

FEDERAL RESERVE SYSTEM

M&T Bank Corporation
Buffalo, New York

Order Approving the Acquisition of a Bank Holding Company, Merger of Banks, and Establishment of Branches

M&T Bank Corporation (“M&T”), a bank holding company within the meaning of the Bank Holding Company Act (“BHC Act”), has requested the Board’s approval under section 3 of the BHC Act (12 U.S.C. § 1842) to merge with Allfirst Financial Inc. (“Allfirst”) and thereby acquire Allfirst’s subsidiary banks, including its lead subsidiary bank, Allfirst Bank, both in Baltimore, Maryland.¹ In addition, M&T has requested the Board’s approval under section 4(c)(8) and (j) of the BHC Act (12 U.S.C. § 1843(c)(8) and (j)) and section 225.24 of the Board’s Regulation Y (12 C.F.R. 225.24) to acquire the nonbanking subsidiaries of Allfirst.² M&T also has filed notice under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)) and subpart A of the Board’s Regulation K (12 CFR 211, subpart A) to acquire certain foreign investments controlled by Allfirst.

M&T’s lead bank, Manufacturers and Traders Trust Company, also in Buffalo (“Trust Company”), a state member bank, has applied under section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. § 1828(c))

¹ Allfirst’s other subsidiary bank is Allfirst Financial Center, N.A., Millsboro, Delaware (“Allfirst Delaware”). M&T would acquire Allfirst from Allied Irish Banks, p.l.c., Dublin, Ireland (“Allied Irish”), in exchange for shares of M&T and other consideration. Allied Irish has filed a related application to acquire the shares of M&T. By order dated today, the Board has approved the Allied Irish proposal. Allied Irish Banks, p.l.c. (Order dated March 11, 2003).

² The nonbanking subsidiaries are listed in Appendix A.

(the “Bank Merger Act”) to merge with Allfirst Bank, with Trust Company as the surviving institution. In addition, Trust Company proposes to retain and operate branches at the locations of the main office and branches of Allfirst Bank,³ including Allfirst Bank’s foreign branch in George Town, Cayman Islands.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in accordance with the BHC Act, the Bank Merger Act, and the Board’s Rules of Procedure (12 C.F.R. 262.3(b)) in the Federal Register (67 Federal Register 69,223 (2002)) and locally. As required by the Bank Merger Act, reports on the competitive effects of the merger were requested from the United States Attorney General, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency. The time for filing comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in sections 3 and 4 of the BHC Act, the Bank Merger Act, and the statutory provisions that govern the retention and operation of interstate branches.

M&T, with total consolidated assets of \$34.1 billion, is the 33rd largest commercial banking organization in the United States, controlling less than 1 percent of the total assets of insured commercial banks in the United States (“total banking assets”).⁴ M&T operates banks in Maryland, New York, Pennsylvania, and West Virginia. M&T is the sixth largest banking organization in New York, controlling deposits of \$15.7 billion, representing approximately 3 percent of total deposits in

³ See 12 U.S.C §§ 321, 601, and 1831u. The branches are listed in Appendix B.

⁴ Asset data are as of September 30, 2002.

depository institutions in the state (“state deposits”).⁵ M&T is the sixth largest banking organization in Pennsylvania, controlling deposits of \$4.5 billion, representing approximately 2.4 percent of state deposits, and the seventeenth largest banking organization in Maryland, controlling deposits of \$470 million, representing less than 1 percent of state deposits.

Allfirst, with total consolidated assets of \$18.3 billion, is the 46th largest commercial banking organization in the United States, controlling less than 1 percent of total banking assets. The banks owned by Allfirst operate in Delaware, the District of Columbia, Maryland, Pennsylvania, and Virginia. Allfirst is the second largest banking organization in Maryland, controlling deposits of \$7.5 billion, representing approximately 10.6 percent of state deposits, and the eighth largest banking organization in Pennsylvania, controlling deposits of \$3.6 billion, representing approximately 1.9 percent of state deposits.

After consummation of the proposal, M&T would become the 22nd largest commercial banking organization in the United States, with total consolidated assets of \$52.4 billion, representing less than 1 percent of total banking assets. M&T would remain the sixth largest banking organization in Pennsylvania, controlling deposits of \$8.1 billion, representing approximately 4.3 percent of state deposits, and the second largest banking organization in Maryland, controlling deposits of approximately \$8 billion, representing approximately 11.3 percent of state deposits.⁶

⁵ Unless otherwise noted, depository institutions include commercial banks, savings banks, and savings associations. Deposit data are as of June 30, 2002.

⁶ M&T does not currently control deposits in Delaware, the District of Columbia, or Virginia, so the percentage of deposits in those states would not increase on consummation of this proposal.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company if certain conditions are met. The Board may not approve a proposal subject to section 3(d) if, after consummation, the applicant would control more than 10 percent of the total deposits of insured depository institutions in the United States.⁷ In addition, the Board may not approve a proposal if, after consummation of the proposal, the applicant would control 30 percent or more of the total deposits of insured depository institutions in any state in which both the applicant and the organization to be acquired operate an insured depository institution, or such higher or lower percentage as established by state law.⁸

For purposes of the BHC Act, the home state of M&T is New York, the home state of Allfirst is Maryland, and Allfirst's subsidiary banks are located in Delaware, the District of Columbia, Maryland, Pennsylvania, and Virginia.⁹ On consummation of the proposal, M&T would control less than 1 percent of the total deposits of insured depository institutions in

⁷ 12 U.S.C. § 1842(d)(2)(A). Insured depository institutions include all insured banks, savings banks, and savings associations.

⁸ 12 U.S.C. § 1842(d)(2)(B)-(D).

⁹ A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of the company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C). For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered, headquartered, or operates a branch.

the United States.¹⁰ M&T would control less than 30 percent of total deposits held by insured depository institutions in Maryland or Pennsylvania, the only states in which both M&T and Allfirst operate banks.¹¹

All other requirements of section 3(d) of the BHC Act are met. M&T is adequately capitalized and adequately managed, as defined by applicable law. In addition, Allfirst's subsidiary banks have been in existence for the minimum age requirements established by applicable state law.¹² Based on a review of all the facts of record, including a review of relevant state statutes, the Board finds that all conditions for an interstate acquisition enumerated in section 3(d) are met in this case. In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Factors

The Bank Merger Act and section 3 of the BHC Act prohibit the Board from approving a proposal that would result in a monopoly or be in furtherance of a monopoly.¹³ The acts also prohibit the Board from

¹⁰ Data are as of June 30, 2002.

