Falls, NY).

As of the previous examination, HMDA-related and small business loans approved totaled 15,079. The increase in this total as of this examination represents a substantial increase in volume. On an annualized basis, the number of home purchase loans and refinancings has increased by 69 percent and the number of small business loans has increased by 148 percent. The number of home improvement loans, however, has decreased by 23 percent. The decrease in the home improvement loans is due to the fact that the bank offers a home equity line of credit product for home improvement purposes which, under HMDA, is reported at the bank's option. M&T has chosen not to report these loans on their loan application register.

For a summary of M&T's lending activity in its assessments areas, see Exhibit MT1.

Geographic Distribution of Lending

Overall, the geographic distribution of the bank's originations of HMDA-related and small business loans reflects excellent penetration throughout the assessment areas. Consistent with M&T's business strategy and focus of operations, 51 percent of the bank's HMDA-related loans

and 71 percent of the small business loans were concentrated in Rochester (MSA 6840) and Buffalo (MSA 1280).

Lending activity was analyzed on a demand-adjusted basis by comparing the number of HMDA-related loan originations with the number of owner-occupied one- to four-family housing units and the number of small business loan originations with the number of small business establishments in each geographic area. For HMDA related loans, excellent demand-adjusted performance was noted in PMSA 5600 (New York, NY), MSA 6840 (Rochester, NY) and MSA 1280 (Buffalo-Niagara Falls, NY). However, weaknesses in demand-adjusted performance were noted in PMSA 2281 (Dutchess County, NY) and Assessment Area 11 (non-MSA Ulster County, NY). In addition, geographic distribution of small business loan originations was weak in PMSA 5380 (Nassau-Suffolk, NY), and Assessment Areas 9 (non-MSA Steuben, Cattaraugus, Allegany and Wyoming Counties, NY), PMSA 5660 (Newburgh, NY-PA) and MSA 3610 (Jamestown, NY)

Home Purchase Loans and Refinancings

Overall, home purchase loan originations and refinancings were 1.1 times greater in LMI geographies than in non-LMI geographies on a demand-adjusted basis. Penetration of home purchase loans was stronger than that of refinancings in LMI geographies. Excellent geographic distribution was noted for home purchase loans and refinancings in PMSA 5600 (New York, NY); MSA 1280 (Buffalo-Niagara Falls, NY); MSA 6840 (Rochester, NY); and Assessment Area 10 (non-MSA Tompkins and Cortland Counties). In addition, excellent geographic distribution was noted in Broome County in MSA 0960 (Binghamton, NY).

Although M&T's overall performance for home purchase and refinancings loans was strong, geographic distribution in Assessment Area 11 (non-MSA Ulster County) was very poor based on low volume of lending in moderate-income census tracts.

The volume of home purchase lending and refinancings increased substantially since the previous examination. Home purchase loan and refinancing volume increased by 70 percent, on an annualized basis, from the previous examination. At the current examination, M&T and its affiliates originated or purchased 9,274 home purchase loans and refinancings, of which 1,196 or 13 percent were extended in LMI census tracts.

The geographic distribution of HMDA-related loans was strengthened by M&T's multifamily housing lending. There were 378 multifamily loans extended; 31 of those were originated in low-income census tracts (8.2 percent) and 74 in moderate-income census tracts (20 percent). Ninety-six of 378 multifamily loans, or 25.4 percent, were originated in LMI areas in the downstate counties of Bronx, Kings, Nassau, New York and Queens. These 96 multifamily loans provided 3,466 housing units in high-cost census tracts where LMI families are generally priced out of homeownership.

For further details, see Exhibits MT2 and MT3.

Home Improvement Loans

Overall, home improvement loan originations in LMI census tracts were 1.5 times greater than originations in non-LMI census tracts on a demand-adjusted basis. Excellent geographic distribution was noted in MSA 1280 (Buffalo-Niagara Falls MSA), MSA 6840 (Rochester, NY), MSA 0960 (Binghamton, NY), and Assessment Area 10 (non-MSA Tompkins and Cortland Counties). Geographic distribution was also excellent for PMSA 5600 (New York, NY) and MSA 8160 (Syracuse, NY); however, volume was low.

Although overall performance for home improvement loans was strong, geographic distribution was weak in PMSA 5380 (Nassau-Suffolk, NY), PMSA 2281 (Dutchess County, NY) and Assessment Area 11 (non-MSA Ulster County). The volume of home improvement loans was low compared with the volume of such loans as of the previous examination; this volume decreased by 23 percent on an annualized basis.

For further details, see Exhibit MT4.

Small Business Loans

Overall, the volume of small business loan originations in non-LMI tracts was only 1.2 times greater than the volume of such originations in LMI census tracts on a demand-adjusted basis. Excellent geographic distribution was noted in MSA 6840 (Rochester, NY) and MSA 1280 (Buffalo-Niagara Falls, NY). Of the 6,724 small business loans originated in the bank's assessment area, 4,783 or 71 percent were concentrated in MSA 6840 and MSA 1280. Therefore, overall conclusions with respect to the bank's small business lending performance rest heavily on lending activity in these two MSAs.

Although performance was strong overall, geographic distribution was weak in PMSA 5380 (Nassau-Suffolk, NY), PMSA 5660 (Newburgh, NY-PA), Assessment Area 9 (non-MSA Steuben, Cattaraugus, Allegany and Wyoming Counties), Assessment Area 11 (non-MSA Ulster County) and MSA 3610 (Jamestown, NY).

The volume of small business lending has increased substantially since the previous examination; small business loan volume increased by 148 percent on an annualized basis.

For further details, see Exhibit MT5.

Borrower Characteristics

The overall distribution, by number and dollar amount of HMDA-related loans to borrowers of different income levels, was good. The overall distribution of small businesses and small farm loans to businesses of different sizes was also good.

HMDA-related Lending

The percentage of home purchase loans and refinancings to moderate-income borrowers is generally consistent with the percentage of moderate-income families in the assessment areas. Such lending to moderate-income borrowers exceeded the percentage of moderate-income borrowers in MSAs 1280 (Buffalo-Niagara Falls, NY), 3610 (Jamestown, NY), 6840 (Rochester, NY), 0160 (Albany-Schenectady-Troy, NY), 8160 (Syracuse, NY), 5660 (Newburgh, NY), 0960 (Binghamton, NY), 2335 (Elmira, NY), and PMSA 2281 (Dutchess County, NY). The percentage of home improvement loans to moderate-income borrowers exceeded the percentage of moderate-income borrowers in PMSAs 5600 (New York, NY), 5380 (Nassau-Suffolk, NY), 5660 (Newburgh, NY-PA) and 2281 (Dutchess County, NY); MSAs 1280 (Buffalo-Niagara Falls, NY) and 6840 (Rochester, NY); and Assessment Areas 9 (non-MSA Steuben, Cattaraugus, Allegany and Wyoming Counties, NY), and 11 (non-MSA Ulster County, NY).

The percentage of HMDA-related loans to low-income borrowers was lower than the percentage of low-income families in all assessment areas. The percentage of lending by peers to low income borrowers was also lower than the percentage to low-income families in New York State, primarily as a result of the high cost of housing compared with family income throughout the state. Details regarding income and housing characteristics are included in the each assessment area analysis under "Performance Context." M&T's record of originating home purchase loans and refinancings for low-income borrowers was better than those of peer institutions in MSA 1280 (Buffalo-Niagara Falls, NY) and MSA 6840 (Rochester, NY) and was approximately equal to the records of peer institutions in PMSA 5380 (Nassau-Suffolk, NY) and MSA 0160 (Albany-Schenectady-Troy, NY). In PMSA 5600 (New York, NY), however, the peer's record was over three times better than M&T's. For home improvement lending to low-income borrowers, M&T outperformed the peer group in four of the five key assessment areas for which comparisons were made.

For further details, see Exhibits MT6 and MT7

Lending to Small Businesses

Almost 59 percent of small business and small farm loans originated by M&T during the examination period were for amounts less than or equal to \$100 thousand. The average size of the originations in this loan category was \$44 thousand, indicating, if the size of the loan is used as a proxy for business size, that the bank is responsive to the credit needs of very small businesses.

Approximately 38.8 percent of the small business loans were made to businesses with reportable gross annual revenues ("GAR") of \$1 million or less. Another 12.2 percent of the small business loans were made to businesses where the GAR of the borrower was not a factor in M&T's credit decision. These loans included loans to startup businesses, loans based on collateral and loans where a credit scoring system was used. If these borrowers had reported GAR revenue it would have been below \$1 million in most cases. Adding these loans to those with reportable GAR of \$1 million or less produced a ratio of 51 percent. This percentage compares favorably with 83.9

percent of business establishments in the bank's assessment areas having GAR of \$1 million or less.

For further details, see Exhibits MT8 and MT9.

Community Development Lending

M&T's record of meeting the credit needs of its communities through community development lending was excellent. Total community development lending equaled \$103.9 million, compared with \$44.1 million, including \$2 million in qualified investments, reported at the prior examination. Approximately 67 percent, or \$69.5 million, of the community development loan dollars for which the bank received recognition at this examination represents new money (loans and lines originated or increased during the examination period). Ten percent of community development lending supported community services, 79 percent was in support of affordable housing and 11 percent was for economic development.

Eight-three percent of community development lending was concentrated in three assessment areas. Those areas are PMSA 5600 (New York, NY), with 24 percent; MSA 1280 (Buffalo-Niagara Falls, NY), with 30 percent; and MSA 6840 (Rochester, NY), with 29 percent. Since the regulation does not require an institution to make community development loans in all its assessment areas, a lack of community development lending in a particular assessment area does not detract from the rating of the bank's performance in that assessment area or of the bank as a whole.

For details, see Exhibit MT10.

Innovative and Flexible Lending Practices

M&T uses a good variety of innovative or flexible lending practices that address the credit needs of LMI individuals and geographies. During the examination period, M&T originated approximately 2,000 loans for a total of \$107.7 million, where flexible and innovative practices were used.

Among the most successful affordable lending programs designed by M&T are its affordable home improvement and closing cost loan programs. The bank also participated in various federal and local housing programs designed to meet the needs of low-income borrowers. The programs are income-restricted, and they offer flexible credit guidelines and expanded qualifying ratios. In addition, some of the programs target particular neighborhoods and offer subsidized interest and principal buy-downs, up to 100 percent financing, fee waivers and homeownership counseling through participating community-based organizations.

M&T's flexible or innovative business loan products focused on assisting the small business owner and helping minority, women-owned or start-up enterprises to develop or expand their businesses.

Following are examples of the flexible or innovative HMDA-related and small business loan products M&T offers throughout its assessment areas.

M&T Closing Cost Loan Program

This is a low-interest, 5 percent annual percentage rate loan program designed to help borrowers meet closing costs. Loan terms of 5 to 15 years are available, and this product can be used for M&T's "\$500 Down" home purchase product. The bank made 636 loans under this program for a total of approximately \$2.1 million.

State of New York Mortgage Association ("SONYMA") Low Interest Rate & New Construction Incentive Programs for First-Time Home Buyers

Targeted to owner-occupant first-time home buyers, the SONYMA Low Interest Rate Program offers 97 percent financing for one- to two-family homes, and 90 percent financing for three- to four-family homes. This program gives the borrower short-term rate lock options, with long-term rate locks available for new construction housing. Qualified borrower income ceilings and purchase price guidelines are set by SONYMA, and interest rates are below the standard conventional-rate product. For newly constructed homes, the borrower may receive up to 100 percent financing, and a 30-year term on a single-family house. M&T made 940 of these loans totaling \$73 million during the examination period.

Community Home Buyer's ("CHB") Landlord Counseling Program

M&T's CHB program offers borrowers a 95 percent loan-to-value ratio ("LTV") on two- to four-family homes with landlord counseling. The gross income of qualified applicants may not exceed 100 percent of the HUD median family income for a family of four and for the location of the property being bought ("HUD median family income"). The program features expanded qualifying ratios of 33/38 percent. Furthermore, the applicant's credit history can be established by nontraditional credit means such as a punctual car insurance payment record. The borrower may purchase a two-family home and live in one unit while earning rental income from the other unit. Loan terms are for a minimum of 15 years and a maximum of 30 years. During the examination period the bank made 53 of these loans totaling \$9 million.

CHB's 3 Percent Down Mortgage Program

This program is limited to buyers with incomes below 100 percent of the median household income. The qualifying ratios are 33/38 percent, and credit history can be established by nontraditional credit means such as record of making car insurance payments. For loan terms of either 25 or 30 years, qualifying ratios contract to 33/36 percent and 28/36 percent, respectively. During the examination period M&T made 46 of these loans for a total of \$6 million.

SONYMA New York State Home of Your Own Program

This program was designed specifically for individuals with disabilities. The New York State Office of Mental Retardation and Developmental Disabilities provides pre- and post-purchase

counseling, and recommends applicants to M&T. The bank waives origination and application fees, and reduces appraisal fees to \$100. The SONYMA program offers the applicant a 4 percent rate, 100 percent LTV financing, and a single underwriting debt-to-income ratio of 36 percent. M&T made 23 loans under this program for a total of \$1 million.

New York State Electrical & Gas (“NYSEG”) Electrical Equipment Loan Program

This program is a joint venture with NYSEG and assists the utility’s trade allies who have limited or no financing options for their residential and small commercial customers. The program provides these customers alternate financing for the purchase of electrical equipment and appliances. Trade allies include retailers, suppliers and contractors who sell and/or install major appliances, including computers, water heaters, spas, and heating and cooling equipment. Customers can obtain low-dollar loans without incurring high credit card charges. The unsecured loan minimum is \$2,000 and the secured loan minimum is \$5,000. Equipment must be purchased through a qualified NYSEG supplier, and the applicant must be a commercial and/or residential electric customer. In addition, the dollar amount of the purchase must exceed \$500. During the examination period, the bank made 39 of these loans totaling \$81 thousand.

Excelsior Linked Deposit Program

This program encourages small businesses in New York State to make investments and undertake eligible projects. To assist small businesses, the program offers over a two-year period interest rates that are two to three percentage points lower than the prevailing interest rate. State funds are deposited at the lender bank and earn interest at a reduced rate to compensate for the lender’s reduced rates to businesses in the program.

Eligible applicants include manufacturing firms with 500 or fewer full-time New York State-based employees and businesses in highly distressed areas with 100 or fewer full-time state resident employees. Certified minority- and women-owned businesses, and defense industry manufacturers that derive 25 percent of their gross revenues from defense contracts and subcontracts are also eligible to apply. Other criteria for eligibility include the number of jobs created or retained and other substantial economic benefits. M&T made eight loans under this program totaling \$3.6 million.

In addition to the above programs, which are offered in all assessment areas, M&T provides the following innovative and flexible programs that are limited to selected assessment areas.

Affordable Home Improvement Loan Program

M&T targets this program to LMI homeowners, marketing it in LMI neighborhoods. The maximum income allowable under the program is 90 percent of the median income for a family of four. The minimum loan amount is \$1,500 with a fixed interest rate. M&T waives closing costs, application fees, prepayment penalties and annual fees. This program is available to applicants in Assessment Area 3 (MSA 1280--Buffalo-Niagara Falls, NY), Assessment Area 4 (MSA 6840--Rochester, NY), Assessment Area 8 (MSA 0960)--Binghamton, NY), Assessment Area 9 (non-MSA counties in the southern tier of New York State), Assessment Area 11 (non-

MSA Ulster County), and Assessment Area 12 (PMSA 2281--Dutchess County). The bank made 218 loans totaling \$2 million.

M&T's \$500 Down Program

This program is limited to applicants in the cities of Rochester, Ithaca and Binghamton whose income is at or below 80 percent of the median household income. The eligible house must be a one- to- two-family principal residence. The borrower must also start the lending process through a participating community-based organization, which provides pre- and post-purchase counseling. The required cash down payment is only \$500. M&T waives application, document preparation and lock-in fees. Furthermore, M&T provides a secondary, low-interest rate loan of up to \$5,000 toward closing costs at a rate of 5 percent and for terms of 5 to 15 years. The maximum loan allowed under this program is \$60 thousand. Flexible underwriting criteria include expanded qualifying debt-to-income ratios and relaxed credit criteria. During the examination period M&T made 64 loans under this program for a total of \$2.7 million.

Subsidized Seconds Program

Under this program, which is available in Buffalo, Lackawanna, Niagara Falls and Rochester, municipalities sell their land to a builder at a substantially reduced price. The program receives federal or state grants to reduce the sales price of the home built or renovated, or to buy down the interest rate. A second loan on the property is made either by the municipality or a local nonprofit organization. Mortgage loan applicants for these houses must have an annual income below 80 percent of the median family income.

INVESTMENT TEST

Overall, M&T's investment performance is rated high satisfactory. The bank has made a significant level of qualified investments not routinely provided by other banks and private investors. M&T demonstrated good use of innovative and complex investments to support community development initiatives, and exhibited a good level of responsiveness to credit and community development needs by investing in facilities, organizations and projects that support affordable housing, community services and economic development.

Qualified investments are not required to be made in all assessment areas; therefore, a lack of qualified investments in a particular assessment area does not detract from the evaluation of that assessment area or the bank as a whole.

Dollar Amount of Qualified Investments

Qualified investments totaled \$9.3 million, of which \$4.6 million (or 49.5 percent), were municipal obligations of the total, \$1.9 million, or 20.2 percent, supported community services, \$3.1 million, or 33.4 percent, supported revitalization and stabilization projects, just over 37.7 percent or \$3.5 million were committed to affordable housing, and 8.7 percent or \$811 thousand, supported economic development projects. M&T made most of its qualified investments in MSA 1280 (Buffalo-Niagara Falls, NY).

For details see Exhibit MT20.

Innovative and Complex Qualified Investments

M&T uses innovative and complex investments to support community development initiatives. Qualified investments made by M&T vary from investments in debt instruments issued by municipalities to deposits in community development financial institutions ("CDFIs"). Many of these investments are of a type not routinely provided by other private investors. For example, the bank participates in a partnership with a neighborhood school serving a LMI community in Buffalo. The bank has made a substantial financial commitment to the school and, in addition, provides ongoing technical and human resource support.

Responsiveness of Qualified Investments to Credit and Community Development Needs

M&T demonstrated a good level of responsiveness to credit and community development needs. Economic development is a primary need in the bank's assessment areas based on contacts with community organizations. Equity investments in five CDFIs, as well as in a small business investment corporation ("SBIC") and a community development organization, collectively provide capital to support community development projects and credit to consumers and small businesses primarily in LMI communities.

More than \$1.1 million over the last two years has been invested in the neighborhood school referred to above, under "Innovative and Complex Investments," in support of community service needs through an after-school program, a computer-training program and a health services clinic.

SERVICE TEST

M&T's record of providing banking services within its assessment areas is outstanding. The bank's services and delivery systems are accessible to virtually all geographies and individuals within its assessment areas. In addition, the bank is a leader in providing community development services.

