

M&T BANK CORP  
Form 10-Q  
April 29, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 10-Q**

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

**For the quarterly period ended March 31, 2016**

**or**

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

**Commission File Number 1-9861**

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

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

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

**One M & T Plaza**

**Buffalo, New York**  
**(Address of principal executive offices)**

**14203**  
**(Zip Code)**

**(716) 842-5445**

**(Registrant's telephone number, including area code)**

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

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

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

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Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

Number of shares of the registrant's Common Stock, \$0.50 par value, outstanding as of the close of business on April 22, 2016: 158,999,014 shares.

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**M&T BANK CORPORATION**

**FORM 10-Q**

**For the Quarterly Period Ended March 31, 2016**

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

## M&amp;T BANK CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET (Unaudited)

		March 31, 2016	December 31, 2015
<i>Dollars in thousands, except per share</i>			
Assets	Cash and due from banks	\$ 1,178,175	1,368,040
	Interest-bearing deposits at banks	9,545,181	7,594,350
	Trading account	467,987	273,783
	Investment securities (includes pledged securities that can be sold or repledged of \$2,133,492 at March 31, 2016; \$2,136,712 at December 31, 2015)		
	Available for sale (cost: \$11,937,326 at March 31, 2016; \$12,138,636 at December 31, 2015)	12,200,647	12,242,671
	Held to maturity (fair value: \$2,769,343 at March 31, 2016; \$2,864,147 at December 31, 2015)	2,730,611	2,859,709
	Other (fair value: \$536,062 at March 31, 2016; \$554,059 at December 31, 2015)	536,062	554,059
	Total investment securities	15,467,320	15,656,439
	Loans and leases	88,104,830	87,719,234
	Unearned discount	(232,364)	(229,735)
	Loans and leases, net of unearned discount	87,872,466	87,489,499
	Allowance for credit losses	(962,752)	(955,992)
	Loans and leases, net	86,909,714	86,533,507
	Premises and equipment	662,891	666,682
	Goodwill	4,593,112	4,593,112
	Core deposit and other intangible assets	127,949	140,268
	Accrued interest and other assets	5,673,303	5,961,703

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	Total assets	\$ 124,625,632	122,787,884
<b>Liabilities</b>	Noninterest-bearing deposits	\$ 29,709,218	29,110,635
	Interest-checking deposits	2,848,126	2,939,274
	Savings deposits	48,649,114	46,627,370
	Time deposits	12,841,331	13,110,392
	Deposits at Cayman Islands office	166,787	170,170
	Total deposits	94,214,576	91,957,841
	Federal funds purchased and agreements to repurchase securities	206,709	150,546
	Other short-term borrowings	1,560,117	1,981,636
	Accrued interest and other liabilities	1,948,142	1,870,714
	Long-term borrowings	10,341,035	10,653,858
	Total liabilities	108,270,579	106,614,595
<b>Shareholders equity</b>	Preferred stock, \$1.00 par, 1,000,000 shares authorized; Issued and outstanding: Liquidation preference of \$1,000 per share: 731,500 shares at March 31, 2016 and December 31, 2015; Liquidation preference of \$10,000 per share: 50,000 shares at March 31, 2016 and December 31, 2015	1,231,500	1,231,500
	Common stock, \$.50 par, 250,000,000 shares authorized, 159,963,737 shares issued at March 31, 2016; 159,563,512 shares issued at December 31, 2015	79,982	79,782
	Common stock issuable, 33,391 shares at March 31, 2016; 36,644 shares at December 31, 2015	2,180	2,364
	Additional paid-in capital	6,683,499	6,680,768
	Retained earnings	8,596,752	8,430,502
	Accumulated other comprehensive income (loss), net	(150,189)	(251,627)
	Treasury stock - common, at cost - 841,082 shares at March 31, 2016	(88,671)	
	Total shareholders equity	16,355,053	16,173,289
	Total liabilities and shareholders equity	\$ 124,625,632	122,787,884

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## M&amp;T BANK CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF INCOME (Unaudited)

