Shoup Michael J
Form 4
September 17, 2008

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Shoup Michael J

(Last) (First) (Middle)

9924 WEST 74TH STREET

(Street)

EDEN PRAIRIE, MN 55344

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SURMODICS INC [SRDX]

3. Date of Earliest Transaction (Month/Day/Year)
09/15/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
VP of Qual, Reg & Clinical

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount Underlying Securitie (Instr. 3 and 4)

(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amou or Numb of Shares
Non-Qualified Stock Option (Right to Buy)	$ 37.51	09/15/2008		A		8,482		(1)	09/15/2015	Common Stock	8,48

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Shoup Michael J 9924 WEST 74TH STREET EDEN PRAIRIE, MN 55344			VP of Qual, Reg & Clinical	

Signatures

/s/ Gordon S. Weber, on behalf of Michael J. Shoup	09/17/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Exercisable in annual increments of 25%, commencing 9/15/09.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. FONT>*Chairman of the Board and Chief Executive Officer* René F. Jones *Executive Vice President and Chief Financial Officer*

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

M&T Bank Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, cash flows, and changes in shareholders equity present fairly, in all material respects, the financial position of M&T Bank Corporation and its subsidiaries (the Company) at December 31, 2014 and December 31, 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Buffalo, New York

February 20, 2015

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M&T BANK CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheet

(Dollars in thousands, except per share)	December 31	
	2014	2013
Assets		
Cash and due from banks	$ 1,289,965	$ 1,573,361
Interest-bearing deposits at banks	6,470,867	1,651,138
Federal funds sold	83,392	99,573
Trading account	308,175	376,131
Investment securities (includes pledged securities that can be sold or repledged of $1,631,267 at December 31, 2014; $1,696,438 at December 31, 2013)		
Available for sale (cost: $8,919,324 at December 31, 2014; $4,444,365 at December 31, 2013)	9,156,932	4,531,786
Held to maturity (fair value: $3,538,282 at December 31, 2014; $3,860,127 at December 31, 2013)	3,507,868	3,966,130
Other (fair value: $328,742 at December 31, 2014; $298,581 at December 31, 2013)	328,742	298,581
Total investment securities	12,993,542	8,796,497
Loans and leases	66,899,369	64,325,783
Unearned discount	(230,413)	(252,624)
Loans and leases, net of unearned discount	66,668,956	64,073,159
Allowance for credit losses	(919,562)	(916,676)
Loans and leases, net	65,749,394	63,156,483
Premises and equipment	612,984	633,520
Goodwill	3,524,625	3,524,625
Core deposit and other intangible assets	35,027	68,851
Accrued interest and other assets	5,617,564	5,282,212
Total assets	$ 96,685,535	$ 85,162,391
Liabilities		
Noninterest-bearing deposits	$ 26,947,880	$ 24,661,007
NOW accounts	2,307,815	1,989,441
Savings deposits	41,085,803	36,621,580
Time deposits	3,063,973	3,523,838
Deposits at Cayman Islands office	176,582	322,746
Total deposits	73,582,053	67,118,612
Federal funds purchased and agreements to repurchase securities	192,676	260,455
Accrued interest and other liabilities	1,567,951	1,368,922
Long-term borrowings	9,006,959	5,108,870
Total liabilities	84,349,639	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 December 31, 2014; 381,500 shares at December 31, 2013; Liquidation preference of $10,000 per share: 50,000 shares at December 31, 2014 and December 31, 2013	1,231,500	881,500

Common stock, $.50 par, 250,000,000 shares authorized, 132,312,931 shares issued at December 31, 2014; 130,516,364 shares issued at December 31, 2013	66,157	65,258
Common stock issuable, 41,330 shares at December 31, 2014; 47,231 shares at December 31, 2013	2,608	2,915
Additional paid-in capital	3,409,506	3,232,014
Retained earnings	7,807,119	7,188,004
Accumulated other comprehensive income (loss), net	(180,994)	(64,159)
Total shareholders equity	12,335,896	11,305,532
Total liabilities and shareholders equity	$ 96,685,535	$ 85,162,391

See accompanying notes to financial statements.

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M&T BANK CORPORATION AND SUBSIDIARIES

Consolidated Statement of Income

(In thousands, except per share)	**Year Ended December 31**		
	2014	**2013**	**2012**
Interest income			
Loans and leases, including fees	$ 2,596,586	$ 2,734,708	$ 2,704,156
Deposits at banks	13,361	5,201	1,221
Federal funds sold	64	104	21
Agreements to resell securities		10	
Trading account	1,119	1,265	1,126
Investment securities			
Fully taxable	340,391	209,244	227,116
Exempt from federal taxes	5,356	6,802	8,045
Total interest income	2,956,877	2,957,334	2,941,685
Interest expense			
NOW accounts	1,404	1,287	1,343
Savings deposits	45,465	54,948	68,011
Time deposits	15,515	26,439	46,102
Deposits at Cayman Islands office	699	1,018	1,130
Short-term borrowings	101	430	1,286
Long-term borrowings	217,247	199,983	225,297
Total interest expense	280,431	284,105	343,169
Net interest income	2,676,446	2,673,229	2,598,516
Provision for credit losses	124,000	185,000	204,000
Net interest income after provision for credit losses	2,552,446	2,488,229	2,394,516
Other income			
Mortgage banking revenues	362,912	331,265	349,064
Service charges on deposit accounts	427,956	446,941	446,698
Trust income	508,258	496,008	471,852
Brokerage services income	67,212	65,647	59,059
Trading account and foreign exchange gains	29,874	40,828	35,634
Gain on bank investment securities		56,457	9
Total other-than-temporary impairment (OTTI) losses		(1,884)	(32,067)
Portion of OTTI losses recognized in other comprehensive income (before taxes)		(7,916)	(15,755)
Net OTTI losses recognized in earnings		(9,800)	(47,822)
Equity in earnings of Bayview Lending Group LLC	(16,672)	(16,126)	(21,511)
Other revenues from operations	399,733	453,985	374,287
Total other income	1,779,273	1,865,205	1,667,270
Other expense			
Salaries and employee benefits	1,404,950	1,355,178	1,314,540
Equipment and net occupancy	269,299	264,327	257,551
Printing, postage and supplies	38,201	39,557	41,929
Amortization of core deposit and other intangible assets	33,824	46,912	60,631

FDIC assessments	55,531	69,584	101,110
Other costs of operations	941,052	860,327	733,499
Total other expense	2,742,857	2,635,885	2,509,260
Income before taxes	1,588,862	1,717,549	1,552,526
Income taxes	522,616	579,069	523,028
Net income	$ 1,066,246	$ 1,138,480	$ 1,029,498
Net income available to common shareholders			
Basic	$ 978,531	$ 1,062,429	$ 953,390
Diluted	978,581	1,062,496	953,429
Net income per common share			
Basic	$ 7.47	$ 8.26	$ 7.57
Diluted	7.42	8.20	7.54

See accompanying notes to financial statements.

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M&T BANK CORPORATION AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

(In thousands)	Year Ended December 31		
	2014	2013	2012
Net income	$ 1,066,246	$ 1,138,480	$ 1,029,498
Other comprehensive income, net of tax and reclassification adjustments:			
Net unrealized gains (losses) on investment securities	93,275	(2,865)	114,825
Cash flow hedges adjustments	(96)		(112)
Foreign currency translation adjustment	(2,607)	381	519
Defined benefit plans liability adjustments	(207,407)	178,589	945
Total other comprehensive income (loss)	(116,835)	176,105	116,177
Total comprehensive income	$ 949,411	$ 1,314,585	$ 1,145,675

See accompanying notes to financial statements.

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M&T BANK CORPORATION AND SUBSIDIARIES

Consolidated Statement of Cash Flows

(In thousands)	Year Ended December 31		
	2014	2013	2012
Cash flows from operating activities			
Net income	$ 1,066,246	$ 1,138,480	$ 1,029,498
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for credit losses	124,000	185,000	204,000
Depreciation and amortization of premises and equipment	96,496	91,469	84,375
Amortization of capitalized servicing rights	68,410	65,354	59,555
Amortization of core deposit and other intangible assets	33,824	46,912	60,631
Provision for deferred income taxes	92,848	139,785	131,858
Asset write-downs	6,593	17,918	63,790
Net gain on sales of assets	(6,859)	(127,890)	(6,868)
Net change in accrued interest receivable, payable	15,163	(10,523)	(13,898)
Net change in other accrued income and expense	(68,722)	71,523	(200,704)
Net change in loans originated for sale	(350,581)	(674,062)	(924,839)
Net change in trading account assets and liabilities	21,623	(11,642)	12,583
Net cash provided by operating activities	1,099,041	932,324	499,981
Cash flows from investing activities			
Proceeds from sales of investment securities			
Available for sale	16	1,081,802	49,528
Other	23,445	13,172	78,071
Proceeds from maturities of investment securities			
Available for sale	998,413	1,034,564	1,585,260
Held to maturity	468,999	287,837	329,279
Purchases of investment securities			
Available for sale	(5,347,145)	(197,931)	(28,161)
Held to maturity	(21,283)	(1,977,064)	(285,125)
Other	(53,606)	(9,105)	(13,833)
Net (increase) decrease in loans and leases	(2,421,162)	123,120	(5,672,747)
Net (increase) decrease in interest-bearing deposits at banks	(4,819,729)	(1,521,193)	25,015
Capital expenditures, net	(73,161)	(129,563)	(91,519)
Net increase in loan servicing advances	(484,689)	(1,004,923)	(69,084)
Other, net	19,531	95,706	32,458
Net cash used by investing activities	(11,710,371)	(2,203,578)	(4,060,858)
Cash flows from financing activities			
Net increase in deposits	6,466,697	1,513,884	6,230,391
Net increase (decrease) in short-term borrowings	(67,779)	(814,027)	292,422
Proceeds from long-term borrowings	4,345,478	799,760	
Payments on long-term borrowings	(426,275)	(261,212)	(2,080,167)
Dividends paid common	(371,199)	(365,349)	(357,717)
Dividends paid preferred	(70,234)	(53,450)	(53,450)
Proceeds from issuance of preferred stock	346,500		
Other, net	88,565	137,967	63,616
Net cash provided by financing activities	10,311,753	957,573	4,095,095
Net increase (decrease) in cash and cash equivalents	(299,577)	(313,681)	534,218
Cash and cash equivalents at beginning of year	1,672,934	1,986,615	1,452,397
Cash and cash equivalents at end of year	$ 1,373,357	$ 1,672,934	$ 1,986,615

Supplemental disclosure of cash flow information			
Interest received during the year	$ 2,893,153	$ 2,894,699	$ 2,931,409
Interest paid during the year	257,553	301,734	371,887
Income taxes paid during the year	411,912	389,008	405,598
Supplemental schedule of noncash investing and financing activities			
Securitization of residential mortgage loans allocated to			
Available-for-sale investment securities	$ 134,698	$ 1,690,490	$
Held-to-maturity investment securities		1,245,444	
Capitalized servicing rights	1,760	30,879	
Real estate acquired in settlement of loans	43,821	44,804	48,932

See accompanying notes to financial statements.

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M&T BANK CORPORATION AND SUBSIDIARIES

Consolidated Statement of Changes in Shareholders Equity

(In thousands, except per share)	Preferred Stock	Common Stock	Common Stock Issuable	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net	Total
2012							
Balance January 1, 2012	$ 864,585	62,842	4,072	2,828,986	5,867,165	(356,441)	9,271,209
Total comprehensive income					1,029,498	116,177	1,145,675
Preferred stock cash dividends					(53,450)		(53,450)
Amortization of preferred stock discount	7,915				(7,915)		
Stock-based compensation plans:							
Compensation expense, net		229		47,937			48,166
Exercises of stock options, net		928		135,017			135,945
Stock purchase plan		75		10,042			10,117
Directors stock plan		9		1,471			1,480
Deferred compensation plans, net, including dividend equivalents		5	(599)	593	(160)		(161)
Other				1,474			1,474
Common stock cash dividends $2.80 per share					(357,862)		(357,862)
Balance December 31, 2012	$ 872,500	64,088	3,473	3,025,520	6,477,276	(240,264)	10,202,593
2013							
Total comprehensive income					1,138,480	176,105	1,314,585
Preferred stock cash dividends					(53,450)		(53,450)
Amortization of preferred stock discount	9,000				(9,000)		
Exercise of 407,542 Series C stock warrants into 186,589 shares of common stock		93		(93)			
Exercise of 69,127 Series A stock warrants into 25,427 shares of common stock		13		(13)			
Stock-based compensation plans:							
Compensation expense, net		137		37,890			38,027
Exercises of stock options, net		914		163,891			164,805
Directors stock plan		8		1,636			1,644
Deferred compensation plans, net, including dividend equivalents		5	(558)	575	(131)		(109)
Other				2,608			2,608
Common stock cash dividends $2.80 per share					(365,171)		(365,171)
Balance December 31, 2013	$ 881,500	65,258	2,915	3,232,014	7,188,004	(64,159)	11,305,532
2014							
Total comprehensive income					1,066,246	(116,835)	949,411
Preferred stock cash dividends					(75,878)		(75,878)
Issuance of Series E preferred stock	350,000			(3,500)			346,500
Exercise of 427,905 Series A stock warrants into 169,543 shares of common stock		85		(85)			
Stock-based compensation plans:							
Compensation expense, net		128		45,306			45,434
Exercises of stock options, net		633		122,476			123,109
Stock purchase plan		43		9,545			9,588
Directors stock plan		7		1,658			1,665
Deferred compensation plans, net, including dividend equivalents		3	(307)	345	(116)		(75)
Other				1,747			1,747
Common stock cash dividends $2.80 per share					(371,137)		(371,137)

Balance December 31, 2014	$ 1,231,500	66,157	2,608	3,409,506	7,807,119	(180,994)	12,335,896

See accompanying notes to financial statements.

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M&T BANK CORPORATION AND SUBSIDIARIES

Notes to Financial Statements

1. Significant accounting policies

M&T Bank Corporation (M&T) is a bank holding company headquartered in Buffalo, New York. Through subsidiaries, M&T provides individuals, corporations and other businesses, and institutions with commercial and retail banking services, including loans and deposits, trust, mortgage banking, asset management, insurance and other financial services. Banking activities are largely focused on consumers residing in New York State, Pennsylvania, Maryland, Delaware, Virginia and the District of Columbia and on small and medium-size businesses based in those areas. Banking services are also provided in West Virginia and New Jersey, while certain subsidiaries also conduct activities in other areas.

The accounting and reporting policies of M&T and subsidiaries (the Company) conform to generally accepted accounting principles (GAAP) and to general practices within the banking industry. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The more significant accounting policies are as follows:

Consolidation

The consolidated financial statements include M&T and all of its subsidiaries. All significant intercompany accounts and transactions of consolidated subsidiaries have been eliminated in consolidation. The financial statements of M&T included in note 25 report investments in subsidiaries under the equity method. Information about some limited purpose entities that are affiliates of the Company but are not included in the consolidated financial statements appears in note 19.

Consolidated Statement of Cash Flows

For purposes of this statement, cash and due from banks and federal funds sold are considered cash and cash equivalents.

Securities purchased under agreements to resell and securities sold under agreements to repurchase

Securities purchased under agreements to resell and securities sold under agreements to repurchase are treated as collateralized financing transactions and are recorded at amounts equal to the cash or other consideration exchanged. It is generally the Company s policy to take possession of collateral pledged to secure agreements to resell.

Trading account

Financial instruments used for trading purposes are stated at fair value. Realized gains and losses and unrealized changes in fair value of financial instruments utilized in trading activities are included in trading account and foreign exchange gains in the consolidated statement of income.

Investment securities

Investments in debt securities are classified as held to maturity and stated at amortized cost when management has the positive intent and ability to hold such securities to maturity. Investments in other debt securities and equity securities having readily determinable fair values are classified as available for sale and stated at estimated fair value. Amortization of premiums and accretion of discounts for investment securities available for sale and held to maturity are included in interest income.

Other securities are stated at cost and include stock of the Federal Reserve Bank of New York and the Federal Home Loan Bank (FHLB) of New York.

The cost basis of individual securities is written down through a charge to earnings when declines in value below amortized cost are considered to be other than temporary. In cases where fair value is less than amortized cost and the Company intends to sell a debt security, it is more likely than not to be required to sell a debt security before recovery of its amortized cost basis, or the Company does not expect to recover the entire amortized cost basis of a debt security, an other-than-temporary impairment is considered to have occurred. If the Company intends to sell the

debt security or more likely than not will be required to sell the

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security before recovery of its amortized cost basis, the other-than-temporary impairment is recognized in earnings equal to the entire difference between the debt security s amortized cost basis and its fair value. If the Company does not expect to recover the entire amortized cost basis of the security, the Company does not intend to sell the security and it is not more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis, the other-than-temporary impairment is separated into (a) the amount representing the credit loss and (b) the amount related to all other factors. The amount of the other-than-temporary impairment related to the credit loss is recognized in earnings while the amount related to other factors is recognized in other comprehensive income, net of applicable taxes. Subsequently, the Company accounts for the other-than-temporarily impaired debt security as if the security had been purchased on the measurement date of the other-than-temporary impairment at an amortized cost basis equal to the previous amortized cost basis less the other-than-temporary impairment recognized in earnings. The cost basis of individual equity securities is written down to estimated fair value through a charge to earnings when declines in value below cost are considered to be other than temporary. Realized gains and losses on the sales of investment securities are determined using the specific identification method.

Loans and leases

The Company s accounting methods for loans depends on whether the loans were originated by the Company or were acquired in a business combination.

Originated loans and leases

Interest income on loans is accrued on a level yield method. Loans are placed on nonaccrual status and previously accrued interest thereon is charged against income when principal or interest is delinquent 90 days, unless management determines that the loan status clearly warrants other treatment. Nonaccrual commercial loans and commercial real estate loans are returned to accrual status when borrowers have demonstrated an ability to repay their loans and there are no delinquent principal and interest payments. Consumer loans not secured by residential real estate are returned to accrual status when all past due principal and interest payments have been paid by the borrower. Loans secured by residential real estate are returned to accrual status when they are deemed to have an insignificant delay in payments of 90 days or less. Loan balances are charged off when it becomes evident that such balances are not fully collectible. For commercial loans and commercial real estate loans, charge-offs are recognized after an assessment by credit personnel of the capacity and willingness of the borrower to repay, the estimated value of any collateral, and any other potential sources of repayment. A charge-off is recognized when, after such assessment, it becomes evident that the loan balance is not fully collectible. For loans secured by residential real estate, the excess of the loan balances over the net realizable value of the property collateralizing the loan is charged-off when the loan becomes 150 days delinquent. Consumer loans are generally charged-off when the loans are 91 to 180 days past due, depending on whether the loan is collateralized and the status of repossession activities with respect to such collateral. Loan fees and certain direct loan origination costs are deferred and recognized as an interest yield adjustment over the life of the loan. Net deferred fees have been included in unearned discount as a reduction of loans outstanding. Commitments to sell real estate loans are utilized by the Company to hedge the exposure to changes in fair value of real estate loans held for sale. The carrying value of hedged real estate loans held for sale recorded in the consolidated balance sheet includes changes in estimated fair market value during the hedge period, typically from the date of close through the sale date. Valuation adjustments made on these loans and commitments are included in mortgage banking revenues.

Except for consumer and residential mortgage loans that are considered smaller balance homogenous loans and are evaluated collectively, the Company considers a loan to be impaired for purposes of applying GAAP when, based on current information and events, it is probable that the Company will be unable to collect all amounts according to the contractual terms of the loan agreement or the loan is delinquent 90 days. Regardless of loan type, the Company considers a loan to be impaired if it qualifies as a troubled debt restructuring. Impaired loans are classified as either nonaccrual or as loans renegotiated at below market rates which continue to accrue interest, provided that a credit assessment of the borrower s financial condition results in an expectation of full repayment under the modified contractual terms. Certain loans greater than 90 days delinquent are not considered impaired if they are well-secured and in the process of collection. Loans less than 90 days delinquent are deemed to have an insignificant delay in payment and are generally not considered impaired. Impairment of a loan is measured based on the present value of expected future cash flows discounted at the loan s effective interest rate, the loan s observable market price, or the fair value of

collateral if the loan is collateral-dependent. Interest received on impaired loans placed on nonaccrual status is generally applied to reduce the carrying value of the loan or, if principal is considered fully collectible, recognized as interest income.

Residual value estimates for commercial leases are generally determined through internal or external reviews of the leased property. The Company reviews commercial lease residual values at least annually and recognizes residual value impairments deemed to be other than temporary.

Loans and leases acquired in a business combination

Loans acquired in a business combination subsequent to December 31, 2008 are recorded at fair value with no carry-over of an acquired entity s previously established allowance for credit losses. The excess of cash flows expected at acquisition over the estimated fair value of acquired loans is recognized as interest income over the remaining lives of the loans. Subsequent decreases in the expected principal cash flows require the Company to evaluate the need for additions to the Company s allowance for credit losses. Subsequent improvements in expected cash flows result first in the recovery of any related allowance for credit losses and then in recognition of additional interest income over the then-remaining lives of the loans.

Purchased impaired loans represent specifically identified loans with evidence of credit deterioration for which it was probable at acquisition that the Company would be unable to collect all contractual principal and interest payments.

Allowance for credit losses

The allowance for credit losses represents, in management s judgment, the amount of losses inherent in the loan and lease portfolio as of the balance sheet date. The allowance is determined by management s evaluation of the loan and lease portfolio based on such factors as the differing economic risks associated with each loan category, the current financial condition of specific borrowers, the economic environment in which borrowers operate, the level of delinquent loans, the value of any collateral and, where applicable, the existence of any guarantees or indemnifications. The effects of probable decreases in expected principal cash flows on acquired loans are also considered in the establishment of the allowance for credit losses.

Assets taken in foreclosure of defaulted loans

Assets taken in foreclosure of defaulted loans are primarily comprised of commercial and residential real property and are included in other assets in the consolidated balance sheet. Upon acquisition of assets taken in satisfaction of a defaulted loan, the excess of the remaining loan balance over the asset s estimated fair value less costs to sell is charged-off against the allowance for credit losses. Subsequent declines in value of the assets are recognized as other costs of operations in the consolidated statement of income.

Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation. Depreciation expense is computed principally using the straight-line method over the estimated useful lives of the assets.

Capitalized servicing rights

Capitalized servicing assets are included in other assets in the consolidated balance sheet. Separately recognized servicing assets are initially measured at fair value. The Company uses the amortization method to subsequently measure servicing assets. Under that method, capitalized servicing assets are charged to expense in proportion to and over the period of estimated net servicing income.

To estimate the fair value of servicing rights, the Company considers market prices for similar assets and the present value of expected future cash flows associated with the servicing rights calculated using assumptions that market participants would use in estimating future servicing income and expense. Such assumptions include estimates of the cost of servicing loans, loan default rates, an appropriate discount rate, and prepayment speeds. For purposes of evaluating and measuring impairment of capitalized servicing rights, the Company stratifies such assets based on the predominant risk characteristics of the underlying financial instruments that are expected to have the most impact on projected prepayments, cost of servicing and other factors affecting future cash flows associated with the servicing rights. Such factors may include financial asset or loan type, note rate and term. The amount of impairment recognized is the amount by which the carrying value of the capitalized servicing rights for a stratum exceeds estimated fair value. Impairment is recognized through a valuation allowance.

Sales and securitizations of financial assets

Transfers of financial assets for which the Company has surrendered control of the financial assets are accounted for as sales. Interests in a sale of financial assets that continue to be held by the Company, including servicing rights, are measured at fair value. The fair values of retained debt securities are generally determined through reference to independent pricing information. The fair values of retained servicing rights and any other retained interests are determined based on the present value of expected future cash flows associated with those interests and by reference to market prices for similar assets.

Securitization structures typically require the use of special-purpose trusts that are considered variable interest entities. A variable interest entity is included in the consolidated financial statements if the Company has the power to direct the activities that most significantly impact the variable interest entity s economic performance and has the obligation to absorb losses or the right to receive benefits of the variable interest entity that could potentially be significant to that entity.

