

Delaware banks: Wilmington Trust merger OK'd by Fed

Ruling says M&T buyout isn't likely to be harmful

By ERIC RUTH, The News Journal

The Federal Reserve has given the go-ahead for M&T Bank to buy Wilmington Trust, saying the deal isn't likely to be harmful to consumers and communities or to the banks' soundness and stability.

"The record indicates that consummation of the proposal would create a stronger and more diversified financial-services organization and would provide the current customers of M&T and Wilmington and future customers of the combined organization with expanded financial products and services," Robert deV. Frierson, the Fed's deputy secretary of the board, wrote in the order.

The \$351 million buyout, which still awaits approval by Delaware and New York state regulators, would make M&T the eighth-largest bank in Delaware and would not put the bank in a position to monopolize the market, the Fed said in its ruling.

The merger also would vault M&T from the 29th- to the 27th-largest depository institution in the United States, with \$79 billion in assets and \$56.3 billion in deposits.

Competitors would remain in the five states where M&T is set to expand its presence through the rebranding of Wilmington Trust's retail operations, the Fed said.

Both banks have enough capital to emerge from the merger strong, and M&T's experience with these deals will add to the certainty of a smooth transition, the Fed said.

Before its ruling, several people raised concerns with the Fed about M&T's fair lending record, accusing the bank of denying mortgages and other loans to African-American and Hispanic borrowers in Baltimore, New York City and Buffalo more frequently than to other customers.

Rashmi Rangan, director of the Delaware Community Reinvestment Action Council, said she suspects that lending violations exist but said the Fed is noted for not aggressively pursuing them.

"The Federal Reserve is known to give a little slap on the wrist," she said. "If the Fed did a good job, we wouldn't be in the mess we're in today."

Frierson noted that both banks have outstanding ratings in Community Reinvestment Act participation and said the merger is "not likely to result in significantly adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices."

There had been requests that the Fed hold a hearing to discuss M&T's lending practices, but it was denied.

"The requests fail to identify disputed issues of fact that are material to the Board's decision that would be clarified by a public meeting or hearing," the order said.

Robert Glen, Delaware's bank commissioner, said Wednesday that he expects to rule on the merger soon.

In noting the Fed's approval, M&T also announced that when the merger is completed by the end of the quarter, it would pay back the \$330 million financial investment that the federal government made in Wilmington Trust during the financial crisis. It also plans to issue \$500 million of new perpetual preferred stock by then.

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