

FEDERAL RESERVE SYSTEM

Allied Irish Banks, p.l.c.  
Dublin, Ireland

M&T Bank Corporation  
Buffalo, New York

Order Approving Acquisition of a Savings Association and a Bank,  
Merger of Depository Institutions, Establishment of Branches,  
and Notice to Engage in Nonbanking Activities

Allied Irish Banks, p.l.c. (“Allied Irish”) and its subsidiary, M&T Bank Corporation (“M&T”) (collectively, “Applicants”), bank holding companies within the meaning of the Bank Holding Company Act (“BHC Act”), have requested the Board’s approval under sections 4(c)(8) and 4(j) of the BHC Act to merge M&T with Partners Trust Financial Group, Inc. (“Partners”) and acquire its subsidiary savings association, Partners Trust Bank (“Partners Bank”), and Partners’ other nonbanking subsidiaries, all of Utica, New York.<sup>1</sup> Applicants also have requested the Board’s approval under section 3 of the BHC Act to acquire Partners’ indirect subsidiary bank, Partners Trust Municipal Bank (“Municipal Bank”),<sup>2</sup> also of Utica.<sup>3</sup>

In addition, M&T’s subsidiary state member bank, Manufacturers & Traders Trust Company (“M&T Bank”), also of Buffalo, has requested the Board’s approval under section 18(c) of the Federal Deposit Insurance Act<sup>4</sup> (“Bank Merger

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<sup>1</sup> 12 U.S.C. §§ 1843(c)(8) and (j); 12 CFR 225.24. The nonbanking subsidiaries of Partners and activities for which Applicants have filed a notice under sections 4(c)(8) and 4(j) of the BHC Act are listed in Appendix A.

<sup>2</sup> Municipal Bank, a wholly owned subsidiary of Partners Bank, is a limited-purpose bank that accepts only municipal deposits.

<sup>3</sup> 12 U.S.C. § 1842.

<sup>4</sup> 12 U.S.C. § 1828(c).

Act”) to merge with Partners Bank and Municipal Bank, with M&T Bank as the surviving entity. M&T Bank also has applied under section 9 of the Federal Reserve Act (“FRA”) to establish and operate branches at the main office and branches of Partners Bank.<sup>5</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in accordance with the relevant statutes and the Board’s Rules of Procedure (72 Federal Register 56,762 (2007)).<sup>6</sup> As required by the Bank Merger Act, a report on the competitive effects of the mergers was requested from the United States Attorney General and a copy of the request was provided to the Federal Deposit Insurance Corporation (“FDIC”). 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 the BHC Act, the Bank Merger Act, and the FRA.

Allied Irish, with total consolidated assets equivalent to approximately \$252 billion, is the largest depository organization in Ireland and provides a full range of banking, financial, and related services primarily in Ireland, the United Kingdom, and the United States.<sup>7</sup> Allied Irish operates a branch in New York and through M&T controls two subsidiary banks, M&T Bank and M&T Bank, National Association, Oakfield, New York, which operate in eight states. M&T, with total consolidated assets of \$57.4 billion, is the 30<sup>th</sup> largest depository organization in the United States, controlling \$33.1 billion

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<sup>5</sup> 12 U.S.C. § 321.

<sup>6</sup> 12 CFR 262.3(b).

<sup>7</sup> Asset and nationwide deposit-ranking data are as of June 30, 2007. Statewide deposit and ranking data are as of June 30, 2006, and reflect merger activity through June 30, 2007. In this context, insured depository institutions include commercial banks, savings banks, and savings associations.

in deposits, which represents less than 1 percent of the total amount of deposits of insured depository institutions in the United States. M&T is the seventh largest depository organization in New York, controlling deposits of approximately \$20.4 billion in New York, which represent approximately 2.6 percent of the total amount of deposits of insured depository institutions in the state (“state deposits”).

Partners has total consolidated assets of approximately \$3.7 billion, and its subsidiary insured depository institutions operate only in New York. Partners is the 28<sup>th</sup> largest depository organization in New York, controlling deposits of approximately \$2.3 billion.