Goodwill and core deposit and other intangible assets

Goodwill represents the excess of the cost of an acquired entity over the fair value of the identifiable net assets acquired. Goodwill is not amortized, but rather is tested for impairment at least annually at the reporting unit level, which is either at the same level or one level below an operating segment. Other acquired intangible assets with finite lives, such as core deposit intangibles, are initially recorded at estimated fair value and are amortized over their estimated lives. Core deposit and other intangible assets are generally amortized using accelerated methods over estimated useful lives of five to ten years. The Company periodically assesses whether events or changes in circumstances indicate that the carrying amounts of core deposit and other intangible assets may be impaired.

Derivative financial instruments

The Company accounts for derivative financial instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variable cash flows of a forecasted transaction or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security, or a foreign currency denominated forecasted transaction.

The Company utilizes interest rate swap agreements as part of the management of interest rate risk to modify the repricing characteristics of certain portions of its portfolios of earning assets and interest-bearing liabilities. For such agreements, amounts receivable or payable are recognized as accrued under the terms of the agreement and the net differential is recorded as an adjustment to interest income or expense of the related asset or liability. Interest rate swap agreements may be designated as either fair value hedges or cash flow hedges. In a fair value hedge, the fair values of the interest rate swap agreements and changes in the fair values of the hedged items are recorded in the Company s consolidated balance sheet with the corresponding gain or loss recognized in current earnings. The difference between changes in the fair values of interest rate swap agreements and the hedged items represents hedge ineffectiveness and is recorded in other revenues from operations in the consolidated statement of income. In a cash flow hedge, the effective portion of the derivative s unrealized gain or loss is initially recorded as a component of other comprehensive income and subsequently reclassified into earnings when the forecasted transaction affects earnings. The ineffective portion of the unrealized gain or loss is reported in other revenues from operations immediately.

The Company utilizes commitments to sell real estate loans to hedge the exposure to changes in the fair value of real estate loans held for sale. Commitments to originate real estate loans to be held for sale and commitments to sell real estate loans are generally recorded in the consolidated balance sheet at estimated fair market value.

Derivative instruments not related to mortgage banking activities, including financial futures commitments and interest rate swap agreements, that do not satisfy the hedge accounting requirements are recorded at fair value and are generally classified as trading account assets or liabilities with resultant changes in fair value being recognized in trading account and foreign exchange gains in the consolidated statement of income.

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Stock-based compensation

Stock-based compensation expense is recognized over the vesting period of the stock-based grant based on the estimated grant date value of the stock-based compensation that is expected to vest, except that the recognition of compensation costs is accelerated for stock-based awards granted to retirement-eligible employees and employees who will become retirement-eligible prior to full vesting of the award because the Company s incentive compensation plan allows for vesting at the time an employee retires.

Income taxes

Deferred tax assets and liabilities are recognized for the future tax effects attributable to differences between the financial statement value of existing assets and liabilities and their respective tax bases and carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates and laws.

The Company evaluates uncertain tax positions using the two-step process required by GAAP. The first step requires a determination of whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Under the second step, a tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

Earnings per common share

Basic earnings per common share exclude dilution and are computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding (exclusive of shares represented by the unvested portion of restricted stock and restricted stock unit grants) and common shares issuable under deferred compensation arrangements during the period. Diluted earnings per common share reflect shares represented by the unvested portion of restricted stock and restricted stock unit grants and the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in earnings. Proceeds assumed to have been received on such exercise or conversion are assumed to be used to purchase shares of M&T common stock at the average market price during the period, as required by the treasury stock method of accounting.

GAAP requires that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) shall be considered participating securities and shall be included in the computation of earnings per common share pursuant to the two-class method. The Company has issued stock-based compensation awards in the form of restricted stock and restricted stock units that contain such rights and, accordingly, the Company s earnings per common share are calculated using the two-class method.

Treasury stock

Repurchases of shares of M&T common stock are recorded at cost as a reduction of shareholders equity. Reissuances of shares of treasury stock are recorded at average cost.

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 would 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 December 31, 2014 total consideration to be paid was valued at approximately $5.4 billion.

At December 31, 2014, Hudson City had $36.6 billion of assets, including $21.7 billion of loans and $7.9 billion of investment securities, and $31.8 billion of liabilities, including $19.4 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

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(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 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 have extended the date after which either party may elect to terminate the merger agreement if the merger has not yet been completed to April 30, 2015. Nevertheless, there can be no assurances that the merger will be completed by that date.

The Company incurred merger-related expenses in 2013 associated with the pending Hudson City acquisition and in 2012 associated with the May 16, 2011 acquisition of Wilmington Trust Corporation (Wilmington Trust) related to actual or planned 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 the actual or planned conversion of systems and/or integration of operations; costs related to branch and office consolidations; costs related to termination of existing contractual arrangements for various services; initial marketing and promotion expenses designed to introduce M&T Bank to its new customers; severance (for former employees of Wilmington Trust) and incentive compensation costs; travel costs; and printing, postage, supplies and other costs of planning for or completing the transactions and commencing operations in new markets and offices.

There were no merger-related expenses during 2014. A summary of merger-related expenses included in the consolidated statement of income for the years ended December 31, 2013 and 2012 follows:

	2013	2012
	(In thousands)	
Salaries and employee benefits	$ 836	$ 4,997
Equipment and net occupancy	690	15
Printing, postage and supplies	1,825	
Other costs of operations	9,013	4,867
	$ 12,364	$ 9,879

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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)		
December 31, 2014				
Investment securities available for sale:				
U.S. Treasury and federal agencies	$ 161,408	$ 544	$ 5	$ 161,947
Obligations of states and political subdivisions	8,027	224	53	8,198
Mortgage-backed securities:				
Government issued or guaranteed	8,507,571	223,889	337	8,731,123
Privately issued	104	2	3	103
Collateralized debt obligations	30,073	21,276	1,033	50,316
Other debt securities	138,240	1,896	18,648	121,488
Equity securities	73,901	11,020	1,164	83,757
	8,919,324	258,851	21,243	9,156,932
Investment securities held to maturity:				
Obligations of states and political subdivisions	148,961	2,551	189	151,323
Mortgage-backed securities:				
Government issued or guaranteed	3,149,320	78,485	7,000	3,220,805
Privately issued	201,733	1,143	44,576	158,300
Other debt securities	7,854			7,854
	3,507,868	82,179	51,765	3,538,282
Other securities	328,742			328,742
Total	$ 12,755,934	$ 341,030	$ 73,008	$ 13,023,956
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

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No investment in securities of a single non-U.S. Government or government agency issuer exceeded ten percent of shareholders equity at December 31, 2014.

As of December 31, 2014, the latest available investment ratings of all obligations of states and political subdivisions, privately issued mortgage-backed securities, collateralized debt obligations and other debt securities were:

	Amortized Cost	Estimated Fair Value	Average Credit Rating of Fair Value Amount				
			A or Better	BBB	BB	B or Less	Not Rated
			(In thousands)				
Obligations of states and political subdivisions	$ 156,988	$ 159,521	$ 137,606	$	$	$	$ 21,915
Privately issued mortgage-backed securities	201,837	158,403	48,368	19		109,949	67
Collateralized debt obligations	30,073	50,316	6,629	5,488	1,273	36,926	
Other debt securities	146,094	129,342	12,352	58,481	29,028	20,400	9,081
Total	$ 534,992	$ 497,582	$ 204,955	$ 63,988	$ 30,301	$ 167,275	$ 31,063

The amortized cost and estimated fair value of collateralized mortgage obligations included in mortgage-backed securities were as follows:

	December 31	
	2014	2013
	(In thousands)	
Collateralized mortgage obligations:		
Amortized cost	$ 209,107	$ 231,040
Estimated fair value	165,860	171,100

Gross realized gains from sales of investment securities were $116,490,000 in 2013. During 2013, the Company sold its holdings of Visa Class B shares for a gain of $89,545,000 and its holdings of MasterCard Class B shares for a gain of $13,208,000. Gross realized losses on investment securities were $60,033,000 in 2013. The Company sold substantially all of its privately issued mortgage-backed securities held in the available-for-sale investment securities portfolio during 2013. In total, $1.0 billion of such securities were sold for a net loss of approximately $46,302,000. Gross realized gains and losses from sales of investment securities were not significant in 2014 or 2012.

The Company recognized $10 million and $48 million of pre-tax other-than-temporary impairment losses related to privately issued mortgage-backed securities in 2013 and 2012, respectively. 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 other-than-temporary impairment 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 other-than-temporary impairment losses in 2014.

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At December 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	$ 7,412	$ 7,468
Due after one year through five years	164,412	165,340
Due after five years through ten years	3,524	3,577
Due after ten years	162,400	165,564
	337,748	341,949
Mortgage-backed securities available for sale	8,507,675	8,731,226
	$ 8,845,423	$ 9,073,175
Debt securities held to maturity:		
Due in one year or less	$ 23,107	$ 23,254
Due after one year through five years	84,112	85,457
Due after five years through ten years	41,742	42,612
Due after ten years	7,854	7,854
	156,815	159,177
Mortgage-backed securities held to maturity	3,351,053	3,379,105
	$ 3,507,868	$ 3,538,282

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A summary of investment securities that as of December 31, 2014 and 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)			
December 31, 2014				
Investment securities available for sale:				
U.S. Treasury and federal agencies	$ 6,505	$ (5)	$	$
Obligations of states and political subdivisions	1,785	(52)	121	(1)
Mortgage-backed securities:				
Government issued or guaranteed	39,001	(186)	5,555	(151)
Privately issued			65	(3)
Collateralized debt obligations	2,108	(696)	5,512	(337)
Other debt securities	14,017	(556)	92,661	(18,092)
Equity securities	2,138	(1,164)		
	65,554	(2,659)	103,914	(18,584)
Investment securities held to maturity:				
Obligations of states and political subdivisions	29,886	(184)	268	(5)
Mortgage-backed securities:				
Government issued or guaranteed	137,413	(361)	446,780	(6,639)
Privately issued			127,512	(44,576)
	167,299	(545)	574,560	(51,220)
Total	$ 232,853	$ (3,204)	$ 678,474	$ (69,804)
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)
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)

The Company owned 296 individual investment securities with aggregate gross unrealized losses of $73 million at December 31, 2014. Based on a review of each of the securities in the investment securities portfolio at December 31, 2014, the Company concluded that it expected to recover the amortized cost basis

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of its investment. As of December 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 December 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 $329 million of cost method investment securities.

At December 31, 2014, investment securities with a carrying value of $3,825,003,000, including $2,905,457,000 of investment securities available for sale, were pledged to secure borrowings from various FHLBs, repurchase agreements, governmental deposits, interest rate swap agreements and available lines of credit as described in note 9.

Investment securities pledged by the Company to secure obligations whereby the secured party is permitted by contract or custom to sell or repledge such collateral totaled $1,631,267,000 at December 31, 2014. The pledged securities included securities of the U.S. Treasury and federal agencies and mortgage-backed securities.

4. Loans and leases

Total loans and leases outstanding were comprised of the following:

	December 31	
	2014	2013
	(In thousands)	
Loans		
Commercial, financial, etc.	$ 18,280,049	$ 17,477,238
Real estate:		
Residential	8,636,794	8,911,554
Commercial	22,614,174	21,799,886
Construction	5,061,269	4,457,650
Consumer	10,969,879	10,280,527
Total loans	65,562,165	62,926,855
Leases		
Commercial	1,337,204	1,398,928
Total loans and leases	66,899,369	64,325,783
Less: unearned discount	(230,413)	(252,624)
Total loans and leases, net of unearned discount	$ 66,668,956	$ 64,073,159

One-to-four family residential mortgage loans held for sale were $435 million at December 31, 2014 and $401 million at December 31, 2013. Commercial real estate loans held for sale were $308 million at December 31, 2014 and $68 million at December 31, 2013.

During 2013, the Company securitized approximately $1.3 billion of one-to-four family residential real estate loans previously held in the Company s loan portfolio into guaranteed mortgage-backed securities with the Government National Mortgage Association (Ginnie Mae) and recognized gains of $42,382,000. In addition, the Company securitized and sold in 2013 approximately $1.4 billion of automobile loans held in its loan portfolio, resulting in a gain of $20,683,000.

As of December 31, 2014, approximately $2.4 billion of commercial real estate loan balances serviced for others had been sold with recourse in conjunction with the Company s participation in the Fannie Mae Delegated Underwriting and Servicing (DUS) program. At December 31, 2014, the Company estimated that the recourse obligations described above were not material to the Company s consolidated financial position. There have been no material losses incurred as a result of those credit recourse arrangements.

In addition to recourse obligations, as described in note 21, the Company is contractually obligated to repurchase previously sold residential real estate loans that do not ultimately meet investor sale criteria related to underwriting procedures or loan documentation. When required to do so, the Company may reimburse loan purchasers for losses incurred or may repurchase certain loans. Charges incurred for such obligation, which are recorded as a reduction of mortgage banking revenues, were $4 million, $17 million and $28 million in 2014, 2013 and 2012, respectively.

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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:

	December 31	
	2014	2013
	(In thousands)	
Outstanding principal balance	$ 3,070,268	$ 4,656,811
Carrying amount:		
Commercial, financial, leasing, etc.	247,820	580,685
Commercial real estate	961,828	1,541,368
Residential real estate	453,360	576,473
Consumer	933,537	1,308,926
	$ 2,596,545	$ 4,007,452

Purchased impaired loans included in the table above totaled $198 million at December 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 years ended December 31, 2014, 2013 and 2012 follows:

For Year Ended December 31,	2014		2013		2012	
	Purchased Impaired	Other Acquired	Purchased Impaired	Other Acquired	Purchased Impaired	Other Acquired
	(In thousands)					
Balance at beginning of period	$ 37,230	$ 538,633	$ 42,252	$ 638,272	$ 30,805	$ 807,960
Interest income	(21,263)	(178,670)	(36,727)	(247,295)	(40,551)	(295,654)
Reclassifications from nonaccretable balance, net	60,551	24,907	31,705	149,595	51,998	148,490
Other(a)		12,509		(1,939)		(22,524)
Balance at end of period	$ 76,518	$ 397,379	$ 37,230	$ 538,633	$ 42,252	$ 638,272

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

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A summary of current, past due and nonaccrual loans as of December 31, 2014 and 2013 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)			
December 31, 2014							
Commercial, financial, leasing, etc.	$ 19,228,265	$ 37,246	$ 1,805	$ 6,231	$ 10,300	$ 177,445	$ 19,461,292
Real estate:							
Commercial	22,208,491	118,704	22,170	14,662	51,312	141,600	22,556,939
Residential builder and developer	1,273,607	11,827	492	9,350	98,347	71,517	1,465,140
Other commercial construction	3,484,932	17,678			17,181	25,699	3,545,490
Residential	7,640,368	226,932	216,489	35,726	18,223	180,275	8,318,013
Residential Alt-A	249,810	11,774				77,704	339,288
Consumer:							
Home equity lines and loans	5,859,378	42,945		27,896	2,374	89,291	6,021,884
Automobile	1,931,138	30,500		133		17,578	1,979,349
Other	2,909,791	33,295	4,064	16,369		18,042	2,981,561
Total	$ 64,785,780	$ 530,901	$ 245,020	$ 110,367	$ 197,737	$ 799,151	$ 66,668,956
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
Total	$ 61,664,881	$ 704,658	$ 368,510	$ 130,162	$ 330,792	$ 874,156	$ 64,073,159

(a) Acquired loans that were recorded at fair value at acquisition date. This category does not include purchased impaired loans that are presented separately.

(b) Accruing loans that were impaired at acquisition date and were recorded at fair value.

If nonaccrual and renegotiated loans had been accruing interest at their originally contracted terms, interest income on such loans would have amounted to $58,314,000 in 2014, $62,010,000 in 2013 and $69,054,000 in 2012. The actual amounts included in interest income during 2014, 2013 and 2012 on such loans were $28,492,000, $31,987,000 and $30,484,000, respectively.

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During the normal course of business, the Company modifies loans to maximize recovery efforts. If the borrower is experiencing financial difficulty and a concession is granted, the Company considers such modifications as troubled debt restructurings and classifies those loans as either nonaccrual loans or renegotiated loans. The types of concessions that the Company grants typically include principal deferrals and interest rate concessions, but may also include other types of concessions.

The table below summarizes the Company s loan modification activities that were considered troubled debt restructurings for the year ended December 31, 2014:

		Recorded Investment		Financial Effects of Modification	
	Number	Pre-modification	Post-modification	Recorded Investment (a)	Interest (b)
		(Dollars in thousands)			
Commercial, financial, leasing, etc.					
Principal deferral	95	$ 29,035	$ 23,628	$ (5,407)	$
Other	3	29,912	31,604	1,692	
Combination of concession types	7	19,167	19,030	(137)	(20)
Real estate:					
Commercial					
Principal deferral	39	19,077	18,997	(80)	
Interest rate reduction	1	255	252	(3)	(48)
Other	1	650		(650)	
Combination of concession types	7	1,152	1,198	46	(264)
Residential builder and developer					
Principal deferral	2	1,639	1,639		
Other commercial construction					
Principal deferral	4	6,703	6,611	(92)	
Residential					
Principal deferral	28	2,710	2,905	195	
Interest rate reduction	11	1,146	1,222	76	(152)
Other	1	188	188		
Combination of concession types	30	4,211	4,287	76	(483)
Residential Alt-A					
Principal deferral	6	880	963	83	
Combination of concession types	21	3,806	3,846	40	(386)
Consumer:					
Home equity lines and loans					
Principal deferral	3	280	280		
Interest rate reduction	6	535	535		(120)
Combination of concession types	47	5,031	5,031		(560)
Automobile					
Principal deferral	208	3,293	3,293		
Interest rate reduction	9	152	152		(12)
Other	42	255	255		
Combination of concession types	81	1,189	1,189		(100)
Other					
Principal deferral	33	245	245		
Interest rate reduction	4	293	293		(63)
Other	1	45	45		
Combination of concession types	70	2,502	2,502		(761)
Total	760	$ 134,351	$ 130,190	$ (4,161)	$ (2,969)

(a) *Financial effects impacting the recorded investment included principal payments or advances, charge-offs and capitalized escrow arrearages.*

(b) *Represents the present value of interest rate concessions discounted at the effective rate of the original loan.*

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The table below summarizes the Company s loan modification activities that were considered troubled debt restructurings for the year ended December 31, 2013:

		Recorded Investment		Financial Effects of Modification	
	Number	Pre-modification	Post-modification	Recorded Investment (a)	Interest (b)
		(Dollars in thousands)			
Commercial, financial, leasing, etc.					
Principal deferral	79	$ 16,389	$ 16,002	$ (387)	$
Interest rate reduction	1	104	335	231	(54)
Other	4	50,433	50,924	491	
Combination of concession types	11	6,229	5,578	(651)	(458)
Real estate:					
Commercial					
Principal deferral	27	40,639	40,464	(175)	
Other	2	449	475	26	
Combination of concession types	9	2,649	3,040	391	(250)
Residential builder and developer					
Principal deferral	18	21,423	20,577	(846)	
Other	1	4,039	3,888	(151)	
Combination of concession types	3	15,580	15,514	(66)	(535)
Other commercial construction					
Principal deferral	3	590	521	(69)	
Residential					
Principal deferral	32	3,556	3,821	265	
Other	1	195	195		
Combination of concession types	61	73,940	70,854	(3,086)	(924)
Residential Alt-A					
Principal deferral	10	1,900	1,880	(20)	
Combination of concession types	19	2,826	3,148	322	(790)
Consumer:					
Home equity lines and loans					
Principal deferral	10	859	861	2	
Interest rate reduction	1	99	99		(8)
Other	1	106	106		
Combination of concession types	28	2,190	2,190		(270)
Automobile					
Principal deferral	460	6,148	6,148		
Interest rate reduction	15	235	235		(22)
Other	78	339	339		
Combination of concession types	225	2,552	2,552		(191)
Other					
Principal deferral	36	332	332		
Interest rate reduction	1	12	12		(2)
Other	2	14	14		
Combination of concession types	120	4,248	4,248		(1,187)
Total	1,258	$ 258,075	$ 254,352	$ (3,723)	$ (4,691)

(a) *Financial effects impacting the recorded investment included principal payments or advances, charge-offs and capitalized escrow arrearages.*

(b) *Represents the present value of interest rate concessions discounted at the effective rate of the original loan.*

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The table below summarizes the Company s loan modification activities that were considered troubled debt restructurings for the year ended December 31, 2012:

		Recorded Investment		Financial Effects of Modification	
	Number	Pre-modification	Post-modification	Recorded Investment (a)	Interest (b)
		(Dollars in thousands)			
Commercial, financial, leasing, etc.					
Principal deferral	61	$ 23,888	$ 22,456	$ (1,432)	$
Other	3	2,967	3,052	85	
Combination of concession types	5	628	740	112	(102)
Real estate:					
Commercial					
Principal deferral	24	22,855	23,059	204	
Interest rate reduction	2	665	708	43	(129)
Combination of concession types	7	1,637	1,656	19	(351)
Residential builder and developer					
Principal deferral	23	36,868	34,740	(2,128)	
Combination of concession types	7	37,602	36,148	(1,454)	
Other commercial construction					
Principal deferral	6	81,062	79,312	(1,750)	
Residential					
Principal deferral	36	4,643	4,808	165	
Interest rate reduction	1	109	109		(20)
Combination of concession types	62	12,886	13,146	260	(657)
Residential Alt-A					
Principal deferral	7	968	989	21	
Combination of concession types	38	8,525	8,717	192	(159)
Consumer:					
Home equity lines and loans					
Principal deferral	15	1,285	1,285		
Interest rate reduction	1	144	144		(6)
Combination of concession types	29	2,332	2,332		(368)
Automobile					
Principal deferral	618	8,347	8,347		
Interest rate reduction	22	328	328		(24)
Other	67	300	300		
Combination of concession types	375	5,857	5,857		(684)
Other					
Principal deferral	80	1,201	1,201		
Interest rate reduction	22	515	515		(85)
Other	13	54	54		
Combination of concession types	84	1,015	1,015		(268)
Total	1,608	$ 256,681	$ 251,018	$ (5,663)	$ (2,853)

(a) *Financial effects impacting the recorded investment included principal payments or advances, charge-offs and capitalized escrow arrearages.*

(b) *Represents the present value of interest rate concessions discounted at the effective rate of the original loan.*

Troubled debt restructurings are considered to be impaired loans and for purposes of establishing the allowance for credit losses are evaluated for impairment giving consideration to the impact of the modified loan terms on the present value of the loan s expected cash flows. Impairment of troubled debt restructurings that have subsequently defaulted may also be measured based on the loan s observable market price or the fair value of collateral if the loan is collateral-dependent. Charge-offs may also be recognized on

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troubled debt restructurings that have subsequently defaulted. Loans that were modified as troubled debt restructurings during the twelve months ended December 31, 2014, 2013 and 2012 and for which there was a subsequent payment default during the respective period were not material.

Borrowings by directors and certain officers of M&T and its banking subsidiaries, and by associates of such persons, exclusive of loans aggregating less than $120,000, amounted to $49,799,000 and $135,512,000 at December 31, 2014 and 2013, respectively. During 2014, new borrowings by such persons amounted to $12,327,000 (including any borrowings of new directors or officers that were outstanding at the time of their election) and repayments and other reductions (including reductions resulting from retirements) were $98,040,000.

At December 31, 2014, approximately $10.4 billion of commercial loans and leases, $9.7 billion of commercial real estate loans, $5.3 billion of one-to-four family residential real estate loans, $4.3 billion of home equity loans and lines of credit and $2.9 billion of other consumer loans were pledged to secure outstanding borrowings from the FHLB of New York and available lines of credit as described in note 9.