<i>In thousands, except per share</i>		Three months ended March 31	
		2016	2015
Interest income	Loans and leases, including fees	\$ 863,385	647,179
	Investment securities		
	Fully taxable	98,015	85,957
	Exempt from federal taxes	795	1,318
	Deposits at banks	10,337	3,118
	Other	302	515
	<b>Total interest income</b>	<b>972,834</b>	<b>738,087</b>
Interest expense	Interest-checking deposits	414	311
	Savings deposits	15,891	10,219
	Time deposits	24,322	3,740
	Deposits at Cayman Islands office	193	147
	Short-term borrowings	2,162	34
	Long-term borrowings	57,888	64,048
	<b>Total interest expense</b>	<b>100,870</b>	<b>78,499</b>
	<i>Net interest income</i>	<b>871,964</b>	<b>659,588</b>
	Provision for credit losses	49,000	38,000
	<b>Net interest income after provision for credit losses</b>	<b>822,964</b>	<b>621,588</b>
Other income	Mortgage banking revenues	82,063	101,601
	Service charges on deposit accounts	102,405	102,344
	Trust income	111,077	123,734
	Brokerage services income	16,004	15,461
	Trading account and foreign exchange gains	7,458	6,231
	Gain (loss) on bank investment securities	4	(98)
	Other revenues from operations	101,922	90,930
	<b>Total other income</b>	<b>420,933</b>	<b>440,203</b>
Other expense	Salaries and employee benefits	431,785	389,893
	Equipment and net occupancy	74,178	66,470
	Printing, postage and supplies	11,986	9,590

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Amortization of core deposit and other intangible assets	12,319	6,793
FDIC assessments	25,225	10,660
Other costs of operations	220,602	202,969
Total other expense	776,095	686,375
Income before taxes	467,802	375,416
Income taxes	169,274	133,803
<i>Net income</i>	\$ 298,528	241,613
Net income available to common shareholders		
Basic	\$ 275,744	218,830
Diluted	275,748	218,837
Net income per common share		
Basic	\$ 1.74	1.66
Diluted	1.73	1.65
Cash dividends per common share	\$ .70	.70
Average common shares outstanding		
Basic	158,734	132,049
Diluted	159,181	132,769

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## M&amp;T BANK CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

<i>In thousands</i>	Three months ended March 31	
	2016	2015
Net income	\$ 298,528	\$ 241,613
Other comprehensive income, net of tax and reclassification adjustments:		
Net unrealized gains on investment securities	97,194	25,339
Cash flow hedges adjustments	(24)	871
Foreign currency translation adjustment	(53)	(2,384)
Defined benefit plans liability adjustments	4,321	4,677
<i>Total other comprehensive income</i>	101,438	28,503
<i>Total comprehensive income</i>	\$ 399,966	\$ 270,116

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## M&amp;T BANK CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

<i>In thousands</i>		Three months ended	
		March 31	
		2016	2015
Cash flows from operating activities	Net income	\$ 298,528	241,613
	Adjustments to reconcile net income to net cash provided by operating activities		
	Provision for credit losses	49,000	38,000
	Depreciation and amortization of premises and equipment	27,141	24,178
	Amortization of capitalized servicing rights	12,249	12,199
	Amortization of core deposit and other intangible assets	12,319	6,793
	Provision for deferred income taxes	50,075	37,052
	Asset write-downs	8,940	2,379
	Net gain on sales of assets	(5,399)	(1,066)
	Net change in accrued interest receivable, payable	(16,530)	(2,200)
	Net change in other accrued income and expense	70,766	(80,084)
	Net change in loans originated for sale	211	197,708
	Net change in trading account assets and liabilities	(59,080)	(18,206)
	Net cash provided by operating activities	448,220	458,366
Cash flows from investing activities	Proceeds from sales of investment securities		
	Available for sale	518	693
	Other	18,121	132
	Proceeds from maturities of investment securities		
	Available for sale	511,549	369,649
	Held to maturity	132,636	148,708
	Purchases of investment securities		
	Available for sale	(311,302)	(1,871,491)
	Held to maturity	(5,343)	(7,442)
	Other	(124)	(348)
	Net increase in loans and leases	(439,712)	(666,220)
	Net (increase) decrease in interest-bearing deposits at banks	(1,950,831)	179,376
	Capital expenditures, net	(16,307)	(9,598)
	Net decrease in loan servicing advances	37,600	76,145
	Other, net	7,920	(21,940)