Accessibility of Delivery Systems

As stated above, M&T's delivery systems are accessible to virtually all geographies and individuals within its assessment areas.

For details see Exhibits MT30 through MT32.

Branch Network

The bank's primary system for delivering commercial and retail banking services is its branch network. Alternate delivery systems include automated teller machines ("ATMs"), live and automated telephone banking, banking by mail, banking with the VISA Check Card, personal computer ("PC") banking and loan production offices.

M&T has 155 branches in 11 MSAs and 21 branches in non-MSA areas, with at least 1 branch in each assessment area. Thirty-one branches (18 percent) are located in supermarkets and two branches (1 percent) are located in retirement homes. The majority of the branches (57 percent) are located in MSA 1280 (Buffalo-Niagara Falls, NY), which is the location of the bank's headquarters, and MSA 6840 (Rochester, NY).

Overall, the bank has proportionately fewer branches in LMI geographies than in non-LMI geographies, a disparity resulting from the proportionately small number of branches in LMI geographies in PMSA 5600 (New York, NY) and PMSA 5380 (Nassau-Suffolk, NY). These PMSAs contain 71 percent (842 out of 1,186) of the total assessment areas' LMI geographies. M&T expanded its assessment area in PMSA 5600 and added PMSA 5380 as a new assessment area during the examination period because of the merger with East New York Saving Bank. The addition of branches resulting from the merger was not proportional to the expansion of the assessment areas and skewed measures of the bank's LMI geographies. Regulation BB does not require an institution to have branches in all parts of its assessment area, provided that the assessment area meets the requirements of Section 228.41 (12 CFR 228.41) and does not arbitrarily exclude LMI geographies. Furthermore, since the geographic focus of M&T's operations is in upstate New York, these markets are weighed more heavily in the overall performance analysis.

In areas other than PMSAs 5600 and 5380, the bank has proportionately more branches in LMI areas than in non-LMI areas. When these two MSAs are eliminated, 20 percent (29) of the branches are in LMI geographies and only 14 percent (344) of the assessment-area geographies are LMI.

ATMs

Of the bank's 138 24-hour ATMs, 123 are in branches and 15 are on premises other than bank premises ("off-site"). Of the total number of ATMs, 59 offer check-cashing services. Six (10 percent) of these check-cashing ATMs are located in LMI geographies. Of the 15 off-site ATMs, none are located in low-income geographies, but four (27 percent) are located in moderate-income geographies.

Telephone Banking

Telephone banking is free and available to all customers 24 hours a day, 365 days a year. Telephone banking allows customers to obtain account information, transfer funds between linked accounts, apply for loans, open new accounts and perform many other banking functions.

PC Banking

M&T's PC Banking provides customers with access to their checking, savings and VISA accounts 24 hours a day, 365 days a year. Customers can use PC Banking to reconcile accounts, transfer funds, obtain account information, pay bills and obtain stock quotes. Customers are also linked to the bank through electronic mail, which allows them to perform additional functions such as ordering checks and obtaining product information.

Loan Production Offices

M&T operates nine small business banking centers. Five of these offices are licensed as full-service branches and are included in the 176 full-service branches described above under "Branch Network." Two of these loan production offices accept deposits, but deposits are limited to small business accounts. None of the five offices provide consumer services. The small business banking centers are located in and serve the metropolitan areas of New York City, Buffalo, Rochester, Syracuse and Albany.

Changes in Branch Locations

During the examination period the bank opened 39 branches, closed 5 branches, relocated 2 and consolidated 1. The branch openings have improved the accessibility of the bank's services in LMI as well as other geographies. Four (10 percent) of the 39 branches opened are in LMI geographies. Two of the branches opened were acquired from Greenpoint Savings Bank and 12 branches were opened as part of the East New York Savings Bank merger. Of the five branches closed, none were located in LMI geographies.

Branches were closed in accordance with M&T's written branch closing policy, which conforms to the Joint Interagency Policy Statement Regarding Branch Closings. The bank provided timely advance notification to affected customers and regulatory authorities.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. All branches are full-service branches and offer a wide range of commercial and retail deposit and loan products. Most of the bank's branches, 68 percent, have extended hours on evenings, weekends or holidays. Several branches located in supermarkets also have convenient hours.

Community Development Services

M&T is a leader in providing community development services that target LMI individuals throughout its assessment areas. Most of the community development services are provided in MSA 1280 (Buffalo-Niagara Falls, NY), the location of M&T headquarters, and MSA 6840 (Rochester, NY).

Seminars

During the examination period, M&T sponsored or participated in 122 seminars, conferences and open houses on affordable housing throughout its assessment areas for LMI individuals. These presentations covered the mortgage loan application and approval process, the mortgage application prequalification process, and financial management issues such as budgeting and maintaining a good credit history. The presentations also included information on affordable housing mortgage loan products and dealing with real estate agents. M&T also sponsored or participated in 79 small business seminars, workshops and expositions during the examination period. The presentations included information on alternative business financing, starting new businesses and business financing for specialized industries.

Technical Assistance

M&T provides financial technical assistance to various community development, housing, educational and charitable organizations that benefit LMI individuals. Forty-seven M&T employees serve on the boards of several of these groups. Fifty-one employees provide financial technical assistance to these groups involving activities such as teaching and fund-raising.

M&T is an active participant in the Westminster Community School Partnership, created to revitalize a public school serving LMI students in the city of Buffalo. M&T's chairman and chief executive officer serves on the Board of Trustees, and M&T's executive vice president is chairman of the Board of Trustees.

Federal Home Loan Bank's Affordable Housing Programs

M&T is a member of the Federal Home Loan Bank ("FHLB") and participates in two of FHLB's Affordable Housing Programs ("AHPs"). The bank sponsors applications of organizations that provide rental housing to LMI individuals. Grants provided by the FHLB are used to defray construction and rehabilitation expenses of the rental properties. For each application approved, M&T disburses and monitors the grant. Five applications for grants totaling \$1.2 million were

approved during the examination period; these grants provided financing for 250 units of affordable housing.

As part of the FHLB's Affordable Housing Program, M&T offers the First Home Club, a savings account that is matched 3 to 1 by the FHLB and is used for assistance with down payments and closing costs. M&T employees serve as mentors to LMI individuals that meet the program's eligibility requirements.

COMPLIANCE WITH FAIR LENDING LAWS

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

ANALYSIS OF M&T ASSESSMENT AREAS

ASSESSMENT AREA 1 -- PMSA 5600 (NEW YORK, NY)

PERFORMANCE CONTEXT

Fifty-two percent of the population within M&T's assessment areas resides in PMSA 5600, making it the bank's largest assessment area. It also has the largest number of LMI geographies and LMI families. M&T's assessment area includes four of the five counties in New York City (Bronx, Kings, New York and Queens), as well as the suburban counties of Westchester and Rockland. The largest concentration of LMI census tracts within the assessment area is found in Kings County, where approximately 42 percent of all the LMI census tracts in the PMSA are located.

Income Characteristics

The 1990 census figure for median family income for the PMSA is \$37,515, and the 1998 HUD adjusted median family income is \$49,800. The two northern counties of Westchester and Rockland have higher median family incomes than the New York City counties. The average median family income for the four counties of New York City, according to the 1990 census, was \$33,192, while the average for the three northern counties was \$59,411.

Housing Characteristics

There are 3.3 million housing units in the PMSA, but only 30.2 percent are owner-occupied, which is lower than the 41.9 percent level of owner-occupied dwellings in all the bank's assessment areas in New York. The number of rental units in the PMSA are double the number of owner-occupied units, and the median gross rent is \$501 per month. Approximately 77 percent of the rental units in the PMSA rent for less than \$700 per month. The median housing value in the PMSA, based on the 1990 census, is \$212 thousand and 80 percent of the owner-occupied houses in the PMSA are valued at more than \$150 thousand. While most LMI families in the PMSA, especially in New York City, can afford the median rent, the price of homeownership is beyond their means. Rental housing has historically been an important component of the New York City housing market for all residents, but especially for LMI residents. In the suburban portion of the PMSA, 66 percent of the housing units are owner-occupied.

Community contacts in this assessment area indicated that the city's antiquated housing stock needs rehabilitation and redevelopment. According to the Citizens Housing and Planning Council, a housing policy research organization based in Manhattan, only 35 thousand new housing units were constructed in the first half of the 1990s which is the lowest five-year total since the mid-1940s.

Labor, Employment and Economic Characteristics

The unemployment rate in PMSA 5600 (New York, NY) decreased from 8.9 percent in February 1997 to 8.4 percent in February 1998. The finance, insurance, real estate and services industries continue to be major employers and contributors to the local economy. In response to economic and competitive pressures, however, these industries have consolidated and downsized during the past decade and are 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, which limits the creation of new jobs throughout the PMSA. 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 losses recently abated. In contrast, health and human services, education and social services remain strong and continue posting modest job gains.

The demographics in this PMSA vary considerably from county to county. Bronx, Kings, New York and Queens Counties have high unemployment rates ranging from 7.7 percent in New York County to 11.3 percent in Bronx County. On the other hand, Westchester and Rockland Counties have unemployment rates of around 4 percent.

Between 1992 and 1996, the number of people employed in the PMSA increased by less than 1 percent. Services along with retail and wholesale trade were the only industries avoiding a drop in employment over this period. Manufacturing and government industries experienced the largest reductions in employment.

For details see Exhibit MT33.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 1

LENDING TEST

Geographic Distribution of Lending

The geographic distribution of home purchase loans and refinancings and home improvement loans reflects excellent penetration throughout the PMSA. The distribution of small business loans across census tracts of different income levels was adequate. On a demand-adjusted basis, M&T outperformed the aggregate for home purchase loans, refinancings and home improvement loans, but the bank was outperformed by the aggregate on small business loans.

Home Purchase Loans and Refinancings

The geographic distribution of HMDA-related loans in the bank's assessment area reflects excellent penetration. On a demand-adjusted basis, originations of home purchase loans and refinancings were 1.8 times greater in LMI census tracts than in non-LMI census tracts. Home purchase loan penetration was stronger in LMI census tracts than refinancings penetration. In addition, there is a high level of multifamily loans located in LMI census tracts. Of the total

multifamily loans, 96 were originated in LMI census tracts in Kings, Bronx, New York and Queens Counties. The buildings financed by these loans contain 3,466 rental units. Multifamily loans were concentrated in high-cost areas where LMI families are generally priced out of homeownership.

The volume of home purchase loans and refinancings increased dramatically in LMI census tracts. At the previous examination, no home purchase loans or refinancings were originated in LMI census tracts in this PMSA. At the current examination, 215 home purchase loans and refinancings were originated in these census tracts.

For details see Exhibits MT2 and MT3.

Home Improvement Loans

Home improvement demand-adjusted penetration in non-LMI census tracts was slightly better than penetration in LMI census tracts in this assessment area. Loan activity on a demand-adjusted basis, was 1.1 times greater for originations in non-LMI census tracts than in LMI census tracts.

Home improvement loan census tract penetration is low as a result of the overall low volume of loans in both LMI and non-LMI census tracts. The bank extended only 61 home improvement loans in this PMSA of which six were originated in LMI census tracts.

For details see Exhibit MT4.

Small Business Loans

Overall, small business lending activity in this assessment area is adequate. On a demand-adjusted basis, the ratio of small business loans to business establishments in non-LMI census tracts is almost two times greater than the ratio in LMI census tracts. Performance was particularly weak in Bronx, Kings and New York Counties.

The institution's poor performance in this PMSA is considered reasonable because Bronx, Kings and Queens Counties are new markets for the bank. (Only one M&T branch operated in these counties at the previous examination.) As of this examination, the bank had 11 branches in these three counties resulting from the merger with East New York Savings Bank, which was not a small business lender.

For details see Exhibit MT5.

Borrower Characteristics

The overall evaluation of borrower characteristics in this assessment area is poor. M&T outperformed peer institutions for home improvement loans, but was outperformed by the peers for home purchase loans and refinancings. The bank was also outperformed by the aggregate in the small business loan category. For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

Overall the distribution of loans across borrower income levels was very poor for LMI borrowers. Sixteen percent of families in this PMSA are moderate-income. M&T made 5 percent of its home purchase loans and refinancings to moderate-income families during this examination period. The bank made 20 percent of its home improvement loans to moderate-income borrowers, but the volume of home improvement loans was low with only 12 loans. Twenty-six percent of families in this PMSA are of low income; M&T made less than 1 percent of its home purchase loans and refinancings, and 10 percent of its home improvement loans to low-income borrowers.

As a result of the high cost of housing in relation to the median family income in this PMSA, even middle-income borrowers have difficulties qualifying for home mortgage loans. As a result, all lenders in this assessment area show lending levels (percentage of loans to LMI borrowers) well below the demographics (percentage of LMI families) in the area.

Lending to Small Businesses

The bank's distribution of loans to businesses of different sizes was good in this assessment area. Of the 509 small business loans made in this PMSA, only 176 or 34.6 percent were for loan amounts less than or equal to \$100 thousand, but approximately 61 percent of the small business loans in the PMSA were to businesses with reportable GAR (gross annual revenues) of \$1 million or less or to businesses where the revenue information was not collected. This indicates that the size of the loan may not be a good proxy for the size of the business in this assessment area.

Community Development Lending

Community development lending in the New York PMSA totaled \$24.8 million or 24 percent of M&T's total community development lending activity. These loans financed 1,100 units of affordable housing. Eighty-eight percent of the community development activity in this PMSA supported affordable housing. Lending in support of community services accounted for 3 percent of the community development activity while 9 percent of the dollars targeted economic development.

For details see Exhibit MT11.

Innovative and Flexible Lending Practices

No special lending programs are exclusive to this assessment area. See the "Innovative and Flexible Lending Practices" section beginning on page BB13 for details of special lending programs that are available in all the bank's assessment areas.

INVESTMENT TEST

Qualified investments totaled \$2.8 million, or 30 percent, of the bank's total qualified investment activity. The investments included \$2 million in collateral trust notes to a nonprofit community development organization to promote affordable housing initiatives, and four \$100 thousand deposits to four community development credit unions. The balance of the funds were in the form of grants, of which \$199 thousand promoted economic development, while \$85 thousand, \$71 thousand and \$12 thousand supported community services, affordable housing and revitalization and stabilization, respectively.

For details see Exhibit MT21.

SERVICE TEST

Accessibility of Delivery Systems

M&T's branch network is accessible to only limited portions of PMSA 5600 (New York, NY). Of the 19 branch sites in the PMSA, 3 (or 16 percent) are located in LMI geographies. This compares unfavorably with the demographics of the PMSA where 758 geographies (32 percent) are LMI and 36 percent of the population resides in LMI geographies. The disparity is most evident in Kings, New York and Bronx Counties where 685 or 48 percent of the geographies are LMI, while only 20 percent of the branches in these counties are in LMI geographies. The bank has no branches in Bronx County where 58 percent of the geographies are LMI and 67 percent of the population resides in LMI tracts. One branch in Westchester County is located in a retirement home.

M&T operates five ATMs in PMSA 5600, all of which are in branches. One of the branch ATMs (20 percent) is located in an LMI geography. This compares unfavorably with the demographics of the PMSA where 758 (32 percent) geographies are LMI and 36 percent of the population resides in LMI geographies.

M&T and its affiliates operate five loan production offices in this PMSA. Three MRE (M&T Real Estate Inc.) offices offer commercial real estate loans, one M&T small business loan center offers small business loans, and one M&T Mortgage office offers residential mortgage loans.

For details see Exhibit MT30.

Opening and Closing of Branches

During the examination period, the bank acquired 12 branches, opened 1 branch and closed 1 branch in PMSA 5600 (New York, NY). Of the 12 branches acquired, 3 are in Kings County, 6 are in New York County, 1 is in Queens County and 2 are in Westchester County. The branch that was opened is located in a retirement home in Westchester County. Ten of the branches were acquired as a result of the bank's merger with East New York Savings Bank, and two of the

branches were acquired from Greenpoint Savings Bank. Three of the branches are in LMI geographies. The closed branch was located in Westchester County in a non-LMI geography. The branch openings have improved the accessibility of the bank's delivery systems, including those in LMI geographies.

For details see Exhibits MT31 and MT32.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. All of the branches are full-service branches that offer a wide variety of commercial and retail products and services. Sixty-two percent of the bank's branches in this PMSA have extended hours in the evenings and/or on weekends.

Community Development Services

M&T provides an adequate level of community development services targeting LMI individuals in this PMSA through seminars, technical assistance and participation in the FHLB's AHP (Affordable Housing Program). During the examination period, M&T sponsored or participated in 12 seminars, conferences and open houses on affordable housing for LMI individuals. M&T provides financial technical assistance to various community development, housing, educational and economic development and charitable organizations that benefit LMI individuals. Five of M&T's employees serve on the boards of several of these organizations and nine employees provide financial technical assistance such as teaching and fund-raising to these organizations.

M&T is a member of the FHLB and participates in two of the organization's AHPs. The bank sponsors grant applications of organizations that provide rental housing to LMI individuals. Grants provided by the FHLB are used to defray construction and rehabilitation expenses of the rental properties. For each application approved, M&T disburses and monitors the grant. Three applications totaling \$748 thousand in grants were approved during the examination period and will provide over 140 affordable rental units. As part of the FHLB's AHP, M&T offers the First Home Club, a savings account that is matched 3 to 1 by the FHLB and used to help cover down payments and closing costs. M&T employees serve as mentors to LMI individuals who meet the eligibility requirements for this program.

ASSESSMENT AREA 2 -- PMSA 5380 (NASSAU-SUFFOLK, NY)

PERFORMANCE CONTEXT

PMSA 5380 is the second largest and the wealthiest of M&T's assessment areas. The two counties (Nassau and Suffolk) in the PMSA have a combined population of 2.6 million, or approximately 16 percent of the population of M&T's assessment areas. Of the total population in the PMSA, 15.3 percent resides in LMI census tracts. There are 574 census tracts in the PMSA considered for analysis, of which 14.7 percent are LMI. Most of the LMI census tracts are located in Hempstead, Roosevelt and Freeport in Nassau County, and in Babylon, Brookhaven, Islip and Riverhead in Suffolk County. About 74 percent of the LMI tracts are located in Suffolk County. Although the population is evenly divided between the two counties, Nassau County is about one-third the geographic size of Suffolk County and the most densely populated.