The Company s loan and lease portfolio includes commercial lease financing receivables consisting of direct financing and leveraged leases for machinery and equipment, railroad equipment, commercial trucks and trailers, and aircraft. A summary of lease financing receivables follows:

	December 31	
	2014	2013
	(In thousands)	
Commercial leases:		
Direct financings:		
Lease payments receivable	$ 1,022,133	$ 1,052,214
Estimated residual value of leased assets	79,525	85,595
Unearned income	(103,777)	(114,101)
Investment in direct financings	997,881	1,023,708
Leveraged leases:		
Lease payments receivable	102,457	127,821
Estimated residual value of leased assets	133,089	133,298
Unearned income	(44,288)	(47,188)
Investment in leveraged leases	191,258	213,931
Total investment in leases.	$ 1,189,139	$ 1,237,639
Deferred taxes payable arising from leveraged leases	$ 169,101	$ 172,296

Included within the estimated residual value of leased assets at December 31, 2014 and 2013 were $48 million and $54 million, respectively, in residual value associated with direct financing leases that are guaranteed by the lessees or others.

At December 31, 2014, the minimum future lease payments to be received from lease financings were as follows:

	(In thousands)
Year ending December 31:	
2015	$ 268,086
2016	242,248
2017	177,539
2018	127,985
2019	92,205
Later years	216,527
	$ 1,124,590

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5. Allowance for credit losses

Changes in the allowance for credit losses for the years ended December 31, 2014, 2013 and 2012 were as follows:

2014	Commercial, Financial, Leasing, etc.	Real Estate Commercial	Real Estate Residential	Consumer	Unallocated	Total
			(In thousands)			
Beginning balance	$ 273,383	$ 324,978	$ 78,656	$ 164,644	$ 75,015	$ 916,676
Provision for credit losses	51,410	(13,779)	(3,974)	89,704	639	124,000
Net charge-offs						
Charge-offs	(58,943)	(14,058)	(21,351)	(84,390)		(178,742)
Recoveries	22,188	10,786	8,579	16,075		57,628
Net charge-offs	(36,755)	(3,272)	(12,772)	(68,315)		(121,114)
Ending balance	$ 288,038	$ 307,927	$ 61,910	$ 186,033	$ 75,654	$ 919,562
2013						
Beginning balance	$ 246,759	$ 337,101	$ 88,807	$ 179,418	$ 73,775	$ 925,860
Provision for credit losses	124,180	275	3,149	56,156	1,240	185,000
Allowance related to loans sold or securitized				(11,000)		(11,000)
Net charge-offs						
Charge-offs	(109,329)	(34,595)	(23,621)	(85,965)		(253,510)
Recoveries	11,773	22,197	10,321	26,035		70,326
Net charge-offs	(97,556)	(12,398)	(13,300)	(59,930)		(183,184)
Ending balance	$ 273,383	$ 324,978	$ 78,656	$ 164,644	$ 75,015	$ 916,676
2012						
Beginning balance	$ 234,022	$ 367,637	$ 91,915	$ 143,121	$ 71,595	$ 908,290
Provision for credit losses	42,510	5,211	34,864	119,235	2,180	204,000
Net charge-offs						
Charge-offs	(41,148)	(41,945)	(44,314)	(103,348)		(230,755)
Recoveries	11,375	6,198	6,342	20,410		44,325
Net charge-offs	(29,773)	(35,747)	(37,972)	(82,938)		(186,430)
Ending balance	$ 246,759	$ 337,101	$ 88,807	$ 179,418	$ 73,775	$ 925,860

Despite the above allocation, the allowance for credit losses is general in nature and is available to absorb losses from any loan or lease type.

In establishing the allowance for credit losses, the Company estimates losses attributable to specific troubled credits identified through both normal and detailed or intensified credit review processes and also estimates losses inherent in other loans and leases on a collective basis. For purposes of determining the level of the allowance for credit losses, the Company evaluates its loan and lease portfolio by loan type. The amounts of loss components in the Company s loan and lease portfolios are determined through a loan by loan analysis of larger balance commercial and commercial real estate loans that are in nonaccrual status and by applying loss factors to groups of loan balances based on loan type and management s classification of such loans under the Company s loan grading system. Measurement of the specific loss components is typically based on expected future cash flows, collateral values and other factors that may impact the borrower s ability to pay. In determining the allowance for credit losses, the Company utilizes a loan grading system which is applied to commercial and commercial real estate credits on an individual loan basis. Loan officers are responsible for continually assigning grades to these loans based on standards outlined in the Company s

Credit Policy. Internal loan grades are also monitored by the Company s loan review department to ensure consistency and strict adherence to the prescribed standards. Loan grades are assigned

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loss component factors that reflect the Company s loss estimate for each group of loans and leases. Factors considered in assigning loan grades and loss component factors include borrower-specific information related to expected future cash flows and operating results, collateral values, geographic location, financial condition and performance, payment status, and other information; levels of and trends in portfolio charge-offs and recoveries; levels of and trends in portfolio delinquencies and impaired loans; changes in the risk profile of specific portfolios; trends in volume and terms of loans; effects of changes in credit concentrations; and observed trends and practices in the banking industry. As updated appraisals are obtained on individual loans or other events in the market place indicate that collateral values have significantly changed, individual loan grades are adjusted as appropriate. Changes in other factors cited may also lead to loan grade changes at any time. Except for consumer and residential real estate loans that are considered smaller balance homogenous loans and acquired loans that are evaluated on an aggregated basis, the Company considers a loan to be impaired for purposes of applying GAAP when, based on current information and events, it is probable that the Company will be unable to collect all amounts according to the contractual terms of the loan agreement or the loan is delinquent 90 days. Regardless of loan type, the Company considers a loan to be impaired if it qualifies as a troubled debt restructuring. Modified loans, including smaller balance homogenous loans, that are considered to be troubled debt restructurings are evaluated for impairment giving consideration to the impact of the modified loan terms on the present value of the loan s expected cash flows.

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The following tables provide information with respect to loans and leases that were considered impaired as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012.

	December 31, 2014			December 31, 2013		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
			(In thousands)			
With an allowance recorded:						
Commercial, financial, leasing, etc.	$ 132,340	$ 165,146	$ 31,779	$ 90,293	$ 112,092	$ 24,614
Real estate:						
Commercial	83,955	96,209	14,121	113,570	132,325	19,520
Residential builder and developer	17,632	22,044	805	33,311	55,122	4,379
Other commercial construction	5,480	6,484	900	86,260	90,515	4,022
Residential	88,970	107,343	4,296	96,508	114,521	7,146
Residential Alt-A	101,137	114,565	11,000	111,911	124,528	14,000
Consumer:						
Home equity lines and loans	19,771	20,806	6,213	13,672	14,796	3,312
Automobile	30,317	30,317	8,070	40,441	40,441	11,074
Other	18,973	18,973	5,459	17,660	17,660	4,541
	498,575	581,887	82,643	603,626	702,000	92,608
With no related allowance recorded:						
Commercial, financial, leasing, etc.	73,978	81,493		28,093	33,095	
Real estate:						
Commercial	66,777	78,943		65,271	84,333	
Residential builder and developer	58,820	96,722		72,366	104,768	
Other commercial construction	20,738	41,035		7,369	11,493	
Residential	16,815	26,750		84,144	95,358	
Residential Alt-A	26,752	46,964		28,357	52,211	
	263,880	371,907		285,600	381,258	
Total:						
Commercial, financial, leasing, etc.	206,318	246,639	31,779	118,386	145,187	24,614
Real estate:						
Commercial	150,732	175,152	14,121	178,841	216,658	19,520
Residential builder and developer	76,452	118,766	805	105,677	159,890	4,379
Other commercial construction	26,218	47,519	900	93,629	102,008	4,022
Residential	105,785	134,093	4,296	180,652	209,879	7,146
Residential Alt-A	127,889	161,529	11,000	140,268	176,739	14,000
Consumer:						
Home equity lines and loans	19,771	20,806	6,213	13,672	14,796	3,312
Automobile	30,317	30,317	8,070	40,441	40,441	11,074
Other	18,973	18,973	5,459	17,660	17,660	4,541
Total	$ 762,455	$ 953,794	$ 82,643	$ 889,226	$ 1,083,258	$ 92,608

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	Year Ended December 31, 2014			Year Ended December 31, 2013		
		Interest Income Recognized			Interest Income Recognized	
	Average Recorded Investment	Total	Cash Basis	Average Recorded Investment	Total	Cash Basis
	(In thousands)					
Commercial, financial, leasing, etc.	$ 181,932	$ 2,251	$ 2,251	$ 155,188	$ 7,197	$ 7,197
Real estate:						
Commercial	184,773	4,029	4,029	197,533	4,852	4,852
Residential builder and developer	91,149	142	142	147,288	1,043	796
Other commercial construction	62,734	1,893	1,893	96,475	5,248	5,248
Residential	126,005	9,180	6,978	183,059	6,203	4,111
Residential Alt-A	133,800	6,613	2,546	149,461	6,784	2,341
Consumer:						
Home equity lines and loans	18,083	750	248	12,811	683	183
Automobile	35,173	2,251	295	44,116	2,916	515
Other	18,378	690	191	15,710	634	208
Total	$ 852,027	$ 27,799	$ 18,573	$ 1,001,641	$ 35,560	$ 25,451

	Year Ended December 31, 2012		
		Interest Income Recognized	
	Average Recorded Investment	Total	Cash Basis
	(In thousands)		
Commercial, financial, leasing, etc.	$ 151,314	$ 2,938	$ 2,938
Real estate:			
Commercial	185,171	2,834	2,834
Residential builder and developer	249,191	1,563	1,102
Other commercial construction	99,672	5,020	5,020
Residential	132,888	5,284	3,300
Residential Alt-A	171,546	7,175	2,226
Consumer:			
Home equity lines and loans	11,322	663	179
Automobile	51,650	3,470	724
Other	11,028	472	197
Total	$ 1,063,782	$ 29,419	$ 18,520

In accordance with the previously described policies, the Company utilizes a loan grading system that is applied to all commercial loans and commercial real estate loans. Loan grades are utilized to differentiate risk within the portfolio and consider the expectations of default for each loan. Commercial loans and commercial real estate loans with a lower expectation of default are assigned one of ten possible pass loan grades and are generally ascribed lower loss factors when determining the allowance for credit losses. Loans with an elevated level of credit risk are classified as criticized and are ascribed a higher loss factor when determining the allowance for credit losses. Criticized loans may be classified as nonaccrual if the Company no longer expects to collect all amounts according to the contractual terms of the loan agreement or the loan is delinquent 90 days or more. All larger balance criticized commercial loans and commercial

real estate loans are individually reviewed by centralized loan review personnel each quarter to determine the appropriateness of the assigned loan grade, including whether the loan should be reported as accruing or nonaccruing. Smaller balance criticized loans are analyzed by business line risk management areas to ensure proper loan grade classification. Furthermore, criticized nonaccrual commercial loans and commercial real estate loans are considered impaired and, as a result, specific loss allowances on such loans are established within the allowance for credit losses to the extent appropriate in each individual instance. The following table summarizes the loan grades applied to the various classes of the Company s commercial loans and commercial real estate loans.

	Commercial, Financial, Leasing, etc	Commercial	Real Estate Residential Builder and Developer	Other Commercial Construction
	(In thousands)			
December 31, 2014				
Pass	$ 18,695,440	$ 21,837,022	$ 1,347,778	$ 3,347,522
Criticized accrual	588,407	578,317	45,845	172,269
Criticized nonaccrual	177,445	141,600	71,517	25,699
Total	$ 19,461,292	$ 22,556,939	$ 1,465,140	$ 3,545,490
December 31, 2013				
Pass	$ 17,894,592	$ 20,972,257	$ 1,107,144	$ 3,040,106
Criticized accrual	699,885	596,553	72,941	54,464
Criticized nonaccrual	110,739	173,048	96,427	35,268
Total	$ 18,705,216	$ 21,741,858	$ 1,276,512	$ 3,129,838

In determining the allowance for credit losses, residential real estate loans and consumer loans are generally evaluated collectively after considering such factors as payment performance and recent loss experience and trends, which are mainly driven by current collateral values in the market place as well as the amount of loan defaults. Loss rates on such loans are determined by reference to recent charge-off history and are evaluated (and adjusted if deemed appropriate) through consideration of other factors including near-term forecasted loss estimates developed by the Company s Credit Department. In arriving at such forecasts, the Company considers the current estimated fair value of its collateral based on geographical adjustments for home price depreciation/appreciation and overall borrower repayment performance. With regard to collateral values, the realizability of such values by the Company contemplates repayment of any first lien position prior to recovering amounts on a second lien position. However, residential real estate loans and outstanding balances of home equity loans and lines of credit that are more than 150 days past due are generally evaluated for collectibility on a loan-by-loan basis giving consideration to estimated collateral values. The carrying value of residential real estate loans and home equity loans and lines of credit for which a partial charge-off has been recognized aggregated $63 million and $18 million, respectively, at December 31, 2014 and $58 million and $18 million, respectively, at December 31, 2013. Residential real estate loans and home equity loans and lines of credit that were more than 150 days past due but did not require a partial charge-off because the net realizable value of the collateral exceeded the outstanding customer balance totaled $27 million and $28 million, respectively, at December 31, 2014 and $26 million and $21 million, respectively, at December 31, 2013.

The Company also measures additional losses for purchased impaired loans when it is probable that the Company will be unable to collect all cash flows expected at acquisition plus additional cash flows expected to be collected arising from changes in estimates after acquisition. The determination of the allocated portion of the allowance for credit losses is very subjective. Given that inherent subjectivity and potential imprecision involved in determining the allocated portion of the allowance for credit losses, the Company also provides an inherent unallocated portion of the allowance. The unallocated portion of the allowance is intended to recognize probable losses that are not otherwise identifiable and includes management s subjective determination of amounts necessary to provide for the possible use of imprecise estimates in determining the allocated portion of the allowance. Therefore, the level of the unallocated portion of the allowance is primarily reflective of the inherent imprecision in the various calculations used

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in determining the allocated portion of the allowance for credit losses. Other factors that could also lead to changes in the unallocated portion include the effects of expansion into new markets for which the Company does not have the same degree of familiarity and experience regarding portfolio performance in changing market conditions, the introduction of new loan and lease product types, and other risks associated with the Company s loan portfolio that may not be specifically identifiable.

The allocation of the allowance for credit losses summarized on the basis of the Company s impairment methodology was as follows:

	Commercial, Financial, Leasing, etc.	Real Estate		Consumer	Total
		Commercial	Residential		
			(In thousands)		
December 31, 2014					
Individually evaluated for impairment	$ 31,779	$ 15,490	$ 14,703	$ 19,742	$ 81,714
Collectively evaluated for impairment	251,607	291,244	45,061	165,140	753,052
Purchased impaired	4,652	1,193	2,146	1,151	9,142
Allocated	$ 288,038	$ 307,927	$ 61,910	$ 186,033	843,908
Unallocated					75,654
Total					$ 919,562
December 31, 2013					
Individually evaluated for impairment	$ 24,614	$ 27,563	$ 21,127	$ 18,927	$ 92,231
Collectively evaluated for impairment	246,096	296,781	55,864	144,210	742,951
Purchased impaired	2,673	634	1,665	1,507	6,479
Allocated	$ 273,383	$ 324,978	$ 78,656	$ 164,644	841,661
Unallocated					75,015
Total					$ 916,676

The recorded investment in loans and leases summarized on the basis of the Company s impairment methodology was as follows:

	Commercial, Financial, Leasing, etc.	Real Estate		Consumer	Total
		Commercial	Residential		
			(In thousands)		
December 31, 2014					
Individually evaluated for impairment	$ 206,318	$ 252,347	$ 232,398	$ 69,061	$ 760,124
Collectively evaluated for impairment	19,244,674	27,148,382	8,406,680	10,911,359	65,711,095
Purchased impaired	10,300	166,840	18,223	2,374	197,737
Total	$ 19,461,292	$ 27,567,569	$ 8,657,301	$ 10,982,794	$ 66,668,956
December 31, 2013					
Individually evaluated for impairment	$ 118,386	$ 376,339	$ 320,360	$ 71,773	$ 886,858
Collectively evaluated for impairment	18,571,124	25,488,584	8,578,677	10,217,124	62,855,509
Purchased impaired	15,706	283,285	29,184	2,617	330,792

Total	$ 18,705,216	$ 26,148,208	$ 8,928,221	$ 10,291,514	$ 64,073,159

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6. Premises and equipment

The detail of premises and equipment was as follows:

	December 31	
	2014	2013
	(In thousands)	
Land	$ 82,335	$ 84,220
Buildings owned	406,522	402,065
Buildings capital leases	1,131	1,131
Leasehold improvements	219,152	208,947
Furniture and equipment owned	586,429	547,824
Furniture and equipment capital leases	18,853	17,703
	1,314,422	1,261,890
Less: accumulated depreciation and amortization		
Owned assets	686,372	617,228
Capital leases	15,066	11,142
	701,438	628,370
Premises and equipment, net	$ 612,984	$ 633,520

Net lease expense for all operating leases totaled $104,297,000 in 2014, $103,297,000 in 2013 and $102,924,000 in 2012. Minimum lease payments under noncancelable operating leases are presented in note 21. Minimum lease payments required under capital leases are not material.

7. Capitalized servicing assets

Changes in capitalized servicing assets were as follows:

	Residential Mortgage Loans			Commercial Mortgage Loans		
For Year Ended December 31,	2014	2013	2012	2014	2013	2012
	(In thousands)					
Beginning balance	$ 126,377	$ 104,855	$ 131,264	$ 72,499	$ 59,978	$ 51,250
Originations	28,285	52,375	14,577	15,922	26,754	19,653
Purchases	289	272	109	730		
Recognized in loan securitization transactions		13,696				
Amortization	(45,080)	(44,821)	(41,095)	(16,212)	(14,233)	(10,925)
	109,871	126,377	104,855	72,939	72,499	59,978
Valuation allowance		(300)	(4,500)			
Ending balance, net	$ 109,871	$ 126,077	$ 100,355	$ 72,939	$ 72,499	$ 59,978

	Other			Total		
For Year Ended December 31,	2014	2013	2012	2014	2013	2012
	(In thousands)					
Beginning balance	$ 11,225	$ 8,143	$ 15,678	$ 210,101	$ 172,976	$ 198,192
Originations				44,207	79,129	34,230
Purchases				1,019	272	109
Recognized in loan securitization transactions		9,382			23,078	

Amortization	(7,118)	(6,300)	(7,535)	(68,410)	(65,354)	(59,555)
	4,107	11,225	8,143	186,917	210,101	172,976
Valuation allowance					(300)	(4,500)
Ending balance, net	$ 4,107	$ 11,225	$ 8,143	$ 186,917	$ 209,801	$ 168,476

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Residential mortgage loans serviced for others were $64.4 billion at December 31, 2014, $69.1 billion at December 31, 2013 and $32.1 billion at December 31, 2012. Reflected in residential mortgage loans serviced for others were loans sub-serviced for others of $42.1 billion, $46.6 billion and $12.5 billion at December 31, 2014, 2013, and 2012, respectively. Commercial mortgage loans serviced for others were $11.3 billion at December 31, 2014, $11.4 billion at December 31, 2013 and $10.6 billion at December 31, 2012. Other loans serviced for others include small-balance commercial mortgage loans and automobile loans totaling $3.5 billion, $4.4 billion and $3.8 billion at December 31, 2014, 2013 and 2012, respectively.

Changes in the valuation allowance for capitalized residential mortgage servicing assets were not significant in 2014, 2013 or 2012. The estimated fair value of capitalized residential mortgage loan servicing assets was approximately $228 million at December 31, 2014 and $266 million at December 31, 2013. The fair value of capitalized residential mortgage loan servicing assets was estimated using weighted-average discount rates of 11.9% and 9.3% at December 31, 2014 and 2013, respectively, and contemporaneous prepayment assumptions that vary by loan type. At December 31, 2014 and 2013, the discount rate represented a weighted-average option-adjusted spread (OAS) of 1065 basis points (hundredths of one percent) and 770 basis points, respectively, over market implied forward London Interbank Offered Rates (LIBOR). The estimated fair value of capitalized residential mortgage loan servicing rights may vary significantly in subsequent periods due to changing interest rates and the effect thereof on prepayment speeds. The estimated fair value of capitalized commercial mortgage loan servicing assets was approximately $87 million and $85 million at December 31, 2014 and 2013, respectively. An 18% discount rate was used to estimate the fair value of capitalized commercial mortgage loan servicing rights at December 31, 2014 and 2013 with no prepayment assumptions because, in general, the servicing agreements allow the Company to share in customer loan prepayment fees and thereby recover the remaining carrying value of the capitalized servicing rights associated with such loan. The Company s ability to realize the carrying value of capitalized commercial mortgage servicing rights is more dependent on the borrowers abilities to repay the underlying loans than on prepayments or changes in interest rates.

The key economic assumptions used to determine the fair value of significant portfolios of capitalized servicing rights at December 31, 2014 and the sensitivity of such value to changes in those assumptions are summarized in the table that follows. Those calculated sensitivities are hypothetical and actual changes in the fair value of capitalized servicing rights may differ significantly from the amounts presented herein. The effect of a variation in a particular assumption on the fair value of the servicing rights is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another which may magnify or counteract the sensitivities. The changes in assumptions are presumed to be instantaneous.

	Residential	Commercial
Weighted-average prepayment speeds	11.22%	
Impact on fair value of 10% adverse change	$ (8,001,000)	
Impact on fair value of 20% adverse change	(15,364,000)	
Weighted-average OAS	10.65%	
Impact on fair value of 10% adverse change	$ (6,959,000)	
Impact on fair value of 20% adverse change	(13,492,000)	
Weighted-average discount rate		18.00%
Impact on fair value of 10% adverse change		$ (3,671,000)
Impact on fair value of 20% adverse change		(7,092,000)

As described in note 19, during 2013 the Company securitized approximately $1.3 billion of one-to-four family residential mortgage loans formerly held in the Company s loan portfolio in guaranteed mortgage securitizations with Ginnie Mae and securitized and sold approximately $1.4 billion of automobile loans. In conjunction with these transactions, the Company retained the servicing rights to the loans.

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8. Goodwill and other intangible assets

In accordance with GAAP, the Company does not amortize goodwill, however, core deposit and other intangible assets are amortized over the estimated life of each respective asset. Total amortizing intangible assets were comprised of the following:

	Gross Carrying Amount	Accumulated Amortization (In thousands)	Net Carrying Amount
December 31, 2014			
Core deposit	$ 755,794	$ 730,188	$ 25,606
Other	177,268	167,847	9,421
Total	$ 933,062	$ 898,035	$ 35,027
December 31, 2013			
Core deposit	$ 755,794	$ 705,518	$ 50,276
Other	177,268	158,693	18,575
Total	$ 933,062	$ 864,211	$ 68,851

Amortization of core deposit and other intangible assets was generally computed using accelerated methods over original amortization periods of five to ten years. The weighted-average original amortization period was approximately eight years. The remaining weighted-average amortization period as of December 31, 2014 was approximately two years. Amortization expense for core deposit and other intangible assets was $33,824,000, $46,912,000 and $60,631,000 for the years ended December 31, 2014, 2013 and 2012, respectively. Estimated amortization expense in future years for such intangible assets is as follows:

	(In thousands)
Year ending December 31:	
2015	$ 20,938
2016	10,052
2017	3,303
2018	734
	$ 35,027

In accordance with GAAP, the Company completed annual goodwill impairment tests as of October 1, 2014, 2013 and 2012. For purposes of testing for impairment, the Company assigned all recorded goodwill to the reporting units originally intended to benefit from past business combinations, which has historically been the Company s core relationship business reporting units. Goodwill was generally assigned based on the implied fair value of the acquired goodwill applicable to the benefited reporting units at the time of each respective acquisition. The implied fair value of the goodwill was determined as the difference between the estimated incremental overall fair value of the reporting unit and the estimated fair value of the net assets assigned to the reporting unit as of each respective acquisition date. To test for goodwill impairment at each evaluation date, the Company compared the estimated fair value of each of its reporting units to their respective carrying amounts and certain other assets and liabilities assigned to the reporting unit, including goodwill and core deposit and other intangible assets. The methodologies used to estimate fair values of reporting units as of the acquisition dates and as of the evaluation dates were similar. For the Company s core customer relationship business reporting units, fair value was estimated as the present value of the expected future cash flows of the reporting unit. Based on the results of the goodwill impairment tests, the Company concluded that the amount of recorded goodwill was not impaired at the respective testing dates.

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A summary of goodwill assigned to each of the Company s reportable segments as of December 31, 2014 and 2013 for purposes of testing for impairment is as follows.