On consummation of the proposal, and after accounting for proposed divestitures, Allied Irish would become the 28<sup>th</sup> largest insured depository organization in the United States, with total consolidated assets of approximately \$61.1 billion. Allied Irish would control deposits of approximately \$35.3 billion, representing less than 1 percent of the total amount of deposits of insured depository institutions in the United States. In New York, M&T would remain the seventh largest insured depository organization, controlling deposits of approximately \$22.8 billion, which represent approximately 2.9 percent of state deposits.

The Board previously has determined by regulation that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.<sup>8</sup> The Board requires that savings associations acquired by bank holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4 of the BHC Act.<sup>9</sup> M&T has acknowledged that it is required to conform all the activities

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<sup>8</sup> 12 CFR 225.28(b)(4)(ii).

<sup>9</sup> Id.

of Partners Bank to those that are permissible under section 4(c)(8) of the BHC Act and Regulation Y. The Board also has determined that the activities conducted by the nonbanking subsidiaries of Partners are closely related to banking, and M&T has acknowledged that it must conduct those activities in accordance with the Board's regulations and orders.<sup>10</sup>

Section 4(j)(2)(A) of the BHC Act requires the Board to determine that the proposed acquisition of Partners Bank and the nonbanking subsidiaries of Partners "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."<sup>11</sup> As part of its evaluation under these public interest factors, the Board reviews the financial and managerial resources of the companies involved, the effect of the proposal on competition in the relevant markets, and the public benefits of the proposal.<sup>12</sup> In acting on a notice to acquire a savings association, the Board also reviews the records of performance of the relevant insured depository institutions under the Community Reinvestment Act ("CRA").<sup>13</sup> The Board has considered the proposal under these factors in light of all the facts of record, including confidential supervisory and examination information, publicly reported financial information, and other information provided by Applicants.

#### Competitive Considerations

The Board has considered carefully the competitive effects of Applicants' proposed acquisition of Partners, including the acquisition of

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<sup>10</sup> 12 CFR 225.28(b)(1), (2)(vi), and (7)(i).

<sup>11</sup> 12 U.S.C. § 1843(j)(2)(A).

<sup>12</sup> See 12 CFR 225.26; see, e.g., BancOne Corporation, 83 Federal Reserve Bulletin 602 (1997).

<sup>13</sup> 12 U.S.C. § 2901 et seq.

Partners Bank, Municipal Bank, and Partners' nonbanking subsidiaries in light of all the facts of record. Section 3 of the BHC Act and the Bank Merger Act prohibit the Board from approving a proposal that would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking in any relevant banking market. Both acts also prohibit the Board from approving a bank acquisition unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by its probable effect in meeting the convenience and needs of the community to be served.<sup>14</sup> In addition, the Board must consider the competitive effects of a proposal to acquire a savings association and other nonbanking companies under the public benefits factor of section 4 of the BHC Act.

A. Acquisition of Insured Depository Institutions

Applicants and Partners have subsidiary insured depository institutions that compete directly in three banking markets in New York: Binghamton, Syracuse, and Utica-Rome. 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. In particular, the Board has considered the number of competitors that would remain in the markets, the relative share of total deposits of Applicants and Partners in the markets ("market deposits"),<sup>15</sup> the concentration

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<sup>14</sup> 12 U.S.C. § 1842(c)(1); 12 U.S.C. § 1828(c)(5).

<sup>15</sup> Deposit and market-share data are as of June 30, 2006, and reflect merger activity through June 30, 2007. The deposits of thrift institutions are included at 50 percent, except as noted below. The Board previously has 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 market-share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52

level of market deposits and the increase in this level as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Guidelines (“DOJ Guidelines”),<sup>16</sup> other characteristics of the markets, and commitments made by Applicants to divest three branches of M&T Bank in the Binghamton market.

*Banking Market with Divestiture.* M&T Bank is the largest depository institution in the Binghamton banking market, controlling deposits of approximately \$650.1 million, which represent approximately 25.4 percent of market deposits.<sup>17</sup> Partners Bank controls deposits of approximately \$680.6 million, which when weighted at 50 percent represent 13.3 percent of market deposits, making Partners Bank the fifth largest depository institution in the market. To reduce the potential adverse effects on competition in the Binghamton

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(1991). In this case, Partners Bank’s deposits are weighted at 50 percent pre-merger and at 100 percent post-merger to reflect the resulting ownership by a commercial banking organization.