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	Net cash used by investing activities	(2,015,275)	(1,802,336)
<b>Cash flows from financing activities</b>			
	Net increase (decrease) in deposits	2,264,623	(4,543)
	Net increase (decrease) in short-term borrowings	(343,838)	819
	Proceeds from long-term borrowings		1,500,000
	Payments on long-term borrowings	(317,187)	(1,797)
	Purchases of treasury stock	(100,000)	
	Dividends paid - common	(112,000)	(93,631)
	Dividends paid - preferred	(17,368)	(17,368)
	Other, net	2,960	(46,014)
	<b>Net cash provided by financing activities</b>	<b>1,377,190</b>	<b>1,337,466</b>
	Net decrease in cash and cash equivalents	(189,865)	(6,504)
	Cash and cash equivalents at beginning of period	1,368,040	1,373,357
	Cash and cash equivalents at end of period	\$ 1,178,175	1,366,853
<b>Supplemental disclosure of cash flow information</b>			
	Interest received during the period	\$ 968,223	726,475
	Interest paid during the period	146,568	75,776
	Income taxes paid (refunded) during the period	(86,146)	88,578
<b>Supplemental schedule of noncash investing and financing activities</b>			
	Real estate acquired in settlement of loans	\$ 33,737	10,846
	Securitization of residential mortgage loans allocated to		
	Available-for-sale investment securities	8,452	12,920
	Capitalized servicing rights	92	143

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## M&amp;T BANK CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY (Unaudited)

<i>In thousands, except per share</i>	Preferred stock	Common stock	Common stock issuable	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss), net	Treasury stock	Total
<b>2015</b>								
Balance - January 1, 2015	\$ 1,231,500	66,157	2,608	3,409,506	7,807,119	(180,994)		12,335,896
Total comprehensive income					241,613	28,503		270,116
Preferred stock cash dividends					(20,318)			(20,318)
Exercise of 2,315 Series A stock warrants into 904 shares of common stock		1		(1)				
Stock-based compensation plans:								
Compensation expense, net		147		5,425				5,572
Exercises of stock options, net		101		19,378				19,479
Stock purchase plan		45		10,301				10,346
Directors stock plan		2		423				425
Deferred compensation plans, net, including dividend equivalents		2	(298)	270	(25)			(51)
Other				405				405
Common stock cash dividends - \$.70 per share					(93,569)			(93,569)
Balance - March 31, 2015	\$ 1,231,500	66,455	2,310	3,445,707	7,934,820	(152,491)		12,528,301
<b>2016</b>								
Balance - January 1, 2016	\$ 1,231,500	79,782	2,364	6,680,768	8,430,502	(251,627)		16,173,289
Total comprehensive income					298,528	101,438		399,966
Preferred stock cash dividends					(20,318)			(20,318)
Purchases of treasury stock							(100,000)	(100,000)
Stock-based compensation plans:								
Compensation expense, net		178		(978)			745	(55)
Exercises of stock options, net		18		2,335			265	2,618
Stock purchase plan				275			10,319	10,594
Directors stock plan		2		471				473

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Deferred compensation plans, net, including dividend equivalents		2	(184)	234	(23)			29
Other				394				394
Common stock cash dividends - \$.70 per share					(111,937)			(111,937)
Balance - March 31, 2016	\$ 1,231,500	79,982	2,180	6,683,499	8,596,752	(150,189)	(88,671)	16,355,053

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## NOTES TO FINANCIAL STATEMENTS

**1. Significant accounting policies**

The consolidated financial statements of M&T Bank Corporation ( M&T ) and subsidiaries ( the Company ) were compiled in accordance with generally accepted accounting principles ( GAAP ) using the accounting policies set forth in note 1 of Notes to Financial Statements included in Form 10-K for the year ended December 31, 2015 ( 2015 Annual Report ). In the opinion of management, all adjustments necessary for a fair presentation have been made and were all of a normal recurring nature.