	(In thousands)
Business Banking	$ 748,907
Commercial Banking	907,524
Commercial Real Estate	349,197
Discretionary Portfolio	
Residential Mortgage Banking	
Retail Banking	1,144,404
All Other	374,593
Total	$ 3,524,625

9. Borrowings

The amounts and interest rates of short-term borrowings were as follows:

	Federal Funds Purchased and Repurchase Agreements	Other Short-term Borrowings (Dollars in thousands)	Total
At December 31, 2014			
Amount outstanding	$ 192,676		$ 192,676
Weighted-average interest rate	0.07%		0.07%
For the year ended December 31, 2014			
Highest amount at a month-end	$ 280,350		
Daily-average amount outstanding	214,736		$ 214,736
Weighted-average interest rate	0.05%		0.05%
At December 31, 2013			
Amount outstanding	$ 260,455		$ 260,455
Weighted-average interest rate	0.04%		0.04%
For the year ended December 31, 2013			
Highest amount at a month-end	$ 563,879		
Daily-average amount outstanding	390,034		$ 390,034
Weighted-average interest rate	0.11%		0.11%
At December 31, 2012			
Amount outstanding	$ 1,074,482		$ 1,074,482
Weighted-average interest rate	0.11%		0.11%
For the year ended December 31, 2012			
Highest amount at a month-end	$ 1,224,194	$ 50,016	
Daily-average amount outstanding	822,859	16,043	$ 838,902
Weighted-average interest rate	0.15%	0.57%	0.15%

Short-term borrowings have a stated maturity of one year or less at the date the Company enters into the obligation. In general, federal funds purchased and short-term repurchase agreements outstanding at December 31, 2014 matured on the next business day following year-end.

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At December 31, 2014, the Company had lines of credit under formal agreements as follows:

	M&T Bank	Wilmington Trust, N.A.
	(In thousands)	
Outstanding borrowings	$ 1,161,475	$
Unused	19,825,036	275,414

At December 31, 2014, M&T Bank had borrowing facilities available with the FHLBs whereby M&T Bank could borrow up to approximately $8.1 billion. Additionally, M&T Bank and Wilmington Trust, National Association (Wilmington Trust, N.A.), a wholly owned subsidiary of M&T, had available lines of credit with the Federal Reserve Bank of New York totaling approximately $13.1 billion at December 31, 2014. M&T Bank and Wilmington Trust, N.A. are required to pledge loans and investment securities as collateral for these borrowing facilities.

Long-term borrowings were as follows:

	December 31,	
	2014	2013
	(In thousands)	
Senior notes of M&T Bank:		
Variable rate due 2016	$ 300,000	$ 300,000
Variable rate due 2017	550,000	
1.25% due 2017	499,969	
1.40% due 2017	749,756	
1.45% due 2018	503,118	502,479
2.25% due 2019	648,243	
2.30% due 2019	748,965	
Advances from FHLB:		
Fixed rates	1,161,514	29,079
Agreements to repurchase securities	1,400,000	1,400,000
Subordinated notes of Wilmington Trust Corporation		
(a wholly owned subsidiary of M&T):		
8.50% due 2018	218,883	224,067
Subordinated notes of M&T Bank:		
6.625% due 2017	428,627	437,582
9.50% due 2018		50,000
5.585% due 2020, variable rate commencing 2015	400,846	392,964
5.629% due 2021, variable rate commencing 2016	538,961	559,378
Junior subordinated debentures of M&T associated with preferred capital securities:		
Fixed rates:		
M&T Capital Trust I 8.234%, due 2027	154,640	154,640
M&T Capital Trust II 8.277%, due 2027	103,093	103,093
M&T Capital Trust III 9.25%, due 2027	65,784	66,109
BSB Capital Trust I 8.125%, due 2028	15,612	15,589
Provident Trust I 8.29%, due 2028	25,405	25,051
Southern Financial Statutory Trust I 10.60%, due 2030	6,550	6,521
M&T Capital Trust IV 8.50%, due 2068		350,010
Variable rates:		
First Maryland Capital I due 2027	145,179	144,641
First Maryland Capital II due 2027	146,627	145,964
Allfirst Asset Trust due 2029	96,204	96,059
BSB Capital Trust III due 2033	15,464	15,464
Provident Trust III due 2033	52,692	52,176
Southern Financial Capital Trust III due 2033	7,816	7,747
Other	23,011	30,257

	$ 9,006,959	$ 5,108,870

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During the first quarter of 2013, M&T Bank instituted a Bank Note Program pursuant to which it has issued senior notes in 2014 and 2013. The floating rate notes pay interest quarterly at rates that are indexed to the three-month LIBOR. The contractual interest rates for the floating rate senior notes ranged from 0.54% to 0.61% at December 31, 2014 and were 0.54% at December 31, 2013. The weighted-average contractual interest rate payable was 0.56% at December 31, 2014.

Long-term fixed rate advances from the FHLB had contractual interest rates ranging from 1.17% to 7.32% at December 31, 2014 and from 3.48% to 7.32% at December 31, 2013. The weighted-average contractual interest rates payable were 1.68% at December 31, 2014 and 4.60% at December 31, 2013. Advances from the FHLB mature at various dates through 2035 and are secured by residential real estate loans, commercial real estate loans and investment securities.

Long-term agreements to repurchase securities had contractual interest rates that ranged from 3.61% to 4.30% at each of December 31, 2014 and 2013 with a weighted-average contractual interest rate of 3.90%. The agreements reflect various repurchase dates through 2017, however, the contractual maturities of the underlying investment securities extend beyond such repurchase dates. The agreements are subject to legally enforceable master netting arrangements, however, the Company has not offset any amounts related to these agreements in its consolidated financial statements. The Company posted collateral of $1.5 billion and $1.6 billion at December 31, 2014 and 2013, respectively.

The subordinated notes of M&T Bank and Wilmington Trust Corporation are unsecured and are subordinate to the claims of other creditors of those entities.

The fixed and floating rate junior subordinated deferrable interest debentures of M&T (Junior Subordinated Debentures) are held by various trusts and were issued in connection with the issuance by those trusts of preferred capital securities (Capital Securities) and common securities (Common Securities). The proceeds from the issuances of the Capital Securities and the Common Securities were used by the trusts to purchase the Junior Subordinated Debentures. The Common Securities of each of those trusts are wholly owned by M&T and are the only class of each trust s securities possessing general voting powers. The Capital Securities represent preferred undivided interests in the assets of the corresponding trust. Under the Federal Reserve Board s current risk-based capital guidelines, the Capital Securities were includable in M&T s Tier 1 capital through December 31, 2014. In 2015, only 25% of then-outstanding securities are included in Tier 1 capital and beginning in 2016 none of the securities will be included in Tier 1 capital. The variable rate Junior Subordinated Debentures pay interest quarterly at rates that are indexed to the three-month LIBOR. Those rates ranged from 1.08% to 3.58% at December 31, 2014 and from 1.09% to 3.59% at December 31, 2013. The weighted-average variable rates payable on those Junior Subordinated Debentures were 1.66% at December 31, 2014 and 1.67% at December 31, 2013.

Holders of the Capital Securities receive preferential cumulative cash distributions unless M&T exercises its right to extend the payment of interest on the Junior Subordinated Debentures as allowed by the terms of each such debenture, in which case payment of distributions on the respective Capital Securities will be deferred for comparable periods. During an extended interest period, M&T may not pay dividends or distributions on, or repurchase, redeem or acquire any shares of its capital stock. In general, the agreements governing the Capital Securities, in the aggregate, provide a full, irrevocable and unconditional guarantee by M&T of the payment of distributions on, the redemption of, and any liquidation distribution with respect to the Capital Securities. The obligations under such guarantee and the Capital Securities are subordinate and junior in right of payment to all senior indebtedness of M&T.

The Capital Securities will remain outstanding until the Junior Subordinated Debentures are repaid at maturity, are redeemed prior to maturity or are distributed in liquidation to the trusts. The Capital Securities are mandatorily redeemable in whole, but not in part, upon repayment at the stated maturity dates (ranging from 2027 to 2033) of the Junior Subordinated Debentures or the earlier redemption of the Junior Subordinated Debentures in whole upon the occurrence of one or more events set forth in the indentures relating to the Capital Securities, and in whole or in part at any time after an optional redemption prior to contractual maturity contemporaneously with the optional redemption of the related Junior Subordinated Debentures in whole or in part, subject to possible regulatory approval. In February 2014, M&T redeemed all of the issued and outstanding 8.5% $350 million trust preferred securities issued by M&T Capital Trust IV and the related Junior Subordinated Debentures held by M&T Capital Trust IV.

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Long-term borrowings at December 31, 2014 mature as follows:

	(In thousands)
Year ending December 31:	
2015	$ 6,444
2016	1,105,540
2017	3,407,786
2018	723,516
2019	1,971,842
Later years	1,791,831
	$ 9,006,959

10. Shareholders equity

M&T is authorized to issue 1,000,000 shares of preferred stock with a $1.00 par value per share. Preferred shares outstanding rank senior to common shares both as to dividends and liquidation preference, but have no general voting rights.

Issued and outstanding preferred stock of M&T is presented below:

	December 31, 2014		December 31, 2013	
	Shares Issued and Outstanding	Carrying Value	Shares Issued and Outstanding	Carrying Value
	(Dollars in thousands)			
Series A(a)				
Fixed Rate Cumulative Perpetual Preferred Stock, Series A, $1,000 liquidation preference per share	230,000	$ 230,000	230,000	$ 230,000
Series C(a)				
Fixed Rate Cumulative Perpetual Preferred Stock, Series C, $1,000 liquidation preference per share	151,500	151,500	151,500	151,500
Series D(b)				
Fixed Rate Non-cumulative Perpetual Preferred Stock, Series D, $10,000 liquidation preference per share	50,000	500,000	50,000	500,000
Series E(c)				
Fixed-to-Floating Rate Non-cumulative Perpetual Preferred Stock, Series E, $1,000 liquidation preference per share	350,000	350,000		

(a) Dividends, if declared, were paid quarterly at a rate of 5% per year through November 14, 2013 and are paid at 6.375% thereafter. Warrants to purchase M&T common stock were issued in connection with the Series A and C preferred stock (Series A 1,218,522 common shares at $73.86 per share; Series C 407,542 common shares at $55.76 per share). In March 2013, the Series C warrant were exercised in a cashless exercise, resulting in the issuance of 186,589 common shares. During 2014 and 2013, 427,905 and 69,127, respectively, of the Series A warrants were exercised in cashless exercises, resulting in the issuance of 169,543 and 25,427 common shares. Remaining outstanding Series A warrants were 721,490 at December 31, 2014.

(b) Dividends, if declared, will be paid semi-annually at a rate of 6.875% per year. The shares are redeemable in whole or in part on or after June 15, 2016. Notwithstanding M&T s option to redeem the shares, if an event occurs such that the shares no longer qualify as Tier 1 capital, M&T may redeem all of the shares within 90 days following that occurrence.

(c) *Dividends, if declared, will be paid semi-annually at a rate of 6.45% through February 14, 2024 and thereafter will be paid quarterly at a rate of the three-month LIBOR plus 361 basis points (hundredths of one percent). The shares are redeemable in whole or in part on or after February 15, 2024. Notwithstanding M&T s option to redeem the shares, if an event occurs such that the shares no longer qualify as Tier 1 capital, M&T may redeem all of the shares within 90 days following that occurrence.*

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In addition to the Series A and Series C warrants mentioned in (a) above, a ten-year warrant to purchase 95,383 shares of M&T common stock at $518.96 per share was outstanding at each of December 31, 2014 and 2013. The obligation under that warrant was assumed by M&T in an acquisition.

11. Stock-based compensation plans

Stock-based compensation expense was $65 million in 2014, $55 million in 2013 and $57 million in 2012. The Company recognized income tax benefits related to stock-based compensation of $31 million in 2014, $29 million in 2013 and $30 million in 2012.

The Company s equity incentive compensation plan allows for the issuance of various forms of stock-based compensation, including stock options, restricted stock, restricted stock units and performance-based awards. At December 31, 2014 and 2013, respectively, there were 4,398,496 and 4,874,542 shares available for future grant under the Company s equity incentive compensation plan.

Restricted stock awards

Restricted stock awards are comprised of restricted stock and restricted stock units. Restricted stock awards granted in 2014 vest over three years. Restricted stock awards granted prior to 2014 generally vest over four years. A portion of restricted stock awards granted in 2014 require a performance condition to be met before such awards vest. Unrecognized compensation expense associated with restricted stock was $19 million as of December 31, 2014 and is expected to be recognized over a weighted-average period of approximately one year. The Company may issue restricted shares from treasury stock to the extent available or issue new shares. The number of restricted shares issued was 221,822 in 2014, 269,755 in 2013 and 453,908 in 2012, with a weighted-average grant date fair value of $24,765,000 in 2014, $27,716,000 in 2013 and $36,969,000 in 2012. Unrecognized compensation expense associated with restricted stock units was $7 million as of December 31, 2014 and is expected to be recognized over a weighted-average period of approximately one year. During 2014, 2013 and 2012 the number of restricted stock units issued was 299,525, 315,316 and 278,505, respectively, with a weighted-average grant date fair value of $33,406,000, $32,380,000 and $22,139,000, respectively.

A summary of restricted stock and restricted stock unit activity follows:

	Restricted Stock Units Outstanding	Weighted-Average Grant Price	Restricted Stock Outstanding	Weighted-Average Grant Price
Unvested at January 1, 2014	770,830	$ 89.58	862,695	$ 87.29
Granted	299,525	111.53	221,822	111.64
Vested	(279,747)	84.95	(295,438)	81.32
Cancelled	(1,197)	103.25	(27,434)	96.70
Unvested at December 31, 2014	789,411	$ 99.53	761,645	$ 96.36

Stock option awards

Stock options issued generally vest over four years and are exercisable over terms not exceeding ten years and one day. The Company used an option pricing model to estimate the grant date present value of stock options granted. Stock options granted in 2014, 2013 and 2012 were not significant.

A summary of stock option activity follows:

	Stock Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Life (In Years)	Aggregate Intrinsic Value (In thousands)
Outstanding at January 1, 2014	4,880,761	$ 105.48		
Granted	200	111.51		

Exercised	(1,372,113)		101.55			
Expired	(75,978)		184.15			
Outstanding at December 31, 2014	3,432,870	$	105.31	2.1	$	71,418
Exercisable at December 31, 2014	3,432,470	$	105.31	2.1	$	71,408

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For 2014, 2013 and 2012, M&T received $127 million, $172 million and $153 million, respectively, in cash and realized tax benefits from the exercise of stock options of $9 million, $12 million and $8 million, respectively. The intrinsic value of stock options exercised during those periods was $26 million, $34 million and $21 million, respectively. As of December 31, 2014, the amount of unrecognized compensation cost related to non-vested stock options was not significant. The total grant date fair value of stock options vested during 2014 and 2013 was not significant, and for 2012 was $17 million. Upon the exercise of stock options, the Company may issue shares from treasury stock to the extent available or issue new shares.

Stock purchase plan

The stock purchase plan provides eligible employees of the Company with the right to purchase shares of M&T common stock at a discount through accumulated payroll deductions. In connection with the employee stock purchase plan, 2,500,000 shares of M&T common stock were authorized for issuance under a plan adopted in 2013. There were 85,761 shares issued in 2014, no shares issued in 2013 and 151,014 shares issued in 2012 under a previous plan. For 2014 and 2012, M&T received $8,607,000 and $10,117,000, respectively, in cash for shares purchased through the employee stock purchase plan. Compensation expense recognized for the stock purchase plan was not significant in 2014, 2013 or 2012.

Deferred bonus plan

The Company provided a deferred bonus plan pursuant to which eligible employees could elect to defer all or a portion of their annual incentive compensation awards and allocate such awards to several investment options, including M&T common stock. Participants could elect the timing of distributions from the plan. Such distributions are payable in cash with the exception of balances allocated to M&T common stock which are distributable in the form of M&T common stock. Shares of M&T common stock distributable pursuant to the terms of the deferred bonus plan were 29,297 and 33,046 at December 31, 2014 and 2013, respectively. The obligation to issue shares is included in common stock issuable in the consolidated balance sheet.

Directors stock plan

The Company maintains a compensation plan for non-employee members of the Company s boards of directors and directors advisory councils that allows such members to receive all or a portion of their compensation in shares of M&T common stock. Through December 31, 2014, 211,655 shares had been issued in connection with the directors stock plan.

Through acquisitions, the Company assumed obligations to issue shares of M&T common stock related to deferred directors compensation plans. Shares of common stock issuable under such plans were 12,033 and 14,185 at December 31, 2014 and 2013, respectively. The obligation to issue shares is included in common stock issuable in the consolidated balance sheet.

12. Pension plans and other postretirement benefits

The Company provides defined benefit pension and other postretirement benefits (including health care and life insurance benefits) to qualified retired employees. The Company uses a December 31 measurement date for all of its plans.

Net periodic pension expense for defined benefit plans consisted of the following:

	Year Ended December 31		
	2014	2013	2012
		(In thousands)	
Service cost	$ 20,520	$ 24,360	$ 29,549
Interest cost on benefit obligation	69,162	60,130	62,037
Expected return on plan assets	(91,568)	(87,353)	(70,511)
Amortization of prior service credit	(6,552)	(6,556)	(6,559)
Recognized net actuarial loss	14,494	41,076	37,386
Net periodic pension expense	$ 6,056	$ 31,657	$ 51,902

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Net other postretirement benefits expense for defined benefit plans consisted of the following:

	Year Ended December 31		
	2014	2013	2012
		(In thousands)	
Service cost	$ 605	$ 742	$ 668
Interest cost on benefit obligation	2,778	2,691	3,737
Amortization of prior service cost (credit)	(1,359)	(1,359)	21
Recognized net actuarial loss		360	530
Net other postretirement benefits expense	$ 2,024	$ 2,434	$ 4,956

Data relating to the funding position of the defined benefit plans were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013
		(In thousands)		
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 1,484,193	$ 1,644,567	$ 60,592	$ 74,966
Service cost	20,520	24,360	605	742
Interest cost	69,162	60,130	2,778	2,691
Plan participants contributions			3,498	3,069
Amendments	4,619			
Actuarial (gain) loss	300,444	(184,181)	7,793	(12,830)
Medicare Part D reimbursement			495	509
Benefits paid	(65,529)	(60,683)	(8,259)	(8,555)
Benefit obligation at end of year	1,813,409	1,484,193	67,502	60,592
Change in plan assets:				
Fair value of plan assets at beginning of year	1,506,684	1,408,771		
Actual return on plan assets	56,430	150,795		
Employer contributions	8,076	7,801	4,266	4,977
Plan participants contributions			3,498	3,069
Medicare Part D reimbursement			495	509
Benefits and other payments	(65,529)	(60,683)	(8,259)	(8,555)
Fair value of plan assets at end of year	1,505,661	1,506,684		
Funded status	$ (307,748)	$ 22,491	$ (67,502)	$ (60,592)
Assets and liabilities recognized in the consolidated balance sheet were:				
Net prepaid asset	$	$ 139,576	$	$
Accrued liabilities	(307,748)	(117,085)	(67,502)	(60,592)
Amounts recognized in accumulated other comprehensive income (AOCI) were:				
Net loss (gain)	$ 512,473	$ 191,386	$ 6,737	$ (1,056)
Net prior service cost	(5,728)	(16,899)	(10,455)	(11,814)
Pre-tax adjustment to AOCI	506,745	174,487	(3,718)	(12,870)

Taxes.	(198,897)	(68,486)	1,459	5,051
Net adjustment to AOCI.	$ 307,848	$ 106,001	$ (2,259)	$ (7,819)

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The Company has an unfunded supplemental pension plan for certain key executives and others. The projected benefit obligation and accumulated benefit obligation included in the preceding data related to such plan were $135,891,000 as of December 31, 2014 and $117,085,000 as of December 31, 2013.

The accumulated benefit obligation for all defined benefit pension plans was $1,782,387,000 and $1,460,498,000 at December 31, 2014 and 2013, respectively.

GAAP requires an employer to recognize in its balance sheet as an asset or liability the overfunded or underfunded status of a defined benefit postretirement plan, measured as the difference between the fair value of plan assets and the benefit obligation. For a pension plan, the benefit obligation is the projected benefit obligation; for any other postretirement benefit plan, such as a retiree health care plan, the benefit obligation is the accumulated postretirement benefit obligation. Gains or losses and prior service costs or credits that arise during the period, but are not included as components of net periodic benefit expense, are recognized as a component of other comprehensive income. As indicated in the preceding table, as of December 31, 2014 the Company recorded a minimum liability adjustment of $503,027,000 ($506,745,000 related to pension plans and $(3,718,000) related to other postretirement benefits) with a corresponding reduction of shareholders equity, net of applicable deferred taxes, of $305,589,000. In aggregate, the benefit plans realized a net loss during 2014 that resulted from actual experience differing from the plan assumptions utilized and from changes in actuarial assumptions. The main factors contributing to that loss were a decrease in the discount rate used in the measurement of the benefit obligations to 4.00% at December 31, 2014 from 4.75% at December 31, 2013 and the migration to updated actuarial mortality tables issued by the Society of Actuaries reflecting longer life expectancy of the plan s participants. As a result, the Company increased its minimum liability adjustment from that which was recorded at December 31, 2013 by $341,410,000 with a corresponding decrease to shareholders equity that, net of applicable deferred taxes, was $207,407,000. The table below reflects the changes in plan assets and benefit obligations recognized in other comprehensive income related to the Company s postretirement benefit plans.

	Pension Plans	**Other Postretirement Benefit Plans**	**Total**
		(In thousands)	
2014			
Net loss	$ 335,581	$ 7,793	$ 343,374
Prior service cost	4,619		4,619
Amortization of prior service credit	6,552	1,359	7,911
Amortization of loss	(14,494)		(14,494)
Total recognized in other comprehensive income, pre-tax	$ 332,258	$ 9,152	$ 341,410
2013			
Net gain	$ (247,622)	$ (12,830)	$ (260,452)
Amortization of prior service credit	6,556	1,359	7,915
Amortization of loss	(41,076)	(360)	(41,436)
Total recognized in other comprehensive income, pre-tax	$ (282,142)	$ (11,831)	$ (293,973)

The following table reflects the amortization of amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit expense during 2015:

	Pension Plans	**Other Postretirement Benefit Plans**
	(In thousands)	
Amortization of net prior service credit	$ (6,005)	$ (1,359)
Amortization of net loss	44,653	91

The Company also provides a qualified defined contribution pension plan to eligible employees who were not participants in the defined benefit pension plan as of December 31, 2005 and to other employees who have elected to participate in the defined contribution plan. The Company makes contributions to the

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defined contribution plan each year in an amount that is based on an individual participant s total compensation (generally defined as total wages, incentive compensation, commissions and bonuses) and years of service. Participants do not contribute to the defined contribution pension plan. Pension expense recorded in 2014, 2013 and 2012 associated with the defined contribution pension plan was approximately $22 million, $21 million and $17 million, respectively.

Assumptions

The assumed weighted-average rates used to determine benefit obligations at December 31 were:

	Pension Benefits		Other Postretirement Benefits	
	2014	**2013**	**2014**	**2013**
Discount rate	4.00%	4.75%	4.00%	4.75%
Rate of increase in future compensation levels	4.39%	4.42%		

The assumed weighted-average rates used to determine net benefit expense for the years ended December 31 were:

	Pension Benefits			Other Postretirement Benefits		
	2014	**2013**	**2012**	**2014**	**2013**	**2012**
Discount rate	4.75%	3.75%	4.25%	4.75%	3.75%	4.25%
Long-term rate of return on plan assets	6.50%	6.50%	6.50%			
Rate of increase in future compensation levels	4.42%	4.50%	4.50%			

The expected long-term rate of return assumption as of each measurement date was developed through analysis of historical market returns, current market conditions, anticipated future asset allocations, the funds past experience, and expectations on potential future market returns. The expected rate of return assumption represents a long-term average view of the performance of the plan assets, a return that may or may not be achieved during any one calendar year.