Income Characteristics

The 1990 census figure for median family income for the PMSA is \$56,726 while the 1998 HUD adjusted median family income is \$70,200. Approximately 38 percent of the families are upper-income, 27 percent are middle-income, 19 percent are moderate-income and 16 percent are low-income. Higher income levels are found in Nassau County, where the 1990 median family income is \$60,813 compared with a median family income of \$53,380 in Suffolk County

Housing Characteristics

Of the 917,609 housing units in the PMSA, 687,506 or 74 percent are owner-occupied while 168,728 or 18 percent are rental units. Most of the housing units are single-family units, and only 8.5 percent are found in multifamily structures. Almost 12 percent of owner-occupied housing units are in LMI census tracts. The median housing value is \$186 thousand with only 6 percent of owner-occupied housing valued at less than \$100 thousand. The market is priced higher than most LMI families can afford. Community contacts in Nassau and Suffolk Counties indicated that affordable housing financing continues to be greatly needed in the PMSA. High housing costs burden LMI families who need rental assistance, affordable housing options, and assistance with down payment and closing costs. In addition to affordable housing needs, contacts noted the need for small business financing, programs and services for senior citizens, and economic development financing to assist in the revitalization of local business districts.

Labor, Employment and Economic Characteristics

The dominant industries in the local economy are services and retail. The finance industry (including insurance and real estate) and manufacturing continue to be major employers in this

PMSA. During the early 1990s, the manufacturing sector experienced major declines, primarily in the defense industry. The Long Island economy is rebounding with the growth of small businesses and biotechnology firms attracted to the region's skilled white-collar workforce. Government and industry programs designed to convert defense manufacturing to private sector markets and retain displaced workers contribute to the economic growth. Eastern Suffolk County is known for its farming, fishing, wine and resort industries. The unemployment rate remained unchanged for PMSA 5380 (Nassau-Suffolk, NY) at 4 percent from February 1997 to February 1998.

For details Exhibit MT34.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 2

LENDING TEST

Geographic Distribution of Lending

The geographic distribution of home purchase loans and refinancings reflects excellent penetration throughout the PMSA, but the distribution of home improvement lending is poor and the distribution of small business lending is very poor. When evaluating the bank's performance in this PMSA, this market's recent incorporation into the bank's assessment area was considered. On a demand-adjusted basis, M&T was outperformed by the aggregate for all loan products (home purchase loans, refinancings, home improvement loans and small business loans).

Home Purchase Loans and Refinancings

On a demand-adjusted basis, home purchase loan and refinancing originations were 1.2 times greater in LMI census tracts than in non-LMI census tracts. The geographic distribution in LMI census tracts was stronger in Nassau County on a demand-adjusted basis.

For details Exhibit MT2.

Home Improvement Loans

The overall home improvement lending activity in LMI census tracts is poor. M&T extended 18 home improvement loans, of which only one was originated in an LMI census tract.

For details see Exhibit MT3

Small Business Loans

The overall geographic distribution of small business loans is very poor. Only one small business loan was extended in an LMI tract in this PMSA during the examination period.

For details see Exhibit MT5.

Borrower Characteristics

The distribution of loans to borrowers of different income is good in this PMSA. The volume of home improvement and small business loans is low, but the distribution of those loans to borrowers of different income levels and businesses of different sizes is good. M&T outperformed peers for home improvement loans, and the bank was comparable to peers for home purchase loans and refinancings. M&T was outperformed by the aggregate for small business lending.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

Overall the distribution of loans across borrower income levels is good. In this PMSA 19 percent of families are moderate-income, and M&T made 16 percent of home purchase loans and refinancings and 33 percent of home improvement loans to moderate-income borrowers. Sixteen percent of families in this PMSA are low-income; M&T made 3 percent of home purchase loans and refinancings, and 22 percent of home improvement loans to low-income borrowers.

The low level of originations to low-income borrowers is the result of the high cost of housing in relation to the income of low-income borrowers. The percentage of lending to low-income borrowers by peers was less than the percentage of low-income families. All lenders in the area have difficulty originating home purchase loans to low-income borrowers.

Lending to Small Businesses

M&T made only 46 small business loans in this PMSA during the examination period. Lending levels are low because this is a new market for M&T for small business loans, but the distribution of loans to businesses of different sizes was good. The bank made 26, or 56.5 percent, of its small business loans in this PMSA for loan amounts less than or equal to \$100 thousand. The average size of the originations in this category was approximately \$42 thousand, indicating that the bank is responsive to the credit needs of very small businesses. In addition, M&T made approximately 78 percent of the small business loans in the MSA to businesses with reportable GAR of \$1 million or less, or to businesses where the revenue information was not collected.

Community Development Lending

Community development lending in the Nassau-Suffolk PMSA totaled \$488 thousand or less than 1 percent of M&T's total community development lending activity. This total includes one loan that financed 24 units of affordable housing.

For details see Exhibit MT12.

Innovative and Flexible Lending Practices

No special lending programs are exclusive to this assessment area, but special lending programs available in all the bank's assessment areas are described on page BB13.

INVESTMENT TEST

Qualified investments totaled \$679 thousand, or 7.3 percent of the total investment activity in the bank's assessment areas. Of this total, \$672 thousand, or approximately 99 percent, was invested in municipal bonds that promoted various revitalization and stabilization projects.

For details see Exhibit MT22.

SERVICE TEST

Accessibility of Delivery Systems

M&T's branch network is accessible to only limited portions of PMSA 5380 (Nassau-Suffolk, NY). Of the four branch sites in the PMSA, none are located in LMI geographies. This compares unfavorably with the demographics of the PMSA where 84 geographies (14.7 percent) are LMI and 15 percent of the population resides in LMI geographies. Two of the four branches are in Nassau County and two are in Suffolk County. The two Suffolk County branches are located in supermarkets. M&T operates four ATMs in PMSA 5380, all of which are in branches. M&T also operates one small business loan production office in the area, and M&T Mortgage operates one office which offers residential mortgage loans.

For details see Exhibit MT30.

Opening and Closing of Branches

During the examination period, the bank opened two branches in Suffolk County and acquired two branches in Nassau County as a result of the East New York Savings Bank merger. None of the new branches are in LMI geographies. No branches were closed during the examination period.

For details see Exhibits MT31 and 32.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. All of the branches are full-service branches offering a wide variety of commercial and retail products and services. All of the bank's branches in this PMSA have extended hours in the evening and on weekends.

Community Development Services

M&T provides a limited level of community development services that target LMI individuals in PMSA 5380. M&T provides financial technical assistance to the Long Island Home Purchase Process Initiative. The organization works with Long Island community groups to identify and remove the barriers to homeownership. An employee of M&T is a Group Facilitator for the organization. As part of the FHLB's Affordable Housing Program, M&T offers the First Home Club saving account.

ASSESSMENT AREA 3 -- MSA 1280 (BUFFALO-NIAGARA FALLS, NY)

PERFORMANCE CONTEXT

This assessment area including Erie and Niagara Counties has a total population of 1.2 million. A significant portion of the LMI census tracts in this assessment area are located in the city of Buffalo. Of the 290 census tracts considered for analysis, 30 percent are LMI. The MSA's population over age 65 has increased significantly in the last ten years. The total population of the MSA declined by 4.3 percent from 1980-1990, but the population over 65 has grown by 17 percent and now amounts to 15.2 percent of the total population.

Income Characteristics

The 1990 census median family income is \$34,831 while the HUD adjusted median family income for 1998 is \$44,000. Based on the 1990 median family income figures, 38.3 percent of the families are upper-income, 24 percent middle-income, 18.2 percent moderate-income and 19.5 percent are low-income.

Housing Characteristics

The MSA contains 298 thousand owner-occupied housing units with a median housing age of 55 years, considerably older than the state average of 38 years. Within the LMI census tracts, 66.2 percent of the housing units are owner-occupied, 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 a month (and 78.5 percent of the units rent for less than \$500). Although the median rental is \$105 less than the state average, 44 percent of renters devote more than 30 percent of their gross income to rent, a spending characteristic above the state average. High vacancy rates in LMI areas appear to keep both housing values and rents low. There is also a need for a more flexible home purchase and rehabilitation loan programs.

Labor, Employment and Economic Characteristics

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

Historically, manufacturing has been the primary source of jobs in MSA 1280 (Buffalo, Niagara Falls, NY). Since September 1966, manufacturing jobs declined from 184.6 thousand, or 35

percent of all employment, to 89.6 thousand, or 17 percent of all employment, in April 1996. As manufacturing has declined, the service sector has become increasingly important to 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. Unemployment in the MSA increased from 5.8 percent in February 1997 to 6.4 percent in February 1998.

Community contacts made during the examination indicated that financing for small businesses and start-up businesses in the Buffalo area is needed. In addition, community contacts have identified a need for small, emergency loans for businesses and individuals. There is also a need for a more flexible small business loan program. Demand for commercial space in downtown Niagara Falls and Buffalo is weak. The owners of the many buildings requiring extensive rehabilitation look for more flexible lending requirements.

For details see Exhibit MT35.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 3

LENDING TEST

Geographic Distribution of Lending

The overall distribution of loans across census tracts of different income levels in this assessment area is excellent. On a demand-adjusted basis, M&T outperformed the aggregate for home purchase loans, refinancings and home improvement loans, but was outperformed by the aggregate in the small business loan category.

Home Purchase Loans and Refinancings

The overall geographic distribution of home purchase loans and refinancings is excellent. Demand-adjusted penetration in LMI census tracts was only slightly less than penetration in non-LMI census tracts. Specifically, originations of home purchase loans and refinancings were 1.1 times greater in non-LMI census tracts than in LMI census tracts. There were 390 home purchase loans and refinancings originated in LMI census tracts in this MSA during the examination period. This is the highest number of loans originated in LMI census tracts in the bank's assessment areas.

For details see Exhibit MT2.

Home Improvement Loans

The overall home improvement activity in LMI census tracts is excellent. The 445 home improvement loans originated in LMI census tracts in this MSA account for 75 percent of all

home improvement lending in LMI census tracts in all of M&T assessment areas. Demand-adjusted penetration is 1.5 times greater in LMI census tracts than in non-LMI census tracts.

For details see Exhibit MT4.

Small Business Loans

The distribution of small business lending increased from 1,462 loans at the previous examination to 2,955, indicating an increase of 135 percent on an annualized basis. The distribution of loans across geographies of different income levels is good. On a demand-adjusted basis, loans in middle- and upper-income census tracts were 1.2 times greater than in LMI tracts. LMI performance was stronger in Niagara County where loans in middle- and upper-income census tracts were 1.1 times greater than in LMI tracts.

For details see Exhibit MT5.

Borrower Characteristics

Overall the distribution of loans across borrower income levels was excellent and the distribution of loans to businesses of different sizes was good. M&T was comparable to its peers for home purchase loans, refinancings and home improvement loans. The bank outperformed the aggregate in small business lending.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

M&T's distribution of HMDA-related loans to LMI borrowers was excellent in this assessment area. Here, 18 percent of families are of moderate income, and M&T made 20 percent of its home purchase loans and refinancings and 21 percent of its home improvement loans to moderate-income borrowers. Twenty percent of families in this MSA are low-income; M&T made 7 percent of its home purchase loans and refinancings, and 14 percent of its home improvement loans to low-income borrowers.

The low level of originations to low-income borrowers, however, is considered excellent in relation to the performance context and the bank's performance compared with the market of institutions that report HMDA-related lending. The difficulties in making home purchase loans and refinancings to low-income borrowers in volumes that reflect the percentage of low-income families in the MSA result from high housing values in relation to the income of low-income borrowers. The performance of the market in lending to borrowers of low-income supports the conclusion that all lenders have difficulty making home purchase loans and refinancings to low-income borrowers. No HMDA reporter matched the low-income demographic composition of the MSA.

Lending to Small Businesses

The bank's distribution of loans to businesses of different sizes is good. The bank made 2,955 small business loans in this MSA with 1,736 or 59 percent of them for loan amounts less than or equal to \$100 thousand.

The average size of the originations in this category was approximately \$47 thousand, indicating the bank's responsiveness to the credit needs of very small businesses when the size of the loan is used as a proxy for the size of the business. Forty-seven percent of the bank's small business loans were made either to a business with GAR of \$1 million or less or to businesses where the revenue information was not collected. This percentage is adequate in relation to the 82 percent of small business establishments in the assessment area with GAR of \$1 million or less. M&T defines a small business as a business with GAR of \$3 million or less, and most of its small business loans in this MSA are to businesses with GAR in excess of \$1 million.

Community Development Lending

Community development lending in the Buffalo MSA totaled \$31.6 million or 30 percent of M&T's total community development lending activity. These loans provided 1,004 units of affordable housing. Seventy-four percent of community development lending in this MSA supported affordable housing, 25 percent supported community services, and 11 percent of the dollars targeted economic development.

For details see Exhibit MT13.

Innovative and Flexible Lending Practices

In addition to the programs discussed on page BB13, M&T offers the following flexible and/or innovative loan programs exclusively in this assessment area:

Well Bright Homes

These housing units in the city of Lackawanna are sold to households with incomes of less than 80 percent of the median family income. The New York State Affordable Housing Corporation provides subsidies of up to \$25 thousand to reduce home purchase prices. M&T participated in this project by offering its \$500 Down Program to applicants, and the bank made eight loans totaling \$500 thousand.

FHLB's Affordable Housing Program/Homeownership Program

Under this program, the FHLB (Federal Home Loan Bank) awarded M&T \$400 thousand to buy down interest rates to 4.5 percent. An additional \$10 thousand per house in Community Development Block Grant ("CDBG") funds are used for reduction of principle. The applicant is required to make a down payment of only \$500. Using flexible credit guidelines, the bank accepts limited credit history as well as nontraditional credit history. Thirty homes are to be built with 22 of them to be sold to households with incomes less than 50 percent of the median

family income. Furthermore, eight homes are to be sold to households with incomes between 51 percent and 65 percent of the median family income. The bank made 13 of these loans totaling \$835,221.

FHLB Affordable Housing Program/New Housing Program

M&T provides mortgage loans to LMI borrowers who qualify for assistance from the FHLB and the city of Buffalo under this program. The FHLB awarded the bank \$420 thousand to be used in the program for interest rate buy downs, down payments and closing costs. In addition, the city provides subsidies to lower interest rates on home purchase loans. Subsidies are secured as a second lien subordinate to M&T's first mortgage. Furthermore, each borrower must open a First Home Club Account at M&T's Broadway Market office. The FHLB provides a 3 to 1 match of the funds saved. The money must be used for down payment and closing cost assistance. The total borrower equity required for the purchase is \$600. Subsidies provided by the municipality and the FHLB can be as high as \$24 thousand.

Thirty new homes are to be built under this program, with five homes to be sold to households with incomes of less than 50 percent of the median income. Fifteen homes are to be sold to applicants with incomes between 51 percent and 65 percent of the median family income. Ten homes are to be sold to households with an income between 66 and 80 percent of the median family income.

During the examination period, M&T made five of these loans for a total of \$345 thousand under this program (available only in Buffalo).

City of Buffalo \$500 Down Program

This program is targeted to buyers with incomes up to and including 80 percent of the median household income. The home to be purchased must be a one- or two-family principle residence and must be located within Buffalo's city limits. As with the M&T \$500 Down Program, applicants must begin the process through a participating organization which provides pre- and post-purchase counseling. The applicant is required to make a cash down payment of either \$500 or half of the required down payment, whichever is greater. M&T waives application, document preparation and lock-in fees. The city provides a secondary, low-interest rate loan of up to \$5,000 to finance closing costs. This loan is offered at a rate of 5 percent, and a term of 5 to 15 years. M&T made 14 loans totaling at \$715 thousand under this program.

Construction Loans to Builders of Subsidized Homes

Under this program M&T lends to a management company which is a minority-owned affordable home builder in Buffalo. M&T reduced the interest rate by a 1/4 percent and the points by half. The bank made 11 loans under this program totaling \$890 thousand.

65/35 Program

This program was designed to promote and enhance the ability of minority, women-owned or start-up enterprises to develop or expand their small businesses in Erie County. Loans range from \$20 thousand to \$150 thousand, and the blended effective interest rate is approximately prime plus 1/2 percent, depending on the amount of owner equity contributed to the project. Generally, borrowers must have an equity participation of 5 percent but the participation can be as low as 2 percent. In originating the loan, the bank sells the Erie County Regional Development Corporation (“RDC”) a 35 percent participation, reducing the bank's participation to 65 percent. The Small Business Administration (“SBA”) guarantees up to 90 percent of the loan. The bank charges a commitment fee of 1 percent of the principal amount for amounts borrowed under \$50 thousand, or 2 percent for amounts borrowed over \$50 thousand. M&T made three of these loans for a total of \$286 thousand.

BEDC (Buffalo Economic Development Corporation) 60/40 Commercial Loans

These are fixed rate, low-interest loans for the acquisition of fixed assets in conjunction with private financing. The maximum loan amount is \$50 thousand, and the loans are made at prime rate. Forty percent of a project’s total costs must include acquisition, construction or renovation of real property. Although all businesses are eligible for this loan program, applicants who can provide jobs to targeted groups of unemployed people get priority. Projects must be located in Buffalo.

The BEDC Minority and Woman Business Enterprise Loan Program is part of the 60/40 program and designed for the growth of minority- and women-owned enterprises. The program provides fixed asset financing to eligible businesses for up to 90 percent of the total project cost. The maximum loan amount for this program is \$25 thousand, and the interest rate is fixed at 5.5 percent. To qualify for the loan, the applicant must certify that at least 51 percent of any new permanent jobs will be filled by LMI persons. Loan terms are 5 to 7 years for equipment financing, and up to 15 years for real estate financing. A minimum of 10 percent of the project costs must be provided by the borrower, private investors or through bank financing. The business must be located in Buffalo and have been in operation for a year. Priority is given to businesses located within a designated New York State Economic Development Zone, or Federal Empowerment/Enterprise Community Zone, or a designated distressed area. M&T waives the \$250 nonrefundable application fee for loans of \$10 thousand or less. The bank made four loans under this program totaling \$1 million.

INVESTMENT TEST

Qualified investments totaled \$5.2 million, or 55.8 percent, of M&T’s total investment activity for this examination. The volume and innovative nature of investments was particularly strong in this MSA. Targeted community service activities included investing more than \$1.1 million into a neighborhood school in an LMI community in Buffalo over the last two years. Economic development initiatives consisted of a \$50 thousand donation to assist a local community development corporation (“CDC”). Qualified investments in support of community services

totaled \$1.3 million, revitalization and stabilization accounted for \$2.4 million, affordable housing, \$1.3 million, and the balance was for economic development.

For details see Exhibit MT23.

SERVICE TEST

Accessibility of Delivery Systems

M&T's branch network is readily accessible to all portions of MSA 1280 (Buffalo-Niagara Falls, NY). Of the 63 branch sites in the MSA, 16 (or 25 percent) are located in LMI geographies. This compares favorably with the demographics of the MSA where 87 geographies (30 percent) are LMI and 24 percent of the population resides in LMI geographies. Eight branches (13 percent) are located in supermarkets and one is located in a retirement home. One branch operates as a loan production office serving small businesses.

M&T operates 60 ATMs in this MSA, 55 of which are in branches. Twelve of the branch ATMs (22 percent) are located in LMI geographies and one of the offsite ATMs is located in an LMI geography. This compares favorably with the MSA's demographics.

