

M&T BANK CORP
Form 10-Q
May 08, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2014

or

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-9861

M&T BANK CORPORATION
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

16-0968385
(I.R.S. Employer
Identification No.)

One M & T Plaza

Buffalo, New York
(Address of principal executive offices)

14203
(Zip Code)

(716) 842-5445

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of the registrant's Common Stock, \$0.50 par value, outstanding as of the close of business on April 30, 2014: 131,488,635 shares.

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M&T BANK CORPORATION

FORM 10-Q

For the Quarterly Period Ended March 31, 2014

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (Unaudited)

<i>Dollars in thousands, except per share</i>		March 31, 2014	December 31, 2013
Assets	Cash and due from banks	\$ 1,671,052	1,573,361
	Interest-bearing deposits at banks	3,299,185	1,651,138
	Federal funds sold	92,066	99,573
	Trading account	314,807	376,131
	Investment securities (includes pledged securities that can be sold or repledged of \$1,657,883 at March 31, 2014; \$1,696,438 at December 31, 2013)		
	Available for sale (cost: \$6,042,063 at March 31, 2014; \$4,444,365 at December 31, 2013)	6,191,571	4,531,786
	Held to maturity (fair value: \$3,814,766 at March 31, 2014; \$3,860,127 at December 31, 2013)	3,873,985	3,966,130
	Other (fair value: \$298,693 at March 31, 2014; \$298,581 at December 31, 2013)	298,693	298,581
	Total investment securities	10,364,249	8,796,497
	Loans and leases	64,378,511	64,325,783
	Unearned discount	(243,433)	(252,624)
	Loans and leases, net of unearned discount	64,135,078	64,073,159
	Allowance for credit losses	(916,768)	(916,676)
	Loans and leases, net	63,218,310	63,156,483
	Premises and equipment	627,966	633,520
	Goodwill	3,524,625	3,524,625
	Core deposit and other intangible assets	58,789	68,851
	Accrued interest and other assets	5,359,311	5,282,212
	Total assets	\$ 88,530,360	85,162,391
Liabilities	Noninterest-bearing deposits	\$ 25,244,200	24,661,007
	NOW accounts	1,917,763	1,989,441
	Savings deposits	37,887,008	36,621,580
	Time deposits	3,402,515	3,523,838
	Deposits at Cayman Islands office	247,880	322,746

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Total deposits	68,699,366	67,118,612
Federal funds purchased and agreements to repurchase securities	230,209	260,455
Accrued interest and other liabilities	1,462,725	1,368,922
Long-term borrowings	6,251,197	5,108,870
Total liabilities	76,643,497	73,856,859
Shareholders equity		
Preferred stock, \$1.00 par, 1,000,000 shares authorized; Issued and outstanding: Liquidation preference of \$1,000 per share: 731,500 shares at March 31, 2014; 381,500 shares at December 31, 2013; Liquidation preference of \$10,000 per share: 50,000 shares at March 31, 2014 and December 31, 2013	1,231,500	881,500
Common stock, \$.50 par, 250,000,000 shares authorized, 131,388,585 shares issued at March 31, 2014; 130,516,364 shares issued at December 31, 2013	65,694	65,258
Common stock issuable, 42,100 shares at March 31, 2014; 47,231 shares at December 31, 2013	2,616	2,915
Additional paid-in capital	3,302,402	3,232,014
Retained earnings	7,309,912	7,188,004
Accumulated other comprehensive income (loss), net	(25,261)	(64,159)
Total shareholders equity	11,886,863	11,305,532
Total liabilities and shareholders equity	\$ 88,530,360	85,162,391

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M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