For measurement of other postretirement benefits, a 7.00% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2015. The rate was assumed to decrease to 5.00% over 28 years. A one-percentage point change in assumed health care cost trend rates would have had the following effects:

	+1%	**-1%**
	(In thousands)	
Increase (decrease) in:		
Service and interest cost	$ 97	$ (88)
Accumulated postretirement benefit obligation	3,005	(2,678)

Plan Assets

The Company s policy is to invest the pension plan assets in a prudent manner for the purpose of providing benefit payments to participants and mitigating reasonable expenses of administration. The Company s investment strategy is designed to provide a total return that, over the long-term, places a strong emphasis on the preservation of capital. The strategy attempts to maximize investment returns on assets at a level of risk deemed appropriate by the Company while complying with applicable regulations and laws. The investment strategy utilizes asset diversification as a principal determinant for establishing an appropriate risk profile while emphasizing total return realized from capital appreciation, dividends and interest income. The target allocations for plan assets are generally 45 to 80 percent equity securities, 5 to 40 percent debt securities, and 5 to 30 percent money-market funds/cash equivalents and other investments, although holdings could be more or less than these general guidelines based on market conditions at the time and actions taken or recommended by the investment managers providing advice to the Company. Equity securities include investments in large-cap and mid-cap companies located in the United States and equity mutual funds with domestic and international investments, and, to a lesser extent, direct investments in

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foreign-based companies. Debt securities include corporate bonds of companies from diversified industries, mortgage-backed securities guaranteed by government agencies, U.S. Treasury securities, and mutual funds that invest in debt securities. Additionally, the Company s defined benefit pension plan held $172,026,000 (11.4% of total assets) of real estate, private equity and other investments at December 31, 2014. Returns on invested assets are periodically compared with target market indices for each asset type to aid management in evaluating such returns. Furthermore, management regularly reviews the investment policy and may, if deemed appropriate, make changes to the target allocations noted above.

The fair values of the Company s pension plan assets at December 31, 2014, by asset category, were as follows:

	Fair Value Measurement of Plan Assets At December 31, 2014			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)		
Asset category:				
Money-market funds	$ 29,458	$ 29,458	$	$
Equity securities:				
M&T	154,252	154,252		
Domestic(a)	214,127	214,127		
International(b)	16,170	16,170		
Mutual funds:				
Domestic(a)	305,817	305,817		
International(b)	381,101	381,101		
	1,071,467	1,071,467		
Debt securities:				
Corporate(c)	102,848		102,848	
Government	92,772		92,772	
International	7,196		7,196	
Mutual funds:				
Domestic(d)	27,847	27,847		
	230,663	27,847	202,816	
Other:				
Diversified mutual fund	96,936	96,936		
Private real estate	2,162			2,162
Private equity	6,234			6,234
Hedge funds	66,694	42,430		24,264
	172,026	139,366		32,660
Total(e)	$ 1,503,614	$ 1,268,138	$ 202,816	$ 32,660

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The fair values of the Company s pension plan assets at December 31, 2013, by asset category, were as follows:

	Fair Value Measurement of Plan Assets At December 31, 2013			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Asset category:				
Money-market funds	$ 37,952	$ 37,952	$	$
Equity securities:				
M&T	142,955	142,955		
Domestic(a)	271,203	271,203		
International(b)	24,053	24,053		
Mutual funds:				
Domestic(a)	194,099	194,099		
International(b)	413,685	413,685		
	1,045,995	1,045,995		
Debt securities:				
Corporate(c)	63,196		63,196	
Government	75,043		75,043	
International	2,443		2,443	
Mutual funds:				
Domestic(d)	68,280	68,280		
International	43,742	43,742		
	252,704	112,022	140,682	
Other:				
Diversified mutual fund	93,055	93,055		
Private real estate	3,123			3,123
Private equity	6,199			6,199
Hedge funds	65,663	41,489		24,174
	168,040	134,544		33,496
Total(e)	$ 1,504,691	$ 1,330,513	$ 140,682	$ 33,496

(a) *This category is comprised of equities of companies primarily within the mid-cap and large-cap sectors of the U.S. economy and range across diverse industries.*

(b) *This category is comprised of equities in companies primarily within the mid-cap and large-cap sectors of international markets mainly in developed markets in Europe and the Pacific Rim.*

(c) This category represents investment grade bonds of U.S. issuers from diverse industries.

(d) Approximately 55% of the mutual funds were invested in investment grade bonds of U.S. issuers and 45% in high-yielding bonds at December 31, 2014. Approximately 35% of the mutual funds were invested in investment grade bonds of U.S. issuers and 65% in high-yielding bonds at December 31, 2013. The holdings within the funds were spread across diverse industries.

(e) Excludes dividends and interest receivable totaling $2,047,000 and $1,993,000 at December 31, 2014 and 2013, respectively.

Pension plan assets included common stock of M&T with a fair value of $154,252,000 (10.2% of total plan assets) at December 31, 2014 and $142,955,000 (9.5% of total plan assets) at December 31, 2013. No

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other investment in securities of a non-U.S. Government or government agency issuer exceeded ten percent of plan assets at December 31, 2014. Assets subject to Level 3 valuations did not constitute a significant portion of plan assets at December 31, 2014 or December 31, 2013.

The changes in Level 3 pension plan assets measured at estimated fair value on a recurring basis during the year ended December 31, 2014 were as follows:

	Balance January 1, 2014	Sales	Total Realized/ Unrealized Gains	Balance December 31, 2014
	(In thousands)			
Other				
Private real estate	$ 3,123	$ (1,167)	$ 206	$ 2,162
Private equity	6,199	(905)	940	6,234
Hedge funds	24,174	(513)	603	24,264
Total	$ 33,496	$ (2,585)	$ 1,749	$ 32,660

The Company makes contributions to its funded qualified defined benefit pension plan as required by government regulation or as deemed appropriate by management after considering factors such as the fair value of plan assets, expected returns on such assets, and the present value of benefit obligations of the plan. Subject to the impact of actual events and circumstances that may occur in 2015, the Company may make contributions to the qualified defined benefit pension plan in 2015, but the amount of any such contribution has not yet been determined. The Company did not make any contributions to the plan in 2014 or 2013. The Company regularly funds the payment of benefit obligations for the supplemental defined benefit pension and postretirement benefit plans because such plans do not hold assets for investment. Payments made by the Company for supplemental pension benefits were $8,076,000 and $7,801,000 in 2014 and 2013, respectively. Payments made by the Company for postretirement benefits were $4,266,000 and $4,977,000 in 2014 and 2013, respectively. Payments for supplemental pension and other postretirement benefits for 2015 are not expected to differ from those made in 2014 by an amount that will be material to the Company s consolidated financial position.

Estimated benefits expected to be paid in future years related to the Company s defined benefit pension and other postretirement benefits plans are as follows:

	Pension Benefits	Other Postretirement Benefits
	(In thousands)	
Year ending December 31:		
2015	$ 70,107	$ 5,830
2016	73,169	5,719
2017	77,294	5,554
2018	81,231	5,412
2019	87,027	5,281
2020 through 2024	497,177	24,190

The Company has a retirement savings plan (RSP) that is a defined contribution plan in which eligible employees of the Company may defer up to 50% of qualified compensation via contributions to the plan. The Company makes an employer matching contribution in an amount equal to 75% of an employee s contribution, up to 4.5% of the employee s qualified compensation. Employees accounts, including employee contributions, employer matching contributions and accumulated earnings thereon, are at all times fully vested and nonforfeitable. Employee benefits expense resulting from the Company s contributions to the RSP totaled $32,466,000, $31,797,000 and $31,305,000 in 2014, 2013 and 2012, respectively.

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13. Income taxes

The components of income tax expense were as follows:

	Year Ended December 31		
	2014	2013	2012
		(In thousands)	
Current			
Federal	$ 378,978	$ 371,249	$ 309,156
State and city	50,790	68,035	82,014
Total current	429,768	439,284	391,170
Deferred			
Federal	65,503	106,537	117,229
State and city	27,345	33,248	14,629
Total deferred	92,848	139,785	131,858
Total income taxes applicable to pre-tax income	$ 522,616	$ 579,069	$ 523,028

The Company files a consolidated federal income tax return reflecting taxable income earned by all domestic subsidiaries. In prior years, applicable federal tax law allowed certain financial institutions the option of deducting as bad debt expense for tax purposes amounts in excess of actual losses. In accordance with GAAP, such financial institutions were not required to provide deferred income taxes on such excess. Recapture of the excess tax bad debt reserve established under the previously allowed method will result in taxable income if M&T Bank fails to maintain bank status as defined in the Internal Revenue Code or charges are made to the reserve for other than bad debt losses. At December 31, 2014, M&T Bank s tax bad debt reserve for which no federal income taxes have been provided was $79,121,000. No actions are planned that would cause this reserve to become wholly or partially taxable.

Income taxes attributable to gains or losses on bank investment securities were an expense of $18,313,000 in 2013 and a benefit of $18,766,000 in 2012. There were no gains or losses on bank investment securities in 2014. No alternative minimum tax expense was recognized in 2014, 2013 or 2012.

Total income taxes differed from the amount computed by applying the statutory federal income tax rate to pre-tax income as follows:

	Year Ended December 31		
	2014	2013	2012
		(In thousands)	
Income taxes at statutory federal income tax rate	$ 556,102	$ 601,142	$ 543,384
Increase (decrease) in taxes:			
Tax-exempt income	(31,752)	(34,747)	(33,890)
State and city income taxes, net of federal income tax effect	50,788	65,834	62,818
Low income housing and other credits	(49,526)	(49,206)	(42,074)
Other	(2,996)	(3,954)	(7,210)
	$ 522,616	$ 579,069	$ 523,028

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Deferred tax assets (liabilities) were comprised of the following at December 31:

	2014	2013	2012
		(In thousands)	
Losses on loans and other assets	$ 605,273	$ 645,713	$ 809,033
Postretirement and other employee benefits	34,052	30,023	34,517
Incentive compensation plans	36,450	37,772	50,067
Interest on loans	79,147	100,725	72,278
Retirement benefits	120,222		91,980
Stock-based compensation	64,017	63,101	69,874
Depreciation and amortization	3,527	1,404	12,130
Other	100,999	121,561	103,027
Gross deferred tax assets	1,043,687	1,000,299	1,242,906
Leasing transactions	(280,596)	(284,370)	(291,524)
Unrealized investment gains	(82,065)	(21,779)	(23,574)
Capitalized servicing rights	(46,393)	(46,041)	(20,348)
Interest on subordinated note exchange	(3,125)	(6,075)	(8,794)
Retirement benefits		(9,397)	
Other	(63,814)	(49,450)	(61,410)
Gross deferred tax liabilities	(475,993)	(417,112)	(405,650)
Net deferred tax asset	$ 567,694	$ 583,187	$ 837,256

The Company believes that it is more likely than not that the deferred tax assets will be realized through taxable earnings or alternative tax strategies.

The income tax credits shown in the statement of income of M&T in note 25 arise principally from operating losses before dividends from subsidiaries.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits follows:

	Federal, State and Local Tax	Accrued Interest (In thousands)	Unrecognized Income Tax Benefits
Gross unrecognized tax benefits at January 1, 2012	$ 18,333	$ 9,277	$ 27,610
Increases in unrecognized tax benefits as a result of tax positions taken during 2012	860		860
Increases in unrecognized tax benefits as a result of tax positions taken in prior years		4,514	4,514
Decreases in unrecognized tax benefits as a result of settlements with taxing authorities	(1,002)		(1,002)
Decreases in unrecognized tax benefits because applicable returns are no longer subject to examination	(1,643)	(1,412)	(3,055)
Gross unrecognized tax benefits at December 31, 2012	16,548	12,379	28,927
Increases in unrecognized tax benefits as a result of tax positions taken during 2013	2,267		2,267
Increases in unrecognized tax benefits as a result of tax positions taken in prior years		4,429	4,429
Decreases in unrecognized tax benefits as a result of settlements with taxing authorities	(1,854)	(487)	(2,341)
Decreases in unrecognized tax benefits because applicable returns are no longer subject to examination	(2,350)	(1,625)	(3,975)
Gross unrecognized tax benefits at December 31, 2013	14,611	14,696	29,307
Increases in unrecognized tax benefits as a result of tax positions taken during 2014	769		769
Increases in unrecognized tax benefits as a result of tax positions taken in prior years		453	453
Decreases in unrecognized tax benefits as a result of settlements with taxing authorities	(4,668)	(11,280)	(15,948)
Gross unrecognized tax benefits at December 31, 2014	$ 10,712	$ 3,869	14,581
Less: Federal, state and local income tax benefits			(5,103)
Net unrecognized tax benefits at December 31, 2014 that, if recognized, would impact the effective income tax rate			$ 9,478

The Company s policy is to recognize interest and penalties, if any, related to unrecognized tax benefits in income taxes in the consolidated statement of income. The balance of accrued interest at December 31, 2014 is included in the table above. The Company s federal, state and local income tax returns are routinely subject to examinations from various governmental taxing authorities. Such examinations may result in challenges to the tax return treatment applied by the Company to specific transactions. Management believes that the assumptions and judgment used to record tax-related assets or liabilities have been appropriate. Should determinations rendered by tax authorities ultimately indicate that management s assumptions were inappropriate, the result and adjustments required could have a material effect on the Company s results of operations. Under statute, the Company s federal income tax returns for the years 2010 through 2013 could be adjusted by the Internal Revenue Service, although examinations for those tax years have been largely concluded. The Company also files income tax returns in over forty states and numerous local jurisdictions. Substantially all material state and local matters have been concluded for years through 2010. It is not reasonably possible to estimate when examinations for any subsequent years will be completed.

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14. Earnings per common share

The computations of basic earnings per common share follow:

	Year Ended December 31		
	2014	2013	2012
	(In thousands, except per share)		
Income available to common shareholders:			
Net income	$ 1,066,246	$ 1,138,480	$ 1,029,498
Less: Preferred stock dividends(a)	(75,878)	(54,120)	(53,450)
Amortization of preferred stock discount(a)		(7,942)	(8,026)
Net income available to common equity	990,368	1,076,418	968,022
Less: Income attributable to unvested stock-based compensation awards	(11,837)	(13,989)	(14,632)
Net income available to common shareholders	$ 978,531	$ 1,062,429	$ 953,390
Weighted-average shares outstanding:			
Common shares outstanding (including common stock issuable) and unvested stock-based compensation awards	132,532	130,354	127,793
Less: Unvested stock-based compensation awards	(1,582)	(1,700)	(1,929)
Weighted-average shares outstanding	130,950	128,654	125,864
Basic earnings per common share	$ 7.47	$ 8.26	$ 7.57

(a) *Including impact of not as yet declared cumulative dividends.*

The computations of diluted earnings per common share follow:

	Year Ended December 31		
	2014	2013	2012
	(In thousands, except per share)		
Net income available to common equity	$ 990,368	$ 1,076,418	$ 968,022
Less: Income attributable to unvested stock-based compensation awards	(11,787)	(13,922)	(14,593)
Net income available to common shareholders	$ 978,581	$ 1,062,496	$ 953,429
Adjusted weighted-average shares outstanding:			
Common and unvested stock-based compensation awards	132,532	130,354	127,793
Less: Unvested stock-based compensation awards	(1,582)	(1,700)	(1,929)
Plus: Incremental shares from assumed conversion of stock-based compensation awards and warrants to purchase common stock	894	949	541
Adjusted weighted-average shares outstanding	131,844	129,603	126,405
Diluted earnings per common share	$ 7.42	$ 8.20	$ 7.54

GAAP defines unvested share-based awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) as participating securities that shall be included in the computation of earnings per common share pursuant to the two-class method. The Company has issued stock-based compensation awards in the form of restricted stock and restricted stock units, which, in accordance with GAAP, are considered participating securities.

Stock-based compensation awards and warrants to purchase common stock of M&T representing approximately 2,017,000, 3,847,000 and 8,905,000 common shares during 2014, 2013 and 2012, respectively, were not included in the computations of diluted earnings per common share because the effect on those years would have been antidilutive.

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15. Comprehensive income

The following tables display the components of other comprehensive income (loss) and amounts reclassified from accumulated other comprehensive income (loss) to net income.

	Investment Securities With OTTI	Investment Securities All Other	Defined Benefit Plans	Other	Total Amount Before Tax	Income Tax	Net
				(In thousands)			
Balance January 1, 2014	$ 37,255	18,450	(161,617)	115	(105,797)	41,638	$ (64,159)
Other comprehensive income before reclassifications:							
Unrealized holding gains (losses), net	(29,818)	180,005			150,187	(58,962)	91,225
Foreign currency translation adjustment				(4,039)	(4,039)	1,432	(2,607)
Unrealized losses on cash flow hedges				(165)	(165)	65	(100)
Current year benefit plans losses			(347,993)		(347,993)	136,587	(211,406)
Total other comprehensive income (loss) before reclassifications	(29,818)	180,005	(347,993)	(4,204)	(202,010)	79,122	(122,888)
Amounts reclassified from accumulated other comprehensive income that (increase) decrease net income:							
Accretion of unrealized holding losses on held-to-maturity (HTM) securities	1	3,373			3,374(a)	(1,324)	2,050
Accretion of losses on terminated cash flow hedges				7	7(d)	(3)	4
Amortization of prior service credit			(7,911)		(7,911)(e)	3,105	(4,806)
Amortization of actuarial losses			14,494		14,494(e)	(5,689)	8,805
Total reclassifications	1	3,373	6,583	7	9,964	(3,911)	6,053
Total gain (loss) during the period	(29,817)	183,378	(341,410)	(4,197)	(192,046)	75,211	(116,835)
Balance December 31, 2014	$ 7,438	201,828	(503,027)	(4,082)	(297,843)	116,849	$ (180,994)

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	Investment Securities With OTTI	Investment Securities All Other	Defined Benefit Plans	Other	Total Amount Before Tax	Income Tax	Net
				(In thousands)			
Balance January 1, 2013	$ (91,835)	152,199	(455,590)	(431)	(395,657)	155,393	$ (240,264)
Other comprehensive income before reclassifications:							
Unrealized holding gains (losses), net	77,794	(129,628)			(51,834)	20,311	(31,523)
Foreign currency translation adjustment				546	546	(165)	381
Current year benefit plans gains			260,452		260,452	(102,227)	158,225
Total other comprehensive income (loss) before reclassifications	77,794	(129,628)	260,452	546	209,164	(82,081)	127,083
Amounts reclassified from accumulated other comprehensive income that (increase) decrease net income:							
Accretion of unrealized holding losses on HTM securities	279	4,008			4,287(a)	(1,683)	2,604
OTTI charges recognized in net income	9,800				9,800(b)	(3,847)	5,953
Losses (gains) realized in net income	41,217	(8,129)			33,088(c)	(12,987)	20,101
Amortization of prior service credit			(7,915)		(7,915)(e)	3,107	(4,808)
Amortization of actuarial losses			41,436		41,436(e)	(16,264)	25,172
Total reclassifications	51,296	(4,121)	33,521		80,696	(31,674)	49,022
Total gain (loss) during the period	129,090	(133,749)	293,973	546	289,860	(113,755)	176,105
Balance December 31, 2013	$ 37,255	18,450	(161,617)	115	(105,797)	41,638	$ (64,159)

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	Investment Securities With OTTI	Investment Securities All Other	Defined Benefit Plans	Other	Total Amount Before Tax	Income Tax	Net
				(In thousands)			
Balance January 1, 2012	$ (138,319)	9,757	(457,145)	(1,062)	(586,769)	230,328	$ (356,441)
Other comprehensive income before reclassifications:							
Unrealized holding gains (losses), net	(2,998)	137,921			134,923	(52,905)	82,018
Foreign currency translation adjustment				809	809	(290)	519
Current year benefit plans losses			(29,823)		(29,823)	11,705	(18,118)
Total other comprehensive income (loss) before reclassifications	(2,998)	137,921	(29,823)	809	105,909	(41,490)	64,419
Amounts reclassified from accumulated other comprehensive income that (increase) decrease net income:							
Accretion of unrealized holding losses on HTM securities	1,660	4,530			6,190(a)	(2,430)	3,760
OTTI charges recognized in net income	47,822				47,822(b)	(18,770)	29,052
Gains realized in net income		(9)			(9)(c)	4	(5)
Amortization of gains on terminated cash flow hedges				(178)	(178)(d)	66	(112)
Amortization of prior service credit			(6,538)		(6,538)(e)	2,566	(3,972)
Amortization of actuarial losses			37,916		37,916(e)	(14,881)	23,035
Total reclassifications	49,482	4,521	31,378	(178)	85,203	(33,445)	51,758
Total gain during the period	46,484	142,442	1,555	631	191,112	(74,935)	116,177
Balance December 31, 2012	$ (91,835)	152,199	(455,590)	(431)	(395,657)	155,393	$ (240,264)

(a) Included in interest income.

(b) Included in OTTI losses recognized in earnings.

(c) Included in gain (loss) on bank investment securities.

(d) Included in interest expense.

(e) Included in salaries and employee benefits expense.

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Accumulated other comprehensive income (loss), net consisted of unrealized gains (losses) as follows:

	Investment Securities		Defined Benefit Plans		
	With OTTI	All Other	(In thousands)	Other	Total
Balance at January 1, 2012	$ (84,029)	$ 5,995	$ (277,716)	$ (691)	$ (356,441)
Net gain (loss) during 2012	28,239	86,586	945	407	116,177
Balance at December 31, 2012	(55,790)	92,581	(276,771)	(284)	(240,264)
Net gain (loss) during 2013	78,422	(81,287)	178,589	381	176,105
Balance at December 31, 2013	22,632	11,294	(98,182)	97	(64,159)
Net gain (loss) during 2014	(18,114)	111,389	(207,407)	(2,703)	(116,835)
Balance at December 31, 2014	$ 4,518	$ 122,683	$ (305,589)	$ (2,606)	$ (180,994)

16. Other income and other expense

The following items, which exceeded 1% of total interest income and other income in the respective period, were included in either other revenues from operations or other costs of operations in the consolidated statement of income:

	Year Ended December 31		
	2014	2013 (In thousands)	2012
Other income:			
Bank owned life insurance	$ 50,004	$ 56,120	$ 51,199
Credit-related fee income	72,454	72,271	68,596
Letter of credit fees	56,708	59,889	58,496
Gains from loan securitization transactions		63,066	
Other expense:			
Professional services	401,946	335,794	248,544
Amortization of capitalized servicing rights	68,410	65,354	59,555
Advertising and promotion		56,597	52,388

17. International activities

The Company engages in limited international activities including certain trust-related services in Europe and the Cayman Islands, collecting Eurodollar deposits, engaging in foreign currency trading on behalf of customers, providing credit to support the international activities of domestic companies and holding certain loans to foreign borrowers. Revenues from providing international trust-related services were approximately $31 million in 2014, $26 million in 2013 and $24 million in 2012. Net assets identified with international activities amounted to $232 million and $226 million at December 31, 2014 and 2013, respectively. Such assets included $213 million and $192 million, respectively, of loans to foreign borrowers. Deposits at M&T Bank s Cayman Islands office were $177 million and $323 million at December 31, 2014 and 2013, respectively. The Company uses such deposits to facilitate customer demand and as an alternative to short-term borrowings when the costs of such deposits seem reasonable.

18. Derivative financial instruments

As part of managing interest rate risk, the Company enters into interest rate swap agreements to modify the repricing characteristics of certain portions of the Company s portfolios of earning assets and interest-bearing liabilities. The Company designates interest rate swap agreements utilized in the management of interest rate risk as either fair value hedges or cash flow hedges. Interest rate swap agreements are generally entered into with counterparties that meet established credit standards and most contain master netting and collateral provisions protecting the at-risk party. Based on adherence to the Company s credit standards and the presence of the netting and collateral provisions, the Company

believes that the credit risk inherent in these contracts was not significant as of December 31, 2014.

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The net effect of interest rate swap agreements was to increase net interest income by $45 million in 2014, $41 million in 2013 and $36 million in 2012. The average notional amounts of interest rate swap agreements impacting net interest income that were entered into for interest rate risk management purposes were $1.4 billion in 2014, $1.2 billion in 2013 and $900 million in 2012.