**2. Acquisition**

On November 1, 2015, M&T completed the acquisition of Hudson City Bancorp, Inc. ( Hudson City ), headquartered in Paramus, New Jersey. On that date, Hudson City Savings Bank, the banking subsidiary of Hudson City, was merged into M&T Bank, a wholly owned banking subsidiary of M&T. Hudson City Savings Bank operated 135 banking offices in New Jersey, Connecticut and New York at the date of acquisition. The results of operations acquired in the Hudson City transaction have been included in the Company s financial results since November 1, 2015. After application of the election, allocation and proration procedures contained in the merger agreement with Hudson City, M&T paid \$2.1 billion in cash and issued 25,953,950 shares of M&T common stock in exchange for Hudson City shares outstanding at the time of the acquisition. The purchase price was approximately \$5.2 billion based on the cash paid to Hudson City shareholders, the fair value of M&T stock exchanged and the estimated fair value of Hudson City stock awards converted into M&T stock awards. The acquisition of Hudson City expanded the Company s presence in New Jersey, Connecticut and New York, and management expects that the Company will benefit from greater geographic diversity and the advantages of scale associated with a larger company.

The Hudson City transaction has been accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed and consideration exchanged were recorded at estimated fair value on the acquisition date. The consideration paid for Hudson City s common equity and the amounts of identifiable assets acquired and liabilities assumed as of the acquisition date were as follows:

	(in thousands)
<b>Identifiable assets:</b>	
Cash and due from banks	\$ 131,688
Interest-bearing deposits at banks	7,568,934
Investment securities	7,929,014
Loans	19,015,013
Goodwill	1,079,787
Core deposit intangible	131,665
Other assets	843,219
<b>Total identifiable assets</b>	<b>36,699,320</b>

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Liabilities:	
Deposits	17,879,589
Borrowings	13,211,598
Other liabilities	405,025
Total liabilities	31,496,212
Total consideration	\$ 5,203,108
Cash paid	\$ 2,064,284
Common stock issued (25,953,950 shares)	3,110,581
Common stock awards converted	28,243
Total consideration	\$ 5,203,108

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

**2. Acquisitions, continued**

In early November 2015, the Company sold \$5.8 billion of investment securities obtained in the acquisition and repaid \$10.6 billion of borrowings assumed in the transaction. In connection with the acquisition, the Company recorded approximately \$1.1 billion of goodwill and \$132 million of core deposit intangible. The core deposit intangible asset is being amortized over a period of 7 years using an accelerated method.

The following table presents certain pro forma information as if Hudson City had been included in the Company's results of operations in the first quarter of 2015. These results combine the historical results of Hudson City into the Company's consolidated statement of income and, while certain adjustments were made for the estimated impact of certain fair valuation adjustments and other acquisition-related activity, they are not indicative of what would have occurred had the acquisition taken place as indicated. In particular, no adjustments have been made to eliminate the impact of gains on securities transactions of \$7 million during the three months ended March 31, 2015 that may not have been recognized had the investment securities been recorded at fair value. Additionally, the Company expects to achieve operating cost savings and other business synergies as a result of the acquisition which are not reflected in the pro forma amounts that follow.

	Pro forma Three months ended March 31, 2015 (in thousands)
Total revenues(a)	\$ 1,253,445
Net income	285,237

(a) Represents net interest income plus other income.

In connection with the Hudson City acquisition, the Company incurred merger-related expenses related to 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 preparing for systems conversions and/or integration of operations; 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 Hudson City employees); travel costs; and other costs of completing the transaction and commencing operations in new markets and offices. The Company expects that there will be additional merger-related expenses in 2016.



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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

**2. Acquisitions, continued**

A summary of merger-related expenses included in the consolidated statement of income follows:

	Three months ended March 31, 2016 (in thousands)
Salaries and employee benefits	\$ 5,274
Equipment and net occupancy	939
Printing, postage and supplies	937
Other cost of operations	16,012
<b>Total</b>	<b>\$ 23,162</b>

There were no merger-related expenses during the first quarter of 2015.