M&T and its affiliates also operate four loan production offices in this MSA, two of which offer commercial real estate loans, one offers small business loans and one offers residential real estate loans.

For details see Exhibit MT30

Opening and Closing of Branches

During the examination period, the bank opened eight branches and closed one branch in this MSA, all in Erie County. None of the branches that were opened or closed were in an LMI geography. Seven of the new branches are located in supermarkets and one is located in a retirement home. The branch openings and closings have not adversely affected the bank's delivery systems, including those in LMI geographies.

For details see Exhibits MT31 and MT32.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. All of the branches, except for the small business loan production office, are full-service branches offering a variety of commercial and retail products and services. Fifty-six percent of the bank's branches in the MSA have extended evening, weekend or holiday hours.

Community Development Services

M&T is a leader in providing community development services geared toward LMI individuals in MSA 1280 (Buffalo-Niagara Falls, NY). During the examination period, M&T sponsored or participated in 40 seminars, conferences and open houses on affordable housing for LMI individuals throughout its assessment area. These presentations covered the mortgage loan application and approval process, the mortgage application prequalification process and financial management issues such as budgeting and maintaining a good credit history. The presentations also included information on affordable housing mortgage products and interacting with real estate agents. During the examination period, M&T also sponsored or participated in six small business seminars, workshops and expositions featuring information on alternative business financing, starting new businesses and business financing for specialized industries.

M&T provides financial technical assistance to various community development, housing, educational and economic development and charitable organizations that benefit LMI individuals. Twenty M&T employees serve on the boards of several of these organizations and 22 employees provide financial technical assistance such as teaching and fund-raising.

M&T participates in the Westminster Community School Partnership, which was created to revitalize a public school for LMI families. M&T's chairman and chief executive officer serves on the Board of Trustees and an M&T executive vice president is chairman of the Board of Trustees.

M&T is a member of the FHLB and participates in two of the organization's Affordable Housing Programs. M&T sponsors applications of housing organizations that provide rental housing to LMI individuals. Grants provided by the FHLB are used to defray construction and rehabilitation expenses of the rental properties. For each application approved, M&T disburses and monitors the grant. Two applications totaling \$472.5 thousand in grants were approved during the examination period, and the two projects will provide 123 affordable rental units.

As part of the FHLB's Affordable Housing Program, M&T offers the First Home Club, a savings account that is matched 3 to 1 by the FHLB and is used for down payment and closing cost assistance. M&T employees serve as mentors to LMI individuals that meet the eligibility requirements for this program.

ASSESSMENT AREA 4 -- MSA 6840 (ROCHESTER, NY)

PERFORMANCE CONTEXT

The six counties (Monroe, Wayne, Orleans, Livingston, Ontario and Genesee) making up this MSA represent 6.7 percent of M&T's assessment areas. Of the total population of 1.1 million, approximately 20 percent reside in LMI census tracts. There are 264 census tracts considered for analysis, of which 34 percent are LMI. Most of the LMI census tracts are located in the city of Rochester in Monroe County.

Income Characteristics

Overall, this is the most affluent MSA in upstate New York. The 1990 census figure for median family income is \$40,519 while the 1998 HUD adjusted median family income is \$48,800. Based on the 1990 median family income figures, 38 percent of the families are upper-income, 25 percent middle-income, 18 percent moderate-income and 19 percent low-income.

Housing Characteristics

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

Labor, Employment and Economic Characteristics

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

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

Manufacturing jobs declined nominally in 1995 while service sector jobs increased by 5.6 percent. Trade industries continue to show employment growth. As of April 1996, trade accounted for 29.1 percent of employment.

After experiencing net job losses in 1991 and 1992, MSA employment has steadily increased. Although the MSA has one of the lowest unemployment rates in the state, unemployment climbed to 4.9 percent as of February 1998 from 4.4 percent the prior year.

For details see Exhibit MT36.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 4

LENDING TEST

Geographic Distribution of Lending

The geographic distribution of M&T's loans reflects excellent penetration throughout the assessment area. On a demand-adjusted basis, M&T outperformed the aggregate in all four loan categories (home purchase loans, refinancing, home improvement and small business loans).

Home Purchase Loans and Refinancings

The overall geographic distribution of home purchase loans and refinancings is excellent. On a demand-adjusted basis, originations of home purchase loans and refinancings were statistically equal in non-LMI census tracts and LMI census tracts. Only Monroe County has owner-occupied units in low-income census tracts. The geographic distribution in LMI census tracts is strongest in Monroe County. On a demand-adjusted basis, Livingston County's activity was twice as strong in moderate-income census tracts as in middle- and upper-income census tracts. The weakest performance was noted in Wayne and Orleans Counties. These counties also exhibited weak lending levels at the previous examination. In addition, no home purchase loans or refinancings were originated in moderate-income census tracts in Ontario County.

For details see Exhibit MT2.

Home Improvement Loans

Overall home improvement lending in LMI census tracts is good. On a demand-adjusted basis, home improvement loan originations were 1.3 times greater in non-LMI census tracts than in LMI census tracts. The bank's performance is strongest in Ontario and Livingston Counties where home improvement lending levels are higher on a demand-adjusted basis in moderate-income census tracts than in middle- and upper-income census tracts. Performance in moderate-income census tracts was weakest in Wayne County where lending was 2.6 times greater in middle- and upper-income census tracts.

For details see Exhibit MT4.

Small Business Loans

The geographic distribution of small business loans is excellent. On a demand-adjusted basis, originations of small business loans was statistically equal in non-LMI census tracts and LMI census tracts. Performance was the strongest in Monroe County where loans were 1.1 times greater in LMI census tracts than in non-LMI census tracts.

The volume of small business lending in this MSA has increased since the previous examination. Small business loan volume increased by 158 percent, on an annualized basis, from the previous examination. LMI lending has increased substantially from 211 loans to 489.

For details see Exhibit MT5.

Borrower Characteristics

M&T's record of lending to borrowers of different income levels is excellent, and the bank's record of lending to businesses of different sizes is good in this assessment area. M&T outperformed peers for home purchase loans, refinancings and home improvement loans. The bank outperformed the aggregate for small business loans.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

Overall, the bank's distribution of loans across borrower income levels is excellent. In this MSA 18 percent of families are of moderate income. M&T made 25 percent of home purchase loans and refinancings, and 26 percent of home improvement loans to moderate-income borrowers. Nineteen percent of families are low-income, and M&T made 8 percent of its home purchase loans and refinancings, and 10 percent of its home improvement loans to low-income borrowers.

The low level of originations to low-income borrowers is evaluated in relation to the performance context and the bank's performance compared with selected peers. The performance context identified the lack of affordable housing in this MSA resulting from high housing values in relation to the income of low-income borrowers.

Lending to Small Businesses

M&T's distribution of loans to businesses of different sizes is good. The bank made 1,828 small business loans with 1,083, or 59 percent, in amounts less than or equal to \$100 thousand.

The average size of the originations in the small business loan category was approximately \$45 thousand, indicating that the bank is responsive to the credit needs of very small businesses when the size of the loan is used as a proxy for the size of the business. Forty-seven percent of the bank's small business loans were made either to a business with GAR of \$1 million or less or

to businesses where the revenue information was not collected. This percentage is adequate in relation to well below the 83 percent of small business establishments in the assessment area with GAR of \$1 million or less. M&T defines a small business as a business with GAR of \$3 million or less, and most of its small business loans in this MSA are to businesses with GAR of more than \$1 million.

Community Development Lending

Community development lending in the Rochester MSA totaled \$30 million or 29 percent of M&T's total community development lending activity. Lending in support of community services accounted for 2 percent of the community development lending. Ninety-eight percent of the community development dollars supported affordable housing. These loans financed 766 units of affordable housing.

For details see Exhibit MT14.

Innovative and Flexible Lending Practices

In addition to the programs listed beginning on page BB13, M&T offers the following flexible and/or innovative loan programs exclusively in this assessment area.

Monroe County Housing Rehabilitation

In this co-venture between M&T and the Monroe County Planning and Partnership Development Department, funds are available for up to 100 percent of the approved improvement costs with a fixed APR of 3 percent. Loan amounts range from \$2,500 to \$7,500 and repayment terms are from 12 to 120 months. In order to qualify for this program, the borrower must be a low-income homeowner residing in Monroe County. Loans must be used to rehabilitate owner occupied one- or two-family homes. Home improvements made with these loan proceeds are subject to approval. During the examination period, the bank extended 44 loans for a total of \$164,000.

City of Batavia Residential Rehabilitation Program

M&T uses \$375 thousand in funds provided by the city of Batavia (Genesee County) and HUD to buy down interest rates on home improvement loans and to award grants to residents of the Jackson Street neighborhood in Batavia. In order to qualify, the applicant must be an LMI homeowner as defined by the Rochester MSA guidelines, and the property must need essential repairs to correct structural deficiencies that pose health and safety hazards. Loans are made at interest rates ranging from 0 to 6 percent depending on the applicant's income level. The city makes the credit decisions for all applicants. There is no minimum loan amount, and the maximum loan amount is \$12.5 thousand. Repayment terms are from 12 to 240 months. The loans are guaranteed by the city of Batavia, while M&T is responsible for funds disbursement, loan servicing and collection. M&T made nine loans under this program for a total of \$88 thousand.

FHLB Affordable Housing Program Homesteading/Low-Income Rental Program

M&T extends residential mortgage loans to borrowers who qualify for assistance under this program. The FHLB awarded M&T \$150 thousand for down payment and closing cost assistance. Under this program 25 vacant two-family homes, owned either by HUD or the city of Rochester, are to be rehabilitated. Fifteen of the homes are to be sold to households with incomes of less than 80 percent of the median family income. Ten homes are to be sold to households with incomes below 65 percent of the area median. Twenty-five apartments are to be rented to households with incomes below 50 percent of the median family income. In order to facilitate homeownership by LMI families, \$80 thousand is used to reduce the loan principle. New York State contributes \$60 thousand and \$20 thousand comes from the city of Rochester. In addition, the FHLB contributes \$6,000 per home in down payment and closing cost assistance. During the examination period, M&T made one loan of \$47 thousand under this program.

INVESTMENT TEST

Qualified investments in this MSA totaled \$228 thousand, or 2.5 percent of the bank's total qualified investments activity. Except for a \$50 thousand investment in a small business investment corporation, all investments made were in the form of grants, most of which supported community service programs.

For details see Exhibit MT24.

SERVICE TEST

Accessibility of Delivery Systems

M&T's branch network is readily accessible to all portions of MSA 6840 (Rochester, NY). Of the 36 branch sites in the MSA, 8 (22 percent) are located in LMI geographies. This compares favorably with the demographics of the MSA where 89 geographies (34 percent) are LMI and 21 percent of the population resides in LMI geographies. Eight branches (22 percent) are located in supermarkets. One branch operates as a loan production office serving small businesses. M&T operates 26 ATMs in the MSA, 23 of which are in branches. Five of the branch ATMs (22 percent) are located in LMI geographies and one of the offsite ATMs is located in an LMI geography. This compares favorably with the MSA's demographics. M&T and its affiliates also operate three loan production offices in this MSA; one offering small business loans, one for commercial real estate loans and one for residential mortgage loans.

For details see Exhibit MT30.

Opening and Closing of Branches

During the examination period, the bank opened two branches and closed two in this MSA. One of the branches was opened in Monroe County and one in Ontario County. Both of the closed

branches were located in Monroe County. None of the branches that were opened or closed were in an LMI geography. One of the branches opened in a supermarket. The branch openings and closings have not adversely affected the bank's delivery systems, including those in LMI geographies.

For details see Exhibits MT31 and MT32.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. All of the branches, except for the loan production office, are full-service branches that offer a wide variety of commercial and retail products and services. Fifty-six percent of the bank's branches in this MSA have extended hours in the evenings or on weekends.

Community Development Services

M&T is a leader in providing community development services that target LMI individuals in MSA 6840 (Rochester, NY). During the examination period, M&T sponsored or participated in 41 seminars, conferences and open houses on affordable housing for LMI individuals throughout its assessment area. The bank also sponsored or participated in two small business seminars and workshops. M&T provides financial and technical assistance to various community development, housing, educational and economic development and charitable organizations that benefit LMI individuals. Nine of M&T's employees serve on the boards of several of these organizations and seven employees provide assistance such as teaching and fund-raising to these organizations.

M&T provides mentors for the "Footprints Program," developed by Rochester area leaders and the Black Ministers Alliance. The program helps LMI families complete a first-time homebuyer pre-purchase course required by the bank. During the examination period, 25 families were mentored, five of which eventually purchased homes.

As part of the FHLB's Affordable Housing Program, M&T offers the First Home Club, a savings account that is matched 3 to 1 by the FHLB and is used for down payment and closing cost assistance. M&T employees serve as mentors to LMI individuals that meet the eligibility requirements for this program.

ASSESSMENT AREA 5 -- MSA 0160 (ALBANY-SCHENECTADY-TROY, NY)

PERFORMANCE CONTEXT

Albany, Schenectady, Rensselaer and Saratoga Counties in this MSA represent 5 percent of M&T's assessment area population. Of the total 778 thousand population, approximately 18 percent reside in LMI census tracts. There are 191 census tracts considered for analysis, of which 22 percent are LMI.

Income Characteristics

The 1990 census median family income is \$39,425 while the 1998 HUD adjusted median family income is \$47,400. Based on the 1990 median family income figures, 40 percent of the families in this MSA are upper-income, 26 percent middle-income, 18 percent moderate-income and 16 percent low-income.

Housing Characteristics

There are 324 thousand housing units in the assessment area; 190 thousand units or 59 percent are owner-occupied. LMI census tracts contain 11 percent of owner-occupied housing. About 13 percent of housing units are in multifamily structures. The median housing value in the assessment area, based on the 1990 census, is \$98,680.

Labor, Employment and Economic Characteristics

Since 1992, this MSA has lost 5,000 manufacturing jobs. The services industry, which furnishes 30 percent of the jobs in the MSA, has been creating jobs as manufacturing has declined, and as a result, the unemployment rate in the Albany MSA is one of the lowest in the state. As of February 1998, the unemployment rate was 4.9 percent, a slight increase from the 4.8 percent the prior year.

For details see Exhibit MT37.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 5

LENDING TEST

M&T's operations are limited to a small business loan production office in Albany County in this MSA. This branch has been approved by the FRBNY and the N.Y. State Banking Department as a full-service branch, but it does not operate as one. The branch does not accept deposits or make real estate or consumer loans. Most of the loans made in this assessment area are home purchase loans and refinancings originated by M&T Mortgage.

Geographic Distribution of Lending

The geographic distribution of M&T's home purchase loans and refinancings reflects good penetration throughout this MSA. The distribution of small business loans, however, is poor, and the distribution of home improvement loans is not a factor in the evaluation. On a demand-adjusted basis, M&T outperformed the aggregate for home purchase loans and refinancings, and the bank was outperformed by the aggregate for small business loans.

Home Purchase Loans and Refinancings

The overall geographic distribution of home purchase loans and refinancings is good. Volume is very good. The second highest number (1,747) of home purchase loans and refinancings during this examination period was originated in this assessment area. On a demand-adjusted basis, home purchase loan and refinancing originations were only 1.3 times greater in non-LMI census tracts than in LMI census tracts. On a demand-adjusted basis, the geographic distribution in LMI census tracts is strongest in Albany County where lending activity was equal in both LMI and non-LMI census tracts. The weakest geographic distribution on a demand-adjusted basis is noted in Schenectady County.

The mortgage loan production office does not extend home improvement or small business loans. Therefore, this MSA's minimal home improvement lending activity did not impact the bank's MSA geographic distribution analysis.

For details see Exhibit MT2.

Small Business Loans

The geographic distribution of small business loans is poor. On a demand-adjusted basis, originations of small business loans was over two times greater in non-LMI census tracts than in LMI census tracts. M&T has no full-service branches in this assessment area, and operates one small business loan production office in Albany County.

For details see Exhibit MT5.

Borrower Characteristics

M&T's record of lending to borrowers of different income levels was good, and its record of lending to businesses of different sizes was adequate in this assessment area. M&T's record of lending was comparable to its peers for home purchase loans and refinancings. The bank was outperformed by the aggregate in small business lending. M&T made only seven home improvement loans in this assessment area so comparison with the peers is not meaningful.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

M&T's distribution of loans across borrower income levels was excellent for moderate-income borrowers, and good for low-income borrowers. Eighteen percent of the families in this MSA are moderate-income, and M&T made 24 percent of home purchase loans and refinancings to moderate-income borrowers. Sixteen percent of families are low-income, and M&T made 3 percent of its home purchase loans and refinancings to low-income borrowers.

The bank's low level of originations to low-income borrowers was evaluated in relation to the performance context data. Specifically, the high housing values in relation to the income of low-income borrowers impede homeownership by those borrowers. No HMDA reporter evaluated matched the low-income demographic composition of the MSA in making home purchase loans and refinancings.

Lending to Small Businesses

M&T's distribution of loans to businesses of different sizes was adequate. The bank made 218 small business loans in this assessment area. Of these loans 133 (61 percent) were for loan amounts less than or equal to \$100 thousand, but less than 20 percent of all small business loans were made to borrowers with GAR of less than \$1 million. When loans to businesses where the GAR of the borrower was not used in the credit decision are added to loans to businesses with reportable GAR of \$1 million or less, the percentage increases to 58 percent. This percentage compares favorably with the approximately 84 percent of business establishments in this MSA that have GAR of \$1 million or less.

Community Development Lending

M&T made one community development loan totaling \$5 million which provided 300 units of affordable housing in the Albany MSA.

For details see Exhibit MT15.

Innovative and Flexible Lending Practices

No special lending programs are exclusive to this assessment area. Details of special lending programs available in all the bank's assessment areas, however, are described on page BB13.

INVESTMENT TEST

Qualified investments in this MSA totaled \$250 (250 dollars) in the form of a community service grant.

SERVICE TEST

This MSA has no retail branches or ATMs, but four loan production offices operate here. Two of the offices offer residential mortgage loans, one offers small business loans and one offers commercial real estate loans. The small business and commercial real estate loan offices operate out of an office that is approved as a full-service branch. In this MSA, 43 of the census tracts (23 percent) are LMI and 18 percent of the population resides in LMI geographies.

Community Development Services

There are no community development services in this MSA.

ASSESSMENT AREA 6 -- MSA 8160 (SYRACUSE, NY)

PERFORMANCE CONTEXT

In this MSA, M&T's assessment area includes Onondaga and Cayuga Counties and has a population of 551 thousand, representing 3 percent of the population in the bank's New York State assessment areas. Approximately 22 percent of that population resides in LMI census tracts. Of the 163 census tracts considered for analysis, 27 percent are LMI.

Income Characteristics

The 1990 census figure for median family income is \$36,672 while the 1998 HUD adjusted median family income is \$44,500. Based on the 1990 median family income figures, 35.5 percent of all families in this MSA are LMI.