Information about interest rate swap agreements entered into for interest rate risk management purposes summarized by type of financial instrument the swap agreements were intended to hedge follows:

	Notional Amount (In thousands)	Average Maturity (In years)	Weighted-Average Rate Fixed	Weighted-Average Rate Variable	Estimated Fair Value Gain (In thousands)
December 31, 2014					
Fair value hedges:					
Fixed rate long-term borrowings(a)	$ 1,400,000	2.7	4.42%	1.19%	$ 73,251
December 31, 2013					
Fair value hedges:					
Fixed rate long-term borrowings(a)	$ 1,400,000	3.7	4.42%	1.20%	$ 102,875

(a) Under the terms of these agreements, the Company receives settlement amounts at a fixed rate and pays at a variable rate.

The notional amount of interest rate swap agreements entered into for risk management purposes that were outstanding at December 31, 2014 mature as follows:

	(In thousands)
Year ending December 31:	
2016	$ 500,000
2017	400,000
2018	500,000
	$ 1,400,000

The Company utilizes commitments to sell residential and commercial real estate loans to hedge the exposure to changes in the fair value of real estate loans held for sale. Such commitments have generally been designated as fair value hedges. The Company also utilizes commitments to sell real estate loans to offset the exposure to changes in fair value of certain commitments to originate real estate loans for sale.

Derivative financial instruments used for trading account purposes included interest rate contracts, foreign exchange and other option contracts, foreign exchange forward and spot contracts, and financial futures. Interest rate contracts entered into for trading account purposes had notional values of $17.6 billion and $17.4 billion at December 31, 2014 and 2013, respectively. The notional amounts of foreign currency and other option and futures contracts entered into for trading account purposes aggregated $1.3 billion and $1.4 billion at December 31, 2014 and 2013, respectively.

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Information about the fair values of derivative instruments in the Company s consolidated balance sheet and consolidated statement of income follows:

	Asset Derivatives Fair Value December 31		Liability Derivatives Fair Value December 31	
	2014	2013	2014	2013
	(In thousands)			
Derivatives designated and qualifying as hedging instruments				
Fair value hedges:				
Interest rate swap agreements(a)	$ 73,251	$ 102,875	$	$
Commitments to sell real estate loans(a)	728	6,957	4,217	487
	73,979	109,832	4,217	487
Derivatives not designated and qualifying as hedging instruments				
Mortgage-related commitments to originate real estate loans for sale(a)	17,396	7,616	49	3,675
Commitments to sell real estate loans(a)	754	6,120	4,330	230
Trading:				
Interest rate contracts(b)	215,614	274,864	173,513	234,455
Foreign exchange and other option and futures contracts(b)	31,112	15,831	29,950	15,342
	264,876	304,431	207,842	253,702
Total derivatives	$ 338,855	$ 414,263	$ 212,059	$ 254,189

(a) *Asset derivatives are reported in other assets and liability derivatives are reported in other liabilities.*

(b) *Asset derivatives are reported in trading account assets and liability derivatives are reported in other liabilities.*

	Amount of Unrealized Gain (Loss) Recognized					
	Year Ended December 31, 2014		Year Ended December 31, 2013		Year Ended December 31, 2012	
	Derivative	Hedged Item	Derivative	Hedged Item	Derivative	Hedged Item
	(In thousands)					
Derivatives in fair value hedging relationships						
Interest rate swap agreements:						
Fixed rate long-term borrowings(a)	$ (29,624)	$ 28,870	$ (40,304)	$ 38,986	$ (4,123)	$ 3,724
Derivatives not designated as hedging instruments						
Trading:						
Interest rate contracts(b)	$ 3,398		$ 9,824		$ 8,004	
Foreign exchange and other option and futures contracts(b)	(6,719)		(3,369)		(3,970)	
Total	$ (3,321)		$ 6,455		$ 4,034	

(a) Reported as other revenues from operations.

(b) Reported as trading account and foreign exchange gains.

In addition, the Company also has commitments to sell and commitments to originate residential and commercial real estate loans that are considered derivatives. The Company designates certain of the commitments to sell real estate loans as fair value hedges of real estate loans held for sale. The Company also utilizes commitments to sell real estate loans to offset the exposure to changes in the fair value of certain commitments to originate real estate loans for sale. As a result of these activities, net unrealized pre-tax gains related to hedged loans held for sale, commitments to originate loans for sale and commitments to sell loans

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were approximately $28 million and $23 million at December 31, 2014 and 2013, respectively. Changes in unrealized gains and losses are included in mortgage banking revenues and, in general, are realized in subsequent periods as the related loans are sold and commitments satisfied.

The Company does not offset derivative asset and liability positions in its consolidated financial statements. The Company s exposure to credit risk by entering into derivative contracts is mitigated through master netting agreements and collateral posting requirements. Master netting agreements covering interest rate and foreign exchange contracts with the same party include a right to set-off that becomes enforceable in the event of default, early termination or under other specific conditions.

The aggregate fair value of derivative financial instruments in a liability position, which are subject to enforceable master netting arrangements, was $161 million and $194 million at December 31, 2014 and 2013, respectively. After consideration of such netting arrangements, the net liability positions with counterparties aggregated $103 million and $107 million at December 31, 2014 and 2013, respectively. The Company was required to post collateral relating to those positions of $90 million and $95 million at December 31, 2014 and 2013, respectively. Certain of the Company s derivative financial instruments contain provisions that require the Company to maintain specific credit ratings from credit rating agencies to avoid higher collateral posting requirements. If the Company s debt rating were to fall below specified ratings, the counterparties to the derivative financial instruments could demand immediate incremental collateralization on those instruments in a net liability position. The aggregate fair value of all derivative financial instruments with such credit risk-related contingent features in a net liability position on December 31, 2014 was $22 million, for which the Company had posted collateral of $14 million in the normal course of business. If the credit risk-related contingent features had been triggered on December 31, 2014, the maximum amount of additional collateral the Company would have been required to post with counterparties was $8 million.

The aggregate fair value of derivative financial instruments in an asset position, which are subject to enforceable master netting arrangements, was $104 million and $183 million at December 31, 2014 and 2013, respectively. After consideration of such netting arrangements, the net asset positions with counterparties aggregated $46 million and $95 million at December 31, 2014 and 2013, respectively. Counterparties posted collateral relating to those positions of $46 million and $93 million at December 31, 2014 and 2013, respectively. Trading account interest rate swap agreements entered into with customers are subject to the Company s credit risk standards and often contain collateral provisions.

In addition to the derivative contracts noted above, the Company clears certain derivative transactions through a clearinghouse, rather than directly with counterparties. Those transactions cleared through a clearinghouse require initial margin collateral and additional collateral for contracts in a net liability position. The net fair values of derivative instruments cleared through clearinghouses at December 31, 2014 was a net liability position of $35 million and at December 31, 2013 was a net asset position of $5 million. Collateral posted with clearinghouses was $61 million and $14 million at December 31, 2014 and December 31, 2013, respectively.

19. Variable interest entities and asset securitizations

During 2013, the Company securitized approximately $3.0 billion of one-to-four family residential mortgage loans in guaranteed mortgage securitizations with Ginnie Mae. Approximately $1.3 billion of such loans were formerly held in the Company s loan portfolio, whereas the remaining loans were newly originated. The Company recognized pre-tax gains of $42 million related to loans previously held for investment, which were recorded in other revenues from operations, and pre-tax gains of $28 million on newly originated loans, which were reflected in mortgage banking revenues. As a result of the securitization structure, the Company does not have effective control over the underlying loans and expects no material credit-related losses on the retained securities as a result of the guarantees by Ginnie Mae. In similar transactions during 2014, the Company securitized $133 million of one-to-four family residential real estate loans that had been originated for sale in guaranteed mortgage securitizations with Ginnie Mae and retained the resulting securities in its investment securities portfolio. Pre-tax gains on such transactions were not material. Additionally, in 2013 the Company securitized and sold approximately $1.4 billion of automobile loans that had been held in its loan portfolio. The Company recognized a gain of $21 million related to the sale, which was recorded in other revenues from operations. The Company continues to service the automobile loans, but has no other financial interest in the securitization trust that the loans were sold into. The Company has securitized loans to improve its regulatory capital ratios and strengthen its liquidity and risk profile as a result of changing regulatory liquidity and capital requirements.

In accordance with GAAP, the Company determined that it was the primary beneficiary of a residential mortgage loan securitization trust considering its role as servicer and its retained subordinated interests in the trust. As a result, the Company has included the one-to-four family residential mortgage loans that were included in the trust in its consolidated financial statements. At December 31, 2014 and 2013, the carrying values of the loans in the securitization trust were $98 million and $121 million, respectively. The outstanding principal amount of mortgage-backed securities issued by the qualified special purpose trust that was held by parties unrelated to M&T at December 31, 2014 and 2013 was $15 million and $18 million, respectively. Because the transaction was non-recourse, the Company s maximum exposure to loss as a result of its association with the trust at December 31, 2014 is limited to realizing the carrying value of the loans less the amount of the mortgage-backed securities held by third parties.

As described in note 9, M&T has issued junior subordinated debentures payable to various trusts that have issued Capital Securities. M&T owns the common securities of those trust entities. The Company is not considered to be the primary beneficiary of those entities and, accordingly, the trusts are not included in the Company s consolidated financial statements. At December 31, 2014 and 2013, the Company included the junior subordinated debentures as long-term borrowings in its consolidated balance sheet. The Company has recognized $34 million in other assets for its investment in the common securities of the trusts that will be concomitantly repaid to M&T by the respective trust from the proceeds of M&T s repayment of the junior subordinated debentures associated with preferred capital securities described in note 9.

The Company has invested as a limited partner in various partnerships that collectively had total assets of approximately $1.2 billion at December 31, 2014 and $1.3 billion at December 31, 2013. Those partnerships generally construct or acquire properties for which the investing partners are eligible to receive certain federal income tax credits in accordance with government guidelines. Such investments may also provide tax deductible losses to the partners. The partnership investments also assist the Company in achieving its community reinvestment initiatives. As a limited partner, there is no recourse to the Company by creditors of the partnerships. However, the tax credits that result from the Company s investments in such partnerships are generally subject to recapture should a partnership fail to comply with the respective government regulations. The Company s maximum exposure to loss of its investments in such partnerships was $243 million, including $56 million of unfunded commitments, at December 31, 2014 and $236 million, including $45 million of unfunded commitments, at December 31, 2013. The Company has not provided financial or other support to the partnerships that was not contractually required. Management currently estimates that no material losses are probable as a result of the Company s involvement with such entities. The Company, in its position as limited partner, does not direct the activities that most significantly impact the economic performance of the partnerships and, therefore, in accordance with the accounting provisions for variable interest entities, the partnership entities are not included in the Company s consolidated financial statements.

20. Fair value measurements

GAAP permits an entity to choose to measure eligible financial instruments and other items at fair value. The Company has not made any fair value elections at December 31, 2014.

Pursuant to GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy exists in GAAP for fair value measurements based upon the inputs to the valuation of an asset or liability.

Level 1 Valuation is based on quoted prices in active markets for identical assets and liabilities.
Level 2 Valuation is determined from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active or by model-based techniques in which all significant inputs are observable in the market.
Level 3 Valuation is derived from model-based and other techniques in which at least one significant input is unobservable and which may be based on the Company s own estimates about the assumptions that market participants would use to value the asset or liability.

When available, the Company attempts to use quoted market prices in active markets to determine fair value and classifies such items as Level 1 or Level 2. If quoted market prices in active markets are not available, fair value is often determined using model-based techniques incorporating various assumptions including interest rates, prepayment speeds and credit losses. Assets and liabilities valued using model-based techniques are classified as either Level 2 or Level 3, depending on the lowest level classification of an input

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that is considered significant to the overall valuation. The following is a description of the valuation methodologies used for the Company s assets and liabilities that are measured on a recurring basis at estimated fair value.

Trading account assets and liabilities

Trading account assets and liabilities consist primarily of interest rate swap agreements and foreign exchange contracts with customers who require such services with offsetting positions with third parties to minimize the Company s risk with respect to such transactions. The Company generally determines the fair value of its derivative trading account assets and liabilities using externally developed pricing models based on market observable inputs and, therefore, classifies such valuations as Level 2. Mutual funds held in connection with deferred compensation arrangements have been classified as Level 1 valuations. Valuations of investments in municipal and other bonds can generally be obtained through reference to quoted prices in less active markets for the same or similar securities or through model-based techniques in which all significant inputs are observable and, therefore, such valuations have been classified as Level 2.

Investment securities available for sale

The majority of the Company s available-for-sale investment securities have been valued by reference to prices for similar securities or through model-based techniques in which all significant inputs are observable and, therefore, such valuations have been classified as Level 2. Certain investments in mutual funds and equity securities are actively traded and, therefore, have been classified as Level 1 valuations.

As discussed in note 3, the Company sold substantially all of its privately issued mortgage-backed securities classified as available for sale during the second quarter of 2013. In prior periods, the Company generally used model-based techniques to value such securities because the Company was significantly restricted in the level of market observable assumptions that could be relied upon. Specifically, market assumptions regarding credit adjusted cash flows and liquidity influences on discount rates were difficult to observe at the individual bond level. Because of the inactivity in the markets and the lack of observable valuation inputs, the Company classified the valuation of privately issued mortgage-backed securities as Level 3.

Included in collateralized debt obligations are securities backed by trust preferred securities issued by financial institutions and other entities. The Company could not obtain pricing indications for many of these securities from its two primary independent pricing sources. The Company, therefore, performed internal modeling to estimate the cash flows and fair value of its portfolio of securities backed by trust preferred securities at December 31, 2014 and 2013. The modeling techniques included estimating cash flows using bond-specific assumptions about future collateral defaults and related loss severities. The resulting cash flows were then discounted by reference to market yields observed in the single-name trust preferred securities market. In determining a market yield applicable to the estimated cash flows, a margin over LIBOR, ranging from 5% to 10% with a weighted-average of 8% was used. Significant unobservable inputs used in the determination of estimated fair value of collateralized debt obligations are included in the accompanying table of significant unobservable inputs to Level 3 measurements. At December 31, 2014, the total amortized cost and fair value of securities backed by trust preferred securities issued by financial institutions and other entities were $30 million and $50 million, respectively, and at December 31, 2013 were $42 million and $63 million, respectively. Privately issued mortgage-backed securities and securities backed by trust preferred securities issued by financial institutions and other entities constituted all of the available-for-sale investment securities classified as Level 3 valuations.

The Company ensures an appropriate control framework is in place over the valuation processes and techniques used for significant Level 3 fair value measurements. Internal pricing models used for significant valuation measurements have generally been subjected to validation procedures including testing of mathematical constructs, review of valuation methodology and significant assumptions used.

Real estate loans held for sale

The Company utilizes commitments to sell real estate loans to hedge the exposure to changes in fair value of real estate loans held for sale. The carrying value of hedged real estate loans held for sale includes changes in estimated fair value during the hedge period. Typically, the Company attempts to hedge real estate loans held for sale from the date of close through the sale date. The fair value of hedged real estate loans held for sale is generally calculated by reference to quoted prices in secondary markets for commitments to sell real estate loans with similar characteristics and, accordingly, such loans have been classified as a Level 2 valuation.

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Commitments to originate real estate loans for sale and commitments to sell real estate loans

The Company enters into various commitments to originate real estate loans for sale and commitments to sell real estate loans. Such commitments are considered to be derivative financial instruments and, therefore, are carried at estimated fair value on the consolidated balance sheet. The estimated fair values of such commitments were generally calculated by reference to quoted prices in secondary markets for commitments to sell real estate loans to certain government-sponsored entities and other parties. The fair valuations of commitments to sell real estate loans generally result in a Level 2 classification. The estimated fair value of commitments to originate real estate loans for sale are adjusted to reflect the Company s anticipated commitment expirations. The estimated commitment expirations are considered significant unobservable inputs contributing to the Level 3 classification of commitments to originate real estate loans for sale. Significant unobservable inputs used in the determination of estimated fair value of commitments to originate real estate loans for sale are included in the accompanying table of significant unobservable inputs to Level 3 measurements.

Interest rate swap agreements used for interest rate risk management

The Company utilizes interest rate swap agreements as part of the management of interest rate risk to modify the repricing characteristics of certain portions of its portfolios of earning assets and interest-bearing liabilities. The Company generally determines the fair value of its interest rate swap agreements using externally developed pricing models based on market observable inputs and, therefore, classifies such valuations as Level 2. The Company has considered counterparty credit risk in the valuation of its interest rate swap agreement assets and has considered its own credit risk in the valuation of its interest rate swap agreement liabilities.

The following tables present assets and liabilities at December 31, 2014 and 2013 measured at estimated fair value on a recurring basis:

	Fair Value Measurements at December 31, 2014	Level 1(a)	Level 2(a)	Level 3
		(In thousands)		
Trading account assets	$ 308,175	51,416	256,759	
Investment securities available for sale:				
U.S. Treasury and federal agencies	161,947		161,947	
Obligations of states and political subdivisions	8,198		8,198	
Mortgage-backed securities:				
Government issued or guaranteed	8,731,123		8,731,123	
Privately issued	103			103
Collateralized debt obligations	50,316			50,316
Other debt securities	121,488		121,488	
Equity securities	83,757	64,841	18,916	
	9,156,932	64,841	9,041,672	50,419
Real estate loans held for sale	742,249		742,249	
Other assets(b)	92,129		74,733	17,396
Total assets	$ 10,299,485	116,257	10,115,413	67,815
Trading account liabilities	$ 203,464		203,464	
Other liabilities(b)	8,596		8,547	49
Total liabilities	$ 212,060		212,011	49

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	Fair Value Measurements at December 31, 2013	Level 1(a)	Level 2(a)	Level 3
		(In thousands)		
Trading account assets	$ 376,131	51,386	324,745	
Investment securities available for sale:				
U.S. Treasury and federal agencies	37,776		37,776	
Obligations of states and political subdivisions	10,811		10,811	
Mortgage-backed securities:				
Government issued or guaranteed	4,165,086		4,165,086	
Privately issued	1,850			1,850
Collateralized debt obligations	63,083			63,083
Other debt securities	120,085		120,085	
Equity securities	133,095	82,450	50,645	
	4,531,786	82,450	4,384,403	64,933
Real estate loans held for sale	468,650		468,650	
Other assets(b)	123,568		115,952	7,616
Total assets	$ 5,500,135	133,836	5,293,750	72,549
Trading account liabilities	$ 249,797		249,797	
Other liabilities(b)	4,392		717	3,675
Total liabilities	$ 254,189		250,514	3,675

(a) There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy during the years ended December 31, 2014 and 2013.

(b) Comprised predominantly of interest rate swap agreements used for interest rate risk management (Level 2), commitments to sell real estate loans (Level 2) and commitments to originate real estate loans to be held for sale (Level 3).

The changes in Level 3 assets and liabilities measured at estimated fair value on a recurring basis during the year ended December 31, 2014 were as follows:

	Investment Securities Available for Sale		
	Privately Issued Mortgage-backed Securities	Collateralized Debt Obligations	Other Assets and Other Liabilities
		(In thousands)	
Balance January 1, 2014	$ 1,850	$ 63,083	$ 3,941
Total gains realized/unrealized:			

Included in earnings			83,417(b)
Included in other comprehensive income	271(e)	8,209(e)	
Settlements	(2,018)	(20,976)	
Transfers in and/or out of Level 3(c)			(70,011)(d)
Balance December 31, 2014	$ 103	$ 50,316	$ 17,347
Changes in unrealized gains included in earnings related to assets still held at December 31, 2014	$	$	$ 18,196(b)

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The changes in Level 3 assets and liabilities measured at estimated fair value on a recurring basis during the year ended December 31, 2013 were as follows:

	Investment Securities Available for Sale		
	Privately Issued Mortgage-backed Securities	Collateralized Debt Obligations	Other Assets and Other Liabilities
	(In thousands)		
Balance January 1, 2013	$ 1,023,886	$ 61,869	$ 47,859
Total gains (losses) realized/unrealized:			
Included in earnings	(56,102)(a)		97,845(b)
Included in other comprehensive income	116,359(e)	4,508(e)	
Sales	(978,608)		
Settlements	(103,685)	(3,294)	
Transfers in and/or out of Level 3(c)			(141,763)(d)
Balance December 31, 2013	$ 1,850	$ 63,083	$ 3,941
Changes in unrealized gains included in earnings related to assets still held at December 31, 2013	$	$	$ 3,431(b)

The changes in Level 3 assets and liabilities measured at estimated fair value on a recurring basis during the year ended December 31, 2012 were as follows:

	Investment Securities Available for Sale		
	Privately Issued Mortgage-backed Securities	Collateralized Debt Obligations	Other Assets and Other Liabilities
	(In thousands)		
Balance January 1, 2012	$ 1,151,285	$ 52,500	$ 6,923
Total gains (losses) realized/unrealized:			
Included in earnings	(42,467)(a)		212,281(b)
Included in other comprehensive income	114,592(e)	12,214(e)	
Settlements	(199,524)	(2,845)	
Transfers in and/or out of Level 3(c)			(171,345)(d)
Balance December 31, 2012	$ 1,023,886	$ 61,869	$ 47,859
Changes in unrealized gains (losses) included in earnings related to assets still held at December 31, 2012	$ (42,467)(a)	$	$ 47,859(b)

(a) *Reported as an OTTI impairment loss or as gain (loss) on bank investment securities in the consolidated statement of income.*

(b) *Reported as mortgage banking revenues in the consolidated statement of income and includes the fair value of commitment issuances and expirations.*

(c) *The Company s policy for transfers between fair value levels is to recognize the transfer as of the actual date of the event or change in circumstances that caused the transfer.*

(d) *Transfers out of Level 3 consist of interest rate locks transferred to closed loans.*

(e) *Reported as net unrealized gains on investment securities in the consolidated statement of comprehensive income.*

The Company is required, on a nonrecurring basis, to adjust the carrying value of certain assets or provide valuation allowances related to certain assets using fair value measurements. The more significant of those assets follow.

Investment securities held to maturity

During 2012, other-than-temporary losses of $5 million were recorded related to certain mortgage-backed securities. In accordance with GAAP, the carrying value of such securities was reduced to fair value, with estimated credit losses recognized in earnings and any remaining unrealized loss recognized in accumulated other comprehensive income. The determination of fair value included use of external and internal valuation sources that were weighted and averaged when estimating fair value. Due to the presence of significant unobservable inputs those valuations were classified as Level 3. The amortized cost, fair value and impact on the Company s financial statements of the modeling described herein were not material. No such other-than-temporary losses were recorded in 2013 or 2014.

Loans

Loans are generally not recorded at fair value on a recurring basis. Periodically, the Company records nonrecurring adjustments to the carrying value of loans based on fair value measurements for partial charge-offs of the uncollectible portions of those loans. Nonrecurring adjustments also include certain impairment amounts for collateral-dependent loans when establishing the allowance for credit losses. Such amounts are generally based on the fair value of the underlying collateral supporting the loan and, as a result, the carrying value of the loan less the calculated valuation amount does not necessarily represent the fair value of the loan. Real estate collateral is typically valued using appraisals or other indications of value based on recent comparable sales of similar properties or assumptions generally observable in the marketplace and the related nonrecurring fair value measurement adjustments have generally been classified as Level 2, unless significant adjustments have been made to the valuation that are not readily observable by market participants. Non-real estate collateral supporting commercial loans generally consists of business assets such as receivables, inventory and equipment. Fair value estimations are typically determined by discounting recorded values of those assets to reflect estimated net realizable value considering specific borrower facts and circumstances and the experience of credit personnel in their dealings with similar borrower collateral liquidations. Such discounts were generally in the range of 15% to 90% at December 31, 2014. As these discounts are not readily observable and are considered significant, the valuations have been classified as Level 3. Loans subject to nonrecurring fair value measurement were $173 million at December 31, 2014, ($94 million and $79 million of which were classified as Level 2 and Level 3, respectively), $222 million at December 31, 2013 ($173 million and $49 million of which were classified as Level 2 and Level 3, respectively), and $335 million at December 31, 2012 ($207 million and $128 million of which were classified as Level 2 and Level 3, respectively). Changes in fair value recognized during the years ended December 31, 2014, 2013 and 2012 for partial charge-offs of loans and loan impairment reserves on loans held by the Company at the end of each of those years were decreases of $55 million, $58 million and $67 million, respectively.

