

M&T Bank Assumes All of the Deposits of K Bank, Randallstown, Maryland

BALTIMORE, Md.—K Bank, Randallstown, Maryland, was closed today by the Maryland Office of Financial Regulation, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect the depositors, the FDIC entered into a purchase and assumption agreement with Manufacturers and Traders Trust Company (M&T Bank), Buffalo, New York, to assume all of the deposits of K Bank, except certain brokered deposits. Brokered deposit customers should contact their brokers directly about the status of their accounts.

The seven branches of K Bank will reopen on Saturday as branches of M&T Bank. Depositors of K Bank will automatically become depositors of M&T Bank. Deposits will continue to be insured by the FDIC, so there is no need for customers to change their banking relationship in order to retain their deposit insurance coverage up to applicable limits. Customers of K Bank should continue to use their existing branch until they receive notice from M&T Bank that it has completed systems changes to allow other M&T Bank branches to process their accounts as well.

This evening and over the weekend, depositors of K Bank can access their money by writing checks or using ATM or debit cards. Checks drawn on the bank will continue to be processed. Loan customers should continue to make their payments as usual.

As of Sept. 30, 2010, K Bank had approximately \$538.3 million in total assets and \$500.1 million in total deposits. M&T Bank did not pay the FDIC a premium for the deposits of K Bank. In addition to assuming all of the deposits of the failed bank, M&T Bank agreed to purchase approximately \$410.8 million of the failed bank's assets. The FDIC will retain the balance of the assets for later disposition.

The FDIC and M&T Bank entered into a loss-share transaction on \$289 million of K Bank's assets. M&T Bank will share in the losses on the asset pools covered under the loss-share agreement. The loss-share transaction is projected to maximize returns on the assets covered by keeping them in the private sector. The transaction also is expected to minimize disruptions for loan customers. For more information on loss share, please visit: <http://www.fdic.gov/bank/individual/failed/lossshare/index.html>.

Customers who have questions about today's transaction can call the FDIC toll-free at 1-800-830-4697. The phone number will be operational this evening until 9:00 p.m., Eastern Daylight Time (EDT); on Saturday from 9:00 a.m. to 6:00 p.m., (EDT); on Sunday from noon to 6:00 p.m., Eastern Standard Time (EST); and thereafter from 8:00 a.m. to 8:00 p.m., EST. Interested parties also can visit the FDIC's Web site at <http://www.fdic.gov/bank/individual/failed/kbank.html>.

The FDIC estimates that the cost to the Deposit Insurance Fund (DIF) will be \$198.4 million. Compared to other alternatives, M&T Bank's acquisition was the least costly resolution for the FDIC's DIF. K Bank is the 140th FDIC-insured institution to fail in the nation this year, and the fourth in Maryland. The last FDIC-insured institution closed in the state was Ideal Federal Savings Bank, Baltimore, on July 9, 2010.

SOURCE: The Federal Deposit Insurance Corporation

M&T Bank Acquires Troubled K Bank

BALTIMORE, M.D.—At 6:30 p.m. today, the Maryland Commissioner of Financial Regulation accepted possession of K Bank of Randallstown, Maryland, and caused the Federal Deposit Insurance Corporation ("FDIC") to be appointed as receiver of the K Bank. All of K Bank's deposits, as well as the majority of its assets, were immediately acquired by M&T Bank, a New York-chartered commercial bank, in a purchase and assumption transaction arranged by the FDIC.

All depositors of K Bank will automatically become depositors of M&T Bank. "K Bank's customers can expect a smooth transition," said Commissioner Mark A. Kaufman. "Depositors will not experience any loss or disruption in access to their accounts. M&T Bank is a strong institution with a demonstrated commitment to our region."

All K Bank branches will immediately reopen beginning tomorrow as usual for customers. Tonight and throughout the weekend, K Bank depositors can continue to access their funds by writing checks and utilizing their existing ATM and/or debit cards. K Bank has seven branches located in Randallstown, Perry Hall, Ellicott City, Eldersburg, Bel Air, Cockeysville, and Owings Mills.

"Marylanders should remain confident in the overall safety and soundness of our banking industry," said

Commissioner Kaufman. "The overwhelming majority of our state-chartered banks are healthy and well capitalized. We work diligently with our counterparts at the FDIC and the Federal Reserve to ensure that our institutions operate safely, and to assist them in meeting the challenges of the current economic environment. Likewise, all bank deposits are insured by the FDIC up to \$250,000."

As of Sept. 30, 2010, K Bank had total assets of \$538 million and total deposits of \$500 million. K Bank was an aggressive commercial real estate lender and its capital was eroded by a high volume of nonperforming loans and loan losses, particularly related to acquisition, development and construction lending. Management was unsuccessful in efforts to sell or recapitalize the institution and, consequently, the Board of Directors voted to turn possession of the institution over to the Commissioner.

The FDIC has established a website and a toll-free number to answer questions from depositors, creditors, and other interested parties regarding its receivership of K Bank. The toll-free number is 1-800-830-4697. The phone number will be operational this evening until 9 p.m. Eastern Daylight Time ("EDT"); on Saturday from 9 a.m. to 5 p.m. EDT; on Sunday from 12 noon to 5:00 p.m. Eastern Standard Time ("EST"); and thereafter during regular business days from 8 a.m. to 5 p.m. EST.

The Office of the Commissioner of Financial Regulation is responsible for the supervision of Maryland chartered-banks, credit unions and trust companies, as well as non-depository financial service providers such as mortgage lenders. The Office of the Commissioner works to maintain the integrity of the Maryland financial services industry and protects the interests of depositors, borrowers, shareholders and consumers through effective regulation.

Questions or comments regarding the Commissioner of Financial Regulation may be directed to DLLR Public Affairs Specialist Shannon Davis at 410-230-6069.

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