



Comptroller of the Currency
Administrator of National Banks

Public Disclosure

September 30, 1997

Community Reinvestment Act Performance Evaluation

**M&T Bank N.A.
22859**

**48 Main Street
Oakfield, NY 14215**

**Office of the Comptroller of the Currency
100 Elwood Davis Road
North Syracuse, NY 13212**

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.

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 **M&T Bank, N.A.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of September 30, 1997. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution is rated **Satisfactory**.

The OCC examined M&T Bank, N.A. using the revised CRA regulation's Community Development Test, which assesses the bank's record of helping to meet community credit needs through its community development lending, qualified investments, and community development services. This evaluation covers the period from October 1995 through September 1997. This CRA evaluation is the first review of performance since the bank was chartered.

We rated the bank based on the following factors:

- ◆ M&T Bank, N.A. provided an good level of qualified community development loans, investments, and services from its affiliate bank, M&T Bank. However, these activities were generally products and services offered in the normal course of business.
- ◆ The bank provided \$3.5 million in community development loans.
- ◆ Qualified community development investments totaled \$520 thousand.
- ◆ The bank provided \$35 thousand in qualified grants.
- ◆ Community development services were provided to four groups in the assessment area.

Description of Institution

M&T Bank, National Association (M&T Bank, N.A.) began operations on October 2, 1995. M&T Bank, N.A. is a wholly owned subsidiary of First Empire State Corporation, a bank holding company headquartered in Buffalo, New York. First Empire State Corporation's principal asset

is its banking subsidiary, Manufacturers and Traders Trust Company (M&T Bank), a New York State chartered bank.

M&T Bank, N.A. had total assets of \$733 million and total deposits of \$548 million as of September 30, 1997. The bank has one office open to the general public located at 48 Main Street, Oakfield, New York. M&T Bank, N. A.'s product set consists of credit cards, home equity lines of credit (outside of NY State only), insurance products, and certificates of deposit.

M&T Bank, N. A. originates credit card accounts in several states and sells the accounts to its affiliate, M&T Bank. The bank markets its card products mainly in New York State and in Ohio, Pennsylvania, Connecticut, Massachusetts, Oregon, and Washington. The bank has several cobranded or affinity relationships with large companies where the credit card bears the name of the company. The bank markets its credit card offerings both through its affiliate M&T Bank and direct mail. The direct mail approach is utilized exclusively for those areas outside of its affiliate's market.

The bank recently began offering several insurance products through M&T Insurance Services, a department of the bank. The insurance product offerings include a wide range of life insurance products, disability insurance, and long term care insurance.

The deposit products offered by the bank include renewable time deposit accounts, jumbo certificates of deposit (CD), and individual retirement accounts. The deposits are gathered through national retail and brokered CD programs. The bank's deposit rates are published in financial publications throughout the nation. Approximately 80% of the bank's deposits come from outside of New York State.

The bank elected to use several community development investments made by its affiliate, M&T Bank, to meet its obligations under the CRA. M&T Bank, N.A.'s assessment area is a smaller area which is totally contained within the assessment area of the affiliate bank. All of the investments and loans contained in this evaluation were made by the affiliate for which M&T Bank, N.A. will receive credit for its CRA performance. The affiliate will not count these investment and loans toward its own CRA performance.

Description of the Bank's Assessment Area (AA)

M&T Bank, N.A.'s assessment area comprises Genesee and Monroe Counties located within the Rochester, NY MSA (6840) in New York State. The assessment area is reasonable, conforms to the regulation, and does not exclude any low- or moderate-income (LMI) neighborhoods. The counties are also within the affiliate bank's larger assessment area.

The following table provides 1990 U.S. Census Bureau information on the income and housing composition of the census tracts located within the AA. The table shows 34% of the census tracts are designated LMI, while 24% of the households are designated LMI.

Tract Income Level	# Tracts	% Tracts	# House- holds	% House- hold	# Rental Homes	% Rental Homes
Low	32	16%	23,497	8%	18,526	17%
Moderate	35	18%	39,060	16%	22,192	21%
Middle	87	44%	150,664	49%	50,871	47%
Upper	41	21%	80,484	27%	15,761	15%
NA	4	2%	33	0%	49	0%
Total	199	100%	293,738	99%	107,399	100%

The population of the AA is 774 thousand. The population of the low-income tracts is 63 thousand, or 8%, of the total population. The population of the moderate-income tracts is 99 thousand, or 13%, of the total population.

The service industry is the largest employer in the AA with 153 thousand employees as of December 31, 1995. Employment in this industry sector has grown by 10% since 1992. The manufacturing industry represents the second largest employer with 128 thousand employees as of December 31, 1995. Manufacturing employment decreased by 4% since 1992.

Eastman Kodak, a large manufacturer of photographic products, is the largest employer in Monroe County. Monroe County also has several other large manufacturers/employers such as Xerox, ITT, Bausch and Lomb and General Motors. The largest employer in Genesee County is Genesee County itself.