<sup>16</sup> Under the DOJ Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) 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 DOJ has stated that the higher-than-normal HHI thresholds for screening bank mergers and acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited-purpose and other nondepository financial entities.

<sup>17</sup> The Binghamton banking market is defined as Broome and Tioga Counties and the townships of Afton, Coventry, German, Greene, Lincklaen, McDonough, Otselic, Oxford, Pharsalia, Pitcher, Preston, and Smithville, all in Chenango County, New York; and the townships of Apolacon, Bridgewater, Choconut, Franklin, Forest Lake, Friendsville Borough, Great Bend, Great Bend Borough, Hallstead Borough, Harmony, Jackson, Jessup, Lanesboro Borough, Liberty, Little Meadows Borough, Middletown, Montrose Borough, New Milford, New Milford Borough, Oakland, Oakland Borough, Silver Lake, and Susquehanna Depot Borough, all in Susquehanna County, Pennsylvania.

banking market, Applicants have committed to divest three branches of M&T Bank that have at least \$94.5 million in total deposits.<sup>18</sup> On consummation of the proposed merger, and after accounting for the proposed divestiture, M&T Bank would remain the largest depository institution in the market, controlling deposits of approximately \$1.2 billion, which would represent not more than 42.7 percent of market deposits. The HHI would increase not more than 876 points to 2365.

The Board has considered whether other factors either mitigate the competitive effects of the proposal or indicate that the proposal would have a significantly adverse effect on competition in the Binghamton market.<sup>19</sup> A number of factors indicate that the increase in concentration in this banking market, as measured by the HHI and market share of the combined organization, overstates the potential competitive effects of the proposal in the market. On consummation of the transaction and the proposed divestiture to a competitively suitable insured

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<sup>18</sup> Applicants have committed that, before consummation of the proposed merger, they will execute an agreement for the proposed divestiture in the Binghamton banking market with a purchaser that the Board determines to be competitively suitable. Applicants also have committed to complete the divestiture within 180 days after consummation of the proposed merger. In addition, Applicants have committed that, if they are unsuccessful in completing the proposed divestiture within such time period, they will transfer any unsold branches to an independent trustee who will be instructed to sell the branches to an alternate purchaser or purchasers in accordance with the terms of this order and without regard to price. Both the trustee and any alternate purchaser must be deemed acceptable by the Board. See, e.g., BankAmerica Corporation, 78 Federal Reserve Bulletin 338 (1992); United New Mexico Financial Corporation, 77 Federal Reserve Bulletin 484 (1991).

<sup>19</sup> The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the size of the increase and resulting level of concentration in a banking market. See NationsBank Corp., 84 Federal Reserve Bulletin 129 (1998).

depository institution, at least nine other insured depository institutions would continue to compete in the market, including two banks with branch networks that are larger than Partners Bank's network.

Moreover, the Board notes that three community credit unions also exert a competitive influence in the Binghamton banking market.<sup>20</sup> Each institution offers a wide range of consumer products, operates street-level branches, and has memberships open to almost all the residents in the market. The Board concludes that their activities in this banking market exert a sufficient competitive influence to mitigate, in part, the potential competitive effects of the proposal.<sup>21</sup>

Moreover, the record of recent entry into the Binghamton banking market evidences its attractiveness for entry. Since 2003, one depository institution has entered the market de novo. Other factors also indicate that the market remains attractive for entry. For example, the market's average annualized income growth from 2001 to 2005 exceeded the average annualized income growth for the same period for all metropolitan areas in New York.