Housing Characteristics

Of the 207 thousand occupied housing units in the assessment area, 134 thousand, or 65 percent, are owner-occupied. Slightly over 13 thousand of the owner-occupied units are located in LMI census tracts. Some 18 percent of housing units are found in multifamily buildings. According to community contacts, LMI residents have difficulty finding decent affordable rental housing in the city of Syracuse. Community contacts also stated that residents cannot afford to maintain their homes, and as a result the residential housing stock has deteriorated. The median housing value in the assessment area, based on the 1990 census, is \$74,935.

Labor, Employment and Economic Characteristics

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

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

Between 1992 and 1996, the MSA experienced an increase in employment mostly in the construction, finance and insurance, and real estate industries. Service sector employment increased during the same time period. Expansion in area software development companies has contributed to recent economic growth. As of 1996, the service, retail trade, and government

sectors were the three largest employers in the MSA. Overall, the unemployment rate for this MSA remained unchanged at 5.4 percent from February 1997 to February 1998.

For details see Exhibit MT38.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 6

LENDING TEST

Geographic Distribution of Lending

The geographic distribution of M&T's HMDA-related lending is adequate while small business loans reflects good penetration throughout the assessment area.

Home Purchase Loans and Refinancings

The overall geographic distribution of home purchase loans and refinancings is adequate in this MSA. On a demand-adjusted basis, originations of home purchase loans and refinancings were 1.5 times greater in non-LMI census tracts than in LMI census tracts. On a demand-adjusted basis, the geographic distribution in moderate-income census tracts is strongest in Cayuga County. Census tract penetration is reasonable in moderate-income census tracts. Of the 44 LMI census tracts within the bank's assessment area, M&T extended home purchase loans and refinancings in 12 of these census tracts (27 percent).

For details see Exhibit MT2.

Home Improvement Loans

The overall distribution of home improvement loans in this MSA is excellent, but the volume of home improvement lending was low. On a demand-adjusted basis, home improvement loan originations were statistically equal in non-LMI census tracts and LMI census tracts. Forty-two home improvement loans were originated in this MSA of which four were originated in moderate-income census tracts in Cayuga County. No home improvement loans were originated in LMI census tracts in Onondaga County.

Census tract penetration is very weak in this MSA. Of the 44 LMI census tracts within the bank's assessment area, M&T extended home improvement loans in one census tract.

For details see Exhibit MT4.

Small Business Loans

The distribution of small businesses loans across geographies of different income levels is adequate. Although loans in middle- and upper-income census tracts were 1.4 times greater than

in LMI tracts, demand-adjusted performance in Onondaga County was 1.7 times greater in middle- and upper-income tracts than in LMI tracts. Performance in moderate-income census tracts was very strong in Cayuga County where loans in moderate-income tracts were three times greater than in middle- and upper-income census tracts.

M&T originated loans in 25 percent or 41 of 163 total census tracts in this MSA. Penetration was equal in both non-LMI and LMI census tracts.

For details see Exhibit MT5.

Borrower Characteristics

M&T's record of lending to borrowers of different income levels and businesses of different sizes was good in this assessment area.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

Overall the distribution of home purchase loans and refinancings across borrower income levels was excellent. The distribution of home improvement loans was adequate. In this MSA 18 percent of families are moderate-income, and M&T made 23 percent of its home purchase loans and refinancings, and 17 percent of home improvement loans to moderate-income borrowers. Eighteen percent of families are low-income, and M&T made 8 percent of home purchase loans and refinancings, and 5 percent of home improvement loans to low-income borrowers.

Lending to Small Businesses

Although lending levels are relatively low, M&T's distribution of loans to businesses of different sizes was adequate. Of the 129 small business loans the bank made in this MSA, 70 (54 percent) were for loan amounts less than or equal to \$100 thousand, but only 28 percent of all small business loans were to borrowers with GAR of \$1 million or less. When loans to businesses where GAR were not reported are added to businesses with reportable GAR of \$1 million or less, the level increases to 57 percent. This percentage compared favorably with the approximately 82 percent of business establishments in this MSA that have GAR of \$1 million or less.

Community Development Lending

No community development lending activity is attributed to the Syracuse MSA.

Innovative and Flexible Lending Practices

No special lending programs are exclusive to this assessment area. Special lending programs available in all the bank's assessment areas are discussed on page BB13.

INVESTMENT TEST

Qualified investments totaled \$2,000, or less than 1 percent, of the total investment activity in the assessment area. All investments were in the form of grants.

For details see Exhibit MT25.

SERVICE TEST

Accessibility of Delivery Systems

M&T's branch network consists of two branches which are reasonably accessible to all portions of MSA 8160 (Syracuse, NY). One of the branches is located in a supermarket in an LMI geography in Cayuga County. There are no ATMs in this MSA.

M&T and its affiliates operate two loan production offices in this MSA; one office for small business loans and one for residential mortgage loans.

For details see Exhibit MT30.

Opening and Closing of Branches

M&T opened one branch in this MSA during the examination period, improving accessibility of delivery systems particularly for the LMI geographies and individuals it serves.

For details see Exhibits MT31 and MT32.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

The branches have extended hours in the evenings and on weekends. Branch hours and services are tailored to the convenience and needs of the bank's customers. The full-service branch located in a supermarket offers a wide variety of commercial and retail products and services.

Community Development Services

As part of the FHLB's Affordable Housing Program, M&T offers the First Home Club savings account in this assessment area.

ASSESSMENT AREA 7 -- PMSA 5660 (NEWBURGH, NY-PA)

PERFORMANCE CONTEXT

M&T delineates only Orange County in New York State in this multistate PMSA. The assessment area has a population of 307.6 thousand. Of the 67 census tracts within the assessment area, 15 census tracts are LMI (22 percent). The LMI census tracts contain 19 percent of the assessment area's population.

Income Characteristics

The 1990 census figure for median family income is \$42,859 while the 1998 HUD adjusted median family income is \$52,500. Based on the 1990 median family income figures, 40 percent of the families are upper-income, 25 percent middle-income, 17 percent moderate-income and 18 percent low-income.

Housing Characteristics

This PMSA has 68,474 owner-occupied housing units (61.8 percent of the 110,814 total housing units in the assessment area). The 1990 median housing value for this PMSA is \$141,227. The city of Newburgh has an older, substandard housing stock.

Labor, Employment and Economic Characteristics

The local economy's dominant industries are services, retail trade and government. Newburgh, the central city of this PMSA, has experienced gradual economic decline over the past 40 years as a result of the departure of many manufacturing and commercial establishments and a decline in the retail and services establishments. The city's infrastructure is deteriorating, and its commercial and industrial properties have high vacancy rates. As of 1996, the services, government and retail trade industries were the three largest employers in Orange County. The county's unemployment rate decreased from 4.5 percent in February 1997 to 4.3 percent in February 1998.

For details see Exhibit MT39.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 7

LENDING TEST

Geographic Distribution of Lending

The geographic distribution of M&T's home purchase and home improvement loans and refinancings reflects good penetration throughout the assessment area. The geographic distribution of M&T's small business loans across census tracts of different income levels is poor.

Home Purchase Loans and Refinancings

The overall geographic distribution of home purchase loans and refinancings is good in this PMSA. On a demand-adjusted basis, originations of home purchase loans and refinancings were 1.3 times greater in non-LMI census tracts than in LMI census tracts.

Census tract penetration is good in LMI census tracts. Of the 15 LMI census tracts within the bank's assessment area, M&T extended home purchase loans and refinancings in 11 of these census tracts (73 percent).

For details see Exhibit MT2.

Home Improvement Loans

On a demand-adjusted basis, home improvement loan originations are equal across census tracts of different incomes. While the demand-adjusted ratio is good, the overall volume of home improvement loans in this PMSA is low. Only ten home improvement loans were originated in LMI census tracts in this PMSA during the examination period.

For details see Exhibit MT4.

Small Business Loans

The distribution of loans across geographies of different income levels is poor. Loans in non-LMI census tracts were two times greater than in LMI census tracts. Census tract penetration was almost equal in the non-LMI and LMI census tracts. The volume of small business lending in this PMSA has increased since the previous examination.

For details see Exhibit MT5.

Borrower Characteristics

The distribution of M&T's loans to borrowers of different incomes is good while the distribution of loans to businesses of different sizes is excellent.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

Overall the distribution of loans across borrower income levels is excellent for moderate-income borrowers. Seventeen percent of families in this assessment area are of moderate income. M&T made 18 percent of home purchase loans and refinancings, and 23 percent of home improvement loans to moderate-income borrowers. The distribution of loans to low-income borrowers appears to be poor. Eighteen percent of families are low-income, but the bank made only 1 percent of home purchase loans and refinancings, and 9 percent of home improvement loans to low-income borrowers. As a result of the high cost of housing in relation to the median family income in this PMSA, low-income borrowers have difficulties qualifying for home purchase loans.

Lending to Small Businesses

Although volume of lending is low in this PMSA, M&T's distribution of loans to businesses of different sizes was excellent. The bank made 214 small business loans in this PMSA, with 147 (69 percent) for loan amounts less than or equal to \$100 thousand. The average size of the originations in this loan category was \$51 thousand, indicating that the bank is responsive to the credit needs of very small businesses.

The bank made approximately 60 percent of the small business loans in this PMSA to businesses with reportable GAR of \$1 million or less, or to businesses where the revenue information was not collected. This percentage compares favorably with the approximately 87 percent of business establishments in this MSA that have GAR of \$1 million or less.

Community Development Lending

There was no community development lending activity in the PMSA.

Innovative and Flexible Lending Practices

No special lending programs are exclusive to this assessment area, but special lending programs available in all of the bank's assessment areas are detailed beginning on page BB13.

INVESTMENT TEST

Qualified investments totaled \$235 thousand, or 2.5 percent, of the total investment activity in all M&T assessment areas. Of this total, \$233 thousand, or 99.1 percent, supported community services projects.

For details see Exhibit MT26.

SERVICE TEST

Accessibility of Delivery Systems

M&T's branch network is accessible to a limited portion of PMSA 5660 (Newburgh, NY-PA). Of the 11 branches in the PMSA, 1 is located in an LMI geography. This compares unfavorably with the demographics of the PMSA where 15 of the geographies (22 percent) are LMI and 19 percent of the population resides in LMI geographies. M&T operates seven ATMs, all at branches. None of the branches with ATMs are located in LMI geographies, and this PMSA has no offsite ATMs.

M&T and its affiliates also operate three loan production offices in this assessment area. All three loan production offices are located in a single facility, which has been approved as a full-service branch. Each office offers small business loans, commercial real estate loans and residential mortgage loans.

For details see Exhibit MT 30.

Opening and Closing of Branches

During the examination period, the bank opened five branches in this assessment area, all in supermarkets in non-LMI geographies. No branches were closed.

For details see Exhibits MT31 and MT32.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. All of the branches, except for the loan production offices, are full-service branches offering a wide variety of commercial and retail products and services. Most of the bank's branches in this PMSA (80 percent) have extended hours in the evenings or on weekends.

Community Development Services

M&T provides an adequate level of community development services that target LMI individuals in this PMSA. During the examination period, M&T participated in one presentation on affordable housing for LMI individuals, and also sponsored or participated in one small business exposition. M&T provides financial technical assistance to various community development, housing, educational and economic development and charitable organizations that benefit LMI individuals. Three of M&T's employees serve on the boards of several of these groups and three employees provide financial technical assistance such as teaching and fund-raising to the

organizations. Assessment area branches also offer the FHLB Affordable Housing Program's First Home Club savings account.

ASSESSMENT AREA 8 -- MSA 0960 (BINGHAMTON, NY)

PERFORMANCE CONTEXT

M&T's assessment area in this MSA includes Broome and Tioga Counties. The assessment area population of 264 thousand represents 1.7 percent of the bank's total assessment area population. Approximately 52 thousand people, or 20 percent of the assessment area's population, live in LMI census tracts. Of the 68 census tracts considered for analysis, 31 percent are LMI.

Income Characteristics

The 1990 census figure for median family income at \$35,873 while the 1998 HUD adjusted median family income is \$41,200. Based on the 1990 median family income figures, 39 percent of the families are upper-income, 24 percent middle-income, 19 percent moderate-income and 18 percent low-income.

Housing Characteristics

Of the 101 thousand occupied housing units in the MSA, almost 68 thousand units (67 percent) are owner-occupied units. Almost 10 thousand units (15 percent) of the owner-occupied housing units are in LMI census tracts. The overall negative employment picture has resulted in a decline in sales of single-family homes and in residential construction. The median housing value in the assessment area, based on the 1990 census, is \$77,775.

Labor, Employment and Economic Characteristics

The area's economic performance depends upon major industrial and defense-related employers such as IBM, Lockheed Martin, Loral and Hughes Corporation. Also in and around the MSA are numerous technological centers which form an integral part of the assessment area's economy. IBM, located in the city of Binghamton, is the largest employer in the community. The State University of New York at Binghamton's Integrated Electronics Engineering Center, Cornell University, Alfred University's Center for Advanced Ceramic Technology, and, adjacent to the area, the Corning Glass Company are other major employers.

The area has experienced a major economic downturn in recent years as a result of corporate restructuring at IBM, Lockheed Martin and Hughes Corporation. This in turn led to an exodus of residents and a drop in the employment level from 144 thousand in 1990 to 114 thousand in 1996. The unemployment rate increased slightly from 5 percent in February 1997 to 5.2 percent in February 1998. The Binghamton MSA was the only major market in the state to experience a

net job loss in 1995. Nominal job growth took place in 1996, but defense industry employment is expected to continue dropping because of military budget cuts and defense industry consolidation. The only positive job development in the MSA has been in the service industry where employment increased 10 percent from 1992-1996. The overall weak employment situation has adversely affected commercial real estate in downtown Binghamton where vacancy rates are approximately 40 percent.

For details see Exhibit MT40.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 8

LENDING TEST

Geographic Distribution of Lending

The geographic distribution of M&T's HMDA-related and small business loans reflects good penetration throughout the assessment area.

Home Purchase Loans and Refinancings

The overall geographic distribution of home purchase loans and refinancings is excellent in this MSA. On a demand-adjusted basis, home purchase loan and refinancing originations were 1.1 times greater in LMI census tracts than in non-LMI census tracts. This strong demand-adjusted ratio is due to the strong LMI activity in Broome County. Much weaker levels of lending in moderate-income census tracts is noted in Tioga County where M&T has no branch presence and where weak lending was also noted at the previous examination.

For details see Exhibit MT2.

Home Improvement Loans

The overall home improvement activity in this MSA is adequate. On a demand-adjusted basis, home improvement loan originations were 1.8 times greater in non-LMI census tracts than in LMI census tracts.

Census tract penetration is adequate. Of the 21 LMI census tracts within the bank's assessment area, M&T extended home improvement loans in seven of these census tracts or 33 percent.

For details see Exhibit MT4.

Small Business Loans

The distribution of loans across geographies of different income levels is good. On a demand-adjusted basis, loans in non-LMI census tracts were 1.3 times greater than in LMI census tracts.

There were no small business loans extended in moderate-income tracts in Tioga County. The volume of small business lending in this MSA has increased since the previous examination (September 9, 1996).

For details see Exhibit MT5.

Borrower Characteristics

M&T's record of lending to borrowers of different income levels and businesses of different sizes is good.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

Overall the distribution of loans across borrower income levels is excellent. In this MSA 19 percent of families are of moderate income and 18 percent are of low income. M&T made 24 percent of home purchase loans and refinancings, and 16 percent of home improvement loans to moderate-income borrowers, while 17 percent of home purchase loans and refinancings, and 8 percent of home improvement loans were made to low-income borrowers.

The low level of originations to low-income borrowers is evaluated in relation to the performance context. Specifically, the high housing values in relation to the income of low-income borrowers are obstacles to making residential real estate loans to low-income borrowers.

Lending to Small Businesses

M&T's distribution of loans to businesses of different sizes is good. Of the 297 small business loans the bank made in this MSA, 204 or 68.7 percent were for loan amounts less than or equal to \$100 thousand. The average size of the originations in this loan category was \$43 thousand, indicating that the bank is responsive to the credit needs of some very small businesses.

Approximately 51.2 percent of the small business loans in this MSA were made to businesses with reportable GAR of \$1 million or less or to businesses where the revenue information was not collected. This percentage compares favorably with the approximately 82 percent of business establishments in this MSA that have GAR of \$1 million or less.

Community Development Lending

Community development lending in the Binghamton MSA totaled over \$6.2 million or 6 percent of M&T's total community development lending activity. Eighty-six percent of the community development dollars supported economic development, 13 percent supported affordable housing and 1 percent targeted community services.

For details see Exhibit MT16.

Innovative and Flexible Lending Practices

No special lending programs are exclusive to this assessment area. Descriptions of special lending programs available in all the bank's assessment areas begin on page BB13.

INVESTMENT TEST

Qualified investments totaled \$154 thousand, or 1.7 percent, of the total investment activity in the assessment areas. Except for a \$100 thousand deposit in a community development credit union, all investments were in the form of grants.

For details see Exhibit MT27.

SERVICE TEST

Accessibility of Delivery Systems

M&T's branch network is readily accessible to all portions of MSA 0960 (Binghamton, NY). Of the 10 branches in the MSA, 2 (20 percent) are located in LMI geographies. This compares favorably with the MSA demographics where 21 (31 percent) of the geographies are LMI and 20 percent of the population resides in LMI geographies. M&T operates nine ATMs, eight of which are located in branches. One of the branches with an ATM is located in an LMI geography. The offsite ATM is located in an LMI geography.

In this assessment area, M&T and its affiliates also operate three loan production offices offering small business loans, commercial real estate loans and residential mortgage loans.

For details see Exhibit MT30.

Opening and Closing of Branches

During the examination period, the bank opened one branch and closed one branch in this MSA. Neither branch was in an LMI geography. The new branch is located in a retirement home.

For details see Exhibits MT31 and MT32.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. All branches, except for the loan production offices, are full-service branches that offer various commercial and retail products and services. Seventy percent of the branches in the MSA have extended hours in the evening or on weekends.

Community Development Services

M&T provided a relatively high level of community development services for LMI individuals in this MSA. It participated in three presentations on affordable housing for LMI individuals during the examination period. M&T also provides financial technical assistance to various community development, housing, educational and economic development and charitable organizations that benefit LMI individuals. Two M&T employees serve on the boards of these groups. Also during the examination period, M&T worked with other Binghamton area lenders to develop a home buyer counseling program targeted toward LMI individuals in Broome County.

As part of the FHLB's Affordable Housing Program, M&T offers the First Home Club saving account.