¹¹ Maryland's deposit cap is the same as that set forth in section 3(d)(2)(B) of the BHC Act. See Md. Code Ann., Fin. Inst. § 5-906(b) (Michie 2001) (30 percent). Pennsylvania does not have a deposit cap applicable to the proposal.

¹² Pursuant to 12 U.S.C. § 1842(d)(1)(B)(ii), the applicable age requirement for the District of Columbia is five years. See D.C. Code Ann. § 26-706.01(a). Delaware, Maryland, Pennsylvania and Virginia do not have minimum age requirements applicable to the proposal. The Board also has taken into account M&T's record of compliance with applicable state community reinvestment laws.

¹³ 12 U.S.C. §§ 1828(c)(5)(A) and 1842(c)(1)(A).

approving a proposal that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal in that banking market are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.¹⁴

M&T and Allfirst compete directly in seven banking markets.¹⁵ The Board has reviewed carefully the competitive effects of the proposal in each of these banking markets in light of all the facts of record, including the number of competitors that would remain in the markets, the relative share of total deposits in depository institutions controlled by M&T and Allfirst in the markets (“market deposits”),¹⁶ the concentration level of market deposits and the increase in this level as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Merger Guidelines (“DOJ Guidelines”),¹⁷ and other characteristics of the markets.

¹⁴ See 12 U.S.C. §§ 1828(c)(5)(B) and 1842(c)(1)(B).

¹⁵ The markets are described in Appendix C. The proposal’s effects on the concentration of banking resources in them are discussed in Appendix D.

¹⁶ Deposit and market share data are based on annual branch reports filed as of June 30, 2002, and on calculations in which the deposits of thrift institutions are included at 50 percent. The Board has previously indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the calculation of market share on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

¹⁷ Under the DOJ Guidelines, 49 Federal Register 26,823 (1984), a market is considered unconcentrated if the post merger HHI is under 1000, and moderately concentrated if the post merger HHI is between 1000 and 1800.

Consummation of the proposal would be consistent with Board precedent and the DOJ Guidelines in all relevant banking markets. After consummation of the proposal, one market would remain unconcentrated and six markets would remain moderately concentrated as measured by the HHI. The Department of Justice has reviewed the proposal and advised the Board that its consummation would not likely have a significantly adverse effect on competition in any relevant banking market. In addition, no banking agency has indicated that the proposal raises competitive issues. Based on these and all the facts of record, the Board concludes that consummation of the proposal is not likely to result in any significantly adverse effects on competition or on the concentration of banking resources in the banking markets noted above or in any other relevant banking market.

Financial, Managerial, and Other Supervisory Factors

The Bank Merger Act and section 3 of the BHC Act also require that the Board consider the financial and managerial resources and future prospects of the organizations involved in a proposal as well as certain other supervisory factors under the BHC Act.¹⁸ The Board has considered carefully the financial and managerial resources and future prospects of M&T, Allfirst, and their respective subsidiary banks and other supervisory factors in light of all the facts of record, including comments

The Department of Justice has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The Department has stated that the higher than normal HHI thresholds for screening bank mergers for anticompetitive effects implicitly recognize the competitive effects of limited-purpose lenders and other nondepository financial institutions.

¹⁸ 12 U.S.C. §§ 1828(c)(5) and 1842(c).

received on the proposal, reports of examination and other confidential supervisory information assessing the financial and managerial resources of the organizations, and information provided by M&T and Allfirst. Based on all the facts of record, the Board concludes that considerations relating to the financial and managerial resources and future prospects of the organizations involved are consistent with approval, as are the other supervisory factors that the Board must consider under section 3 of the BHC Act.

Convenience and Needs Factor

In acting on proposals under the Bank Merger Act and section 3 of the BHC Act, the Board is required to consider the effect of the proposal on the convenience and needs of the communities to be served.¹⁹ The Community Reinvestment Act (12 U.S.C. § 2901 *et seq.*) (“CRA”) requires that each insured depository institution be assessed on its record of meeting the credit needs of its entire community, including low- and moderate-income (“LMI”) neighborhoods, consistent with safe and sound operation of the institution. The CRA requires the Board, in evaluating proposals under the Bank Merger Act and section 3 of the BHC Act, to take into account the CRA performance records of the insured depository institutions involved.²⁰ The Board has carefully considered the convenience and needs factor and the CRA performance records of each subsidiary bank of M&T and Allfirst in light of all the facts of record, including public comments on the proposal.

A. Summary of Public Comments

Two commenters submitted letters about the proposal. One commenter contended, based on data submitted under the Home Mortgage

¹⁹ 12 U.S.C. §§ 1828(c)(5) and 1842(c)(2).

²⁰ 12 U.S.C. §§ 2903(a)(2) and 2902(4).

Disclosure Act (12 U.S.C. § 2801 et seq.) (“HMDA”), that M&T engaged in disparate treatment of minority individuals in home mortgage lending, and that M&T denied loan applications from minorities more frequently than it denied applications from nonminorities. The other commenter asserted that M&T’s branch distribution in the New York Consolidated Metropolitan Statistical Area (“CMSA”) was inadequate, and that although 30 percent of the tracts in the assessment area were LMI tracts, only 14 percent of M&T’s branches were in LMI tracts. That commenter also expressed concern about M&T’s commitment to retaining branches in New York City’s LMI neighborhoods.

B. CRA Performance Examinations

An institution’s most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed evaluation of the institution’s overall record of performance under the CRA by its appropriate federal supervisor.²¹ Both of M&T’s subsidiary banks received ratings of “satisfactory” or better in the most recent examinations of their CRA performance. Trust Company, which accounts for approximately 98 percent of the total consolidated assets of M&T, received an “outstanding” rating from the Federal Reserve Bank of New York, as of June 2002 (“2002 Evaluation”). Trust Company also received an “outstanding” rating from the New York State Banking Department, as of April 2000. M&T Bank, National Association, Oakfield, New York, received a “satisfactory” rating from the Office of the Comptroller of the Currency, as of January 2000.

²¹ See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 and 36,639 (2001).

Allfirst Bank received a “satisfactory” rating from the Federal Reserve Bank of Richmond, as of January 2001 (“2001 Evaluation”).²² M&T has stated that it intends to retain Allfirst Bank’s CRA program and structure after consummation of the proposal to assist M&T in ascertaining the needs of the communities served by Allfirst.