*Banking Markets without Divestiture.* The concentration levels on consummation of the proposal in the remaining banking markets, Syracuse and

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<sup>20</sup> The Board previously has considered the competitiveness of certain active credit unions as a mitigating factor. See, e.g., Regions Financial Corporation, 93 Federal Reserve Bulletin C16 (2007); Wachovia Corporation, 92 Federal Reserve Bulletin C183 (2006); F.N.B. Corporation, 90 Federal Reserve Bulletin 481 (2004); Gateway Bank & Trust Co., 90 Federal Reserve Bulletin 547 (2004).

<sup>21</sup> The three community credit unions control approximately \$1 billion in deposits in the market, which represents approximately 16 percent of market deposits on a 50 percent weighted basis. Accounting for the revised weightings of these deposits and taking the proposed divestitures into account, Applicants would control approximately 36.3 percent of market deposits on consummation of the proposal, and the HHI would increase not more than 631 points to 1886.

Utica-Rome, would be consistent with Board precedent and within the thresholds in the DOJ Guidelines without divestiture.<sup>22</sup> On consummation of the proposal, the Syracuse and Utica-Rome banking markets would remain moderately concentrated and numerous competitors would remain in each market.

B. Other Nonbanking Activities

The Board also has carefully considered the competitive effects of M&T's proposed acquisition of Partners' other nonbanking subsidiaries in light of all the facts of record. M&T and Partners both engage in credit extension, asset management, and securities brokerage activities. The markets for those activities are regional or national in scope and unconcentrated, and there are numerous providers of these services.

C. Agency Views/Conclusion on Competitive Considerations

The DOJ also reviewed the probable competitive effects of the proposal and advised the Board that consummation of the transaction would not likely have a significantly adverse effect on competition in any relevant banking market where the subsidiary depository institutions of Applicants and Partners compete directly or in any relevant market for the other proposed nonbanking activities. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposed transaction, including the acquisition of Partners Bank, Municipal Bank, and Partners' other nonbanking subsidiaries, would not have a significantly adverse effect on competition or on the concentration of resources in any relevant banking market or in any other relevant market.

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<sup>22</sup> The effects of the proposal on the concentration of banking resources in these markets are described in Appendix B.

### Financial, Managerial, and Supervisory Considerations

In reviewing the proposal under sections 3 and 4 of the BHC Act and the Bank Merger Act, the Board is required to consider the financial and managerial resources and future prospects of the companies and depository institutions involved in the proposal and certain other supervisory factors. The Board has carefully considered these factors in light of all the facts of record, including confidential supervisory and examination information from the various U.S. banking supervisors of the institutions involved, publicly reported and other financial information, and information provided by Applicants. The Board also has consulted with the Central Bank of Ireland (“CBI”), the agency with primary responsibility for the supervision and regulation of Irish financial institutions, including Allied Irish.

In evaluating the financial resources in expansion proposals by banking organizations, the Board reviews the financial condition of the organizations involved on both a parent-only and consolidated basis, as well as the financial condition of the subsidiary insured depository institutions and significant nonbanking operations. In this evaluation, the Board considers a variety of measures, including capital adequacy, asset quality, and earnings performance. In assessing financial resources, the Board consistently has considered capital adequacy to be especially important. The Board also evaluates the financial condition of the combined organization at consummation, including its capital position, asset quality, and earnings prospects, and the impact of the proposed funding of the transaction.

The Board has carefully considered the financial resources of the organizations involved in the proposal. The capital levels of Allied Irish would continue to exceed the minimum levels that would be required under the Basel

Capital Accord and are considered to be equivalent to the capital levels that would be required of a U.S. banking organization. In addition, M&T, Partners, and the subsidiary depository institutions involved are well capitalized and would remain so on consummation. Based on its review of the record, the Board finds that Applicants have sufficient financial resources to effect the proposal. The proposed transaction is structured as a partial share exchange and partial cash purchase of shares. Applicants will use existing resources to fund the cash purchase of the shares.

The Board also has considered the managerial resources of the organizations involved. The Board has reviewed the examination records of Applicants, Partners, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered its supervisory experiences and those of other relevant banking supervisory agencies, including the Office of Thrift Supervision (“OTS”) and the FDIC, with the organizations and their records of compliance with applicable banking law and with anti-money laundering laws. Applicants, Partners, and their subsidiary depository institutions are considered to be well managed. The Board also has considered Applicants’ plans for implementing the proposal, including the proposed management after consummation.

Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal are consistent with approval, as are the other supervisory factors.<sup>23</sup> Section 3 of the BHC Act also

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<sup>23</sup> Section 3 of the BHC Act also requires the Board to determine that an applicant has provided adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with the BHC Act.

provides that the Board may not approve an application involving a foreign bank unless the bank is subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank's home country.<sup>24</sup>

As noted, the CBI is the primary supervisor of Irish financial institutions, including Allied Irish. The Board previously has determined that Allied Irish is subject to comprehensive supervision on a consolidated basis by its home country supervisor.<sup>25</sup> Based on this finding and all the facts of record, the Board has concluded that Allied Irish continues to be subject to comprehensive supervision on a consolidated basis by its home country supervisor.

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12 U.S.C. § 1842(c)(3)(A). The Board has reviewed the restrictions on disclosure in the relevant jurisdictions in which Applicants operate and has communicated with relevant government authorities concerning access to information. In addition, Allied Irish previously has committed that, to the extent not prohibited by applicable law, it will make available to the Board such information on the operations of its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act, the International Banking Act, and other applicable federal laws. Allied Irish also previously has committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary to enable its affiliates to make such information available to the Board. In light of these commitments, the Board has concluded that Allied Irish has provided adequate assurances of access to any appropriate information the Board may request.

<sup>24</sup> 12 U.S.C. § 1843(c)(3)(B). As provided in Regulation Y, the Board determines whether a foreign bank is subject to consolidated home country supervision under the standards set forth in Regulation K. See 12 CFR 225.13(a)(4). Regulation K provides that a foreign bank will be considered subject to comprehensive supervision or regulation on a consolidated basis if the Board determines that the bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the bank, including its relationship with any affiliates, to assess the bank's overall financial condition and its compliance with laws and regulations. See 12 CFR 211.24(c)(1).

<sup>25</sup> See Anglo Irish Bank Corporation, p.l.c., 85 Federal Reserve Bulletin 587 (1999); Allied Irish Banks, p.l.c., 83 Federal Reserve Bulletin 607 (1997).

### Convenience and Needs and CRA Performance Considerations

In acting on a proposal under section 3 of the BHC Act and the Bank Merger Act, the Board also must consider the effects of the proposal on the convenience and needs of the communities to be served and take into account the records of the relevant insured depository institutions under the CRA. As noted, the Board also must review the records of performance under the CRA of the relevant insured depository institutions when acting on a notice under section 4 of the BHC Act to acquire a savings association.<sup>26</sup> M&T Bank received an “outstanding” rating at its most recent CRA performance evaluation by the Federal Reserve Bank of New York, as of May 8, 2006.<sup>27</sup> Partners Bank received a “satisfactory” rating at its most recent CRA performance evaluation by the OTS, as of January 15, 2005.<sup>28</sup> After consummation of the proposal, M&T Bank plans to maintain its CRA policies at Partners Bank. Based on all the facts of record, the Board concludes that considerations relating to the convenience and needs of the communities to be served and the CRA performance records of the relevant depository institutions are consistent with approval.

### Public Benefit

As part of its evaluation of the public interest factors under section 4 of the BHC Act, the Board also has reviewed carefully the public benefits and possible adverse effects of the proposal. The record indicates that consummation of the proposal would result in benefits to consumers and businesses currently

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<sup>26</sup> See, e.g., North Fork Bancorporation, Inc., 86 Federal Reserve Bulletin 767 (2000).

<sup>27</sup> M&T, National Association was rated “satisfactory” by the Office of the Comptroller of the Currency, as of May 26, 2006.

<sup>28</sup> Municipal Bank is a special-purpose bank not subject to the CRA. See 12 CFR 345.11(c)(3).

served by Partners. Applicants have represented that the proposed transaction would provide Partners' customers with expanded products and services, including discount broker services, mutual funds, and insurance products, and an expanded branch network.