<i>In thousands, except per share</i>		Three months ended March 31	
		2014	2013
Interest income	Loans and leases, including fees	\$ 645,222	682,455
	Deposits at banks	1,884	267
	Federal funds sold	16	17
	Agreements to resell securities		9
	Trading account	427	638
	Investment securities		
	Fully taxable	73,899	44,760
	Exempt from federal taxes	1,504	1,829
	Total interest income	722,952	729,975
Interest expense	NOW accounts	297	322
	Savings deposits	11,601	14,037
	Time deposits	3,940	8,196
	Deposits at Cayman Islands office	208	388
	Short-term borrowings	32	231
	Long-term borrowings	50,441	50,751
	Total interest expense	66,519	73,925
	<i>Net interest income</i>	656,433	656,050
	Provision for credit losses	32,000	38,000
	Net interest income after provision for credit losses	624,433	618,050
Other income	Mortgage banking revenues	80,049	93,103
	Service charges on deposit accounts	104,198	110,949
	Trust income	121,252	121,603
	Brokerage services income	16,500	15,711
	Trading account and foreign exchange gains	6,447	8,927
	Total other-than-temporary impairment (OTTI) losses		(1,884)
	Portion of OTTI losses recognized in other comprehensive income (before taxes)		(7,916)
	Net OTTI losses recognized in earnings		(9,800)
	Equity in earnings of Bayview Lending Group LLC	(4,454)	(3,656)
	Other revenues from operations	96,115	96,045
	Total other income	420,107	432,882

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Other expense	Salaries and employee benefits	371,326	356,551
	Equipment and net occupancy	71,167	65,159
	Printing, postage and supplies	10,956	10,699
	Amortization of core deposit and other intangible assets	10,062	13,343
	FDIC assessments	15,488	19,438
	Other costs of operations	223,272	170,406
	Total other expense	702,271	635,596
	Income before taxes	342,269	415,336
	Income taxes	113,252	141,223
	<i>Net income</i>	\$ 229,017	274,113
	Net income available to common shareholders		
	Basic	\$ 211,720	255,079
	Diluted	211,731	255,096
	Net income per common share		
	Basic	\$ 1.63	2.00
	Diluted	1.61	1.98
	Cash dividends per common share	\$.70	.70
	Average common shares outstanding		
	Basic	130,212	127,669
	Diluted	131,126	128,636

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M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

<i>In thousands</i>	Three months ended March 31	
	2014	2013
Net income	\$ 229,017	274,113
Other comprehensive income, net of tax and reclassification adjustments:		
Net unrealized gains on investment securities	38,214	10,079
Foreign currency translation adjustment	(136)	(932)
Defined benefit plans liability adjustment	820	5,164
<i>Total other comprehensive income</i>	38,898	14,311
<i>Total comprehensive income</i>	\$ 267,915	288,424

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M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

<i>In thousands</i>		Three months ended March 31	
		2014	2013
Cash flows from operating activities	Net income	\$ 229,017	274,113
	Adjustments to reconcile net income to net cash provided by operating activities		
	Provision for credit losses	32,000	38,000
	Depreciation and amortization of premises and equipment	24,708	22,027
	Amortization of capitalized servicing rights	17,792	15,208
	Amortization of core deposit and other intangible assets	10,062	13,343
	Provision for deferred income taxes	42,256	19,253
	Asset write-downs	1,117	13,558
	Net gain on sales of assets	(852)	(2,676)
	Net change in accrued interest receivable, payable	(3,185)	(2,872)
	Net change in other accrued income and expense	57,884	80,645
	Net change in loans originated for sale	122,406	205,643
	Net change in trading account assets and liabilities	27,893	22,156
	Net cash provided by operating activities	561,098	698,398
Cash flows from investing activities	Proceeds from sales of investment securities		
	Other	146	2,032
	Proceeds from maturities of investment securities		
	Available for sale	166,324	353,305
	Held to maturity	92,305	79,164
	Purchases of investment securities		
	Available for sale	(1,709,847)	(14,597)
	Held to maturity	(3,238)	(6,010)
	Other	(258)	(274)
	Net (increase) decrease in loans and leases	(220,551)	404,142
	Net increase in interest-bearing deposits at banks	(1,648,047)	(1,174,825)
	Capital expenditures, net	(16,725)	(16,671)
	Net increase in loan servicing advances	(122,910)	(9,054)
	Other, net	21,763	11,015
Net cash used by investing activities	(3,441,038)	(371,773)	
Cash flows from financing activities	Net increase (decrease) in deposits	1,581,705	(519,555)
	Net decrease in short-term borrowings	(30,246)	(699,889)