**ASSESSMENT AREA 9 (NON-MSA STEUBEN, CATTARAUGUS,
ALLEGANY & WYOMING COUNTIES)**

PERFORMANCE CONTEXT

This assessment area's four counties (Steuben, Cattaraugus, Allegany and Wyoming) have a population of 276,299, which is 1.7 percent of the bank's total assessment area population. There are 76 census tracts of which 11 (or 14 percent) are LMI census tracts. Eleven percent of the population resides in LMI census tracts. Wyoming County has no LMI census tracts.

Income Characteristics

Based on the 1990 census figure for median family income figures, 34 percent of the families qualify as upper-income, 25 percent as middle-income, 21 percent as moderate-income and 20 percent as low-income. The 1990 median family income for all non-MSA areas within New York State is \$31,472. The 1998 HUD adjusted median family income for all non-MSA portions of the state is \$37,700.

Housing Characteristics

Of the 72,420 owner-occupied housing units in Assessment Area 9, 10 percent are located in LMI census tracts. Housing values range from a low of \$37,494 in Allegany County to a high of \$52,313 in Wyoming County.

Labor, Employment and Economic Characteristics

Between 1990 and 1994, Steuben County experienced a job growth of 1.3 percent, with the number of jobs increasing by 613 to 48.7 thousand largely as a result of employment growth in the service and government sectors. Wyoming County is primarily suburban in nature with 40 percent of its work force commuting outside the county. All counties experienced slight increases in the unemployment rate from February 1997 to February 1998. Unemployment rates as of February 1998 ranged from a low of 8.3 percent in Steuben County to a high of 9.9 percent in Wyoming County.

For details see Exhibit MT41.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 9

LENDING TEST

Geographic Distribution of Lending

The geographic distribution of M&T's HMDA-related loans reflects good penetration throughout the counties of Steuben, Cattaraugus, Allegany and Wyoming, but the distribution of small business and small farm loans is very poor.

Home Purchase Loans and Refinancings

Geographic distribution of home purchase loans and refinancings is excellent. On a demand-adjusted basis, penetration of home purchase loans and refinancings was 1.2 times greater in non-LMI geographies than in LMI geographies. Performance in LMI census tracts was strongest in Allegany County. Loan volume was reasonable and the bank originated 21 home purchase loans and refinancings in moderate-income tracts in Cattaraugus, Steuben and Allegany Counties. There are no LMI census tracts in Wyoming County.

For details see Exhibit MT2.

Home Improvement Loans

The geographic distribution of home improvement loans is good in this assessment area. Volume was good as the bank originated 274 home improvement loans, 20 of those in moderate-income geographies. Demand-adjusted penetration in non-LMI geographies was 1.4 times greater than penetration in LMI geographies.

For details see Exhibit MT4.

Small Business Loans

The distribution of small business loans is very poor. The bank originated 184 small business loans in this assessment area, but only five loans were originated in moderate-income geographies in this assessment area during the examination period.

For details see Exhibit MT5.

Borrower Characteristics

M&T's record of lending to borrowers of different income levels and businesses of different sizes is excellent in Assessment Area 9.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

Overall the distribution of loans across borrower income levels is excellent for moderate-income borrowers and good for low-income borrowers. The majority of lending occurred in Cattaraugus and Wyoming Counties while the lowest level of lending was in Allegany County. In this assessment area, 21 percent of families are of moderate income, and M&T made 21 percent of its home purchase loans and refinancings and 25 percent of its home improvement loans to moderate-income borrowers. Twenty percent of families are low-income, and the bank made 6 percent of home purchase loans and refinancings, and 10 percent of home improvement loans to low-income borrowers.

The bank's low level of originations to low-income borrowers is evaluated in relation to the performance context within which the bank operates. High housing values in relation to the income of low-income borrowers make it very difficult for banks to make residential real estate loans to low-income borrowers.

Lending to Small Businesses

M&T's distribution of loans to businesses of different sizes is excellent in this assessment area. The bank made 184 small business loans with 140 or 76 percent for loan amounts less than or equal to \$100 thousand. The average size of the originations in this loan category was \$35 thousand, indicating that the bank is responsive to the credit needs of very small businesses.

Approximately 78 percent of the small business loans in this MSA were to businesses with reportable GAR of \$1 million or less, or to businesses where the revenue information was not collected. This percentage compares favorably with the approximately 87 percent of business establishments in this MSA that have GAR of \$1 million or less.

Community Development Lending

Community development lending in this non-MSA assessment area consists of one loan for \$139 thousand to promote community service in Cattaraugus County.

For details see Exhibit MT18.

Innovative and Flexible Lending Practices

No special lending programs are exclusive to this assessment area; however, special lending programs available in all M&T assessment areas are described beginning on page BB13.

INVESTMENT TEST

Qualified investments totaled approximately \$1,000. The investment was a community service grant.

For details see Exhibit MT28.

SERVICE TEST

Accessibility of Delivery Systems

M&T's branch network is accessible to limited portions of MSA Assessment Area 9. Of the nine branches in the assessment area, none are located in LMI geographies. This compares unfavorably with the demographics of the MSA where 11 (14 percent) of the geographies are LMI and 11 percent of the population resides in LMI geographies. M&T operated one ATM in this assessment area in a supermarket in Cattaraugus County.

For details see Exhibit MT30.

Opening and Closing of Branches

During the examination period, M&T opened one branch in a supermarket in a non-LMI geography in Cattaraugus County.

For details see Exhibits MT31 and MT32.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. The branches are full-service branches with one located in a supermarket. The branches offer a wide variety of commercial and retail products and services. All the branches in the assessment area have extended hours in the evenings or on weekends.

Community Development Services

As part of the FHLB's Affordable Housing Program, M&T offers the First Home Club saving account in this assessment area.

ASSESSMENT AREA 10 (NON-MSA TOMPKINS & CORTLAND COUNTIES)

PERFORMANCE CONTEXT

This assessment area includes Tompkins and Cortland Counties. There are 35 census tracts of which 5 (or 14.3 percent) are moderate-income. There are no low-income census tracts. The total population in this assessment area is 50,656.

Income Characteristics

Based on the 1990 census figure for median family income figures, 46 percent of the families qualify as upper-income, 22 percent as middle-income, 16 percent as moderate-income and 16 percent as low-income. The 1990 median family income for all non-MSA areas within New York State is \$31,472. The 1998 HUD adjusted median family income for all non-MSA portions of the state is \$37,700.

Housing Characteristics

There are 29,530 owner-occupied housing units of which 4.3 percent are located in LMI census tracts. Cortland County does not have any LMI census tracts. Tompkins and Cortland Counties have median housing values of \$95 thousand and \$66 thousand, respectively.

Labor, Employment and Economic Characteristics

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

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

The unemployment rate in Cortland County decreased from 7.9 percent in February 1997 to 7.6 percent in February 1998. In Tompkins County, the unemployment rate dropped from 3.5 percent in February 1997 to 3.3 percent in February 1998.

For details see Exhibit MT42.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 10

LENDING TEST

Geographic Distribution of Lending

The geographic distribution of M&T's loans reflects excellent penetration throughout this assessment area. Loan activity on a demand-adjusted basis in Tompkins County is excellent. Cortland County has no LMI census tracts.

Home Purchase Loans and Refinancings

Demand-adjusted penetration in LMI census tracts is higher than penetration in non-LMI census tracts in Tompkins County.

For details see Exhibit MT2.

Home Improvement Loans

Demand-adjusted penetration in LMI census tracts is higher than penetration in non-LMI census tracts in Tompkins County.

For details see Exhibit MT4.

Small Business Loans

Demand-adjusted penetration in LMI census tracts is higher than penetration in non-LMI census tracts in Tompkins County.

For details see Exhibit MT5.

Borrower Characteristics

The distribution of HMDA-related loans to borrowers of different income levels is adequate, and the distribution of loans to businesses of different sizes is excellent in this assessment area.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

Overall the distribution of loans across borrower income levels was adequate in this MSA primarily because of the relatively high level of home purchase loans and refinancings to moderate-income borrowers. The level of lending to low-income borrowers was low; only five

home purchase and two home improvement loans were made to low-income borrowers during the examination period. Sixteen percent of the families in this assessment area are moderate-income and 16.3 percent are low-income; 2.4 percent of all HMDA-related loans were extended to low-income borrowers and 14.7 percent of HMDA-related loans were made to moderate-income borrowers.

Lending to Small Businesses

M&T's distribution of loans to businesses of different sizes was excellent. The bank made 134 small business loans in this assessment area, with 102 loans or 76 percent for loan amounts less than or equal to \$100 thousand. The average size of the originations in this loan category was \$45 thousand, indicating that the bank is responsive to the credit needs of very small businesses.

Approximately 60.4 percent of the small business loans in this MSA were made to businesses with reportable GAR of \$1 million or less, or to businesses where the revenue information was not collected. This percentage compares favorably with the approximately 86 percent of business establishments in this MSA that have GAR of \$1 million or less.

Community Development Lending

Community development lending in this assessment area consists of two loans in Tompkins County for a total of \$375 thousand, which supported economic development and community services.

For details see Exhibit MT18.

Innovative and Flexible Lending Practices

No special lending programs are exclusive to this assessment area. Details of special lending programs available in all the bank's assessment areas begin on page BB13.

INVESTMENT TEST

Qualified investments totaled \$19 thousand, or less than 1 percent, of the total investment activity in the assessment area. All investments were in the form of grants.

For details see Exhibit MT28.

SERVICE TEST

Accessibility of Delivery Systems

M&T's branch network is readily accessible to all portions of this assessment area. Of the eight branch sites in the assessment area, one branch is located in an LMI geography. This compares

favorably with the demographics of the assessment area where five (14 percent) of the geographies are LMI and 9 percent of the population resides in LMI geographies. M&T operates 13 ATMs in the assessment area, 5 of which are located offsite. Two (15 percent) of the ATMs are in LMI geographies.

M&T Mortgage operates two residential mortgage loan production offices in the assessment area.

For details see Exhibit MT30.

Opening and Closing of Branches

No branches were opened or closed during the examination period.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. The branches are full-service branches with one located in a supermarket. The branches offer a wide variety of commercial and retail products and services. Half of the branches in the assessment area have extended evening or weekend hours.

Community Development Services

As a leader in providing community development services that target LMI individuals in this assessment area, M&T sponsored or participated in 18 seminars, conferences and open houses on affordable housing for LMI individuals throughout its assessment area. These presentations covered the mortgage loan application and approval process, the mortgage application prequalification process and financial management issues such as budgeting and maintaining a good credit history. The presentations also included information on affordable housing mortgage products and interacting with real estate agents.

M&T provides financial technical assistance to various charities and groups benefiting LMI individuals and concerned with community development, housing, education and economic development. Six M&T's employees serve on the boards of several of these organizations, and seven employees provide financial technical assistance such as teaching and fund-raising.

As part of the FHLB's Affordable Housing Program, M&T offers the First Home Club savings accounts.

ASSESSMENT AREA 11 (NON-MSA ULSTER COUNTY)

PERFORMANCE CONTEXT

Ulster County has a population of 165,304, which is 1 percent of the bank's assessment area population. Of the 48 census tracts in the assessment area, 2 (4.2 percent) are moderate-income. Only 3 percent of the county's total population resides in these two census tracts. There are no low-income census tracts in the assessment area.

Income Characteristics

Based on the 1990 census median family income figures, 53 percent of the families qualify as upper-income, 21 percent as middle-income, 14 percent as moderate-income and 12 percent as low-income. The 1990 median family income for all non-MSA areas within New York State is \$31,472. The 1998 HUD adjusted median family income for all non-MSA portions of the state is \$37,700.

Housing Characteristics

There are 42 thousand owner-occupied housing units in Ulster County of which 1,055 units are located in moderate-income census tracts. The median housing value in the assessment area, based on the 1990 Census, is \$114,658.

Labor, Employment and Economic Characteristics

Like other counties in the lower Hudson Valley region, Ulster County experienced significant job losses as a result of IBM's restructuring in 1994. The county's labor force declined by 3,000, or almost 4 percent, over the two-year period ending April 1996. Still, the unemployment rate in Ulster County is very low and has remained under 4 percent in 1998. In 1997, more than \$20 million in business investment in the county created 1,200 new jobs in the manufacturing, service, finance and office industries. Of the county's labor force of 67 thousand, 20 thousand or 30 percent commute outside the county.

Several major retailers have recently opened for business and others retail projects are in development. In a new partnership, Cornell University and the State University at New Paltz are developing a high-tech research corridor similar to California's Silicon Valley. A developer has purchased the former IBM building and renamed it TechCity. The new office complex leases space to new manufacturers, and in 1998, Hunter Panels opened a manufacturing facility there, bringing about 80 jobs to the county. The unemployment rate in Ulster County decreased from 4.6 percent in February 1997 to 4.4 percent in February 1998.

For details see Exhibit MT43.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 11

LENDING TEST

Geographic Distribution of Lending

The geographic distribution of M&T's HMDA-related and small businesses loans reflects poor penetration throughout the assessment area. The bank made only one home purchase loan and one refinancing and no home improvement or small business loans in moderate-income geographies. This assessment area has no low-income geographies, and owner-occupied housing units and business establishments in the two moderate-income geographies are limited in number.

For details see Exhibits MT2, MT4 and MT5.

Borrower Characteristics

The overall distribution of loans to borrowers of different income levels is good, and the distribution of loans to businesses of different sizes is excellent.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

Overall the bank's distribution of loans across borrower income levels is good in this assessment area. The volume of loans was quite low, but this assessment area has the lowest percentage of LMI borrowers of any M&T assessment area. Fourteen percent of families in this MSA are of moderate income and 12 percent are low-income. M&T made 4 percent of its home purchase loans and refinancings and 23 percent of home improvement loans to moderate-income borrowers, and 1 percent of home purchase loans and refinancings and 10 percent of home improvement loans to low-income borrowers.

Lending to Small Businesses

Although M&T's volume of small business lending is low, the distribution of loans to businesses of different sizes is excellent. Of the bank's 74 small business loans in this assessment area, 55 (74 percent) were for loan amounts less than or equal to \$100 thousand, and the average size of these loans was \$45 thousand.

The bank made approximately 66 percent of small business loans in this MSA to businesses with reportable GAR of \$1 million or less or to businesses where the revenue information was not collected. This compares favorably with the 88.1 percent of the small business establishments in the assessment area with GAR of \$1 million or less.

Community Development Lending

Community development lending in this assessment area consists of two loans for a total of \$998 thousand, which supported affordable housing.

For details see Exhibit MT18.

Innovative and Flexible Lending Practices

No special lending programs are exclusive to this assessment area. Special lending programs available in all the bank's assessment areas are described on page BB13.

INVESTMENT TEST

Qualified investments totaled approximately \$1,000, or less than 1 percent, of the total investment activity in the bank's assessment areas. The investment was in the form of a community service grant.

For details see Exhibit MT28.

SERVICE TEST

Accessibility of Delivery Systems

M&T's branch network is accessible to essentially all portions of the assessment area. Of the four branches in the assessment area, none are located in a moderate-income geography. There are only two moderate-income geographies (4 percent) in the assessment area, containing only 3 percent of the population. M&T operates four ATMs in the assessment area, all in branches.

For details see Exhibit MT30.

Opening and Closing of Branches

One branch was opened in an upper-income geography during the examination period. No branches were closed.

For details see Exhibits MT31 and MT32.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. The branches are full-service branches with one located in a supermarket. The branches offer a wide variety of commercial and retail products and services. All of the branches in the assessment area have extended evening or weekend hours.

Community Development Services

As part of the FHLB's Affordable Housing Program, M&T offers the First Home Club savings account.

ASSESSMENT AREA 12 -- PMSA 2281 (DUTCHESS COUNTY, NY)

PERFORMANCE CONTEXT

This assessment area consisting of Dutchess County contains 68 census tracts of which 16 (24 percent) are LMI census tracts. Composed primarily of middle-income census tracts, the county has a population of 259,462, representing 1.6 percent of the total assessment area's population.

Income Characteristics

The 1990 census figure for median family income is \$34,831 while the 1998 HUD adjusted median family income is \$44,000. Based on the 1990 median family income figures, 36 percent of the families qualify as upper-income, 28 percent as middle-income, 19 percent as moderate-income and 17 percent as low-income. Of the PMSA's substantial senior citizen population, about 40 percent are considered low-income and 20 percent extremely low-income.

Housing Characteristics

There are 61,899 owner-occupied housing units in Dutchess County of which 10 percent are located in LMI census tracts. Single-family housing units dominate the housing market with 79 percent of all housing units in the county. Dutchess County has an owner-occupancy rate of 63 percent. The county's median housing value is \$149,176. A small selection of quality rental property in this county is available to lower income populations. Community contacts indicated that special programs addressing affordable housing for senior citizens are needed.

Labor, Employment and Economic Characteristics

Dutchess County is a highly developed suburban area dominated by one major employer, IBM, although in 1994, the company began to sharply downsize its operations. Most jobs are found in manufacturing and in business and professional services. Trade and service businesses account for 71.4 percent of the total business establishments in the county. Over the last two years, 11 thousand manufacturing jobs have been lost, and some retail sectors reported a 50 percent drop in retail activity. The unemployment rate decreased from 4.7 percent in February 1997 to 4.3 percent in February 1998.

For details see Exhibit MT44.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 12

LENDING TEST

Geographic Distribution of Lending

The geographic distribution of M&T's originations of home purchase loans, refinancings, and small business loans reflects adequate penetration throughout the assessment area. The geographic distribution of home improvement loans is very poor.

Home Purchase Loans and Refinancings

The overall geographic distribution of home purchase loans and refinancings is adequate. On a demand-adjusted basis, home purchase loan and refinancing originations were 1.5 times greater in non-LMI census tracts than in LMI census tracts.

For details see Exhibit MT2.

Home Improvement Loans

The overall home improvement lending in this PMSA is very poor. The volume of home improvement loans was low. M&T originated only one home improvement loan in LMI census tracts in this PMSA.

For details, see Exhibit MT4.

Small Business Loans

The distribution of loans across geographies of different income levels is adequate. Loans in non-LMI census tracts were 1.6 times greater than in LMI census tracts.

For details see Exhibit MT5.

Borrower Characteristics

The distribution of loans to borrowers of different incomes and businesses of different sizes is good in this assessment area.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

Overall the distribution of loans across borrower income levels was good in this PMSA. Nineteen percent of families are of moderate income, and M&T made 19 percent of its home purchase loans and refinancings and 32 percent of home improvement loans to moderate-income

borrowers. Seventeen percent of families are low-income, and M&T made 6 percent of home purchase and refinancings loans, and 5 percent of home improvement loans to low-income families.

Lending to Small Businesses

Although volume of lending is low, M&T's distribution of loans to businesses of different sizes was good. M&T made 49 small business loans in this assessment area, with 27 loans (55 percent) for loan amounts less than or equal to \$100 thousand. The average size of the originations in this loan category was \$31 thousand, indicating that the bank is responsive to the credit needs of very small businesses.