The Board has determined 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, decreased or unfair competition, conflicts of interests, or unsound banking practices. Based on all the facts of record, the Board has concluded that consummation of the proposal can reasonably be expected to produce public benefits that would outweigh any likely adverse effects. Accordingly, the Board has determined that the balance of the public benefits under section 4(j)(2) of the BHC Act is consistent with approval.

#### Establishment of Branches

As previously noted, M&T Bank has also applied under section 9 of the FRA to establish branches at the locations of Partners Bank's main office and branches. The Board has assessed the factors it is required to consider when reviewing an application under section 9 of the FRA and the Board's Regulation H and finds those factors to be consistent with approval.<sup>29</sup>

#### Conclusion

Based on the foregoing and in light of all the facts of record, the Board has determined that the applications and notice should be, and hereby are, approved. In reaching this 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, and the FRA. The Board's approval is specifically conditioned

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<sup>29</sup> 12 U.S.C. § 322; 12 CFR 208.6(b).

on compliance by Applicants with the conditions in this order and with all the commitments made to the Board in connection with this proposal, including the branch divestiture commitments discussed above, and receipt of all other regulatory approvals. The Board's approval of the nonbanking aspects of the proposal also is subject to all the conditions set forth in Regulation Y 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 issued thereunder. For purposes of this action, the commitments and conditions 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 no part of the proposal may 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.

By order of the Board of Governors,<sup>30</sup> effective November 7, 2007.

*(signed)*

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Robert deV. Frierson  
Deputy Secretary of the Board

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<sup>30</sup> Voting for this action: Chairman Bernanke, Vice Chairman Kohn, and Governors Warsh, Kroszner, and Mishkin.

APPENDIX A

Nonbanking Activities of Partners

- (1) Extending credit and servicing loans, pursuant to section 225.28(b)(1) of Regulation Y (12 CFR 225.28(b)(1)), through Partners Preferred Capital Corporation, Utica;
- (2) Asset management, servicing, and collection activities, pursuant to section 225.28(b)(2)(vi) of Regulation Y (12 CFR 225.28(b)(2)(vi)), through Partners NEWPRO, Inc., Utica;
- (3) Operating savings associations, pursuant to section 225.28(b)(4)(ii) of Regulation Y (12 CFR 225.28(b)(4)(ii)), through Partners Bank; and
- (4) Securities brokerage activities, pursuant to section 225.28(b)(7)(i) of Regulation Y (12 CFR 225.28(b)(7)(i)), through Partners Trust Investment Services, Inc., Utica.

APPENDIX B

<b>New York Banking Markets without Divestitures</b>						
All rankings, market deposit shares, and HHIs are based on thrift deposits weighted at 50 percent, except that Partners Bank's thrift deposits are weighted at 50% pre-merger and 100% post-merger.						
<b>Syracuse</b> – Cayuga, Onondaga, and Oswego Counties; the townships of Cortlandville, Cuyler, Homer, Preble, Scott, Solon, Taylor, and Truxton in Cortland County; and the townships of Cazenovia, DeRuyter, Eaton, Fenner, Georgetown, Lebanon, Lenox, Lincoln, Nelson, Smithfield, and Sullivan in Madison County.						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Applicants Pre-Consummation</i>	1	\$1.8B	20.7	1308	113	27
<i>Partners</i>	10	\$311.3M	1.8			
<i>Applicants Post-Consummation</i>	1	\$2.1B	23.9			
<b>Utica-Rome</b> – Herkimer and Oneida Counties; the townships of Greig, Lewis, Leyden, Lyonsdale, Martinsburg, Montague, Osceola, Turin, Watson, and West Turin in Louis County; and the townships of Brookfield, Hamilton, Madison, Oneida, and Stockbridge in Madison County.						
	<b>Rank</b>	<b>Amount of Deposits</b>	<b>Market Deposit Shares (%)</b>	<b>Resulting HHI</b>	<b>Change in HHI</b>	<b>Remaining Number of Competitors</b>
<i>Applicants Pre-Consummation</i>	13	\$63.7M	1.7	1590	489	15
<i>Partners</i>	1	\$1.3B	18.2			
<i>Applicants Post-Consummation</i>	1	\$1.4B	32.3			