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	Proceeds from long-term borrowings	1,498,688	799,760
	Payments on long-term borrowings	(352,245)	(3,460)
	Proceeds from issuance of preferred stock	346,500	
	Dividends paid - common	(92,406)	(90,788)
	Dividends paid - preferred	(6,080)	(4,769)
	Other, net	24,208	31,528
	Net cash provided (used) by financing activities	2,970,124	(487,173)
	Net increase (decrease) in cash and cash equivalents	90,184	(160,548)
	Cash and cash equivalents at beginning of period	1,672,934	1,986,615
	Cash and cash equivalents at end of period	\$ 1,763,118	1,826,067
Supplemental disclosure of cash flow information	Interest received during the period	\$ 695,653	718,296
	Interest paid during the period	61,841	72,106
	Income taxes paid during the period	4,789	9,545
Supplemental schedule of noncash investing and financing activities	Securitization of residential mortgage loans allocated to Available-for-sale investment securities	\$ 29,785	
	Capitalized servicing rights	372	
	Real estate acquired in settlement of loans	8,886	8,244

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M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (Unaudited)

<i>In thousands, except per share</i>	Preferred stock	Common stock	Common stock issuable	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss), net	Total
2013							
Balance - January 1, 2013	\$ 872,500	64,088	3,473	3,025,520	6,477,276	(240,264)	10,202,593
Total comprehensive income					274,113	14,311	288,424
Preferred stock cash dividends					(13,363)		(13,363)
Amortization of preferred stock discount	2,127				(2,127)		
Exercise of 407,542 Series C stock warrants into 186,589 shares of common stock		93		(93)			
Stock-based compensation plans:							
Compensation expense, net		160		12,911			13,071
Exercises of stock options, net		126		21,444			21,570
Directors stock plan		4		772			776
Deferred compensation plans, net, including dividend equivalents		5	(644)	563	(32)		(108)
Other				666			666
Common stock cash dividends - \$.70 per share					(90,672)		(90,672)
Balance - March 31, 2013	\$ 874,627	64,476	2,829	3,061,783	6,645,195	(225,953)	10,422,957
2014							
Balance - January 1, 2014	\$ 881,500	65,258	2,915	3,232,014	7,188,004	(64,159)	11,305,532
Total comprehensive income					229,017	38,898	267,915
Preferred stock cash dividends					(14,674)		(14,674)
Issuance of Series E preferred stock	350,000			(3,500)			346,500
Stock-based compensation plans:							
Compensation expense, net		123		13,999			14,122
Exercises of stock options, net		266		49,228			49,494
Stock purchase plan		43		9,545			9,588
Directors stock plan		2		439			441
Deferred compensation plans, net, including dividend		2	(299)	265	(29)		(61)

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equivalents							
Other				412			412
Common stock cash dividends - \$.70 per share					(92,406)		(92,406)
Balance - March 31, 2014	\$ 1,231,500	65,694	2,616	3,302,402	7,309,912	(25,261)	11,886,863

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NOTES TO FINANCIAL STATEMENTS

1. Significant accounting policies

The consolidated financial statements of M&T Bank Corporation (M&T) and subsidiaries (the Company) were compiled in accordance with generally accepted accounting principles (GAAP) using the accounting policies set forth in note 1 of Notes to Financial Statements included in the 2013 Annual Report. In the opinion of management, all adjustments necessary for a fair presentation have been made and were all of a normal recurring nature.

2. Acquisitions

On August 27, 2012, M&T announced that it had entered into a definitive agreement with Hudson City Bancorp, Inc. (Hudson City), headquartered in Paramus, New Jersey, under which Hudson City will be acquired by M&T. Pursuant to the terms of the agreement, Hudson City shareholders will receive consideration for each common share of Hudson City in an amount valued at .08403 of an M&T share in the form of either M&T common stock or cash, based on the election of each Hudson City shareholder, subject to proration as specified in the merger agreement (which provides for an aggregate split of total consideration of 60% common stock of M&T and 40% cash). As of March 31, 2014 total consideration to be paid was valued at approximately \$5.2 billion.

At March 31, 2014, Hudson City had \$38.2 billion of assets, including \$23.8 billion of loans and \$8.5 billion of investment securities, and \$33.4 billion of liabilities, including \$21.1 billion of deposits. The merger has received the approval of the common shareholders of M&T and Hudson City. However, the merger is subject to a number of other conditions, including regulatory approvals.

