



LIMITED PURPOSE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 18, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

M & T Bank, N.A.
Charter Number: 22859

48 Main St.
Oakfield, New York 14125

Office of the Comptroller of the Currency
Upstate New York (Syracuse)
231 Salina Meadows Parkway, Suite 105
Syracuse, New York 13212

NOTE: This document is an evaluation of this 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. 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.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

Assessment Area (AA): A geographic area that consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

Benefit to Assessment Area: A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity has the potential to benefit the assessment area and is located in the broader statewide or regional area that includes the bank's assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

Census Tract (CT): Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

Community Development (CD): Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development.

Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

Limited Purpose Institution: An institution that offers only a narrow product line (such as credit cards or automobile loans) to a regional or broader market and for which a designation as limited purpose bank is in effect.

Median Family Income (MFI): The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

- **Low-Income** – An income level that is less than 50% of the MFI.
- **Moderate-Income** – An income level that is at least 50% and less than 80% of the MFI.
- **Middle-Income** – An income level that is at least 80% and less than 120% of the MFI.
- **Upper-Income** – An income level that is 120% or more of the MFI.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Net Operating Income: As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments.

Pass-Through Receivables: Outstanding receivables tied to all accounts issued or owned by the bank. Pass-through receivables include receivables attributable and receivables retained on balance sheet as those terms are used in 12 CFR 8.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Total Assets: Total bank assets as listed in the Consolidated Report of Condition and Income.

Total Income: From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.

INSTITUTION'S CRA RATING:

This institution is rated: Satisfactory.

The conclusions for the three rating criteria are:

- The bank demonstrated a high level of community development lending, qualified investment activity and community development services.
- The bank demonstrated occasional use of innovative or complex qualified investments, community development loans, or community development services.
- The bank demonstrated an excellent responsiveness to credit and community development needs in its assessment area (AA).

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed community development activities from May 30, 2006, through May 17, 2009, representing the time period between the beginning of the last examination and the current examination. We reviewed the level and nature of qualified investments, community development lending, and community development services. At the bank's request, we considered qualified investments, community development lending, and community development services provided by its affiliate, Manufacturers and Traders Trust Company (M&T Bank). M&T Bank provided all the investments, loans and services contained in this evaluation. At the prior examination dated May 30, 2006, we rated the bank Satisfactory.

Description of Institution

M&T Bank, National Association (M&TBNA) began operations on October 2, 1995. M&TBNA is a wholly owned subsidiary of M&T Bank Corporation, a \$65 billion bank holding company headquartered in Buffalo, NY. M&T Bank Corporation's principal asset is its banking subsidiary, M&T Bank, a bank currently chartered to operate in seven states, New York, Pennsylvania, Delaware, West Virginia, Virginia, Maryland, New Jersey, and the District of Columbia.

M&TBNA had total assets of \$938 million as of December 31, 2008, and total deposits of \$475 million as of June 30, 2008. The bank ranked first for deposit market share in its CRA assessment area with a 42.70% market share. M&TBNA has one office open to the general public located at 48 Main St., Oakfield, NY. M&TBNA offers certificates of deposit, individual retirement accounts, and money market savings accounts via the Internet. M&TBNA has a market share over three times greater than the bank ranking second in the AA. This is due to M&TBNA's marketing of deposit products nationwide via the Internet. The bank also purchases residential mortgage loans from its affiliate, M&T Bank. M&TBNA was approved for limited purpose CRA status effective February 12, 1996. There are no legal impediments or restrictions that preclude the bank from meeting the community development needs of the area.

Table 1: Financial Information (000s)

	Year-end 2006	Year-end 2007	Year-end 2008	Most Recent Quarter-end 3/31/2009	Average for Evaluation Period
Tier 1 Capital	93,024	79,627	81,017	139,628	98,324
Total Income	40,541	25,811	28,480	42,396**	34,307
Net Operating Income	12,048	9,560	2,250	(9,052)**	3,702
Total Assets	510,074	375,737	938,740	994,232	704,696
Pass-Through Receivables	200,480	174,099	447,803	850,487	334,574

Source: Consolidated Report of Condition and Income and bank reported data. **Annualized data reported.

Description of Assessment Area (AA)

The bank's AA consists of Genesee County NY, where its only office is located. The population of the Genesee County AA is 60,370 per the 2000 census. The 2009 median family income is \$52,700. Nearly 8% of the households in the AA have income below the poverty level. Genesee County is a largely rural area. The largest industries in the county are agriculture, tourism, service, health care and education. The largest employer is Darien Lake Theme Park Resort which has seasonal employment of more than 2,000. Genesee County itself is the second largest employer in the county. The May 2009 unemployment rate was 7.0% for the county compared to an 8.2% rate for the New York State and a US rate of 9.1%. The unemployment rate increased significantly in the county since the last evaluation, at which time the unemployment rate was 5.0%.

Table 2: Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tracts*	15	0	6.67%	53.33%	40.00%
Families*	15,905	12.22%	18.06%	22.68%	47.04%
Businesses**	3,984	0	6.98%	55.45%	37.59%

Source: *2000 U.S. Census ** 2008 Dun & Bradstreet Business Survey.