Assets taken in foreclosure of defaulted loans

Assets taken in foreclosure of defaulted loans are primarily comprised of commercial and residential real property and are generally measured at the lower of cost or fair value less costs to sell. The fair value of the real property is generally determined using appraisals or other indications of value based on recent comparable sales of similar properties or assumptions generally observable in the marketplace, and the related nonrecurring fair value measurement adjustments have generally been classified as Level 2. Assets taken in foreclosure of defaulted loans subject to nonrecurring fair value measurement were $19 million and $29 million at December 31, 2014 and December 31, 2013, respectively. Changes in fair value recognized for those foreclosed assets held by the Company were not material during each of 2014, 2013 and 2012.

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Significant unobservable inputs to level 3 measurements

The following tables present quantitative information about significant unobservable inputs used in the fair value measurements for Level 3 assets and liabilities at December 31, 2014 and 2013:

	Fair Value at December 31, 2014 (In thousands)	Valuation Technique	Unobservable Input/Assumptions	Range (Weighted-Average)
Recurring fair value measurements:				
Privately issued mortgage backed securities	$ 103	Two independent pricing quotes		
Collateralized debt obligations	50,316	Discounted cash flow	Probability of default	12%-57% (36%)
			Loss severity	100%
Net other assets (liabilities)(a)	17,347	Discounted cash flow	Commitment expirations	0%-96% (17%)

(a) Other Level 3 assets (liabilities) consist of commitments to originate real estate loans.

	Fair Value at December 31, 2013 (In thousands)	Valuation Technique	Unobservable Input/Assumptions	Range (Weighted-Average)
Recurring fair value measurements:				
Privately issued mortgage backed securities	$ 1,850	Two independent pricing quotes		
Collateralized debt obligations	63,083	Discounted cash flow	Probability of default	17%-55% (39%)
			Loss severity	100%
Net other assets (liabilities)(a)	3,941	Discounted cash flow	Commitment expirations	0%-90% (20%)

(a) Other Level 3 assets (liabilities) consist of commitments to originate real estate loans.

Sensitivity of fair value measurements to changes in unobservable inputs

An increase (decrease) in the probability of default and loss severity for collateralized debt securities would generally result in a lower (higher) fair value measurement.

An increase (decrease) in the estimate of expirations for commitments to originate real estate loans would generally result in a lower (higher) fair value measurement. Estimated commitment expirations are derived considering loan type, changes in interest rates and remaining length of time until closing.

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Disclosures of fair value of financial instruments

The carrying amounts and estimated fair value for financial instrument assets (liabilities) are presented in the following table:

	December 31, 2014				
	Carrying Amount	Estimated Fair Value	Level 1 (In thousands)	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	$ 1,373,357	$ 1,373,357	$ 1,296,923	$ 76,434	$
Interest-bearing deposits at banks	6,470,867	6,470,867		6,470,867	
Trading account assets	308,175	308,175	51,416	256,759	
Investment securities	12,993,542	13,023,956	64,841	12,750,396	208,719
Loans and leases:					
Commercial loans and leases	19,461,292	19,188,574			19,188,574
Commercial real estate loans	27,567,569	27,487,818		307,667	27,180,151
Residential real estate loans	8,657,301	8,729,056		5,189,086	3,539,970
Consumer loans	10,982,794	10,909,623			10,909,623
Allowance for credit losses	(919,562)				
Loans and leases, net	65,749,394	66,315,071		5,496,753	60,818,318
Accrued interest receivable	227,348	227,348		227,348	
Financial liabilities:					
Noninterest-bearing deposits	$ (26,947,880)	$ (26,947,880)		$ (26,947,880)	
Savings deposits and NOW accounts	(43,393,618)	(43,393,618)		(43,393,618)	
Time deposits	(3,063,973)	(3,086,126)		(3,086,126)	
Deposits at Cayman Islands office	(176,582)	(176,582)		(176,582)	
Short-term borrowings	(192,676)	(192,676)		(192,676)	
Long-term borrowings	(9,006,959)	(9,139,789)		(9,139,789)	
Accrued interest payable	(63,372)	(63,372)		(63,372)	
Trading account liabilities	(203,464)	(203,464)		(203,464)	
Other financial instruments:					
Commitments to originate real estate loans for sale	$ 17,347	$ 17,347		$	$ 17,347
Commitments to sell real estate loans	(7,065)	(7,065)		(7,065)	
Other credit-related commitments	(119,079)	(119,079)			(119,079)
Interest rate swap agreements used for interest rate risk management	73,251	73,251		73,251	

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	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
			December 31, 2013 (In thousands)		
Financial assets:					
Cash and cash equivalents	$ 1,672,934	$ 1,672,934	$ 1,596,877	$ 76,057	$
Interest-bearing deposits at banks	1,651,138	1,651,138		1,651,138	
Trading account assets	376,131	376,131	51,386	324,745	
Investment securities	8,796,497	8,690,494	82,450	8,384,106	223,938
Loans and leases:					
Commercial loans and leases	18,705,216	18,457,288			18,457,288
Commercial real estate loans	26,148,208	26,018,195		67,505	25,950,690
Residential real estate loans	8,928,221	8,867,872		5,432,207	3,435,665
Consumer loans	10,291,514	10,201,087			10,201,087
Allowance for credit losses	(916,676)				
Loans and leases, net	63,156,483	63,544,442		5,499,712	58,044,730
Accrued interest receivable	222,558	222,558		222,558	
Financial liabilities:					
Noninterest-bearing deposits	$ (24,661,007)	$ (24,661,007)		$ (24,661,007)	
Savings deposits and NOW accounts	(38,611,021)	(38,611,021)		(38,611,021)	
Time deposits	(3,523,838)	(3,542,789)		(3,542,789)	
Deposits at Cayman Islands office	(322,746)	(322,746)		(322,746)	
Short-term borrowings	(260,455)	(260,455)		(260,455)	
Long-term borrowings	(5,108,870)	(5,244,902)		(5,244,902)	
Accrued interest payable	(43,419)	(43,419)		(43,419)	
Trading account liabilities	(249,797)	(249,797)		(249,797)	
Other financial instruments:					
Commitments to originate real estate loans for sale	$ 3,941	$ 3,941		$	$ 3,941
Commitments to sell real estate loans	12,360	12,360		12,360	
Other credit-related commitments	(118,886)	(118,886)			(118,886)
Interest rate swap agreements used for interest rate risk management	102,875	102,875		102,875	

With the exception of marketable securities, certain off-balance sheet financial instruments and one-to-four family residential mortgage loans originated for sale, the Company s financial instruments are not readily marketable and market prices do not exist. The Company, in attempting to comply with the provisions of GAAP that require disclosures of fair value of financial instruments, has not attempted to market its financial instruments to potential buyers, if any exist. Since negotiated prices in illiquid markets depend greatly upon the then present motivations of the buyer and seller, it is reasonable to assume that actual sales prices could vary widely from any estimate of fair value made without the benefit of negotiations. Additionally, changes in market interest rates can dramatically impact the value of financial instruments in a short period of time. The following assumptions, methods and calculations were used in determining the estimated fair value of financial instruments not measured at fair value in the consolidated balance sheet.

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Cash and cash equivalents, interest-bearing deposits at banks, deposits at Cayman Islands office, short-term borrowings, accrued interest receivable and accrued interest payable

Due to the nature of cash and cash equivalents and the near maturity of interest-bearing deposits at banks, deposits at Cayman Islands office, short-term borrowings, accrued interest receivable and accrued interest payable, the Company estimated that the carrying amount of such instruments approximated estimated fair value.

Investment securities

Estimated fair values of investments in readily marketable securities were generally based on quoted market prices. Investment securities that were not readily marketable were assigned amounts based on estimates provided by outside parties or modeling techniques that relied upon discounted calculations of projected cash flows or, in the case of other investment securities, which include capital stock of the Federal Reserve Bank of New York and the Federal Home Loan Bank of New York, at an amount equal to the carrying amount.

Loans and leases

In general, discount rates used to calculate values for loan products were based on the Company s pricing at the respective period end. A higher discount rate was assumed with respect to estimated cash flows associated with nonaccrual loans. Projected loan cash flows were adjusted for estimated credit losses. However, such estimates made by the Company may not be indicative of assumptions and adjustments that a purchaser of the Company s loans and leases would seek.

Deposits

Pursuant to GAAP, the estimated fair value ascribed to noninterest-bearing deposits, savings deposits and NOW accounts must be established at carrying value because of the customers ability to withdraw funds immediately. Time deposit accounts are required to be revalued based upon prevailing market interest rates for similar maturity instruments. As a result, amounts assigned to time deposits were based on discounted cash flow calculations using prevailing market interest rates based on the Company s pricing at the respective date for deposits with comparable remaining terms to maturity.

The Company believes that deposit accounts have a value greater than that prescribed by GAAP. The Company feels, however, that the value associated with these deposits is greatly influenced by characteristics of the buyer, such as the ability to reduce the costs of servicing the deposits and deposit attrition which often occurs following an acquisition.

Long-term borrowings

The amounts assigned to long-term borrowings were based on quoted market prices, when available, or were based on discounted cash flow calculations using prevailing market interest rates for borrowings of similar terms and credit risk.

Other commitments and contingencies

As described in note 21, in the normal course of business, various commitments and contingent liabilities are outstanding, such as loan commitments, credit guarantees and letters of credit. The Company s pricing of such financial instruments is based largely on credit quality and relationship, probability of funding and other requirements. Loan commitments often have fixed expiration dates and contain termination and other clauses which provide for relief from funding in the event of significant deterioration in the credit quality of the customer. The rates and terms of the Company s loan commitments, credit guarantees and letters of credit are competitive with other financial institutions operating in markets served by the Company. The Company believes that the carrying amounts, which are included in other liabilities, are reasonable estimates of the fair value of these financial instruments.

The Company does not believe that the estimated information presented herein is representative of the earnings power or value of the Company. The preceding analysis, which is inherently limited in depicting fair value, also does not consider any value associated with existing customer relationships nor the ability of the Company to create value through loan origination, deposit gathering or fee generating activities.

Many of the estimates presented herein are based upon the use of highly subjective information and assumptions and, accordingly, the results may not be precise. Management believes that fair value estimates

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may not be comparable between financial institutions due to the wide range of permitted valuation techniques and numerous estimates which must be made. Furthermore, because the disclosed fair value amounts were estimated as of the balance sheet date, the amounts actually realized or paid upon maturity or settlement of the various financial instruments could be significantly different.

21. Commitments and contingencies

In the normal course of business, various commitments and contingent liabilities are outstanding. The following table presents the Company s significant commitments. Certain of these commitments are not included in the Company s consolidated balance sheet.

	December 31	
	2014	2013
	(In thousands)	
Commitments to extend credit		
Home equity lines of credit	$ 6,194,516	$ 6,218,823
Commercial real estate loans to be sold	212,257	62,386
Other commercial real estate and construction	4,834,699	3,919,545
Residential real estate loans to be sold	432,352	469,869
Other residential real estate	524,399	384,617
Commercial and other	11,080,856	10,419,545
Standby letters of credit	3,706,888	3,600,528
Commercial letters of credit	46,965	53,284
Financial guarantees and indemnification contracts	2,490,050	2,457,633
Commitments to sell real estate loans	1,237,294	854,656

Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses that may require payment of a fee. Standby and commercial letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. Standby letters of credit generally are contingent upon the failure of the customer to perform according to the terms of the underlying contract with the third party, whereas commercial letters of credit are issued to facilitate commerce and typically result in the commitment being funded when the underlying transaction is consummated between the customer and a third party. The credit risk associated with commitments to extend credit and standby and commercial letters of credit is essentially the same as that involved with extending loans to customers and is subject to normal credit policies. Collateral may be obtained based on management s assessment of the customer s creditworthiness.

Financial guarantees and indemnification contracts are oftentimes similar to standby letters of credit and include mandatory purchase agreements issued to ensure that customer obligations are fulfilled, recourse obligations associated with sold loans, and other guarantees of customer performance or compliance with designated rules and regulations. Included in financial guarantees and indemnification contracts are loan principal amounts sold with recourse in conjunction with the Company s involvement in the Fannie Mae DUS program. The Company s maximum credit risk for recourse associated with loans sold under this program totaled approximately $2.4 billion and $2.3 billion at December 31, 2014 and 2013, respectively.

Since many loan commitments, standby letters of credit, and guarantees and indemnification contracts expire without being funded in whole or in part, the contract amounts are not necessarily indicative of future cash flows.

The Company utilizes commitments to sell real estate loans to hedge exposure to changes in the fair value of real estate loans held for sale. Such commitments are considered derivatives and along with commitments to originate real estate loans to be held for sale are generally recorded in the consolidated balance sheet at estimated fair market value.

The Company occupies certain banking offices and uses certain equipment under noncancelable operating lease agreements expiring at various dates over the next 24 years. Minimum lease payments under noncancelable operating leases are summarized in the following table:

	(In thousands)
Year ending December 31:	
2015	$ 87,063
2016	83,315
2017	70,108
2018	56,024
2019	45,079
Later years	113,390
	$ 454,979

The Company is contractually obligated to repurchase previously sold residential real estate loans that do not ultimately meet investor sale criteria related to underwriting procedures or loan documentation. When required to do so, the Company may reimburse loan purchasers for losses incurred or may repurchase certain loans. The Company reduces residential mortgage banking revenues by an estimate for losses related to its obligations to loan purchasers. The amount of those charges is based on the volume of loans sold, the level of reimbursement requests received from loan purchasers and estimates of losses that may be associated with previously sold loans. At December 31, 2014, management believes that any further liability arising out of the Company s obligation to loan purchasers is not material to the Company s consolidated financial position.

M&T and its subsidiaries are subject in the normal course of business to various pending and threatened legal proceedings in which claims for monetary damages are asserted. On an on-going basis management, after consultation with legal counsel, assesses the Company s liabilities and contingencies in connection with such legal proceedings. For those matters where it is probable that the Company will incur losses and the amounts of the losses can be reasonably estimated, the Company records an expense and corresponding liability in its consolidated financial statements. To the extent the pending or threatened litigation could result in exposure in excess of that liability, the amount of such excess is not currently estimable. Although not considered probable, the range of reasonably possible losses for such matters in the aggregate, beyond the existing recorded liability, was between $0 and $40 million. Although the Company does not believe that the outcome of pending litigations will be material to the Company s consolidated financial position, it cannot rule out the possibility that such outcomes will be material to the consolidated results of operations for a particular reporting period in the future.

22. Segment information

Reportable segments have been determined based upon the Company s internal profitability reporting system, which is organized by strategic business unit. Certain strategic business units have been combined for segment information reporting purposes where the nature of the products and services, the type of customer and the distribution of those products and services are similar. The reportable segments are Business Banking, Commercial Banking, Commercial Real Estate, Discretionary Portfolio, Residential Mortgage Banking and Retail Banking.

The financial information of the Company s segments has been compiled utilizing the accounting policies described in note 1 with certain exceptions. The more significant of these exceptions are described herein. The Company allocates interest income or interest expense using a methodology that charges users of funds (assets) interest expense and credits providers of funds (liabilities) with income based on the maturity, prepayment and/or repricing characteristics of the assets and liabilities. The net effect of this allocation is recorded in the All Other category. A provision for credit losses is allocated to segments in an amount based largely on actual net charge-offs incurred by the segment during the period plus or minus an amount necessary to adjust the segment s allowance for credit losses due to changes in loan balances. In contrast, the level of the consolidated provision for credit losses is determined using the methodologies described in notes 1 and 5. Indirect fixed and variable expenses incurred by certain centralized support areas are allocated to segments based on actual usage (for example, volume measurements) and other criteria.

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Certain types of administrative expenses and bankwide expense accruals (including amortization of core deposit and other intangible assets associated with acquisitions of financial institutions) are generally not allocated to segments. Income taxes are allocated to segments based on the Company s marginal statutory tax rate adjusted for any tax-exempt income or non-deductible expenses. Equity is allocated to the segments based on regulatory capital requirements and in proportion to an assessment of the inherent risks associated with the business of the segment (including interest, credit and operating risk).

The management accounting policies and processes utilized in compiling segment financial information are highly subjective and, unlike financial accounting, are not based on authoritative guidance similar to GAAP. As a result, reported segment results are not necessarily comparable with similar information reported by other financial institutions. Furthermore, changes in management structure or allocation methodologies and procedures may result in changes in reported segment financial data. Information about the Company s segments is presented in the accompanying table. Income statement amounts are in thousands of dollars. Balance sheet amounts are in millions of dollars.

	For the Years Ended December 31, 2014, 2013 and 2012											
	Business Banking			Commercial Banking			Commercial Real Estate			Discretionary Portfolio		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Net interest income(a)	$ 317,356	$ 325,521	$ 347,067	$ 745,218	$ 758,231	$ 753,678	$ 539,600	$ 570,786	$ 531,398	$ 74,204	$ 66,157	$ 66,303
Noninterest income	105,370	102,945	103,283	259,832	263,766	253,808	127,445	130,895	133,120	27,464	(2,126)	(76,113)
	422,726	428,466	450,350	1,005,050	1,021,997	1,007,486	667,045	701,681	664,518	101,668	64,031	(9,810)
Provision for credit losses	18,885	26,450	22,245	33,197	76,818	15,781	(6,476)	7,365	4,238	16,547	16,670	44,305
Amortization of core deposit and other intangible assets												
Depreciation and other amortization	405	198	122	588	564	567	16,278	14,296	11,004	891	1,330	2,065
Other noninterest expense	200,802	214,043	179,428	274,697	288,842	262,820	207,757	214,246	190,879	33,934	30,431	31,006
Income (loss) before taxes	202,634	187,775	248,555	696,568	655,773	728,318	449,486	465,774	458,397	50,296	15,600	(87,186)
Income tax expense (benefit)	82,825	76,735	101,484	285,429	264,433	296,894	133,357	143,981	149,321	2,198	(14,368)	(54,071)
Net income (loss)	$ 119,809	$ 111,040	$ 147,071	$ 411,139	$ 391,340	$ 431,424	$ 316,129	$ 321,793	$ 309,076	$ 48,098	$ 29,968	$ (33,115)
Average total assets (in millions)	$ 5,281	$ 5,080	$ 4,909	$ 22,892	$ 21,655	$ 19,946	$ 17,113	$ 17,150	$ 16,437	$ 20,798	$ 16,480	$ 16,583
Capital expenditures (in millions)	$ 2	$ 1	$	$	$	$	$	$	$	$	$	$

	For the Years Ended December 31, 2014, 2013 and 2012		
Residential Mortgage Banking	Retail Banking	All Other	Total

	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Net interest income(a)	$ 90,123	$ 98,496	$ 78,058	$ 741,109	$ 810,134	$ 902,906	$ 168,836	$ 43,904	$ (80,894)	$ 2,676,446	$ 2,673,229	$ 2,598,516
Noninterest income	331,391	325,474	402,211	335,501	373,362	349,571	592,270	670,889	501,390	1,779,273	1,865,205	1,667,270
	421,514	423,970	480,269	1,076,610	1,183,496	1,252,477	761,106	714,793	420,496	4,455,719	4,538,434	4,265,786
Provision for credit losses	(2,357)	(11,711)	17,169	77,158	72,502	95,345	(12,954)	(3,094)	4,917	124,000	185,000	204,000
Amortization of core deposit and other intangible assets							33,824	46,912	60,631	33,824	46,912	60,631
Depreciation and other amortization	47,108	48,716	46,902	37,788	34,599	32,734	61,848	57,120	50,536	164,906	156,823	143,930
Other noninterest expense	222,396	225,794	195,604	759,569	768,644	751,916	844,972	690,150	693,046	2,544,127	2,432,150	2,304,699
Income (loss) before taxes	154,367	161,171	220,594	202,095	307,751	372,482	(166,584)	(76,295)	(388,634)	1,588,862	1,717,549	1,552,526
Income tax expense (benefit)	59,361	61,779	85,671	82,179	125,350	151,616	(122,733)	(78,841)	(207,887)	522,616	579,069	523,028
Net income (loss)	$ 95,006	$ 99,392	$ 134,923	$ 119,916	$ 182,401	$ 220,866	$ (43,851)	$ 2,546	$ (180,747)	$ 1,066,246	$ 1,138,480	$ 1,029,498
Average total assets (in millions)	$ 3,333	$ 2,858	$ 2,451	$ 10,449	$ 10,997	$ 11,705	$ 12,277	$ 9,442	$ 7,952	$ 92,143	$ 83,662	$ 79,983
Capital expenditures (in millions)	$	$	$ 1	$ 14	$ 40	$ 15	$ 57	$ 89	$ 76	$ 73	$ 130	$ 92

(a) *Net interest income is the difference between actual taxable-equivalent interest earned on assets and interest paid on liabilities by a segment and a funding charge (credit) based on the Company s internal funds transfer pricing methodology. Segments are charged a cost to fund any assets (e.g. loans) and are paid a funding credit for any funds provided (e.g. deposits). The taxable-equivalent adjustment aggregated $23,642,000 in 2014, $24,971,000 in 2013 and $26,391,000 in 2012 and is eliminated in All Other net interest income and income tax expense (benefit).*

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The Business Banking segment provides deposit, lending, cash management and other financial services to small businesses and professionals through the Company s banking office network and several other delivery channels, including business banking centers, telephone banking, Internet banking and automated teller machines. The Commercial Banking segment provides a wide range of credit products and banking services to middle-market and large commercial customers, mainly within the markets the Company serves. Among the services provided by this segment are commercial lending and leasing, letters of credit, deposit products and cash management services. The Commercial Real Estate segment provides credit services which are secured by various types of multifamily residential and commercial real estate and deposit services to its customers. Activities of this segment include the origination, sales and servicing of commercial real estate loans. The Discretionary Portfolio segment includes securities, residential mortgage loans and other assets; short-term and long-term borrowed funds; brokered deposits; and Cayman Islands branch deposits. This segment also provides foreign exchange services to customers. The Residential Mortgage Banking segment originates and services residential real estate loans for consumers and sells substantially all of those loans in the secondary market to investors or to the Discretionary Portfolio segment. The segment periodically purchases servicing rights to loans that have been originated by other entities. Residential real estate loans held for sale are included in the Residential Mortgage Banking segment. The Retail Banking segment offers a variety of services to consumers through several delivery channels that include banking offices, automated teller machines, telephone banking and Internet banking. The All Other category includes other operating activities of the Company that are not directly attributable to the reported segments; the difference between the provision for credit losses and the calculated provision allocated to the reportable segments; goodwill and core deposit and other intangible assets resulting from acquisitions of financial institutions; merger-related gains and expenses resulting from acquisitions; the net impact of the Company s internal funds transfer pricing methodology; eliminations of transactions between reportable segments; certain nonrecurring transactions; the residual effects of unallocated support systems and general and administrative expenses; and the impact of interest rate risk management strategies. The amount of intersegment activity eliminated in arriving at consolidated totals was included in the All Other category as follows:

	Year Ended December 31		
	2014	**2013**	**2012**
		(In thousands)	
Revenues	$ (49,800)	$ (50,128)	$ (71,452)
Expenses	(12,014)	(16,235)	(17,313)
Income taxes (benefit)	(15,375)	(13,791)	(22,029)
Net income (loss)	(22,411)	(20,102)	(32,110)

The Company conducts substantially all of its operations in the United States. There are no transactions with a single customer that in the aggregate result in revenues that exceed ten percent of consolidated total revenues.

23. Regulatory matters

Payment of dividends by M&T s banking subsidiaries is restricted by various legal and regulatory limitations. Dividends from any banking subsidiary to M&T are limited by the amount of earnings of the banking subsidiary in the current year and the preceding two years. For purposes of this test, at December 31, 2014, approximately $1.5 billion was available for payment of dividends to M&T from banking subsidiaries. Additionally, the Federal Reserve Board requires bank holding companies with $50 billion or more of total consolidated assets to submit annual capital plans. Such bank holding companies may pay dividends and repurchase stock only in accordance with a capital plan which the Federal Reserve Board has not objected to.