On June 17, 2013, M&T and Manufacturers and Traders Trust Company (M&T Bank), M&T's principal banking subsidiary, entered into a written agreement with the Federal Reserve Bank of New York (Federal Reserve Bank). Under the terms of the agreement, M&T and M&T Bank are required to submit to the Federal Reserve Bank a revised compliance risk management program designed to ensure compliance with the Bank Secrecy Act and anti-money-laundering laws and regulations and to take certain other steps to enhance their compliance practices. The Company has commenced a major initiative, including the hiring of outside consulting firms, intended to fully address the Federal Reserve Bank's concerns. In view of the timeframe required to implement this initiative, demonstrate its efficacy to the satisfaction of the Federal Reserve Bank and otherwise meet any other regulatory requirements that may be imposed in connection with these matters, M&T and Hudson City extended the date after which either party may elect to terminate the merger agreement if the merger has not yet been completed to December 31, 2014. Nevertheless, there can be no assurances that the merger will be completed by that date.

In connection with the pending acquisition, the Company incurred merger-related expenses related to preparing for systems conversions and other costs of integrating and conforming acquired operations with and into the Company. Those expenses consisted largely of professional services and other temporary help fees associated with planning for the conversion of systems and/or integration of operations; initial marketing and promotion expenses designed to introduce M&T Bank to its new customers; travel costs; and printing, postage, supplies and other costs of planning for the transaction and commencing operations in new markets and offices.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

2. Acquisitions, continued

A summary of merger-related expenses in the first quarter of 2013 associated with the pending Hudson City acquisition included in the consolidated statement of income is presented below. There were no merger-related expenses during the three-month period ended March 31, 2014.

	Three months ended March 31, 2013 (in thousands)
Salaries and employee benefits	\$ 536
Equipment and net occupancy	201
Printing, postage and supplies	827
Other cost of operations	3,168
	\$ 4,732

3. Investment securities

The amortized cost and estimated fair value of investment securities were as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(in thousands)			
March 31, 2014				
Investment securities available for sale:				
U.S. Treasury and federal agencies	\$ 42,415	291	59	\$ 42,647
Obligations of states and political subdivisions	10,148	306	71	10,383
Mortgage-backed securities:				
Government issued or guaranteed	5,722,948	85,193	7,050	5,801,091
Privately issued	235	466	5	696
Collateralized debt obligations	38,451	23,623	306	61,768
Other debt securities	138,197	1,859	17,807	122,249
Equity securities	89,669	63,431	363	152,737
	6,042,063	175,169	25,661	6,191,571

Investment securities held to maturity:

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Obligations of states and political subdivisions	162,894	3,280	194	165,980
Mortgage-backed securities:				
Government issued or guaranteed	3,486,786	26,847	37,718	3,475,915
Privately issued	215,649		51,434	164,215
Other debt securities	8,656			8,656
	3,873,985	30,127	89,346	3,814,766
Other securities	298,693			298,693
Total	\$ 10,214,741	205,296	115,007	\$ 10,305,030

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. Investment securities, continued

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
	(in thousands)			
December 31, 2013				
Investment securities available for sale:				
U.S. Treasury and federal agencies	\$ 37,396	382	2	\$ 37,776
Obligations of states and political subdivisions	10,484	333	6	10,811
Mortgage-backed securities:				
Government issued or guaranteed	4,123,435	61,001	19,350	4,165,086
Privately issued	1,468	387	5	1,850
Collateralized debt obligations	42,274	21,666	857	63,083
Other debt securities	137,828	1,722	19,465	120,085
Equity securities	91,480	41,842	227	133,095
	4,444,365	127,333	39,912	4,531,786
Investment securities held to maturity:				
Obligations of states and political subdivisions	169,684	3,744	135	173,293
Mortgage-backed securities:				
Government issued or guaranteed	3,567,905	16,160	65,149	3,518,916
Privately issued	219,628		60,623	159,005
Other debt securities	8,913			8,913
	3,966,130	19,904	125,907	3,860,127
Other securities	298,581			298,581
Total	\$ 8,709,076	147,237	165,819	\$ 8,690,494

There were no gross realized gains or losses from sales of investment securities for the quarters ended March 31, 2014 and 2013. The Company recognized \$10 million of pre-tax other-than-temporary impairment (OTTI) losses during the quarter ended March 31, 2013 related to privately issued mortgage-backed securities. The impairment charges were recognized in light of deterioration of real estate values and a rise in delinquencies and charge-offs of underlying mortgage loans collateralizing those securities. The OTTI losses represented management's estimate of credit losses inherent in the debt securities considering projected cash flows using assumptions for delinquency rates, loss severities, and other estimates of future collateral performance. There were no OTTI losses during the first quarter of 2014.

