

M&T BANK CORP
Form 10-Q
August 09, 2012

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, 2012

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)

Edgar Filing: M&T BANK CORP - Form 10-Q

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 31, 2012: 126,686,762 shares.

M&T BANK CORPORATION

FORM 10-Q

For the Quarterly Period Ended June 30, 2012

Table of Contents of Information Required in Report		Page
Part I. FINANCIAL INFORMATION		
Item 1.	Financial Statements.	
	<u>CONSOLIDATED BALANCE SHEET - June 30, 2012 and December 31, 2011</u>	3
	<u>CONSOLIDATED STATEMENT OF INCOME - Three and six months ended June 30, 2012 and 2011</u>	4
	<u>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - Three and six months ended June 30, 2012 and 2011</u>	5
	<u>CONSOLIDATED STATEMENT OF CASH FLOWS - Six months ended June 30, 2012 and 2011</u>	6
	<u>CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - Six months ended June 30, 2012 and 2011</u>	7
	<u>NOTES TO FINANCIAL STATEMENTS</u>	8
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	57
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk.</u>	106
Item 4.	<u>Controls and Procedures.</u>	106
Part II. OTHER INFORMATION		
Item 1.	<u>Legal Proceedings.</u>	106
Item 1A.	<u>Risk Factors.</u>	106
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	107
Item 3.	<u>Defaults Upon Senior Securities.</u>	107
Item 4.	<u>Mine Safety Disclosures.</u>	107
Item 5.	<u>Other Information.</u>	107
Item 6.	<u>Exhibits.</u>	108
	<u>SIGNATURES</u>	108
	<u>EXHIBIT INDEX</u>	109

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET (Unaudited)

<i>Dollars in thousands, except per share</i>	June 30, 2012	December 31, 2011
Assets		
Cash and due from banks	\$ 1,421,831	1,449,547
Interest-bearing deposits at banks	1,069,717	154,960
Federal funds sold	1,000	2,850
Trading account	544,938	561,834
Investment securities (includes pledged securities that can be sold or repledged of \$1,839,246 at June 30, 2012; \$1,826,011 at December 31, 2011)		
Available for sale (cost: \$5,510,097 at June 30, 2012; \$6,312,423 at December 31, 2011)	5,534,054	6,228,560
Held to maturity (fair value: \$1,131,836 at June 30, 2012; \$1,012,562 at December 31, 2011)	1,188,465	1,077,708
Other (fair value: \$334,781 at June 30, 2012; \$366,886 at December 31, 2011)	334,781	366,886
Total investment securities	7,057,300	7,673,154
Loans and leases	63,095,796	60,377,875
Unearned discount	(244,524)	(281,870)
Loans and leases, net of unearned discount	62,851,272	60,096,005
Allowance for credit losses	(917,028)	(908,290)
Loans and leases, net	61,934,244	59,187,715
Premises and equipment	592,498	581,435
Goodwill	3,524,625	3,524,625
Core deposit and other intangible assets	143,713	176,394
Accrued interest and other assets	4,517,712	4,611,773
Total assets	\$ 80,807,578	77,924,287
Liabilities		
Noninterest-bearing deposits	\$ 22,854,794	20,017,883
NOW accounts	1,705,198	1,912,226
Savings deposits	32,292,412	31,001,083

Edgar Filing: M&T BANK CORP - Form 10-Q

Time deposits	5,330,239	6,107,530
Deposits at Cayman Islands office	366,164	355,927
Total deposits	62,548,807	59,394,649
Federal funds purchased and agreements to repurchase securities	975,575	732,059
Other short-term borrowings		50,023
Accrued interest and other liabilities	1,965,421	1,790,121
Long-term borrowings	5,687,868	6,686,226
Total liabilities	71,177,671	68,653,078
Shareholders equity		
Preferred stock, \$1.00 par, 1,000,000 shares authorized; Issued and outstanding: Liquidation preference of \$1,000 per share: 381,500 shares at June 30, 2012 and December 31, 2011; Liquidation preference of \$10,000 per share: 50,000 shares at June 30, 2012 and December 31, 2011	868,433	864,585
Common stock, \$.50 par, 250,000,000 shares authorized, 126,587,931 shares issued at June 30, 2012; 125,683,398 shares issued at December 31, 2011	63,294	62,842
Common stock issuable, 57,231 shares at June 30, 2012; 68,220 shares at December 31, 2011	3,429	4,072
Additional paid-in capital	2,874,516	2,828,986
Retained earnings	6,098,084	5,867,165
Accumulated other comprehensive income (loss), net	(277,849)	(356,441)
Total shareholders equity	9,629,907	9,271,209
Total liabilities and shareholders equity	\$ 80,807,578	77,924,287

M&T BANK CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

<i>In thousands, except per share</i>		Three months ended June 30		Six months ended June 30	
		2012	2011	2012	2011
Interest income	Loans and leases, including fees	\$ 674,549	624,247	\$ 1,323,063	1,218,279
	Deposits at banks	767	479	980	515
	Federal funds sold	8	10	11	28
	Agreements to resell securities		127		128
	Trading account	318	282	635	670
	Investment securities				
	Fully taxable	59,724	60,827	122,688	131,489
	Exempt from federal taxes	2,020	2,281	4,104	4,627
	Total interest income	737,386	688,253	1,451,481	1,355,736
Interest expense	NOW accounts	424	274	707	476
	Savings deposits	16,940	20,757	35,123	39,996
	Time deposits	12,354	19,310	25,863	38,381
	Deposits at Cayman Islands office	232	193	445	587
	Short-term borrowings	348	147	651	639
	Long-term borrowings	59,105	61,370	120,320	120,651
	Total interest expense	89,403	102,051	183,109	200,730
	<i>Net interest income</i>	647,983	586,202	1,268,372	1,155,006
	Provision for credit losses	60,000	63,000	109,000	138,000
	Net interest income after provision for credit losses	587,983	523,202	1,159,372	1,017,006
Other income	Mortgage banking revenues	69,514	42,151	125,706	87,307
	Service charges on deposit accounts	110,982	119,716	219,871	229,447
	Trust income	122,275	75,592	239,228	104,913
	Brokerage services income	16,172	14,926	30,073	29,222
	Trading account and foreign exchange gains	6,238	6,798	16,809	15,077
	Gain (loss) on bank investment securities	(408)	110,744	(363)	150,097
	Total other-than-temporary impairment (OTTI) losses	(4,072)	(33,211)	(24,112)	(42,725)
	Portion of OTTI losses recognized in other comprehensive income (before taxes)	(12,101)	6,681	(3,547)	