C. CRA Performance of Trust Company

Overview: In the 2002 Evaluation,²³ Trust Company received “outstanding” ratings under the lending, investment, and service performance tests.²⁴ Examiners characterized the level of Trust Company’s responsiveness to retail credit needs in its assessment areas as excellent. Trust Company and its affiliates originated and purchased more than \$4.3 billion of HMDA-reportable loans during the review period. Examiners concluded that Trust Company’s lending was good in terms of overall geographic distribution and distribution to borrowers of different income levels.

Examiners stated that Trust Company offered a number of innovative and flexible lending products to increase lending in LMI geographies and to LMI borrowers, including Federal Housing

²² Allfirst Delaware does not grant credit to the public in the ordinary course of business, and it is treated as a special purpose bank that is not subject to evaluation under the CRA. See 12 C.F.R. 25.11(b)(3).

²³ The 2002 Evaluation covered a review period of January 1, 2000, through December 31, 2001.

²⁴ Trust Company elected to have the Federal Reserve Bank of New York (“FRBNY”) consider the lending activity in its assessment areas by certain Trust Company subsidiaries and affiliates, including M&T Mortgage Corporation and M&T Real Estate, Inc., both in Buffalo, New York, and subsidiaries of Trust Company, and M&T Bank, National Association, a direct subsidiary of M&T.

Administration (“FHA”) mortgages, which were offered throughout Trust Company’s assessment areas. During the review period, Trust Company made 674 mortgage loans totaling \$40 million through a program that featured below-market interest rates, reduced down-payment requirements, and other favorable terms.

Trust Company made more than 19,800 small business loans during the review period, totaling more than \$2.5 billion.²⁵ Examiners noted that Trust Company had a good distribution of loans to businesses of different sizes throughout its assessment areas.

Examiners characterized Trust Company’s community development lending performance as excellent. During the evaluation period, Trust Company extended qualified community development loan commitments totaling \$294 million and issued \$35 million in letters of credit for affordable housing and other community development purposes. Examiners concluded that Trust Company’s \$92 million in loan commitments to LMI healthcare facility projects for the elderly indicated a high level of responsiveness to community credit needs in light of the large elderly population in many of Trust Company’s assessment areas.

Examiners stated that Trust Company’s community development investments exhibited excellent responsiveness to the most urgent credit and community development needs in its assessment areas. Trust Company’s qualified investments totaled \$56 million, including investments of \$40 million during the evaluation period. Examiners reported that \$7 million in investments were for revitalizing inner cities, which examiners described as a critical need in Trust Company’s assessment

²⁵ For purposes of this analysis, small business loans are business loans with an original amount of \$1 million or less.

areas in upstate New York. Examiners also noted grants totaling \$1.1 million to a school in an LMI area, which examiners considered to be a nonroutine investment.

Examiners concluded that Trust Company's branches were readily accessible to all portions of its assessment areas.²⁶ Examiners stated that Trust Company also enhanced distribution of banking services through ATMs, on-line banking, telephone banking, and other alternative delivery systems. They further noted that Trust Company offered Lifeline Checking Accounts, an electronic benefits transfer program, low-fee checking accounts for nonprofit organizations, and other products designed to directly or indirectly assist LMI individuals.

Examiners described Trust Company as a leader in providing community development services. During the review period, Trust Company employees participated in more than 400 workshops, seminars, and conferences throughout its assessment areas and provided technical assistance to more than 100 organizations that addressed the needs of LMI individuals and communities. Trust Company also participated in the

²⁶ One commenter referred to portions of the previous CRA evaluation of Trust Company, as of June 2000 ("2000 Evaluation"), which assessed Trust Company's branch distribution as weak in service to LMI census tracts in the New York-Northern New Jersey-Long Island-Connecticut Consolidated Metropolitan Statistical Area ("New York CMSA"). The 2002 Evaluation rated Trust Company as "outstanding" for its performance under the service test in the New York CMSA. The 2002 Evaluation noted that an increased percentage of Trust Company's branches in the New York CMSA were in LMI census tracts compared with 2000, and that a number of branches were contiguous to LMI census tracts in the New York CMSA. Examiners also reported in the 2002 Evaluation that Trust Company's alternative delivery systems enhanced its distribution of banking services in the New York CMSA.

Federal Home Loan Bank Affordable Housing Program by sponsoring 24 grant applications to construct and rehabilitate housing for LMI individuals.

New York. In the 2002 Evaluation, Trust Company received an "outstanding" rating under the lending test in its New York assessment areas.²⁷ During the review period, Trust Company originated or purchased HMDA-reportable loans in New York totaling more than \$3.36 billion. Examiners reported that in 2000, Trust Company's 3 percent market share of deposits in its assessment areas compared favorably with its 3 percent market share of all HMDA-reportable loans originated or purchased in New York State.

Examiners concluded that the distribution of Trust Company's HMDA-reportable loans among borrowers of different income levels was good, as was the geographic distribution of its lending. Examiners stated that Trust Company's distribution of HMDA-reportable loans to low-income borrowers was adequate and consistent with available lending opportunities, which had been limited by economic conditions and by disparities between housing prices and income levels.²⁸ Examiners characterized Trust

²⁷ Trust Company's New York assessment areas in the 2002 Evaluation consisted of a portion of the New York CMSA; the Buffalo-Niagara Falls, Rochester, Albany-Schenectady-Troy, Utica-Rome, Binghamton, and Jamestown Metropolitan Statistical Areas ("MSAs"); portions of the Syracuse and Elmira MSAs; Seneca, Tompkins, Wyoming, Cattaraugus, Sullivan, and Ulster Counties; and portions of Courtland, Steuben, and Allegany Counties.

²⁸ One commenter, citing the 2000 Evaluation, asserted that Trust Company's lending to low-income borrowers in the New York CSMA was weak. The 2002 Evaluation noted that Trust Company's performance exceeded the performance of lenders in the aggregate ("aggregate lenders") in the New York CMSA and that the high cost of real estate and the

Company's distribution of HMDA-reportable loans to moderate-income borrowers as good. To assist LMI borrowers in New York, Trust Company offered loans through the Federal National Mortgage Association (Fannie Mae) "Get Started" program, as well as FHA mortgages and flexible mortgages through the State of New York Mortgage Association.

During the review period, Trust Company originated and purchased nearly 16,000 small business or small farm loans in New York, totaling almost \$2 billion. Examiners stated that Trust Company's distribution of loans among businesses of different sizes was good.

Examiners described Trust Company's community development lending performance as excellent.²⁹ Trust Company's loan commitments in New York during the review period totaled \$246 million, and Trust Company also provided \$30 million in letters of credit. Examiners reported that Trust Company's community development lending for affordable housing, an identified credit need in Trust Company's assessment areas, totaled \$136 million.

relatively low incomes in the New York CSMA limited home ownership opportunities for low-income families.