Banking regulations prohibit extensions of credit by the subsidiary banks to M&T unless appropriately secured by assets. Securities of affiliates are not eligible as collateral for this purpose.

The bank subsidiaries are required to maintain reserves against certain deposit liabilities. During the maintenance periods that included December 31, 2014 and 2013, cash and due from banks and interest-earning deposits at banks included a daily average of $555,575,000 and $595,593,000, respectively, for such purpose.

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Federal regulators have adopted capital adequacy guidelines for bank holding companies and banks. Failure to meet minimum capital requirements can result in certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a material effect on the Company s financial statements. Under the capital adequacy guidelines in effect through December 31, 2014, the so-called Tier 1 capital and Total capital as a percentage of risk-weighted assets and certain off-balance sheet financial instruments were required to be at least 4% and 8%, respectively. In addition to these risk-based measures, regulators also required banking institutions that met certain qualitative criteria to maintain a minimum leverage ratio of Tier 1 capital to average total assets, adjusted for goodwill and certain other items. As of December 31, 2014, M&T and each of its banking subsidiaries exceeded all applicable capital adequacy requirements. To be considered well capitalized under that regulatory framework, a banking institution had to maintain Tier 1 risk-based capital, total risk-based capital and leverage ratios of at least 6%, 10% and 5%, respectively.

The capital ratios and amounts of the Company and its banking subsidiaries as of December 31, 2014 and 2013 are presented below:

	M&T (Consolidated)	M&T Bank	Wilmington Trust, N.A.
		(Dollars in thousands)	
December 31, 2014:			
Tier 1 capital			
Amount	$ 9,644,765	$ 8,043,185	$ 435,558
Ratio(a)	12.47%	10.46%	57.22%
Minimum required amount(b)	3,093,874	3,077,101	30,447
Total capital			
Amount	11,767,308	10,048,277	439,867
Ratio(a)	15.21%	13.06%	57.79%
Minimum required amount(b)	6,187,747	6,154,201	60,893
Leverage			
Amount	9,644,765	8,043,185	435,558
Ratio(c)	10.17%	8.56%	9.98%
Minimum required amount(b)	3,793,836	3,760,364	174,613
December 31, 2013:			
Tier 1 capital			
Amount	$ 8,792,035	$ 7,341,506	$ 420,330
Ratio(a)	12.00%	10.08%	73.79%
Minimum required amount(b)	2,930,925	2,914,246	22,786
Total capital			
Amount	11,045,589	9,445,770	424,975
Ratio(a)	15.07%	12.96%	74.60%
Minimum required amount(b)	5,861,849	5,828,491	45,573
Leverage			
Amount	8,792,035	7,341,506	420,330
Ratio(c)	10.78%	9.09%	19.80%
Minimum required amount(b)	2,446,476	2,422,096	63,678

(a) The ratio of capital to risk-weighted assets, as defined by regulation.

(b) Minimum amount of capital to be considered adequately capitalized, as defined by regulation.

(c) The ratio of capital to average assets, as defined by regulation.

Beginning in 2015, new regulatory capital rules became effective. The new rules substantially revise the risk-based capital requirements applicable to bank holding companies and banks. M&T and its subsidiary banks expect to be able to comply with the revised capital adequacy requirements.

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24. Relationship with Bayview Lending Group LLC and Bayview Financial Holdings, L.P.

M&T holds a 20% minority interest in Bayview Lending Group LLC (BLG), a privately-held commercial mortgage company. M&T recognizes income or loss from BLG using the equity method of accounting. The carrying value of that investment was $47 million at December 31, 2014.

Bayview Financial Holdings, L.P. (together with its affiliates, Bayview Financial), a privately-held specialty mortgage finance company, is BLG s majority investor. In addition to their common investment in BLG, the Company and Bayview Financial conduct other business activities with each other. The Company has obtained loan servicing rights for mortgage loans from BLG and Bayview Financial having outstanding principal balances of $4.8 billion and $5.5 billion at December 31, 2014 and 2013, respectively. Revenues from those servicing rights were $26 million, $31 million and $35 million during 2014, 2013 and 2012, respectively. The Company sub-services residential real estate loans for Bayview Financial having outstanding principal balances totaling $41.3 billion and $45.6 billion at December 31, 2014 and 2013, respectively. Revenues earned for sub-servicing loans for Bayview Financial were $115 million in 2014, $33 million in 2013 and $10 million in 2012. In addition, the Company held $202 million and $220 million of mortgage-backed securities in its held-to-maturity portfolio at December 31, 2014 and 2013, respectively, that were securitized by Bayview Financial.

25. Parent company financial statements

Condensed Balance Sheet

	December 31	
	2014	2013
	(In thousands)	
Assets		
Cash in subsidiary bank	$ 11,306	$ 10,729
Due from consolidated bank subsidiaries		
Money-market savings	1,096,533	968,274
Current income tax receivable		1,914
Other	12	1,894
Total due from consolidated bank subsidiaries	1,096,545	972,082
Investments in consolidated subsidiaries		
Banks and bank holding company	11,945,516	11,364,657
Other	16,217	16,212
Investments in unconsolidated subsidiaries (note 19)	33,578	33,751
Investment in Bayview Lending Group LLC	46,716	73,883
Other assets	81,034	80,098
Total assets	$ 13,230,912	$ 12,551,412
Liabilities		
Accrued expenses and other liabilities	$ 59,950	$ 62,817
Long-term borrowings	835,066	1,183,063
Total liabilities	895,016	1,245,880
Shareholders equity	12,335,896	11,305,532
Total liabilities and shareholders equity	$ 13,230,912	$ 12,551,412

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Condensed Statement of Income

	Year Ended December 31		
	2014	2013	2012
	(In thousands, except per share)		
Income			
Dividends from consolidated bank subsidiaries	$ 480,000	$ 700,000	$ 700,000
Equity in earnings of Bayview Lending Group LLC	(16,672)	(16,126)	(21,511)
Other income	7,755	9,992	8,755
Total income	471,083	693,866	687,244
Expense			
Interest on long-term borrowings	47,700	73,115	82,286
Other expense	15,107	15,994	19,226
Total expense	62,807	89,109	101,512
Income before income taxes and equity in undistributed income of subsidiaries	408,276	604,757	585,732
Income tax credits	27,284	35,986	43,149
Income before equity in undistributed income of subsidiaries	435,560	640,743	628,881
Equity in undistributed income of subsidiaries			
Net income of subsidiaries	1,110,686	1,197,737	1,100,617
Less: dividends received	(480,000)	(700,000)	(700,000)
Equity in undistributed income of subsidiaries	630,686	497,737	400,617
Net income	$ 1,066,246	$ 1,138,480	$ 1,029,498
Net income per common share			
Basic	$ 7.47	$ 8.26	$ 7.57
Diluted	7.42	8.20	7.54

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Condensed Statement of Cash Flows

	Year Ended December 31		
	2014	2013	2012
		(In thousands)	
Cash flows from operating activities			
Net income	$ 1,066,246	$ 1,138,480	$ 1,029,498
Adjustments to reconcile net income to net cash provided by operating activities			
Equity in undistributed income of subsidiaries	(630,686)	(497,737)	(400,617)
Provision for deferred income taxes	(6,522)	1,535	1,724
Net change in accrued income and expense	23,419	31,979	6,798
Net cash provided by operating activities	452,457	674,257	637,403
Cash flows from investing activities			
Proceeds from sales of investment securities			411
Investment in subsidiary		(140,000)	
Other, net	10,721	3,295	324
Net cash provided (used) by investing activities	10,721	(136,705)	735
Cash flows from financing activities			
Payments on long-term borrowings	(350,010)		(300,000)
Dividends paid common	(371,199)	(365,349)	(357,717)
Dividends paid preferred	(70,234)	(53,450)	(53,450)
Proceeds from issuance of preferred stock	346,500		
Other, net	110,601	140,799	143,352
Net cash used by financing activities	(334,342)	(278,000)	(567,815)
Net increase in cash and cash equivalents	128,836	259,552	70,323
Cash and cash equivalents at beginning of year	979,003	719,451	649,128
Cash and cash equivalents at end of year	$ 1,107,839	$ 979,003	$ 719,451
Supplemental disclosure of cash flow information			
Interest received during the year	$ 2,094	$ 2,224	$ 1,970
Interest paid during the year	47,003	71,090	80,090
Income taxes received during the year	24,588	45,237	21,878

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Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***
None.

Item 9A. ***Controls and Procedures.***
(a) Evaluation of disclosure controls and procedures. Based upon their evaluation of the effectiveness of M&T s disclosure controls and procedures (as defined in Exchange Act rules 13a-15(e) and 15d-15(e)), Robert G. Wilmers, Chairman of the Board and Chief Executive Officer, and René F. Jones, Executive Vice President and Chief Financial Officer, concluded that M&T s disclosure controls and procedures were effective as of December 31, 2014.

(b) Management s annual report on internal control over financial reporting. Included under the heading Report on Internal Control Over Financial Reporting at Item 8 of this Annual Report on Form 10-K.

(c) Attestation report of the registered public accounting firm. Included under the heading Report of Independent Registered Public Accounting Firm at Item 8 of this Annual Report on Form 10-K.

(d) Changes in internal control over financial reporting. M&T regularly assesses the adequacy of its internal control over financial reporting and enhances its controls in response to internal control assessments and internal and external audit and regulatory recommendations. No changes in internal control over financial reporting have been identified in connection with the evaluation of disclosure controls and procedures during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, M&T s internal control over financial reporting.

Item 9B. ***Other Information.***
None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***
The identification of the Registrant s directors is incorporated by reference to the caption NOMINEES FOR DIRECTOR contained in the Registrant s definitive Proxy Statement for its 2015 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or about March 5, 2015.

The identification of the Registrant s executive officers is presented under the caption Executive Officers of the Registrant contained in Part I of this Annual Report on Form 10-K.

Disclosure of compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, by the Registrant s directors and executive officers, and persons who are the beneficial owners of more than 10% of the Registrant s common stock, is incorporated by reference to the caption Section 16(a) Beneficial Ownership Reporting Compliance contained in the Registrant s definitive Proxy Statement for its 2015 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission on or about March 5, 2015.

The other information required by Item 10 is incorporated by reference to the captions CORPORATE GOVERNANCE OF M&T BANK CORPORATION and STOCK OWNERSHIP INFORMATION contained in the Registrant s definitive Proxy Statement for its 2015 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or about March 5, 2015.

Item 11. ***Executive Compensation.***
Incorporated by reference to the captions DIRECTOR COMPENSATION, NOMINATION, COMPENSATION AND GOVERNANCE COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION, NOMINATION, COMPENSATION AND GOVERNANCE COMMITTEE

REPORT AND EXECUTIVE COMPENSATION contained in the Registrant s definitive Proxy Statement for its 2015 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or about March 5, 2015.

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Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

Incorporated by reference to the caption STOCK OWNERSHIP INFORMATION contained in the Registrant s definitive Proxy Statement for its 2015 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or about March 5, 2015.

The information required by this item concerning Equity Compensation Plan information is filed as part of this Annual Report on Form 10-K. See Part II, Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

Incorporated by reference to the captions TRANSACTIONS WITH DIRECTORS AND EXECUTIVE OFFICERS and CORPORATE GOVERNANCE OF M&T BANK CORPORATION contained in the Registrant s definitive Proxy Statement for its 2015 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or about March 5, 2015.

Item 14. ***Principal Accountant Fees and Services.***

Incorporated by reference to the caption PROPOSAL TO RATIFY THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF M&T BANK CORPORATION contained in the Registrant s definitive Proxy Statement for its 2015 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or about March 5, 2015.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules.***

(a) Financial statements and financial statement schedules filed as part of this Annual Report on Form 10-K. See Part II, Item 8. Financial Statements and Supplementary Data. Financial statement schedules are not required or are inapplicable, and therefore have been omitted.

(b) Exhibits required by Item 601 of Regulation S-K. The exhibits listed on the Exhibit Index of this Annual Report on Form 10-K have been previously filed, are filed herewith or are incorporated herein by reference to other filings.

(c) Additional financial statement schedules. None.

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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 20th day of February, 2015.

M&T BANK CORPORATION

By: /s/ ROBERT G. WILMERS
Robert G. Wilmers

Chairman of the Board and

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
Principal Executive Officer:		
/s/ ROBERT G. WILMERS	Chairman of the Board	February 20, 2015
Robert G. Wilmers	and Chief Executive Officer	
Principal Financial Officer:		
/s/ RENÉ F. JONES	Executive Vice President	February 20, 2015
René F. Jones	and Chief Financial Officer	
Principal Accounting Officer:		
/s/ MICHAEL R. SPYCHALA	Senior Vice President and	February 20, 2015
Michael R. Spychala	Controller	
A majority of the board of directors:		
/s/ BRENT D. BAIRD		February 20, 2015
Brent D. Baird		
/s/ C. ANGELA BONTEMPO		February 20, 2015
C. Angela Bontempo		
Robert T. Brady		
/s/ T. JEFFERSON CUNNINGHAM III		February 20, 2015
T. Jefferson Cunningham III		

/s/ MARK J. CZARNECKI	February 20, 2015
Mark J. Czarnecki	
/s/ GARY N. GEISEL	February 20, 2015
Gary N. Geisel	
/s/ JOHN D. HAWKE, JR.	February 20, 2015
John D. Hawke, Jr.	
/s/ PATRICK W.E. HODGSON	February 20, 2015
Patrick W.E. Hodgson	

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/s/ Richard G. King	February 20, 2015
Richard G. King	
Jorge G. Pereira	
/s/ Melinda R. Rich	February 20, 2015
Melinda R. Rich	
/s/ Robert E. Sadler, Jr.	February 20, 2015
Robert E. Sadler, Jr.	
/s/ Herbert L. Washington	February 20, 2015
Herbert L. Washington	
/s/ Robert G. Wilmers	February 20, 2015
Robert G. Wilmers	

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EXHIBIT INDEX

2.1	Agreement and Plan of Merger, dated as of August 27, 2012, by and among M&T Bank Corporation, Hudson City Bancorp, Inc. and Wilmington Trust Corporation. Incorporated by reference to Exhibit 2.1 to the Form 8-K dated August 31, 2012 (File No. 1-9861).
2.2	Amendment No. 1, dated as of April 13, 2013, to the Agreement and Plan of Merger, dated as of August 27, 2012, by and among M&T Bank Corporation, Hudson City Bancorp, Inc. and Wilmington Trust Corporation. Incorporated by reference to Exhibit 2.1 to the Form 8-K dated April 13, 2013 (File No. 1-9861).
2.3	Amendment No. 2, dated as of December 16, 2013, to the Agreement and Plan of Merger, dated as of August 27, 2012, by and among M&T Bank Corporation, Hudson City Bancorp, Inc. and Wilmington Trust Corporation. Incorporated by reference to Exhibit 2.1 to the Form 8-K dated December 17, 2013 (File No. 1-9861).
2.4	Amendment No. 3, dated as of December 8, 2014, to the Agreement and Plan of Merger, dated as of August 27, 2012, by and among M&T Bank Corporation, Hudson City Bancorp, Inc. and Wilmington Trust Corporation. Incorporated by reference to Exhibit 2.1 to the Form 8-K dated December 8, 2014 (File No. 1-9861).
3.1	Restated Certificate of Incorporation of M&T Bank Corporation dated November 18, 2010. Incorporated by reference to Exhibit 3.1 to the Form 8-K dated November 19, 2010 (File No. 1-9861).
3.2	Amended and Restated Bylaws of M&T Bank Corporation, effective November 16, 2010. Incorporated by reference to Exhibit 3.2 to the Form 8-K dated November 19, 2010 (File No. 1-9861).
3.3	Certificate of Amendment to Certificate of Incorporation with respect to Perpetual 6.875% Non-Cumulative Preferred Stock, Series D, dated May 26, 2011. Incorporated by reference to Exhibit 3.1 of M&T Bank Corporation s Form 8-K dated May 26, 2011 (File No. 1-9861).
3.4	Certificate of Amendment to Restated Certificate of Incorporation of M&T Bank Corporation, dated April 19, 2013. Incorporated by reference to Exhibit 3.1 to the Form 8-K dated April 22, 2013 (File No. 1-9861).
3.5	Certificate of Amendment to Restated Certificate of Incorporation of M&T Bank Corporation, dated February 11, 2014. Incorporated by reference to Exhibit 3.1 to the Form 8-K dated February 11, 2014 (File No. 1-9861).
4.1	There are no instruments with respect to long-term debt of M&T Bank Corporation and its subsidiaries that involve securities authorized under the instrument in an amount exceeding 10 percent of the total assets of M&T Bank Corporation and its subsidiaries on a consolidated basis. M&T Bank Corporation agrees to provide the SEC with a copy of instruments defining the rights of holders of long-term debt of M&T Bank Corporation and its subsidiaries on request.
4.2	Warrant to purchase shares of M&T Bank Corporation Common Stock dated as of March 26, 2010. Incorporated by reference to Exhibit 4.2 to the Form 10-K for the year ended December 31, 2012 (File No. 1-9861).
4.3	Warrant to purchase shares of M&T Bank Corporation Common Stock effective May 16, 2011. Incorporated by reference to Exhibit 4.1 to the Form 8-K dated May 19, 2011 (File No. 1-9861).
4.4	Warrant Agreement (including Form of Warrant), dated as of December 11, 2012, between M&T Bank Corporation and Registrar and Transfer Company. Incorporated by reference to Exhibit 4.1 to the Form 8-A 12B dated December 12, 2012 (File No. 1-9861).
10.1	M&T Bank Corporation 2001 Stock Option Plan. Incorporated by reference to Appendix A to the definitive Proxy Statement of M&T Bank Corporation dated March 6, 2001 (File No. 1-9861).*
10.2	M&T Bank Corporation Annual Executive Incentive Plan. Incorporated by reference to Exhibit No. 10.3 to the Form 10-Q for the quarter ended June 30, 1998 (File No. 1-9861).*
10.3	Supplemental Deferred Compensation Agreement between Manufacturers and Traders Trust Company and Brian E. Hickey dated as of July 21, 1994. Incorporated by reference to Exhibit 10.8 to the Form 10-K for the year ended December 31, 1995 (File No. 1-9861).*

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10.4	First amendment, dated as of August 1, 2006, to the Supplemental Deferred Compensation Agreement between Manufacturers and Traders Trust Company and Brian E. Hickey dated as of July 21, 1994. Incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended September 30, 2006 (File No. 1-9861).*
10.5	Consulting Agreement, dated as of June 16, 2014, between M&T Bank Corporation and Robert E. Sadler, Jr. Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended June 30, 2014 (File No. 1-9861).*
10.6	M&T Bank Corporation Supplemental Pension Plan, as amended and restated. Incorporated by reference to Exhibit 10.1 to the Form 8-K dated November 22, 2005 (File No. 1-9861).*
10.7	M&T Bank Corporation Supplemental Retirement Savings Plan. Incorporated by reference to Exhibit 10.2 to the Form 8-K dated November 22, 2005 (File No. 1-9861).*
10.8	M&T Bank Corporation Deferred Bonus Plan, as amended and restated. Incorporated by reference to Exhibit 10.12 to the Form 10-K for the year ended December 31, 2004 (File No. 1-9861).*
10.9	M&T Bank Corporation 2008 Directors Stock Plan. Incorporated by reference to Exhibit 4.1 to the Form S-8 dated April 7, 2008 (File No. 333-150122).*
10.10	M&T Bank Corporation 2008 Directors Stock Plan, as amended. Incorporated by reference to Exhibit 4.1 to the Form S-8 dated October 19, 2012 (File No. 333-184504).*
10.11	Keystone Financial, Inc. 1992 Director Fee Plan. Incorporated by reference to Exhibit 10.11 to the Form 10-K of Keystone Financial, Inc. for the year ended December 31, 1999 (File No. 000-11460).*
10.12	M&T Bank Corporation Employee Stock Purchase Plan. Incorporated by reference to Exhibit 10.22 to the Form 10-K for the year ended December 31, 2012 (File No. 1-9861).*
10.13	M&T Bank Corporation 2005 Incentive Compensation Plan. Incorporated by reference to Appendix A to the definitive Proxy Statement of M&T Bank Corporation dated March 4, 2005 (File No. 1-9861).*
10.14	M&T Bank Corporation 2009 Equity Incentive Compensation Plan. Incorporated by reference to Appendix A to the Proxy Statement of M&T Bank Corporation dated March 6, 2009 (File No. 1-9861).*
10.15	M&T Bank Corporation Form of Restricted Stock Award Agreement. Incorporated by reference to Exhibit 10.25 to the Form 10-K for the year ended December 31, 2013 (File No. 1-9861).*
10.16	M&T Bank Corporation Form of Restricted Stock Unit Award Agreement. Incorporated by reference to Exhibit 10.26 to the Form 10-K for the year ended December 31, 2013 (File No. 1-9861).*
10.17	M&T Bank Corporation Form of Performance-Vested Restricted Stock Unit Award Agreement. Incorporated by reference to Exhibit 10.27 to the Form 10-K for the year ended December 31, 2013 (File No. 1-9861).*
10.18	M&T Bank Corporation Form of Performance-Vested Restricted Stock Unit Award Agreement (for named executive officers (NEOs) subject to Section 162 (m) of the Internal Revenue Code of 1986, as amended from time to time). Incorporated by reference to Exhibit 10.1 to the Form 10-Q for the quarter ended March 31, 2014 (File No. 1-9861).*
10.19	M&T Bank Corporation Employee Severance Plan. Incorporated by reference to Exhibit 10.2 to the Form 10-Q for the quarter ended March 31, 2005 (File No. 1-9861).*
10.20	Provident Bankshares Corporation Amended and Restated Stock Option Plan. Incorporated by reference to Exhibit 4.1 to M&T Bank Corporation s Registration Statement on Form S-8 dated June 5, 2009 (File No. 333-159795).*
10.21	Provident Bankshares Corporation 2004 Equity Compensation Plan. Incorporated by reference to Exhibit 4.2 to M&T Bank Corporation s Registration Statement on Form S-8 dated June 5, 2009 (File No. 333-159795).*
10.22	Wilmington Trust Corporation Amended and Restated 2002 Long-Term Incentive Plan. Incorporated by reference to Exhibit 10.64 to the Form 10-Q of Wilmington Trust Corporation filed on November 9, 2004 (File No. 1-14659).*
10.23	Wilmington Trust Corporation Amended and Restated 2005 Long-Term Incentive Plan. Incorporated by reference to Exhibit 10.21 to the Form 10-K of Wilmington Trust Corporation filed on February 29, 2008 (File No. 1-14659).*

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10.24	Wilmington Trust Corporation 2009 Long-Term Incentive Plan. Incorporated by reference to Exhibit D to the definitive Proxy Statement of Wilmington Trust Corporation filed on March 16, 2009 (File No. 1-14659).*
11.1	Statement re: Computation of Earnings Per Common Share. Incorporated by reference to note 14 of Notes to Financial Statements filed herewith in Part II, Item 8, Financial Statements and Supplementary Data.
12.1	Ratio of Earnings to Fixed Charges. Filed herewith.
14.1	M&T Bank Corporation Code of Ethics for CEO and Senior Financial Officers. Incorporated by reference to Exhibit 14.1 to the Form 10-K for the year ended December 31, 2003 (File No. 1-9861).
21.1	Subsidiaries of the Registrant. Incorporated by reference to the caption Subsidiaries contained in Part I, Item 1 hereof.
23.1	Consent of PricewaterhouseCoopers LLP re: Registration Statement Nos. 333-63660, 333-43175, 33-32044, 333-16077, 333-84384, 333-127406, 333-150122, 333-164015, 333-163992, 333-160769, 333-159795, 333-170740, 333-182348, 333-189099, 333-40640, 333-184504 and 333-189097. Filed herewith.
31.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.1	Certification of Chief Executive Officer under 18 U.S.C. §1350 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.2	Certification of Chief Financial Officer under 18 U.S.C. §1350 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.
101.INS	XBRL Instance Document. Filed herewith.
101.SCH	XBRL Taxonomy Extension Schema. Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase. Filed herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase. Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase. Filed herewith.
101.DEF	XBRL Taxonomy Definition Linkbase. Filed herewith.

* *Management contract or compensatory plan or arrangement.*