



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

**Corporate Decision #99-14
June 1999**

**DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE
APPLICATION BY FARMERS & MECHANICS NATIONAL BANK, FREDERICK,
MARYLAND, TO PURCHASE CERTAIN ASSETS AND ASSUME CERTAIN
LIABILITIES OF THE "FAIRFIELD BRANCH," FAIRFIELD, PENNSYLVANIA,
OF
FMB BANK, BALTIMORE, MARYLAND**

May 27, 1999

Introduction

On April 13, 1999, application was made to the Office of the Comptroller of the Currency for prior authorization for Farmers & Mechanics National Bank, Frederick, Maryland (hereinafter, F&M) to purchase certain assets and assume certain liabilities of the "Fairfield Branch," Fairfield, Pennsylvania, of FMB Bank, Baltimore, Maryland (hereinafter, FMB). This application was based on a purchase and assumption agreement between the proponents on April 7, 1999.

The Financial Institutions Involved

As of December 31, 1998, the branch office of FMB subject to the purchase and assumption agreement had total deposits of approximately \$13 million. On the same date, F&M had total deposits of approximately \$957 million. F&M is wholly owned by F&M Bancorp, Inc., Frederick, Maryland. F&M is an interstate national bank with its main office in Frederick, Maryland, and branches in Maryland and Pennsylvania.

Competitive Analysis

The OCC has reviewed the competitive effects of this proposal by using its standard procedures for determining whether a merger clearly has minimal or no adverse competitive effects. The OCC finds that the proposal satisfies the Office's criteria for a merger that clearly has no or minimal adverse competitive effects.

Banking Factors

The Bank Merger Act requires the OCC to consider "...the financial and managerial resources and future prospects of the existing and proposed institutions, and convenience and needs of the community to be served." We find that the financial and managerial resources of F&M and FMB do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable. The resulting bank is expected to meet the convenience and needs of the community to be served. This transaction will not eliminate any banking products or services to the communities these two banks serve. F&M plans to operate the office in Fairfield as a full service branch offering the same line of products that FMB has provided to the community.

Community Reinvestment Act

A review of the record of this application and other information available to the OCC as a result of its regulatory responsibilities, revealed no evidence that the applicants' record of helping to meet the credit needs of their communities, including low and moderate income neighborhoods, is less than satisfactory.

Conclusion

The legal, policy and procedural requirements for the proposal are satisfied. The banks are in satisfactory condition and their performance under the Community Reinvestment Act is rated at least satisfactory. This purchase and assumption of a branch office from another depository institution is consistent with the Bank Merger Act (12 U.S.C. § 1828(c)), and is legally authorized as an interstate acquisition of a branch under 12 U.S.C. §§ 36(d) and 1831u.

Accordingly, the application is approved.

_____/s/_____
Alan Herlands
Acting Deputy Comptroller
Bank Organization and Structure

_____/05-27-99_____
Date

Application Control Number: 1999-NE-02-0012