²⁹ One commenter urged that Trust Company increase its community development lending to nonprofit organizations and its staffing levels for community development programs in New York City. The CRA requires that, in considering an acquisition proposal, the Board carefully review the actual performance records of the relevant depository institutions in helping to meet the credit needs of their communities. Neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to provide commitments for future performance or staffing levels. Trust Company's CRA-related activities will be reviewed by the FRBNY in future performance evaluations, and its CRA performance record will be considered in any subsequent applications by Trust Company to acquire a depository institution.

In the 2002 Evaluation, Trust Company received an "outstanding" rating under the investment test in its New York assessment areas. Examiners stated that Trust Company's level of qualified community development investments, which totaled \$44 million, exhibited excellent responsiveness to credit and community development needs in New York. More than \$20 million of the investments were invested on a statewide basis, including \$10 million in collateral trust notes to develop affordable housing, \$5 million in mortgage-backed securities to fund loans to LMI borrowers, and \$4 million to community development organizations. Examiners reported that Trust Company also invested \$2 million in projects qualifying for low-income housing tax credits and contributed \$4 million to support charitable community development projects and programs.

Trust Company received an "outstanding" rating under the service test in the New York assessment areas. Examiners stated that Trust Company's branches were readily accessible to all geographies and to individuals of different income levels and that variations in products and services did not inconvenience LMI individuals or customers in LMI geographies. Examiners also reported that Trust Company organized or participated in many workshops on affordable housing and financial literacy. In addition, Trust Company employees served on the boards and committees of organizations that addressed the needs of LMI individuals and communities.

Pennsylvania. Examiners noted that during the review period, Trust Company significantly expanded its presence in Pennsylvania as a result of Trust Company's merger in October 2000 with Keystone Financial

Bank, National Association, Harrisburg, Pennsylvania.³⁰ Accordingly, Trust Company was engaged in integrating and developing products, systems, and staff during the review period.

The 2002 Evaluation rated Trust Company's performance under the lending test as "high satisfactory" in its Pennsylvania assessment areas. During the review period, Trust Company originated or purchased HMDA-reportable loans in Pennsylvania totaling more than \$757 million. Examiners concluded that the geographic distribution of Trust Company's HMDA-reportable loans was good, as was distribution among borrowers of different income levels. Examiners characterized Trust Company's distribution of HMDA-reportable loans to moderate-income borrowers as good and its distribution to low-income borrowers as adequate. During the review period, Trust Company made 286 home purchase loans in Pennsylvania through its Opportunity Loan program, which focuses on LMI borrowers and features reduced down-payment requirements, prepurchase counseling, and options for financing closing costs.

During the review period, Trust Company originated and purchased more than 2,100 small business loans in Pennsylvania, totaling

³⁰ Before the review period, Trust Company's Pennsylvania branches operated in the Scranton-Wilkes-Barre-Hazleton MSA. After the merger with Keystone Financial Bank, National Association, Trust Company's Pennsylvania assessment areas for the review period consisted of the Pennsylvania portions of the Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD CMSA; the Harrisburg-Lebanon-Carlisle, Scranton-Wilkes-Barre-Hazleton, Altoona, State College, Reading, York, Allentown-Bethlehem-Easton, and Williamsport MSAs, in Pennsylvania; a portion of the Lancaster MSA, in Pennsylvania; and Adams, Bedford, Bradford, Clearfield, Clinton, Franklin, Huntingdon, Monroe, Montour, Northumberland, Schuylkill, Snyder, Sullivan, Tioga, and Union Counties.

more than \$247 million. Examiners reported that Trust Company's distribution of loans among businesses of different sizes was good.

Examiners described Trust Company's community development lending performance as good. Trust Company's loan commitments totaled \$43 million, and Trust Company also provided \$5 million in letters of credit to support economic development. Examiners noted that Trust Company's lending commitments for affordable housing totaled \$16 million and that its commitments for economic development totaled \$26 million.

In the 2002 Evaluation, Trust Company received an "outstanding" rating under the investment test in its Pennsylvania assessment areas. Examiners stated that Trust Company's level of qualified community development investments, which totaled \$11.4 million, demonstrated strong responsiveness to credit and community development needs. Examiners favorably cited Trust Company's \$2.3 million investment in a small business investment company that financed small- and medium-sized manufacturing, distribution, and service companies in eastern Pennsylvania. Examiners also noted that Trust Company's investments in agencies engaged in community revitalization totaled \$1.5 million and that its grants to community development organizations totaled more than \$1 million.

Trust Company received an "outstanding" rating under the service test in the Pennsylvania assessment areas. Examiners stated that Trust Company's branches were readily accessible to all geographies and to individuals of different income levels and that variations in products and services did not inconvenience LMI individuals or customers in LMI geographies. Examiners also reported that Trust Company organized

or participated in many workshops on affordable housing and financial literacy. In addition, Trust Company employees served on the boards and committees of organizations that addressed the needs of LMI individuals and communities.

D. CRA Performance of Allfirst Bank

In the 2001 Evaluation, Allfirst Bank received “high satisfactory” ratings under the lending, investment, and service performance tests.³¹ Allfirst Bank originated and purchased HMDA-reportable loans totaling more than \$750 million in its assessment areas during the review period. Examiners concluded that the overall distribution of loans to borrowers of different income levels was good, and loan penetration for LMI geographies ranged from good to excellent in Allfirst Bank’s assessment areas.

Examiners noted that Allfirst Bank assisted LMI borrowers in obtaining affordable housing by offering FHA and Department of Veterans Affairs (“VA”) loans and other mortgage loans through state and local affordable housing programs. In 2000, Allfirst Bank originated 459 mortgage loans through these programs, totaling \$93.4 million.

Allfirst Bank made more than 6,100 small business loans in its assessment areas during the review period, totaling more than \$695 million. Examiners stated that the bank’s record of lending to businesses of different sizes ranged from adequate to good, while its small business loan penetration for LMI geographies ranged from good to excellent. Examiners noted that Allfirst Bank originated 108 Small Business Administration loans, totaling \$21 million during 2000. Examiners reported that Allfirst Bank

³¹ The 2001 Evaluation covered a review period of January 1, 1999, through December 31, 2000.

made a relatively high level of community development loans during the review period, totaling almost \$101 million.