Changes in credit losses associated with debt securities for which OTTI losses have been recognized in earnings for the three months ended March 31, 2013 follows:

	Three months ended March 31, 2013 (in thousands)
Beginning balance	\$ 197,809
Additions for credit losses not previously recognized	9,800
Reductions for realized losses	(20,495)
Ending balance	\$ 187,114

There were no significant credit losses associated with debt securities held by the Company as of March 31, 2014 or December 31, 2013.

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. Investment securities, continued

At March 31, 2014, the amortized cost and estimated fair value of debt securities by contractual maturity were as follows:

	Amortized cost	Estimated fair value
	(in thousands)	
Debt securities available for sale:		
Due in one year or less	\$ 9,830	9,957
Due after one year through five years	43,459	44,086
Due after five years through ten years	5,328	5,442
Due after ten years	170,594	177,562
	229,211	237,047
Mortgage-backed securities available for sale	5,723,183	5,801,787
	\$ 5,952,394	6,038,834
Debt securities held to maturity:		
Due in one year or less	\$ 17,944	18,049
Due after one year through five years	74,928	76,540
Due after five years through ten years	70,022	71,391
Due after ten years	8,656	8,656
	171,550	174,636
Mortgage-backed securities held to maturity	3,702,435	3,640,130
	\$ 3,873,985	3,814,766

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. Investment securities, continued

A summary of investment securities that as of March 31, 2014 and December 31, 2013 had been in a continuous unrealized loss position for less than twelve months and those that had been in a continuous unrealized loss position for twelve months or longer follows:

	Less than 12 months		12 months or more	
	Fair value	Unrealized losses	Fair value	Unrealized losses
	(in thousands)			
March 31, 2014				
Investment securities available for sale:				
U.S. Treasury and federal agencies	\$ 29,346	(59)		
Obligations of states and political subdivisions	1,930	(68)	439	(3)
Mortgage-backed securities:				
Government issued or guaranteed	1,725,859	(6,919)	5,215	(131)
Privately issued			91	(5)
Collateralized debt obligations			6,097	(306)
Other debt securities	927	(10)	105,418	(17,797)
Equity securities	2,307	(363)		
	1,760,369	(7,419)	117,260	(18,242)
Investment securities held to maturity:				
Obligations of states and political subdivisions	17,490	(155)	2,658	(39)
Mortgage-backed securities:				
Government issued or guaranteed	1,715,149	(37,718)		
Privately issued			164,215	(51,434)
	1,732,639	(37,873)	166,873	(51,473)
Total	\$ 3,493,008	(45,292)	284,133	(69,715)
December 31, 2013				
Investment securities available for sale:				
U.S. Treasury and federal agencies	\$ 745	(2)		
Obligations of states and political subdivisions			558	(6)
Mortgage-backed securities:				
Government issued or guaranteed	1,697,094	(19,225)	5,815	(125)

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Privately issued			98	(5)
Collateralized debt obligations			6,257	(857)
Other debt securities	1,428	(4)	103,602	(19,461)
Equity securities	159	(227)		
	1,699,426	(19,458)	116,330	(20,454)
Investment securities held to maturity:				
Obligations of states and political subdivisions	13,517	(120)	1,558	(15)
Mortgage-backed securities:				
Government issued or guaranteed	2,629,950	(65,149)		
Privately issued			159,005	(60,623)
	2,643,467	(65,269)	160,563	(60,638)
Total	\$ 4,342,893	(84,727)	276,893	(81,092)

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

3. Investment securities, continued

The Company owned 392 individual investment securities with aggregate gross unrealized losses of \$115 million at March 31, 2014. Based on a review of each of the securities in the investment securities portfolio at March 31, 2014, the Company concluded that it expected to recover the amortized cost basis of its investment. As of March 31, 2014, the Company does not intend to sell nor is it anticipated that it would be required to sell any of its impaired investment securities at a loss. At March 31, 2014, the Company has not identified events or changes in circumstances which may have a significant adverse effect on the fair value of the \$299 million of cost method investment securities.