M&T made approximately 67 percent of its small business loans in this PMSA to businesses with reportable GAR of \$1 million or less, or to businesses where the revenue information was not collected. This percentage compared favorably with the approximately 88 percent of business establishments in this PMSA that have GAR of \$1 million or less.

Community Development Lending

Community development lending in the Dutchess County PMSA totaled \$790 thousand or less than 1 percent of M&T's total community development lending activity. All lending supported community services in this PMSA.

For details see Exhibit MT17.

Innovative and Flexible Lending Practices

No special lending programs are exclusive to this assessment area. Special lending programs available in all the bank's assessment areas are discussed beginning on page BB13.

INVESTMENT TEST

Qualified investments totaled \$5,000, or less than 1 percent, of the total investment activity in the bank's assessment areas. The investment was a community service grant.

For details see Exhibit MT29.

SERVICE TEST

Accessibility of Delivery Systems

M&T's branch network is accessible to limited portions of the Dutchess County PMSA. Of the four branch sites in the PMSA, none are located in LMI geographies. This compares unfavorably with the demographics of the PMSA where 16 (24 percent) of the geographies are

LMI and 17 percent of the population resides in LMI geographies. M&T operated three ATMs, all located in branches.

For details see Exhibit MT30.

Opening and Closing of Branches

During the examination period, the bank opened one branch in a non-LMI geography in this PMSA. No branches were closed.

For details see Exhibits MT31 and 32.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. All full-service branches offer a wide variety of commercial and retail products and services, and 75 percent of the bank's branches in this PMSA have extended evening or weekend hours.

Community Development Services

As part of the FHLB's Affordable Housing Program, M&T offers the First Home Club savings account.

ASSESSMENT AREA 13 -- MSA 3610 (JAMESTOWN, NY)

PERFORMANCE CONTEXT

This MSA includes Chautauqua County and has a population of 142 thousand, which is less than 1 percent of the population of M&T's assessment areas. Almost 19 thousand, or 13.3 percent, of the population live in LMI census tracts. Of the 33 census tracts in the analysis, 5 (15.2 percent) are LMI.

Income Characteristics

The 1990 census figure for median family income is \$29,927 while the 1998 HUD adjusted median family income is \$36,300. Based on the 1990 median family income figures, 39 percent of the families qualify as upper-income, 24 percent as middle-income, 18 percent as moderate-income and 19 percent as low-income.

Housing Characteristics

There are 37 thousand owner-occupied housing units in MSA 3610 with about 3,000 of the units in LMI census tracts. Only 6.4 percent of owner-occupied housing is valued in excess of \$100 thousand. As a result of the continued low level of new residential construction activity in Chautauqua 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. High vacancies and substandard conditions, especially in the rental stock, characterize the Jamestown housing market.

Labor, Employment and Economic Characteristics

In this MSA, the trade and service industries 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's economic base has shifted toward smaller businesses and service sector operations.

Jamestown is the largest and most populous city in Chautauqua County. The city and suburbs experienced significant economic decline during the 1980s as manufacturing firms left the area, creating high unemployment levels. In 1995, the MSA had only 14,300 manufacturing jobs, down from 16,200 in 1980. The number of nonmanufacturing jobs have increased somewhat in the service, retail and wholesale sectors, but a large number of the nonmanufacturing jobs have average wages significantly lower than previously available in the manufacturing sector.

The unemployment rate in this assessment area increased from 6.2 percent in February 1997 to 6.6 percent in February 1998. For details see Exhibit MT45.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 13

LENDING TEST

Geographic Distribution of Lending

The geographic distribution of home purchase loans and refinancings is good, home improvement loans is adequate and small business loans is poor.

Home Purchase Loans and Refinancings

The distribution of home purchase loans and refinancings is good despite low lending volume. Demand-adjusted penetration in LMI census tracts is only slightly less than penetration in non-LMI tracts.

For details see Exhibit MT2.

Home Improvement Loans

The overall home improvement activity in this MSA is adequate. On a demand-adjusted basis, home improvement loan originations in non-LMI census tracts were almost double originations in LMI census tracts.

For details see Exhibit MT4.

Small Business Loans

Based on volume, the distribution of loans across geographies of different income levels is poor. M&T originated only two loans in LMI tracts in this assessment area during the examination period. The bank does not have a branch in the city of Jamestown, which has the highest concentration of business establishments in LMI census tracts in this MSA.

For details see Exhibit MT5.

Borrower Characteristics

The distribution of HMDA-related loans to borrowers of different income levels is adequate, and the distribution of loans to businesses of different sizes is excellent.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

The distribution of loans across borrower income levels is considered only adequate because the volume of lending is low in this assessment area. Eighteen percent of families in this MSA are of moderate income, and M&T made 19 percent of its home purchase loans and refinancings and 16 percent of home improvement loans to moderate-income borrowers. Nineteen percent of families are low-income; M&T made 7 percent of its home purchase loans and refinancings, and 8 percent of home improvement loans to low-income families.

Lending to Small Businesses

The volume of small business lending was low; however, M&T's distribution of loans to businesses of different sizes was excellent. Of the 76 small business loans the bank made in this assessment area, 54 (71 percent) were for amounts less than or equal to \$100 thousand. The average size of the originations in this loan category was \$38 thousand, illustrating the bank's responsiveness to credit needs of very small businesses.

M&T made approximately 68 percent of its small business loans in this MSA to businesses with reportable GAR of \$1 million or less, or to businesses where the revenue information was not collected. This percentage compared favorably with the approximately 88 percent of business establishments in this MSA that have GAR of \$1 million or less.

Community Development Lending

No community development lending activity is attributed to the Jamestown MSA.

Innovative and Flexible Lending Practices

No special lending programs are exclusive to this assessment area. Details of the special lending programs that are available in all the bank's assessment areas are found on page BB13.

INVESTMENT TEST

M&T had no qualified investments in this MSA.

SERVICE TEST

Accessibility of Delivery Systems

M&T's branch network is accessible to limited portions of MSA 3610 (Jamestown, NY). Of the four branch sites in the MSA, none are located in LMI geographies. Five of the geographies (15 percent) in this assessment area LMI and 13 percent of the population resides in LMI geographies. M&T operates four ATMs, three of which are located in branches and one which is located offsite. The offsite ATM is in a non-LMI geography. For details see Exhibit MT30.

Opening and Closing of Branches

During the examination period, the bank opened one branch in a non-LMI geography in this MSA. No branches were closed.

For details see Exhibits MT31 and MT32.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. All the branches are full-service branches that offer a wide variety of commercial and retail products and services. All of M&T's bank's branches in this MSA have extended hours in the evening or on weekends.

Community Development Services

M&T provides an adequate level of community development services that target LMI individuals in this MSA. An M&T employee serves on the board of Dunkirk Local Development Corporation, a business development organization, and another bank employee works with the Chadwick Bay Economic Development Group to recruit and counsel new businesses in the Chadwick Bay Region.

As part of the FHLB's Affordable Housing Program, M&T offers the First Home Club savings account.

ASSESSMENT AREA 14 -- MSA 2335 (ELMIRA, NY)

PERFORMANCE CONTEXT

M&T's assessment area consists of MSA 2335, which includes Chemung County. Of the 23 census tracts in the MSA, 6 or 26 percent are LMI. The MSA has a total population of 95 thousand, of which approximately 16 thousand or 17 percent live in LMI census tracts.

Income Characteristics

The 1990 census figure for median family income is \$32,015 while the 1998 HUD adjusted median family income is \$40,100. Based on the 1990 median family income figures, 39 percent of the families qualify as upper-income, 23 percent as middle-income, 19 percent as moderate-income and 19 percent as low-income.

Housing Characteristics

M&T's delineation contains 24,095 owner-occupied units in this MSA. The median housing age is 43 years, which is significantly lower than the MSA's average of 54 years, and the median housing value is \$67 thousand. Programs are needed to increase homeownership in the city of Elmira as the number and percentage of owner-occupied units has declined in recent years, according to community contacts. There is also a strong demand for housing options for Elmira's senior citizen population. Fifteen percent of the city's population is over 65 years of age.

Labor, Employment and Economic Characteristics

Elmira is the focal point of industry, business and recreation in the Chemung County region. Trade and service industries employ almost 51 percent of the county's labor force, while manufacturing and government employ 22 percent and 18 percent, respectively. Over 15 percent of the work force commutes outside the county for employment. All major industries, including manufacturing and government, posted employment gains in the past year. The unemployment rate in the county declined from 6.4 percent to 4.4 percent from February 1995 to February 1997, but elevated back to 5.2 percent as of February 1998.

For details see Exhibit MT46.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ASSESSMENT AREA 14

LENDING TEST

Geographic Distribution of Lending

The geographic distribution of home purchase loans, refinancings and small business loans is adequate, and good for home improvement loans.

Home Purchase Loans and Refinancings

The volume of home purchase loans and refinancings was very low overall. There were only 25 home purchase loans and refinancings originated in this MSA (3 of which were originated in moderate-income tracts). On a demand-adjusted basis, home purchase and refinancings loan originations were 1.8 times greater in moderate-income census tracts than in middle- and upper-income census tracts.

For details see Exhibit MT2.

Home Improvement Loans

Of the 11 home improvement loans originated in this MSA, 2 were located in moderate-income census tracts. On a demand-adjusted basis, home improvement loan originations were three times greater in moderate-income census tracts than in middle- and upper-income census tracts.

For details see Exhibit MT4.

Small Business Loans

Given the low volume of small business activity in this MSA, the distribution of loans across geographies of different income levels is considered adequate. The bank extended only 11 small business loans in this MSA of which 3 were originated in moderate-income census tracts. Loans in middle- and upper-income census tracts were only 1.2 times greater than in moderate-income tracts.

For details see Exhibit MT5.

Borrower Characteristics

The distribution of loans to borrowers of different incomes and businesses of different sizes is considered adequate in this assessment area because of the low lending volumes.

For details see Exhibits MT6, MT7, MT8 and MT9.

HMDA-related Lending

In this MSA 19 percent of families are of moderate income. M&T made 35 percent of its home purchase loans and refinancings and 9 percent of home improvement loans to moderate-income borrowers. Nineteen percent of families are low-income. M&T made 4 percent of home purchase loans and refinancings and 18 percent of home improvement loans to low-income borrowers.

Lending to Small Businesses

The evaluation of this performance characteristic for MSA 2335 (Elmira, NY) is based on the volume of loans. Although volume of small business lending is low, M&T's distribution of loans to businesses of different sizes was excellent. Of the 11 small business loans the bank made in this assessment area, 8 (or 73 percent) were for loan amounts less than or equal to \$100 thousand. The average size of the originations in this loan category was \$30 thousand, indicating that the bank is responsive to the credit needs of very small businesses.

The bank made approximately 64 percent of small business loans in this MSA to businesses with reportable GAR of \$1 million or less, or to businesses where the revenue information was not collected. This percentage compares favorably with the approximately 84 percent of business establishments in this MSA that have GAR of \$1 million or less.

Community Development Lending

No community development lending activity is attributed to the Elmira MSA.

Innovative and Flexible Lending Practices

No special lending programs are exclusive to this assessment area, but special lending programs available in all the bank's assessment areas are discussed on page BB13.

INVESTMENT TEST

M&T had no qualified investments in this assessment area.

SERVICE TEST

Accessibility of Delivery Systems

M&T has one branch which is accessible to limited portions of MSA 2235 (Elmira, NY). The branch is in a supermarket located in a non-LMI geography.

For details see Exhibit MT30.

Opening and Closing of Branches

During the examination period, the bank opened one branch in a non-LMI geography. No branches were closed.

For details see Exhibits MT31 and MT32.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Branch hours and services are tailored to the convenience and needs of the bank's customers. The full-service branch located in a supermarket offers a wide variety of commercial and retail products and services and has extended hours in the evenings or weekends.

Community Development Services

As part of the FHLB's Affordable Housing Program, M&T offers the First Home Club savings account.

M&T EXHIBITS

EXHIBIT MT1

Summary of Lending Activity in the Assessment A

**(Including Affiliate Lending)
July 1, 1996 – December 31, 1997**

Loan Purpose	Number of Loans	% of Total	Dollar Amount of Loans ('000s)	% of Total
Home Purchase and Refinance	9,274	46.34	907,344	57.20
Home Improvement	3,636	18.17	39,353	2.48
Multifamily	378	1.89	1,310	0.08
Small Business	6,724	33.60	638,258	40.24
TOTAL	20,012	100	\$1,586,265	100

**Exhibit MT2 -- Owner-Occupied Unit Analysis for Home Purchase
Refinancings Across Census Tract Income Levels**

Place Lotus chart here

Exhibit MT3 -- Distribution of Multifamily Loans Across Census T

Place Lotus chart here

Exhibit MT4 --Owner-occupied Unit Analysis for Home Improvement Census Tract Income Level

Place Lotus chart here

Exhibit MT5 --Demand-Adjusted Analysis for Small Business a Loans Across Census Tract Income Level

Place Lotus chart here

Exhibit MT6 -- Distribution of Home Purchase Loans And Refin Borrower Income Level

Place Excel chart here

Exhibit MT7 -- Distribution of Home Improvement Loans Across Level

Place Lotus chart here

Exhibit MT8 -- Distribution of Small Business and Small Farm Lc

Place Lotus chart here

EXHIBIT MT9

Small Business Loans by Gross Annual Revenue

COUNTY/ MSA/PMSA	GAR <= \$1 MILLION		GAR > \$1 MILLION		NO REVENUE REPORTED		TOTAL LOANS
	NUMBER	%	NUMBER	%	NUMBER	%	
KINGS	24	63.16	8	21.05	6	15.79	38
BRONX	5	45.45	1	9.09	5	45.45	11
NEW YORK	117	60.62	48	24.87	28	14.51	193
QUEENS	8	0.00	10	43.48	5	21.74	23
WESTCHESTER	24	26.97	51	57.30	14	15.73	89
ROCKLAND	53	34.19	79	50.97	23	14.84	155
PMSA 5600	231	45.38	197	38.70	81	15.91	509
NASSAU	17	56.67	9	30.00	4	13.33	30
SUFFOLK	10	62.50	1	6.25	5	31.25	16
PMSA 5380	27	58.70	10	21.74	9	19.57	46
ERIE	954	36.51	1,413	54.08	246	9.41	2,613
NIAGARA	148	43.27	160	46.78	34	9.94	342
MSA 1280	1,102	37.29	1,573	53.23	280	9.48	2,955
MONROE	524	34.75	827	54.84	157	10.41	1,508
WAYNE	12	24.49	27	55.10	10	20.41	49
ORLEANS	33	55.93	18	30.51	8	13.56	59
LIVINGSTON	22	47.83	20	43.48	4	8.70	46
ONTARIO	20	26.67	36	48.00	19	25.33	75
GENESEE	37	40.66	43	47.25	11	12.09	91
MSA 6840	648	35.45	971	53.12	209	11.43	1,828
ALBANY	26	25.00	33	31.73	45	43.27	104
SCHENECTADY	9	34.62	12	46.15	5	19.23	26
RENSSELAER	3	10.00	10	33.33	17	56.67	30
SARATOGA	5	8.62	36	62.07	17	29.31	58
MSA 0160	43	19.72	91	41.74	84	38.53	218
ONONDAGA	33	28.70	49	42.61	33	28.70	115
CAYUGA	3	21.43	7	50.00	4	28.57	14
MSA 8160	36	27.91	56	43.41	37	28.68	129
ORANGE	105	49.07	86	40.19	23	10.75	214
PMSA 5660	105	49.07	86	40.19	23	10.75	214
BROOME	120	43.32	134	48.38	23	8.30	277
TIOGA	8	40.00	11	55.00	1	5.00	20
MSA 0960	128	43.10	145	48.82	24	8.08	297
STEUBEN	30	71.43	6	14.29	6	14.29	42
CATTARAUGUS	35	50.00	23	32.86	12	17.14	70
ALLEGANY	10	90.91	0	0.00	1	9.09	11
WYOMING	47	77.05	11	18.03	3	4.92	61
ASSESS. AREA 9	122	66.30	40	21.74	22	11.96	184
TOMPKINS	55	47.01	49	41.88	13	11.11	117
CORTLAND	6	35.29	4	23.53	7	41.18	17
ASSESS. AREA 10	61	45.52	53	39.55	20	14.93	134
ULSTER	39	52.70	25	33.78	10	13.51	74
ASSESS. AREA 11	39	52.70	25	33.78	10	13.51	74
NON-MSA TOTAL	222	56.63	118	30.10	52	13.27	392
DUTCHESS	18	36.73	16	32.65	15	30.61	49
PMSA 2281	18	36.73	16	32.65	15	30.61	49
CHAUTAUQUA	43	56.58	24	31.58	9	11.84	76
MSA 3610	43	56.58	24	31.58	9	11.84	76
CHEMUNG	7	63.64	4	36.36	0	0.00	11
MSA 2335	7	63.64	4	36.36	0	0.00	11
TOTAL	2,610	38.82	3,291	48.94	823	12.24	6,724

EXHIBIT MT10

Total Community Development Lending Activity

MSA/PMSA	Commitment ('000s)	%	Outstanding ('000s)	%	New Money ('000s)
PMSA 5600 (New York, NY) *	\$24,782	24%	\$17,738	31%	\$15,965
PMSA 5380 (Nassau-Suffolk, NY)	\$488	**	\$488	1%	\$30
MSA 1280 (Buffalo-Niagara Falls, NY)	\$31,620	30%	\$13,851	24%	\$19,276
MSA 6840 (Rochester, NY)	\$30,013	29%	\$12,255	21%	\$27,475
MSA 0160 (Albany-Schenectady-Troy, NY) *	\$5,000	5%	\$5,000	9%	\$5,000
MSA 8160 (Syracuse, NY) *	\$0	--	\$0	--	\$0
PMSA 5660 (Newburgh, NY-PA)	\$0	--	\$0	--	\$0
MSA 0960 (Binghamton, NY)	\$6,150	6%	\$6,134	10%	\$0
Non-MSA Steuben, Cattaraugus, Allegany and Wyoming Counties	\$139	**	\$139	**	\$0
Non-MSA Tompkins and Cortland Counties	\$375	**	\$0	**	\$175
Non-MSA Ulster County	\$998	2%	\$748	1%	\$350
PMSA 2281 (Dutchess County, NY)	\$790	1%	\$498	1%	\$600
MSA 3610 (Jamestown, NY)	\$0	--	\$0	--	\$0
MSA 2335 (Elmira, NY)	\$0	--	\$0	--	\$0
Multiple MSAs	\$3,500	3%	\$1,188	2%	\$500
Total Activity	\$103,855	100%	\$58,039	100%	\$69,371
Subtotal Direct Activity	\$91,492	88%	\$52,652	91%	\$61,723
Subtotal Indirect Activity	\$12,363	12%	\$5,387	9%	\$7,648
TOTALS	\$103,855	100%	\$58,154	100%	\$69,487
Affordable Housing	\$82,073	79%	\$47,680	82%	\$58,135
Community Services	\$10,555	10%	\$3,370	6%	\$8,427
Economic Development	\$11,227	11%	\$7,104	12%	\$2,925

