

M&T BANK CORP
Form 10-Q
August 04, 2016

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

FORM 10-Q

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

For the quarterly period ended June 30, 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

Number of shares of the registrant's Common Stock, \$0.50 par value, outstanding as of the close of business on July 29, 2016: 156,769,164 shares.

M&T BANK CORPORATION

FORM 10-Q

For the Quarterly Period Ended June 30, 2016

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (Unaudited)

<i>Dollars in thousands, except per share</i>		June 30, 2016	December 31, 2015
Assets	Cash and due from banks	\$ 1,284,442	1,368,040
	Interest-bearing deposits at banks	8,474,839	7,594,350
	Trading account	506,131	273,783
	Investment securities (includes pledged securities that can be sold or repledged of \$2,119,744 at June 30, 2016; \$2,136,712 at December 31, 2015)		
	Available for sale (cost: \$11,578,829 at June 30, 2016; \$12,138,636 at December 31, 2015)	11,918,974	12,242,671
	Held to maturity (fair value: \$2,623,259 at June 30, 2016; \$2,864,147 at December 31, 2015)	2,574,421	2,859,709
	Other (fair value: \$469,689 at June 30, 2016; \$554,059 at December 31, 2015)	469,689	554,059
	Total investment securities	14,963,084	15,656,439
	Loans and leases	88,754,824	87,719,234
	Unearned discount	(232,826)	(229,735)
	Loans and leases, net of unearned discount	88,521,998	87,489,499
	Allowance for credit losses	(970,496)	(955,992)
	Loans and leases, net	87,551,502	86,533,507
	Premises and equipment	658,216	666,682
	Goodwill	4,593,112	4,593,112
	Core deposit and other intangible assets	116,531	140,268
	Accrued interest and other assets	5,672,727	5,961,703
	Total assets	\$ 123,820,584	122,787,884
Liabilities	Noninterest-bearing deposits	\$ 30,700,066	29,110,635

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	Interest-checking deposits	2,672,524	2,939,274
	Savings deposits	48,453,713	46,627,370
	Time deposits	12,630,277	13,110,392
	Deposits at Cayman Islands office	193,523	170,170
	Total deposits	94,650,103	91,957,841
	Federal funds purchased and agreements to repurchase securities	206,943	150,546
	Other short-term borrowings	200,180	1,981,636
	Accrued interest and other liabilities	1,963,093	1,870,714
	Long-term borrowings	10,328,751	10,653,858
	Total liabilities	107,349,070	106,614,595
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 June 30, 2016 and December 31, 2015; Liquidation preference of \$10,000 per share: 50,000 shares at June 30, 2016 and December 31, 2015	1,231,500	1,231,500
	Common stock, \$.50 par, 250,000,000 shares authorized, 159,957,393 shares issued at June 30, 2016; 159,563,512 shares issued at December 31, 2015	79,979	79,782
	Common stock issuable, 33,546 shares at June 30, 2016; 36,644 shares at December 31, 2015	2,201	2,364
	Additional paid-in capital	6,690,671	6,680,768
	Retained earnings	8,801,305	8,430,502
	Accumulated other comprehensive income (loss), net	(101,021)	(251,627)
	Treasury stock - common, at cost - 2,073,692 shares at June 30, 2016	(233,121)	
	Total shareholders equity	16,471,514	16,173,289
	Total liabilities and shareholders equity	\$ 123,820,584	122,787,884

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

<i>In thousands, except per share</i>		Three months ended June 30		Six months ended June 30	
		2016	2015	2016	2015
Interest income	Loans and leases, including fees	\$ 867,478	662,633	\$ 1,730,863	1,309,812
	Investment securities				
	Fully taxable	91,184	93,144	189,199	179,101
	Exempt from federal taxes	663	1,062	1,458	2,380
	Deposits at banks	10,993	3,351	21,330	6,469
	Other	303	164	605	679
	Total interest income	970,621	760,354	1,943,455	1,498,441
Interest expense	Interest-checking deposits	400	349	814	660
	Savings deposits	20,134	10,361	36,025	20,580
	Time deposits	26,867	3,690	51,189	7,430
	Deposits at Cayman Islands office	181	150	374	297
	Short-term borrowings	1,143	36	3,305	70
	Long-term borrowings	58,077	62,640	115,965	126,688
	Total interest expense	106,802	77,226	207,672	155,725
	<i>Net interest income</i>	863,819	683,128	1,735,783	1,342,716
	Provision for credit losses	32,000	30,000	81,000	68,000
	Net interest income after provision for credit losses	831,819	653,128	1,654,783	1,274,716
Other income	Mortgage banking revenues	89,383	102,602	171,446	204,203
	Service charges on deposit accounts	103,872	105,257	206,277	207,601
	Trust income	120,450	118,598	231,527	242,332
	Brokerage services income	16,272	16,861	32,276	32,322
	Trading account and foreign exchange gains	13,222	6,046	20,680	12,277
	Gain (loss) on bank investment securities	264	(10)	268	(108)
	Other revenues from operations	104,791	147,673	206,713	238,603
	Total other income	448,254	497,027	869,187	937,230

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Other expense	Salaries and employee benefits	398,675	361,657	830,460	751,550
	Equipment and net occupancy	75,724	66,852	149,902	133,322
	Printing, postage and supplies	9,907	9,305	21,893	18,895
	Amortization of core deposit and other intangible assets	11,418	5,965	23,737	12,758
	FDIC assessments	22,370	10,801	47,595	21,461
	Other costs of operations	231,801	242,048	452,403	445,017
	Total other expense	749,895	696,628	1,525,990	1,383,003
	Income before taxes	530,178	453,527	997,980	828,943
	Income taxes	194,147	166,839	363,421	300,642
	<i>Net income</i>	\$ 336,031	286,688	\$ 634,559	528,301
	Net income available to common shareholders				
	Basic	\$ 312,968	263,471	\$ 588,697	482,295
	Diluted	312,974	263,481	588,707	482,313
	Net income per common share				
	Basic	\$ 1.98	1.99	\$ 3.72	3.65
	Diluted	1.98	1.98	3.71	3.63
	Cash dividends per common share	\$.70	.70	\$ 1.40	1.40
	Average common shares outstanding				
	Basic	157,802	132,356	158,268	132,203
	Diluted	158,341	133,116	158,761	132,944

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

<i>In thousands</i>	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Net income	\$ 336,031	286,688	\$ 634,559	528,301
Other comprehensive income (loss), net of tax and reclassification adjustments:				
Net unrealized gains (losses) on investment securities	47,270	(72,618)	144,464	(47,279)
Cash flow hedges adjustments	(23)	(24)	(47)	847
Foreign currency translation adjustment	(1,565)	1,866	(1,618)	(518)
Defined benefit plans liability adjustments	3,486			