**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)			
<b>March 31, 2016</b>				
Investment securities available for sale:				
U.S. Treasury and federal agencies	\$ 201,002	1,197	7	\$ 202,192
Obligations of states and political subdivisions	5,356	138	46	5,448
Mortgage-backed securities:				
Government issued or guaranteed	11,490,181	265,879	5,998	11,750,062
Privately issued	65	2	2	65
Collateralized debt obligations	28,483	18,170	1,613	45,040
Other debt securities	136,968	1,407	25,667	112,708
Equity securities	75,271	10,225	364	85,132

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	11,937,326	297,018	33,697	12,200,647
Investment securities held to maturity:				
Obligations of states and political subdivisions	103,408	886	332	103,962
Mortgage-backed securities:				
Government issued or guaranteed	2,445,563	78,448	2,070	2,521,941
Privately issued	175,467	1,848	40,048	137,267
Other debt securities	6,173			6,173
	2,730,611	81,182	42,450	2,769,343
Other securities	536,062			536,062
Total	\$ 15,203,999	378,200	76,147	\$ 15,506,052

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

**3. Investment securities, continued**

	Amortized cost	Gross unrealized gains (in thousands)	Gross unrealized losses	Estimated fair value
December 31, 2015				
Investment securities available for sale:				
U.S. Treasury and federal agencies	\$ 299,890	294	187	\$ 299,997
Obligations of states and political subdivisions	5,924	146	42	6,028
Mortgage-backed securities:				
Government issued or guaranteed	11,592,959	142,370	48,701	11,686,628
Privately issued	74	2	2	74
Collateralized debt obligations	28,438	20,143	1,188	47,393
Other debt securities	137,556	1,514	20,190	118,880
Equity securities	73,795	10,230	354	83,671
	12,138,636	174,699	70,664	12,242,671
Investment securities held to maturity:				
Obligations of states and political subdivisions	118,431	1,003	421	119,013
Mortgage-backed securities:				
Government issued or guaranteed	2,553,612	50,936	7,817	2,596,731
Privately issued	181,091	2,104	41,367	141,828
Other debt securities	6,575			6,575
	2,859,709	54,043	49,605	2,864,147
Other securities	554,059			554,059
Total	\$ 15,552,404	228,742	120,269	\$ 15,660,877

There were no significant gross realized gains or losses from sales of investment securities for the quarters ended March 31, 2016 and 2015.

At March 31, 2016, the amortized cost and estimated fair value of debt securities by contractual maturity were as follows:

Amortized cost	Estimated fair value
(in thousands)	

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Debt securities available for sale:		
Due in one year or less	\$ 7,504	7,551
Due after one year through five years	201,714	203,128
Due after five years through ten years	2,728	2,926
Due after ten years	159,863	151,783
	371,809	365,388
Mortgage-backed securities available for sale	11,490,246	11,750,127
	\$ 11,862,055	12,115,515
Debt securities held to maturity:		
Due in one year or less	\$ 32,387	32,542
Due after one year through five years	64,484	64,760
Due after five years through ten years	6,537	6,660
Due after ten years	6,173	6,173
	109,581	110,135
Mortgage-backed securities held to maturity	2,621,030	2,659,208
	\$ 2,730,611	2,769,343

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

**3. Investment securities, continued**

A summary of investment securities that as of March 31, 2016 and December 31, 2015 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 Fair value	Unrealized losses	12 months or more Fair value	Unrealized losses
	(in thousands)			
<b>March 31, 2016</b>				
Investment securities available for sale:				
U.S. Treasury and federal agencies	\$ 4,051	(7)		
Obligations of states and political subdivisions			1,706	(46)
Mortgage-backed securities:				
Government issued or guaranteed	337,672	(1,959)	1,233,329	(4,039)
Privately issued			34	(2)
Collateralized debt obligations	10,326	(527)	1,858	(1,086)
Other debt securities	9,825	(1,203)	88,715	(24,464)
Equity securities	2,115	(210)	146	(154)
	363,989	(3,906)	1,325,788	(29,791)
Investment securities held to maturity:				
Obligations of states and political subdivisions	28,707	(215)	8,813	(117)
Mortgage-backed securities:				
Government issued or guaranteed	812	(12)	232,432	(2,058)
Privately issued			105,355	(40,048)
	29,519	(227)	346,600	(42,223)
Total	\$ 393,508	(4,133)	1,672,388	(72,014)
<b>December 31, 2015</b>				
Investment securities available for sale:				
U.S. Treasury and federal agencies	\$ 147,508	(187)		
Obligations of states and political subdivisions	865	(2)	1,335	(40)
Mortgage-backed securities:				
Government issued or guaranteed	4,061,899	(48,534)	7,216	(167)
Privately issued			43	(2)