Allfirst Bank's qualified community development investments during the review period consisted primarily of investments in projects qualifying for low-income housing tax credits. Examiners noted that the bank had created the Allfirst Affordable Housing Fund, which promoted affordable housing by facilitating investment in projects qualifying for low-income housing tax credits and by providing bridge financing to developers. During the review period, Allfirst Bank also made community development grants and contributions totaling \$3.3 million.

Examiners considered Allfirst Bank's branch and ATM locations to be readily accessible to all portions of the bank's assessment areas. Examiners also noted that Allfirst Bank provided affordable homebuying workshops and seminars and counseling to small business owners.

E. HMDA Data

The Board also has considered M&T's lending record in light of comments on the 2001 HMDA data reported by M&T's subsidiaries. The Board notes that 2001 HMDA data indicate that M&T's denial disparity ratio for Hispanic applicants was higher than the denial disparity ratio for the aggregate lenders in five of the six MSAs reviewed.³² In addition, M&T's

³² The denial disparity ratio compares the denial rate for minority loan applicants with that for nonminority applicants. The Board reviewed the 2000 and 2001 HMDA data for Trust Company and its affiliates in the following MSAs: Buffalo, New York City, and Nassau-Suffolk, New York; Philadelphia and Harrisburg, Pennsylvania; and Baltimore, Maryland. The Board's review included the HMDA data for M&T Mortgage Corporation and M&T Real Estate, Inc.

denial disparity ratio for African Americans was higher than the denial disparity ratios for aggregate lenders in the two MSAs in which, of the six MSAs reviewed, M&T made most of its mortgage loans. The data reviewed also indicate that the percentages of M&T's total HMDA-reportable loans to African-American and Hispanic individuals in 2001 were below the percentages for the aggregate lenders in three MSAs and above the percentages for the aggregate lenders in three MSAs.³³ Finally, the percentage of M&T's total HMDA-reportable loans to LMI individuals in 2001 exceeded the percentage for the aggregate lenders in five of the six MSAs reviewed.

The Board is concerned when an institution's record indicates disparities in lending and believes that all banks are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound banking, but also equal access to credit by creditworthy applicants regardless of their race or income level. The Board recognizes, however, that HMDA data alone provide an incomplete measure of an institution's lending in its community because the data cover only a few categories of housing-related lending. HMDA data, moreover, provide only limited information about the covered loans.³⁴ HMDA data, therefore, have

³³ The data indicate that the percentages of Trust Company's total HMDA-reportable loans to minorities were not markedly below the percentages for the aggregate lenders in the three MSAs in which Trust Company lagged those lenders.

³⁴ The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. Credit history problems and excessive debt

limitations that make the data an inadequate basis, absent other information, for concluding that an institution has not adequately assisted in meeting its community's credit needs or has engaged in illegal lending discrimination.

Because of the limitations of HMDA data, the Board has carefully considered the data and comments in light of other information. Examiners conducting a fair lending review of Trust Company in connection with the 2002 Evaluation reviewed loan applications from the Buffalo MSA and found that credit criteria were consistently applied to all applicants regardless of race. Examiners discovered no evidence of prohibited discrimination or other illegal credit practices. The Board has also considered the HMDA data in light of the overall lending records of M&T and Allfirst. Those records, which include the programs discussed above, show that the organizations' subsidiary banks make credit available to all applicant groups and significantly help to meet the credit needs of their communities, including LMI areas.

F. Conclusion on the Convenience and Needs Factor

In reviewing the proposal's effect on the convenience and needs of the communities to be served by the combined organization, the Board has carefully considered the entire record, including the public comments received and reports of examinations of the CRA performance of the institutions involved. Based on all the facts of record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor, including the CRA performance records of the relevant insured depository institutions, are consistent with approval of the proposal.

levels relative to income (reasons most frequently cited for a credit denial) are not available from HMDA data.

Nonbanking Activities

M&T also has filed notice under section 4(c)(8) and (j) of the BHC Act to acquire nonbanking subsidiaries of Allfirst. The Board has determined by regulation that the types of activities for which notice has been provided are closely related to banking for purposes of section 4(c)(8) of the BHC Act and, therefore, permissible for bank holding companies.³⁵ M&T has committed to conduct the nonbanking activities in accordance with the Board's regulations and orders governing these activities for bank holding companies.

To approve this notice, the Board must determine that the proposed activities "can reasonably be expected to produce benefits to the public . . . that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."³⁶

As part of its evaluation of the public interest factors, the Board considered the financial condition and managerial resources of M&T and its subsidiaries, including the companies to be acquired, and the effect of the proposed transaction on those resources. For the reasons noted above, and based on all the facts of record, the Board has concluded that financial and managerial considerations are consistent with approval of the proposal.

The Board also has considered the competitive effects of the proposed transaction under section 4 of the BHC Act. To the extent that M&T and Allfirst offer different types of nonbanking products or services, the proposal would not result in a significant loss of competition. M&T and

³⁵ See 12 C.F.R. 225.28(b)(1), (3), (6), (11), and (14).

³⁶ 12 U.S.C. § 1843(j)(2)(A).

Allfirst compete directly in the following activities: originating and servicing capital equipment leases, providing credit-related insurance, providing commercial real estate lending services, and providing financial and investment advisory services. The markets for these nonbanking activities are regional, national, or international in scope and are unconcentrated. The record in this case also indicates that there are numerous providers of these services. Based on all the facts of record, the Board concludes that consummation of the proposal would have a de minimis effect on competition for the relevant nonbanking activities.

M&T has indicated that consummation of the proposal would provide customers of the two organizations with access to services across a broader geographic area. M&T also has asserted that customers of both organizations would gain access to a broader variety of nonbanking products, including investment products and insurance products.

The Board concludes that the conduct of the proposed nonbanking activities within the framework of Regulation Y and Board precedent is not likely to result in adverse effects, such as undue concentration of resources, conflicts of interests, or unsound banking practices, that would outweigh the public benefits of the proposal discussed above. Accordingly, based on all the facts of record, the Board has determined that the balance of public interest factors that the Board must consider under the standard in section 4(j) of the BHC Act is consistent with approval of M&T's notice.

Trust Company also intends to operate Allfirst's existing limited-purpose foreign branch in George Town, Cayman Islands, under section 25 of the Federal Reserve Act and the general consent provisions of section 211.3(b) of Regulation K (12 C.F.R. 211.3(b)). Trust Company has

made certain commitments in connection with this acquisition. In addition, M&T has provided notice under section 4(c)(13) of the BHC Act (12 U.S.C. § 1843(c)(13)) and section 211.9 of the Board's Regulation K (12 C.F.R. 211.9)) of its intention to acquire certain foreign investments controlled by Allfirst.³⁷ The Board has concluded that all the factors it is required to consider under the Federal Reserve Act, the BHC Act, and the Board's Regulation K in connection with this notice are consistent with approval.

Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the applications and notices should be, and hereby are, approved.³⁸ In reaching its conclusion, the Board has considered all the facts of record in light of the factors it is required to consider under the BHC Act, the Bank Merger Act, the Federal Reserve Act, and the statutory factors it is required to consider when reviewing an application for retaining and operating branches.³⁹ The Board's approval is specifically

³⁷ These investments are in Compania La Proa, Ltd., George Town, Cayman Islands, and Bemberg Industrial, S.A., Buenos Aires, Argentina.

³⁸ One commenter suggested, particularly in light of the 2000 Evaluation, that the Board condition its approval of the proposal on a requirement that M&T commit to keep the branches Trust Company operates in LMI neighborhoods in the New York City area open for ten years and open five new branches there within the next two years. As previously noted, the 2002 Evaluation rated Trust Company "outstanding" both in the delivery of retail and community development services in all assessment areas and for its performance on the service test in the New York CMSA. See also discussion in footnote 29.

³⁹ One commenter requested that the Board extend the comment period on the proposal. The Board has accumulated a significant record in this case, including reports of examination, supervisory information, public reports and information, and considerable public comment. In the Board's view, commenters have had ample opportunity to submit their views and, in fact,

conditioned on compliance by M&T with all the commitments made in connection with these applications and notices and with the conditions stated or referenced in this order. The Board's determination on the nonbanking activities also is subject to all the terms and conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c) (12 C.F.R. 225.7 and 225.25(c)), and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders thereunder. For purposes of this action, the commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The banking acquisitions shall not be consummated before the fifteenth calendar day after the effective date of this order, and the proposal shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of New York, acting pursuant to delegated authority.

they have provided substantial written submissions that have been considered carefully by the Board in acting on the proposal. Moreover, the BHC Act and Regulation Y require the Board to act on proposals submitted under those provisions within certain time periods. 12 U.S.C. §§ 1842(b) and 1843(j)(1); 12 C.F.R. 225.15(d) and 225.24(d). Based on a review of all the facts of record, the Board has concluded that the record in this case is sufficient to warrant Board action at this time and that an extension of the comment period is not warranted.

2003. By order of the Board of Governors,⁴⁰ effective March 11,

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

⁴⁰ Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

APPENDIX A

Nonbanking Subsidiaries of Allfirst to be Acquired Under the Notice

1. Allfirst Mortgage Corporation, Baltimore, Maryland, and thereby engage in extending credit and servicing loans pursuant to section 225.28(b)(1) of Regulation Y (12 C.F.R. 225.28(b)(1));
2. Loans USA, Inc., Pasadena, Maryland, and thereby engage in extending credit and servicing loans pursuant to section 225.28(b)(1) of Regulation Y (12 C.F.R. 225.28(b)(1));
3. Allfirst Leasing Corporation, Baltimore, Maryland, and thereby engage in leasing personal or real property pursuant to section 225.28(b)(3) of Regulation Y (12 C.F.R. 225.28(b)(3));
4. Zirkin-Cutler Investments, Inc., Bethesda, Maryland, and thereby engage in financial and investment advisory activities pursuant to section 225.28(b)(6) of Regulation Y (12 C.F.R. 225.28(b)(6));
5. Allfirst Life Insurance Corporation, Phoenix, Arizona, and thereby engage in providing credit insurance as principal, agent, or broker pursuant to section 225.28(b)(11) of Regulation Y (12 C.F.R. 225.28(b)(11)); and
6. Williams, Daniels & Associates, Inc., Baltimore, Maryland, and thereby engage in data processing activities pursuant to section 225.28(b)(14) of Regulation Y (12 C.F.R. 225.28(b)(14)).

APPENDIX B
Branches to be Established by Trust Company

District of Columbia

555 12th Street, N.W.
1730 Pennsylvania Avenue, N.W.
1899 L Street, N.W.
5630 Connecticut Avenue, N.W.
500 C Street, S.W.
6434 Georgia Avenue, N.W.
2865 Alabama Avenue, S.E.
1680 K Street, N.W.
2440 Wisconsin Avenue, N.W.
2620 Connecticut Avenue, N.W.

Maryland

776 East 25th Street, Baltimore
207 West Bel Air Avenue, Aberdeen
801 Elkridge Landing Road, Linthicum Heights
101 Big Elk Mall, Elkton
25 South Charles Street, Baltimore
D Street & Arnold Avenue, Andrews Air Force Base
1230 Bay Dale Drive, Arnold
5 South Bond Street, Bel Air
12 Office Street, Bel Air
579 Baltimore Pike, Bel Air
5910 York Road, Baltimore
432 South Broadway, Baltimore
5738 Ritchie Highway, Baltimore
32 York Road, Towson
7500 B Connelley Drive, Hanover
11325 Seven Locks Road, Potomac
405 Sunburst Highway, Cambridge
823 South Salisbury Boulevard, Salisbury
155 East Carroll Street, Salisbury
705 Frederick Road, Baltimore
17724 Garland Groh Boulevard, Hagerstown
37660 Mohawk Drive, Charlotte Hall
6304 Kirby Road, Clinton

10431 York Road, Cockeyville
4511 Knox Road, College Park
10025 Governor Warfield Parkway, Columbia
26 North Court Street, Frederick
19 East Cross Street, Baltimore
632 East Bayfront Road, Deale
126 Market Street, Denton
15850 Crabbs Branch Way, Rockville
One Bank Street & Quince Orchard Road, Gaithersburg
6395 Dobbin Road, Columbia
930 Dual Highway, Hagerstown
17 Center Place, Dundalk
10090 Southern Maryland Boulevard, Dunkirk
8314 Pulaski Highway, Baltimore
3150 Solomon's Island Road, Edgewater
1325-D Liberty Road, Sykesville
One Boxridge Drive, Abingdon
809 Eastern Boulevard, Baltimore
3700 Donnell Drive, Forestville
11807 Livingston Road, Fort Washington
1201 Agora Drive, Suite 1-A, Bel Air
5585 Spectrum Drive, Frederick
20 East Franklin Street, Baltimore
Frederick Towne Mall, 1301 West Patrick Street, Frederick
215 North Frederick Avenue, Gaithersburg
12914 Middlebrook Road, Germantown
223 Glebe Road, Easton
7560 South Ritchie Highway, Glen Burnie
12041 Georgia Avenue, Wheaton
7599 Greenbelt Road, Greenbelt
100 North Greene Street, Baltimore
1200 North Main Street, Hampstead
279 North Pennsylvania Avenue, Hancock
212 Mount Carmel Road, Parkton
715 North Howard Street, Baltimore
120 Shawan Road, Hunt Valley
5642 Baltimore National Pike, Baltimore
400 East Pratt Street, Baltimore
34th & Charles Street, Baltimore
10420 Montgomery Avenue, Kensington
3706 Howard Avenue, Kensington