* Partially delineated MSA assessment areas

** Represents less than

**Exhibit MT11 -- Community Development Lending Activity: PMS/
NY)**

Insert Excel chart here

**Exhibit MT12 -- Community Development Lending Activity: PMS
Suffolk, NY)**

Insert Excel chart here

Exhibit MT13 -- Community Development Lending Activity: MS Niagara Falls, NY)

Insert Excel chart here

Exhibit MT13 cont'd

Insert Excel chart here

**Exhibit MT14 -- Community Development Lending Activity: MSA
NY)**

**Exhibit MT15 -- Community Development Lending Activity: MS
Schenectady-Troy, NY)**

Insert Excel chart here

Exhibit MT16: --Community Development Lending Activity: MSA (NY)

Insert Excel chart here

Exhibit MT17 -- Community Development Lending Activity: MSA/County, NY)

Insert Excel chart here

Exhibit MT18 -- Community Development Lending Activity:

Insert Excel chart here

Exhibit MT19 -- Community Development Lending Activity: M

Insert Excel chart here

EXHIBIT MT20

Total Qualified Investment Activity

MSA/PMSA	Commitment ('000s)	%	Outstanding ('000s)	%	New I ('000s)
PMSA 5600 (New York, NY) *	\$2,800	30.02%	\$2,433	27.15%	\$3,000
PMSA 5380 (Nassau-Suffolk, NY)	\$679	7.28%	\$679	7.58%	\$6,000
MSA 1280 (Buffalo-Niagara Falls, NY)	\$5,203	55.78%	\$5,203	58.07%	\$5,000
MSA 6840 (Rochester, NY) *	\$228	2.45%	\$228	2.55%	\$2,000
MSA 0160 (Albany-Schenectady-Troy, NY) * #	\$0	0%	\$0	0%	\$0
MSA 8160 (Syracuse, NY)	\$2	.02%	\$2	.02%	\$0
PMSA 5660 (Newburgh, NY-PA) *	\$235	2.53%	\$235	2.62%	\$2,000
MSA 0960 (Binghamton, NY) *	\$154	1.65%	\$154	1.72%	\$0
Non-MSA Steuben, Cattaraugus, Allegany and Wyoming Counties @	\$1	.01%	\$1	.01%	\$0
Non-MSA Tompkins and Cortland Counties @	\$19	.20%	\$19	.21%	\$0
Non-MSA Ulster County @	\$1	.01%	\$1	.01%	\$0
PMSA 2281 (Dutchess County, NY) *	\$5	.05%	\$5	.06%	\$0
MSA 3610 (Jamestown, NY) *	\$0	0%	\$0	0%	\$0
MSA 2335 (Elmira, NY) *	\$0	0%	\$0	0%	\$0
TOTALS	\$9,327	100%	\$8,960	100%	\$6,000
Affordable Housing	\$3,520	37.74%	\$3,153	35.19%	\$1,000
Community Services	\$1,884	20.20%	\$1,884	21.03%	\$1,000
Economic Development	\$811	8.69%	\$811	9.05%	\$3,000
Revitalization and Stabilization	\$3,112	33.37%	\$3,112	34.73%	\$3,000

* Partially delineated MSA assessment areas

Total dollars too small to include

**Exhibit MT21 – Qualified Investments Activity: PMSA 5600
(New York, NY)**

Insert Lotus chart here

**Exhibit MT22 – Qualified Investments Activity: PMSA 5380
(Nassau-Suffolk, NY)**

Insert Lotus chart here

**Exhibit MT23 – Qualified Investments Activity: MSA 1280
(Buffalo-Niagara Falls, NY)**

Insert Lotus chart here

**Exhibit MT24 – Qualified Investments Activity: MSA 6840
(Rochester, NY)**

Insert Lotus chart here

**Exhibit MT25 – Qualified Investments Activity: MSA 8160
(Syracuse, NY)**

Insert Lotus chart here

**Exhibit MT26 – Qualified Investments Activity: PMSA 5660
(Newburgh, NY-PA)**

Insert Lotus chart here

**Exhibit MT27 – Qualified Investments Activity: MSA 0960
(Binghamton, NY)**

Insert Lotus chart here

Exhibit MT28 – Qualified Investments Activity: Non-MSAs

Insert Lotus chart here

**Exhibit MT29 – Qualified Investments Activity: PMSA 2281
(Dutchess County, NY)**

Insert Lotus chart here

EXHIBIT MT30

Number of Branches by County/MSA/PMSA

COUNTY/MSA/PMSA	NUMBER OF BRANCHES	NUMBER OF BRANCHES IN LMI TRACTS/BNAS
KINGS	3	1
BRONX	0	0
NEW YORK	7	1
QUEENS	1	0
WESTCHESTER	3	1
ROCKLAND	5	0
PMSA 5600 Total	19	3
SUFFOLK	2	0
NASSAU	2	0
PMSA 5380 Total	4	0
ERIE	55	13
NIAGARA	8	3
MSA 1280 Total	63	16
MONROE	28	6
WAYNE	1	0
ORLEANS	1	0
LIVINGSTON	1	1
ONTARIO	1	0
GENESEE	4	1
MSA 6840 Total	36	8
ALBANY	1	0
SCHENECTADY	0	0
RENSSELAER	0	0
SARATOGA	0	0
MSA 0160 Total	1	0
ONONDAGA	1	0
CAYUGA	1	1
MSA 8160 Total	2	1
ORANGE	11	1
PMSA 5660 Total	11	1
BROOME	10	2
TIOGA	0	0
MSA 0960 Total	10	2
STEUBEN	2	0
CATTARAUGUS	3	0
ALLEGANY	1	0
WYOMING	3	0
Assessment Area 9 Total	9	0
TOMPKINS	6	1
CORTLAND	2	0
Assessment Area 10 Total	8	1
ULSTER	4	0
Assessment Area 11 Total	4	0
Non-MSA Total	21	1
DUTCHESS	4	0
PMSA 2281 Total	4	0
CHAUTAUQUA	4	0
MSA 3610 Total	4	0
CHEMUNG	1	0
MSA 2335 Total	1	0
TOTAL FOR ASSESSMENT AREAS	176	32

EXHIBIT MT31

Branches Closed by County/MSA/PMSA

COUNTY/MSA/PMSA	NUMBER OF CLOSED BRANCHES
WESTCHESTER	1
PMSA 5600 Total	1
ERIE	1
MSA 1280 Total	1
MONROE	2
MSA 6840 Total	2
BROOME	1
MSA 0960 Total	1
Total for Assessment Areas	5

EXHIBIT MT32

**Reconciliation of Full-Service Branches
 Opened and Closed**

July 1, 1996 – December 31, 1997

Beginning Number of Branches	145
Branches Opened	25
Branches Acquired	14
Branches Closed	5
Branches Consolidated	1
Drive-up Windows Counted as Branches at Last Exam	2
Net Change	31
Ending Number of Branches	176

EXHIBIT MT33

Description of Institution's Operation in PMSA 5600

PMSA 5600 (NEW YORK, NY)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
NEW YORK	7	37.0	\$851,267	51.1	36	2.9	123	32.3
WESTCHESTER	3	15.7	\$155,665	9.4	196	15.7	80	21.0
QUEENS	1	5.3	\$201,675	12.1	335	26.9	14	3.7
KINGS	3	15.7	\$280,089	16.8	440	35.4	24	6.3
BRONX	0	0.0	\$0	0.0	56	4.5	2	0.5
ROCKLAND	5	26.3	\$175,811	10.6	182	14.6	138	36.2
MSA TOTAL	19	100	\$1,664,507	100	1,245	100	381	100

Performance Context

PMSA 5600 (NEW YORK, NY)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	1,242,439	15.2	322	13.8	505,263	25.6
MODERATE	1,699,326	20.8	436	18.6	304,379	15.4
MIDDLE	2,470,272	30.2	793	33.9	360,641	18.3
UPPER	2,755,832	33.8	789	33.7	805,070	40.7
MSA TOTAL	8,167,869	100	2,340	100	1,975,353	100

EXHIBIT MT34

Description of Institution's Operation in PMSA 5380

PMSA 5380 (NASSAU-SUFFOLK, NY)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
SUFFOLK	2	50.0	\$16,751	3.4	414	52.7	10	30.3
NASSAU	2	50.0	\$475,081	96.6	372	47.3	23	69.7
MSA TOTAL	4	100	\$491,832	100	786	100	33	100

Performance Context

PMSA 5380 (NASSAU-SUFFOLK, NY)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	17,845	0.7	5	0.9	112,975	16.3
MODERATE	380,253	14.6	79	13.8	132,994	19.3
MIDDLE	1,760,243	67.5	385	67.1	181,551	26.3
UPPER	450,871	17.2	105	18.2	262,881	38.1
MSA TOTAL	2,609,212	100	574	100	690,401	100

EXHIBIT MT35

Description of Institution's Operation in MSA 1280

MSA 1280 (BUFFALO-NIAGARA FALLS, NY)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
ERIE	55	87.3	\$3,047,861	91.3	3,932	85.0	2,376	88.7
NIAGARA	8	12.7	\$290,519	8.7	696	15.0	302	11.3
MSA TOTAL	63	100	\$3,338,380	100	4,628	100	2,678	100

Performance Context

MSA 1280 (BUFFALO-NIAGARA FALLS, NY)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	89,675	7.5	31	10.7	61,749	19.5
MODERATE	195,085	16.4	56	19.3	57,385	18.2
MIDDLE	599,090	50.4	144	49.7	75,753	24.0
UPPER	305,438	25.7	59	20.3	120,813	38.3
MSA TOTAL	1,189,288	100	290	100	315,700	100

EXHIBIT MT36

Description of Institution's Operation in MSA 6840

MSA 6840 (ROCHESTER, NY)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
GENESEE	4	11.1	\$150,563	14.7	244	12.7	75	4.7
LIVINGSTON	1	2.8	\$18,279	1.8	66	3.4	37	2.3
MONROE	28	77.7	\$814,568	79.4	1,363	71.0	1,337	84.7
ONTARIO	1	2.8	\$1,580	0.2	56	2.9	56	3.6
ORLEANS	1	2.8	\$20,902	2.0	94	4.9	36	2.3
WAYNE	1	2.8	\$19,691	1.9	97	5.1	38	2.4
MSA TOTAL	36	100	\$1,025,583	100	1,920	100	1,579	100

Performance Context

MSA 6840 (ROCHESTER, NY)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	65,831	6.2	37	14.0	51,777	18.8
MODERATE	161,186	15.2	52	19.7	50,643	18.3
MIDDLE	601,776	56.6	131	49.6	68,880	24.9
UPPER	233,677	22.0	44	16.7	104,783	38.0
MSA TOTAL	1,062,470	100	264	100	276,083	100

EXHIBIT MT37

Description of Institution's Operation in MSA 0160

MSA 0160 (ALBANY-SCHENECTADY-TROY, NY)								
COUNTY	BRANCHE S	%	DEPOSITS	%	HMDA- RELATED LOANS	%	SMALL BUSINESS LOANS	%
ALBANY	1	100	\$0	0.0	492	28.1	46	44.3
MONTGOMERY								
RENSSELAER	0	0.0	\$0	0.0	342	19.5	12	11.5
SARATOGA	0	0.0	\$0	0.0	672	38.3	34	32.7
SCHENECTADY	0	0.0	\$0	0.0	248	14.1	12	11.5
MSA TOTAL	1	100	0	0.0	1,754	100	104	100

Performance Context

MSA 0160 (ALBANY-SCHENECTADY-TROY, NY)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	27,174	3.5	10	5.2	32,902	16.4
MODERATE	109,857	14.1	33	17.3	36,685	18.3
MIDDLE	446,509	57.4	107	56.0	51,140	25.6
UPPER	194,044	25.0	41	21.5	79,432	39.7
MSA TOTAL	777,584	100	191	100	200,159	100

EXHIBIT MT38

Description of Institution's Operation in MSA 8160

MSA 8160 (SYRACUSE, NY)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
ONONDAGA	1	0	--		232	71	62	95
CAYUGA	1	100	4, 000	1	92	29	3	5
MSA TOTAL	2	100	4,000	100	324	100	65	100

Performance Context

MSA 8160 (SYRACUSE, NY)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	46,013	8.3	19	11.7	24,847	17.7
MODERATE	74,075	13.4	25	15.3	24,936	17.8
MIDDLE	276,104	50.1	79	48.5	34,374	24.5
UPPER	155,094	28.1	40	24.5	56,175	40.0
MSA TOTAL	551,286	100	163	100	140,332	100

EXHIBIT MT39

Description of Institution's Operation in PMSA 5660

PMSA 5660 (NEWBURGH, NY-PA)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
ORANGE	11	100	\$232,707	100	470	100	211	100
MSA TOTAL	11		\$232,707	100	470	100	211	100

Performance Context

PMSA 5660 (NEWBURGH, NY-PA)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	13,853	4.5	3	4.5	13,763	17.7
MODERATE	44,234	14.4	12	17.9	13,538	17.4
MIDDLE	158,190	51.4	32	47.8	19,576	25.1
UPPER	91,370	29.7	20	29.8	31,018	39.8
MSA TOTAL	307,647	100	67	100	77,895	100

EXHIBIT MT40

Description of Institution's Operation in MSA 0960

MSA 0960 (BINGHAMTON, NY)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
BROOME	10	100	\$251,254	100	292	86.9	266	93.3
TIOGA	0	0.0	\$0	0.0	44	13.1	19	6.7
MSA TOTAL	10	100	\$251,254	100	336	100	285	100

Performance Context

MSA 0960 (BINGHAMTON, NY)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	5,590	2.1	6	8.8	12,636	18.2
MODERATE	46,741	17.7	15	22.1	13,453	19.3
MIDDLE	151,398	57.2	36	52.9	16,801	24.2
UPPER	60,768	23.0	11	16.2	26,663	38.3
MSA TOTAL	264,497	100	68	100	69,553	100

EXHIBIT MT41

**Description of Institution's Operation in
 Assessment Area 9**

ASSESSMENT AREA 9 (NON-MSA STEUBEN, CATTARAUGUS, ALLEGANY, WYOMING COUNTIES)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
STEUBEN	2	22.2	41	24	87	17	28	24.1
CATTAR- AUGUS	3	33.3	38	22.2	218	42.7	41	35.3
ALLEGANY	1	11.1	10	5.8	66	12.9	10	8.6
WYOMING	3	33.3	82	48	140	27.4	37	31.9
MSA TOTAL	9	100	171	100	511	100	116	100

Performance Context

ASSESSMENT AREA 9 (NON-MSA STEUBEN, CATTARAUGUS, ALLEGANY, WYOMING COUNTIES)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	204	.01	3	3.9	14, 282	20
MODERATE	29, 423	10.6	8	10.5	14, 814	20.8
MIDDLE	227,536	82.4	61	80.3	17, 831	25
UPPER	19, 136	6.9	4	5.3	24, 399	34.2
MSA TOTAL	276, 299	100	76	100	71, 326	100

EXHIBIT MT42

**Description of Institution's Operation in
 Assessment Area 10**

ASSESSMENT AREA 10 (NON-MSA TOMPKINS AND CORTLAND COUNTIES)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
TOMPKINS	6	75	191	84.1	224	73	108	88.5
CORTLAND	2	25	36	15.9	83	27	14	11.5
MSA TOTAL	8	100	227	100	307	100	122	100

Performance Context

ASSESSMENT AREA 10 (NON-MSA TOMPKINS AND CORTLAND COUNTIES)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	0	0	0	0	5,089	16.3
MODERATE	4,368	8.6	5	14.3	4,943	15.9
MIDDLE	28,432	56.1	19	54.3	6,694	21.5
UPPER	17,856	35.2	11	33.5	14,402	46.3
MSA TOTAL	50,656	100	35	100	31,128	100

EXHIBIT MT43

**Description of Institution's Operation in
 Assessment Area 11**

ASSESSMENT AREA 11 (NON-MSA ULSTER COUNTY)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
ULSTER	4	100	125	100	190	100	66	100
MSA TOTAL	4	100	125	100	190	100	66	100

Performance Context

ASSESSMENT AREA 11 (NON-MSA ULSTER COUNTY)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	0	0	0	0	5,149	12.2
MODERATE	4,819	2.9	2	4.2	5,852	13.8
MIDDLE	59,935	36.3	19	39.6	8,837	20.9
UPPER	100,550	60.8	27	56.3	22,536	53.2
MSA TOTAL	165,304	100	48	100	42,374	100

EXHIBIT MT44

Description of Institution's Operation in PMSA 2281

PMSA 2281 (DUTCHESS COUNTY)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
DUTCHESS	4	100	73	100	227	100	39	100
MSA TOTAL	4	100	73	100	227	100	39	100

Performance Context

PMSA 2281 (DUTCHESS COUNTY)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	14,208	5.5	6	8.8	10,924	16.7
MODERATE	31,002	11.9	10	14.7	12,515	19.2
MIDDLE	176,404	68	45	66.2	18,371	28.1
UPPER	37,848	14.6	7	10.3	23,528	36.0
MSA TOTAL	259,462	100	68	100	65,338	100

EXHIBIT MT45

**Description of Institution's Operation in
 MSA 3610**

MSA 3610 (JAMESTOWN, NY)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
CHAUT-AUQUA	4	100	105	100	1.76	100	65	100
MSA TOTAL	4	100	105	100	1.76	100	65	100

Performance Context

MSA 3610 (JAMESTOWN, NY)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	3,989	2.8	1	3	7,266	19.4
MODERATE	14,890	10.5	4	12.1	6,780	18.1
MIDDLE	111,567	78.6	25	75.8	8,865	23.7
UPPER	11,449	8.1	3	9.1	14,538	38.8
MSA TOTAL	141,895	100	33	100	37,449	100

EXHIBIT MT46

**Description of Institution's Operation in
 MSA 2335**

MSA 2335 (ELMIRA, NY)								
COUNTY	BRANCHES	%	DEPOSITS	%	HMDA-RELATED LOANS	%	SMALL BUSINESS LOANS	%
CHEMUNG	1	100	2	100	36	100	9	100
MSA TOTAL	1	100	2	100	36	100	9	100

Performance Context

MSA 2335 (ELMIRA, NY)						
	POPULATION IN INCOME TRACTS		CENSUS TRACTS BY INCOME		FAMILIES BY INCOME LEVELS	
	#	%	#	%	#	%
LOW	4,224	4.4	2	8.7	4669	18.8
MODERATE	12,072	12.7	4	17.4	4,686	18.8
MIDDLE	58,743	61.7	14	60.9	5,837	23.4
UPPER	20,156	21.2	3	13	9,703	39.0
MSA TOTAL	95,195	100	23	100	24,895	100