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Collateralized debt obligations	5,711	(335)	2,063	(853)
Other debt securities	12,935	(462)	93,344	(19,728)
Equity securities	18,073	(207)	153	(147)
	4,246,991	(49,727)	104,154	(20,937)
Investment securities held to maturity:				
Obligations of states and political subdivisions	42,913	(335)	5,853	(86)
Mortgage-backed securities:				
Government issued or guaranteed	459,983	(1,801)	228,867	(6,016)
Privately issued			112,155	(41,367)
	502,896	(2,136)	346,875	(47,469)
Total	\$ 4,749,887	(51,863)	451,029	(68,406)

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

**3. Investment securities, continued**

The Company owned 538 individual investment securities with aggregate gross unrealized losses of \$76 million at March 31, 2016. Based on a review of each of the securities in the investment securities portfolio at March 31, 2016, the Company concluded that it expected to recover the amortized cost basis of its investment. As of March 31, 2016, the Company does not intend to sell nor is it anticipated that it would be required to sell any of its impaired investment securities at a loss. At March 31, 2016, the Company has not identified events or changes in circumstances which may have a significant adverse effect on the fair value of the \$536 million of cost method investment securities.

**4. Loans and leases and the allowance for credit losses**

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

	March 31, 2016	December 31, 2015
	(in thousands)	
Outstanding principal balance	\$ 2,918,333	3,122,935
Carrying amount:		
Commercial, financial, leasing, etc.	71,577	78,847
Commercial real estate	588,983	644,284
Residential real estate	964,893	1,016,129
Consumer	681,535	725,807
	\$ 2,306,988	2,465,067

Purchased impaired loans included in the table above totaled \$716 million at March 31, 2016 and \$768 million at December 31, 2015, representing less than 1% of the Company's assets as of each date. A summary of changes in the accretable yield for loans acquired at a discount for the three-month periods ended March 31, 2016 and 2015 follows:

	Three months ended March 31, 2016		
	Purchased impaired	Other acquired	Total
	(in thousands)		
Balance at beginning of period	\$ 184,618	296,434	481,052
Interest income	(14,062)	(37,862)	(51,924)
Reclassifications from nonaccretable balance, net	629	5,664	6,293

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Other (a)		4,781	4,781
Balance at end of period	\$ 171,185	269,017	440,202

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## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

	Three months ended March 31, 2015		
	Purchased impaired	Other acquired	Total
	(in thousands)		
Balance at beginning of period	\$ 76,518	397,379	473,897
Interest income	(5,206)	(41,277)	(46,483)
Reclassifications from nonaccretable balance, net	110	183	293
Other (a)		1,610	1,610
Balance at end of period	\$ 71,422	357,895	429,317

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

A summary of current, past due and nonaccrual loans as of March 31, 2016 and December 31, 2015 were as follows:

	Current	30-89 Days past due	Accruing loans past due 90 days or more(a)	Accruing loans acquired at a discount past due 90 days or more(b)	Purchased impaired(c)	Nonaccrual	Total
	(in thousands)						
March 31, 2016							
Commercial, financial, leasing, etc.	\$ 20,911,645	30,495	2,358	524	1,765	279,790	21,226,577
Real estate:							
Commercial	23,740,729	149,108	41,776	6,818	39,840	171,256	24,149,527
Residential builder and developer	1,747,261	15,304	195	3,493	23,516	32,458	1,822,227
Other commercial construction	3,663,835	28,336	9,068	280	19,239	20,781	3,741,539
Residential	19,747,097	500,241	278,640	15,790	463,871	186,452	21,192,091
Residential-limited documentation	3,757,924	107,679	275		165,404	76,265	4,107,547

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Consumer:

Home equity lines and loans	5,720,342	40,054		15,898	2,239	78,722	5,857,255
Automobile	2,580,241	33,439		2		14,817	2,628,499
Other	3,083,495	24,739	3,858	18,962		16,150	3,147,204