60 Kent Town Market, Chester
6267 Kenwood Avenue, Baltimore
8640 Guilford Road, B-90, Columbia
10410 Campus Way South, Largo
14060 Baltimore Boulevard, Laurel
9600 Medical Center Drive, Rockville
2525 Pot Springs Road, Lutherville-Timonium
7900 Ritchie Highway, Suite 207, Glen Burnie
1115 Merritt Boulevard, Baltimore
21006 Frederick Road, Germantown
12831 Coastal Highway, Ocean City
101 West Washington Street, Hagerstown
8812 Waltham Woods Road, Baltimore
2730 North Salisbury Boulevard, Salisbury
200 Northern Avenue, Hagerstown
5100 Campbell Boulevard, White Marsh
18216 Downsville Pike, Hagerstown
5805 Stevens Forest Road, Columbia
491 Olde Mill Shopping Center Road, Millersville
3221 Spartan Drive, Olney
4800 Hampden Lane, Bethesda
561 East Ordnance Road, Glen Burnie
9780 Grofs Mill Drive, Owings Mills
6262 Oxon Hill Road, Oxon Hill
9840 Reisterstown Road, Owings Mills
7904 Harford Road, Baltimore
2027 Somerville Road, Annapolis
3470 Annapolis Road, Baltimore
13409 Pennsylvania Avenue, Hagerstown
2301 Cleanleigh Drive, Baltimore
8675 Bel Air Road, Baltimore
3717 Old Court Road, Pikesville
3741 Old Court Road, Pikesville
19616-M Fisher Avenue, Poolesville
10128 River Road, Potomac
510 Solomon's Island Road North, Prince Frederick
126 Chartley Boulevard, Reisterstown
2841 Tome Highway, Colora
8493 Fort Smallwood Road, Pasadena
4 Courthouse Square, Rockville
51 West Edmonston Drive, Rockville

5201 Roland Avenue, Baltimore
222 Phillip Morris Drive, Salisbury
7615 Bellona Avenue, Towson
7005 Security Boulevard, Baltimore
5724 Wabash Avenue, Baltimore
929 West Seventh Street, Frederick
534 Ritchie Highway, Severna Park
456-D Ritchie Highway, Severna Park
576 Ritchie Highway, Severna Park
8737 Colesville Road, Silver Spring
87 High Street, Waldorf
110 West Market Street, Snow Hill
5230 North Point Boulevard, Baltimore
3401 Eastern Avenue, Baltimore
9125 Baltimore National Pike, Ellicott City
St. Paul & Saratoga Streets, Baltimore
504 East Ridgeville Boulevard, Mount Airy
400 Englar Road, Westminster
12200 Tech Road, Silver Spring
9625 Deereco Road, Timonium
405 Washington Avenue, Towson
University Hospital, 22 South Greene Street, First Floor, Baltimore
14700 Main Street, Upper Marlboro
17301 Valley Mall Drive, Hagerstown
11175 Mall Circle, Waldorf
118 New Market Place, Gambrills
199 Thomas Johnson Drive, Frederick
26075 Ridge Road, Damascus
4126 East Joppa Road, Baltimore
448 Prospect Boulevard, Frederick
943 Pulaski Highway, Havre de Grace
3331 Corridor Market Place, Laurel
1001 Twin Arch Road, Mount Airy
6093 Spring Ridge Parkway, Frederick
67 West Street, Annapolis
625-A Baltimore Boulevard, Westminster
1409 Pulaski Highway, Edgewood
38 West Ridgely Road, Timonium

Pennsylvania

109 West Market Street, York
1123 North George Street, York
121 West Market Street, York
21 East Market Street, York
800 East Market Street, York
960 South George Street, York
710 East Main Street, Annville
1275 Baltimore Street, Hanover
248 North Mill Street, Birdsboro
200 East Philadelphia Avenue, Boyertown
835 East Philadelphia Avenue, Boyertown
801 East Philadelphia Avenue, Suite 2, Boyertown
510 West Broad Street, Bethlehem
2715 North Meridian Boulevard, Wyomissing
3045 Market Street, Camp Hill
750 Lombard Road, Red Lion
2 West High Street, Carlisle
812 ½ West High Street, Carlisle
375 South Cedar Crest Boulevard, Allentown
44 Lincoln Way West, Chambersburg
55 South Main Street, Chambersburg
1603 Manheim Pike, Lancaster
4950 Jonestown Road, Harrisburg
369 Locust Street, Columbia
900 Country Club Road, Red Lion
105 Dart Drive, Hanover
6960 Delta Road, Delta
3995 Carlisle Road, Dover
4200 Derry Street, Harrisburg
1701 Oregon Pike, Lancaster
500 Eisenhower Drive, Hanover
4000 Perkiomen Avenue, Reading
482 Fishing Creek Road, Etters
Market & Main Streets, Fawn Grove
50 North Fifth Street, Reading
69 East Forrest Avenue, Shrewsbury
202 West High Street, Gettysburg
255 South Spring Garden Street, Carlisle
44 Natural Springs Road, Gettysburg

701-703 South Antrim Way, Greencastle
2001 Lincoln Way East, Chambersburg
1000 Haines Road, York
5528 Carlisle Pike, Mechanicsburg
13 Baltimore Street, Hanover
3502 Paxton Street, Harrisburg
213 Market Street, Harrisburg
730 Main Street, Hellertown
740 West Chocolate Avenue, Hershey
344 South 10th Street, Lemoyne
4711 Horseshoe Pike, Honey Brook
8 East Main Street, Hummelstown
3621 Old Philadelphia Pike, Intercourse
3201 Lehigh Street, Allentown
4120 Linglestown Road, Linglestown
2100 North Second Street, Harrisburg
4301 North George Street Ext., Manchester
5219 Simpson Ferry Road, Mechanicsburg
2075 Scotland Avenue, Chambersburg
10 North Main Street, Mercersburg
21 George Street, Reading
210 East Main Street, New Holland
370 North 7th Street, Lebanon
2775 Paxton Street, Harrisburg
2551 Walnut Street, Penbrook
1750 Philadelphia Avenue, Chambersburg
425 Westminster Avenue, Hanover
2186 East High Street, Pottstown
2055 South Queen Street, York
837 Quentin Road, Lebanon
425 Loucks Road, York
11973 Buchanan Trail East, Waynesboro
5021 Route 873, Schnecksville
One West Lancaster Avenue, Shillington
1990 Carlisle Road, York
35-39 East King Street, Shippensburg
200 Luther Road, Shrewsbury
2421 Old Philadelphia Pike, Lancaster
4830 Penn Avenue, Sinking Spring
33 Roth Church Road, Spring Grove
160 Spring Street, Reading