We made two community contacts in conjunction with this examination. One contact was with a community organization that provides affordable housing services to people with low and moderate income in a four county area in Western New York, which includes the bank's AA. The contact advised us of the growing demand for affordable housing, while at the same time seeing a decrease in the resources available to service the demand. The other was with an organization involved in economic development activity in the AA. The organization advised us of the continuing need for economic development financing in the AA, particularly gap financing for projects. The contact found local financial institutions, including M&T Bank, to be generally supportive of these projects.

Conclusions about Performance

Summary

Level of Activity

The level of activity is excellent considering the opportunity for community development (CD) activities in the AA and by comparison to the previous CRA evaluation activity levels. The overall ratio of CD investments and loans to average tier I capital, average total income, and average pass through receivables improved significantly compared to the bank's last CRA evaluation. The bank also provided more CD services for this evaluation than the last evaluation.

Innovative or Complex Activities

The bank demonstrated occasional use of innovative or complex qualified investments, community development loans or community development services. The five CD loans required routine credit analysis to assess the repayment capacity of established bank customers. The primary investment was a low-income housing tax credit, which requires a fair amount of analysis and documentation. The CD services were not complex or innovative in nature.

Responsiveness to Identified Community Development Needs

The bank demonstrated excellent responsiveness to credit and community development needs in the AA. As noted earlier, small business financing and affordable housing financing continue to be very important in the AA. All five of the CD loans supported small businesses that are creating and retaining jobs in an area targeted for economic development by New York State. M&TBNA had one non grant investment in a low income housing development, which represented nearly all of the bank's investment activity for the evaluation period. The CD services involved activities that support affordable housing for people with low and moderate-income, small businesses that are creating, retaining or improving employment in areas targeted for development by New York State or for people with low and moderate income, and improving financial literacy for people of low and moderate-income.

Qualified Investments

Table 3: Qualified Investment Activity (000s)

	Benefits AA
Originated Investments	\$5,354
Originated Grants	\$31
Prior-Period Investments that Remain Outstanding	\$0
Total Qualified Investments	\$5,385
Unfunded Commitments*	\$0

* "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

Table 4: Qualified Investment Percentages

	Benefit AA (%)
Total Investments/Average Tier 1 Capital	5.48
Total Investments/Average Total Income	15.70
Total Investments/Average Pass-Through Receivables	1.61

M&TBNA provided an excellent level of qualified investments during the evaluation period. Investment activity as a percentage of average Tier 1 Capital, average total income and average pass through receivables improved significantly compared to the bank's last CRA evaluation. M&TBNA's affiliate, M&T Bank, invested in a 99.99% limited partner equity interest in a low income housing tax credit, which is financing the building of a 42 unit housing apartment facility for the area's mentally ill and disabled population. All of the residents will have low or moderate income. The bank's involvement is especially important in the current market, as many developers have had difficulty finding investors for low income housing credits. The \$5.354 million investment was closed on December 19, 2008, with an initial draw of \$982,000 to begin the project on March 30, 2009.

Community Development Lending

Table 5b: Community Development Lending Percentages

	Benefits AA (%)
Total CD Lending/Average Tier 1 Capital	10.44
Total CD Lending/Average Total Income	29.93
Total CD Lending/ Average Pass-Through Receivables	3.07

M&TBNA provided an excellent level of CD loans during the evaluation period. Although CD loans decreased somewhat as a percentage of average Tier 1 Capital and pass through receivables compared to the bank's last CRA evaluation, the level of activity is still considered high. CD loan activity increased somewhat as a percentage average total income compared to the last evaluation. The bank was given credit for five loans for \$10.268 million made by its affiliate. Of the total, \$10.250 million involved lending to small size businesses that are creating and retaining jobs in areas targeted for development/redevelopment by New York State. The other loan for \$18 thousand was to an organization which provides community services targeted to people with low and moderate-income.

Community Development Services

Table 7: Community Development Service Activities

CD Service	Benefits AA	Outside AA
Three bank employees have ongoing involvement with an organization that provides financial literacy education to people with low and moderate-income. Topics covered include homebuyer education, basic banking, and small business finance.	X	X
Two bank employees serve on advisory boards of an organization that provides affordable housing services in the AA and other areas close to the AA.	X	X
The bank provided technical assistance for two affordable housing project applications made to the Federal Home Loan Bank of New York, located in the AA.	X	
Bank employees provide administrative services to process applications for the Federal Home Loan Bank – First Home Club Program. The Program assists people of low and moderate-income in the purchase of their first home and specifically assisted five families in the AA.	X	
A bank employee is a voting member of a micro enterprise loan committee that serves the AA.	X	
A bank employee serves on a finance committee of the Batavia Business Improvement District. Batavia is the largest municipality in the AA. The downtown business district includes the only moderate-income census tract in the AA.	X	

X means yes; Blank means No

Management submitted the above services of its affiliate for consideration at this examination. The amount of activities is greater than was provided for at the last examination. The services meet important community needs for people of low and moderate income and small businesses. The services cover the activities of four bank employees who are members of advisory boards, loan committees, or finance committees of three organizations. One organization is involved in affordable housing, one supports micro enterprises, and one supports the revitalization and stabilization of the AA's moderate-income census tract. Other employees are involved in providing financial literacy education to people of low and moderate-income, and technical assistance for affordable housing applications.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.