The credit needs of the assessment area are purchase/rehab and home improvement loans for the older housing in the community. There is also a need for flexible loan products with lower downpayments. Small businesses are in the need of working capital and remodeling loans. Credit needs of the assessment area were determined through outside community contacts by the federal regulators.

Conclusions with Respect to Performance

This CRA evaluation reviewed performance from October 1995 through September 1997. We reviewed bank reports to ensure accuracy. Overall the level of community development activity is considered good. However, the activities were generally the type of transaction that would be done in the normal course of banking. Where the activity was considered complex, flexible, or innovative, it was so noted. Wherever bank is referred to, it means both the M&T Bank, N.A. and its affiliate, M&T Bank.

Community Development Loans

Alternatives for Battered Women - This group targets LMI women and children to help during a crisis period in their lives. The bank lent \$100 thousand for short term working capital needs, to help the group while it awaited its government funding.

LeRoy Village Green Residential Health Care Facility, Inc., St. John's Health Care Corporation, and Westgate Nursing Home, Inc. - These health care facilities primarily service LMI senior citizens. The \$1.6 million lines of credit were for working capital to fund the gap between government aid payments and the necessary outflows to run the nursing facilities.

Tempo Development Co., Inc. - The bank was approached by the Greater Rochester Housing Partnership to help finance housing for the city's Adopt-A-Cop initiative. The program offers affordable housing to police officers who agree to live in LMI neighborhoods for five years. This innovative program is designed to help stabilize targeted LMI communities. The bank and the Greater Rochester Housing Partnership are each providing 50% of the construction funding. Thus far, the bank has lent \$33,500.

Volunteers of America of Western New York, Inc. - The agency provides social services for LMI individuals. Some of the services provided are mental health care, adult day care, home health services, emergency response, and rehabilitation programs. The bank lent \$1.75 million to acquire and rehabilitate property for the agency's use and a bridge loan to fund the gap between government aid and payment of the services.

Community Development Investments

Bethesda Church of God in Christ First - The bank made a \$50 thousand investment in Mortgage Serial Sinking Bond Fund in April, 1997. The investment proceeds were used to convert existing church facilities into a child development center. The child development center, which is located in a low-income census tract, targets its enrollment at disadvantaged and at-risk families. The Center is seeking HUD funding to assist economically disadvantaged families that cannot afford regular child care rates. The child care center is also providing up to forty-two permanent jobs, ranging from entry level to management positions.

Progressive Neighborhood Federal Credit Union - The bank made a \$100 thousand below market rate deposit at the Rochester, NY based credit union. The credit union is located in a low-income area and targets its financial services to LMI individuals.

New York State Housing Finance Agency Revenue Bonds - The proceeds of this \$250 thousand of bonds were used for affordable housing projects throughout New York State, including the Keeler Park Project in Rochester, NY. Keeler Park contains 526 apartments with 2,352 rental rooms in two 16 story buildings.

State of New York Mortgage Revenue Bonds (SONYMA) - This \$120 thousand investment financed loans for affordable housing to LMI households.

Community Development Grants

The bank provided \$35 thousand in community development grants and donations in the assessment area. All grants were made to organizations whose programs and services benefit LMI individuals and families, and small businesses. Some local organizations include Bishop Sheen Ecumenical Housing Foundation, Inc., Frederick Douglass Corporation, Housing Opportunities, Inc., Rural Opportunities, Inc., United Neighborhood Centers of Greater Rochester, Inc., and Wilson Commencement Park. The bank has also contributed to statewide funds, Neighborhood Preservation Coalition and New York State Rural Housing Coalition, which aid the assessment area.

Community Development Services

The bank provides complex services for the City of Batavia Loan Program/Jackson Street Residential Rehabilitation Program. For this program, the bank was involved in developing the program to meet the requirements of its Federal funding source. Once the program was developed, the bank began processing the loans from application through funding and servicing. The bank processing is done at no cost to the City of Batavia.

Senior management provides guidance to a number of community development organizations by participating on boards of directors, finance committees, and loan committees. The organization that the bank helps are Ibero American Investors Corporation (a small business investment corporation licensed by the SBA), The Greater Rochester Housing Partnership, Inc., and Volunteers of America of Western New York, Inc.

Compliance with the Antidiscrimination Laws

No violations of fair lending laws or regulations were identified at the concurrent fair lending examination.

Scope of Examination

Time period reviewed	10/2/95-9/30/97		
Financial Institution M&T Bank N.A. Oakfield, NY			Products Reviewed Not Applicable
Affiliate(s)	Affiliate Relationship		Products Reviewed
M&T Bank Buffalo, NY	Holding Company Subsidiary		Qualified Investments and Community Development Loans and Services
First Empire State Corporation Buffalo, NY	Holding Company		None
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Branches Visited	Other Information
Monroe and Genesee County which are part of the Rochester, NY MSA 6840	on-site		