903 State Drive, Lebanon
One South Front Street, Steelton
10 North Main Street, Stewartstown
430 Stouffer Avenue, Chambersburg
75 Main Street, Strausstown
423 North Enola Road, Enola
10 Penn Newberry Commons, Eppers
1250 West Tilghman Street, Allentown
2 West Franklin Street, Tipton
4435 Pottsville Pike, Reading
4206 Union Deposit Road, Harrisburg
1355 East Lehman Street, Lebanon
28 Walnut Bottom Road, Shippensburg
1629 South Market Street, Elizabethtown
1603 Lincoln Highway, East, Lancaster
441 West Main, Mount Joy
1802 Roosevelt Avenue, York
1475 Kenneth Road, York
1200 Market Street, Lemoyne
1401 West Market Street, York
1847 Columbia Avenue, Lancaster
2903 North 7th Street, Harrisburg
400 North Third Street, Womelsdorf
750 Hellam Street, Wrightsville
800 Penn Avenue, Wyomissing
2801 East Market Street, York

Virginia

43911 Farmwell Hunt Plaza, Ashburn
14245-R Centreville Square, Store 8, Centreville
21099 Dulles Towne Circle, Sterling
1025 Herndon Parkway, Herndon
345 East Market Street, Leesburg
10254 Main Street, Fairfax
6832 Old Dominion Drive, McLean
1416 North Point Village Center, Reston
Bowman & Fountain Drives, Reston
21700 Town Center Plaza, Sterling
8601 Westwood Center Drive, Vienna
10697 Braddock Road, Fairfax

Cayman Islands

Cardinal Avenue, George Town

APPENDIX C
Banking Markets in which M&T
and Allfirst Compete Directly

Maryland

Hagerstown Washington County, Maryland; and Fulton County,
 Pennsylvania.

Pennsylvania

Harrisburg Cumberland, Dauphin, Juniata, Lebanon, and Perry
 Counties.

Lancaster Lancaster County.

Lehigh Valley Carbon, Lehigh, and Northampton Counties.

Philadelphia Bucks, Chester, Delaware, Montgomery, and
 Philadelphia Counties, Pennsylvania; and Burlington,
 Camden, Gloucester, and Salem Counties, the City of
 Trenton, and the townships of Ewing, Hamilton, and
 Lawrence, New Jersey.

Reading Berks County.

York Adams and York Counties.

APPENDIX D
Data for Banking Markets in which
M&T and Allfirst Compete Directly

Maryland

Hagerstown Allfirst operates the largest depository institution in the market, controlling deposits of approximately \$496.9 million, representing approximately 16.8 percent of market deposits. M&T operates the fourth largest depository institution in the market, controlling deposits of approximately \$339.7 million, representing approximately 11.4 percent of market deposits. On consummation of the proposal, M&T would operate the largest depository institution in the market, controlling deposits of approximately \$836.6 million, representing 28.2 percent of market deposits. The HHI would increase by 384 points to 1461.

Pennsylvania

Harrisburg Allfirst operates the largest depository institution in the market, controlling deposits of approximately \$1.07 billion, representing approximately 13.4 percent of market deposits. M&T operates the eighth largest depository institution in the market, controlling deposits of approximately \$432.5 million, representing approximately 5.4 percent of market deposits. On consummation of the proposal, M&T would operate the largest depository institution in the market, controlling deposits of approximately \$1.5 billion, representing 18.8 percent of market deposits. The HHI would increase by 146 points to 909.

Lancaster Allfirst operates the seventh largest depository institution in the market, controlling deposits of approximately \$266.5 million, representing approximately 4.4 percent of market deposits. M&T operates the 19th largest depository institution in the market, controlling deposits of approximately \$12.9 million, representing less than 1 percent of market deposits. On consummation of the

proposal, M&T would operate the seventh largest depository institution in the market, controlling deposits of approximately \$279.4 million, representing 4.6 percent of market deposits. The HHI would increase by 2 points to 1269.

Lehigh Valley Allfirst operates the 20th largest depository institution in the market, controlling deposits of approximately \$108.1 million, representing approximately 1.4 percent of market deposits. M&T operates the 25th largest depository institution in the market, controlling deposits of approximately \$44.3 million, representing less than 1 percent of market deposits. On consummation of the proposal, M&T would operate the 14th largest depository institution in the market, controlling deposits of approximately \$152.5 million, representing approximately 2 percent of market deposits. The HHI would increase by 2 points to 1193.

Philadelphia M&T operates the 15th largest depository institution in the market, controlling deposits of approximately \$696.5 million, representing approximately less than 1 percent of market deposits. Allfirst operates the 95th largest depository institution in the market, controlling deposits of approximately \$42.1 million, representing less than 1 percent of market deposits. On consummation of the proposal, M&T would operate the 15th largest depository institution in the market, controlling deposits of approximately \$738.5 million, representing 1 percent of market deposits. The HHI would increase by 1 point to 1057.

Reading Allfirst operates the fourth largest depository institution in the market, controlling deposits of approximately \$525.6 million, representing approximately 12.1 percent of market deposits. M&T operates the 11th largest depository institution in the market, controlling deposits of approximately \$110.9 million, representing 2.6 percent of market deposits. On consummation of the proposal, M&T would operate the fourth largest depository institution in the market, controlling deposits of

approximately \$636.5 million, representing 14.7 percent of market deposits. The HHI would increase by 71 points to 1333.

York

Allfirst operates the largest depository institution in the market, controlling deposits of approximately \$1.38 billion, representing approximately 24.9 percent of market deposits. M&T operates the 14th largest depository institution in the market, controlling deposits of approximately \$61.3 million, representing approximately 1.1 percent of market deposits. On consummation of the proposal, M&T would operate the largest depository institution in the market, controlling deposits of approximately \$1.44 billion, representing approximately 26 percent of market deposits. The HHI would increase by 55 points to 1227.