4. Loans and leases and the allowance for credit losses

The outstanding principal balance and the carrying amount of acquired loans that were recorded at fair value at the acquisition date that is included in the consolidated balance sheet were as follows:

	March 31, 2014	December 31, 2013
	(in thousands)	
Outstanding principal balance	\$ 4,302,336	4,656,811
Carrying amount:		
Commercial, financial, leasing, etc.	474,612	580,685
Commercial real estate	1,412,397	1,541,368
Residential real estate	551,698	576,473
Consumer	1,258,875	1,308,926
	\$ 3,697,582	4,007,452

Purchased impaired loans included in the table above totaled \$303 million at March 31, 2014 and \$331 million at December 31, 2013, representing less than 1% of the Company's assets as of each date. A summary of changes in the accretable yield for acquired loans for the three months ended March 31, 2014 and 2013 follows:

	Three months ended March 31, 2014		
	Purchased impaired	Other acquired	Total
	(in thousands)		
Balance at beginning of period	\$ 37,230	538,633	575,863
Interest income	(6,328)	(52,633)	(58,961)
Reclassifications from nonaccretable balance, net	37		37

Other (a)		(838)	(838)
Balance at end of period	\$ 30,939	485,162	516,101

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NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. Loans and leases and the allowance for credit losses, continued

	Three months ended March 31, 2013		
	Purchased impaired	Other acquired	Total
	(in thousands)		
Balance at beginning of period	\$ 42,252	638,272	680,524
Interest income	(8,704)	(61,747)	(70,451)
Reclassifications from nonaccretable balance, net	180	10,817	10,997
Other (a)		(9,733)	(9,733)
Balance at end of period	\$ 33,728	577,609	611,337

(a) Other changes in expected cash flows including changes in interest rates and prepayment assumptions.

A summary of current, past due and nonaccrual loans as of March 31, 2014 and December 31, 2013 were as follows:

	Current	30-89 Days past due	90 Days or more past due and accruing Non- acquired	Acquired (a)	Purchased impaired (b)	Nonaccrual	Total
	(in thousands)						
March 31, 2014							
Commercial, financial, leasing, etc.	\$ 18,686,680	43,019	8,245	4,295	15,560	138,271	18,896,070
Real estate:							
Commercial	21,309,518	158,281	7,870	33,560	91,312	175,984	21,776,525
Residential builder and developer	1,073,532	3,613		8,812	122,757	89,563	1,298,277
Other commercial construction	2,915,804	41,861		2,381	44,175	25,063	3,029,284
Residential	7,530,046	254,376	285,478	45,733	26,986	259,678	8,402,297
Residential Alt-A	272,463	20,815				78,520	371,798
Consumer:							
Home equity lines and loans	5,914,788	36,440		26,039	2,598	82,555	6,062,420
Automobile	1,454,199	20,441		176		16,351	1,491,167
Other	2,744,821	32,087	5,424			24,908	2,807,240

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Total	\$ 61,901,851	610,933	307,017	120,996	303,388	890,893	64,135,078
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NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. Loans and leases and the allowance for credit losses, continued

	Current	30-89 Days past due	90 Days or more past due and accruing Non- acquired	Acquired (a)	Purchased impaired (b)	Nonaccrual	Total
	(in thousands)						
December 31, 2013							
Commercial, financial, leasing, etc.	\$ 18,489,474	77,538	4,981	6,778	15,706	110,739	18,705,216
Real estate:							
Commercial	21,236,071	145,749	63,353	35,603	88,034	173,048	21,741,858
Residential builder and developer	1,025,984	8,486	141	7,930	137,544	96,427	1,276,512
Other commercial construction	2,986,598	42,234		8,031	57,707	35,268	3,129,838
Residential	7,630,368	295,131	294,649	43,700	29,184	252,805	8,545,837
Residential Alt-A	283,253	18,009				81,122	382,384
Consumer:							
Home equity lines and loans	5,972,365	40,537		27,754	2,617	78,516	6,121,789
Automobile	1,314,246	29,144		366		21,144	1,364,900
Other	2,726,522	47,830	5,386			25,087	2,804,825