POPULAR INC
Form 10-Q
May 10, 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

Commission File Number: 001-34084

POPULAR, INC.

(Exact name of registrant as specified in its charter)

Puerto Rico	**66-0667416**
(State or other jurisdiction of	**(IRS Employer**
Incorporation or organization)	**Identification Number)**

Popular Center Building

209 Muñoz Rivera Avenue

Hato Rey, Puerto Rico	**00918**
(Address of principal executive offices)	**(Zip code)**

(787) 765-9800

(Registrant s telephone number, including area code)

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

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. x 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). x 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 definition of accelerated filer , large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act:

Large accelerated filer x	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 x No

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date: Common Stock, $0.01 par value, 103,704,084 shares outstanding as of May 4, 2016.

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Forward-Looking Information

The information included in this Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may relate to Popular, Inc. s (the Corporation , Popular , we , us , our) financial condition, results of operations, plans, objectives, future performanc business, including, but not limited to, statements with respect to the adequacy of the allowance for loan losses, delinquency trends, market risk and the impact of interest rate changes, capital markets conditions, capital adequacy and liquidity, and the effect of legal proceedings and new accounting standards on the Corporation s financial condition and results of operations. All statements contained herein that are not clearly historical in nature are forward-looking, and the words anticipate , believe , continues , expect , estimate , intend , project and similar and future or conditional verbs such as will , would , should , could , might , can , may or similar expressions generally intended to identify forward-looking statements.

These statements are not guarantees of future performance and involve certain risks, uncertainties, estimates and assumptions by management that are difficult to predict.

Various factors, some of which are beyond Popular s control, could cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. Factors that might cause such a difference include, but are not limited to:

- the rate of growth in the economy and employment levels, as well as general business and economic conditions in the geographic areas we serve;
- changes in interest rates, as well as the magnitude of such changes;
- the fiscal and monetary policies of the federal government and its agencies;
- changes in federal bank regulatory and supervisory policies, including required levels of capital and the impact of proposed capital standards on our capital ratios;
- the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act (The Dodd-Frank Act) on our businesses, business practices and cost of operations;
- regulatory approvals that may be necessary to undertake certain actions or consummate strategic transactions such as acquisitions and dispositions;
- the relative strength or weakness of the consumer and commercial credit sectors and of the real estate markets in Puerto Rico and the other markets in which borrowers are located;

- the impact of the Commonwealth of Puerto Rico s fiscal crisis, and the measures taken and to be taken by the Puerto Rico Government, on the economy and our business, and the ability of the Government to manage this crisis in an orderly manner;
- the performance of the stock and bond markets;
- competition in the financial services industry;
- additional Federal Deposit Insurance Corporation (FDIC) assessments;
- possible legislative, tax or regulatory changes; and
- risks related to the Doral Transaction, including (a) our ability to maintain customer relationships and (b) risks associated with the limited amount of diligence able to be conducted by a buyer in an FDIC transaction.

Other possible events or factors that could cause results or performance to differ materially from those expressed in these forward-looking statements include the following:

- negative economic conditions that adversely affect housing prices, the job market, consumer confidence and spending habits which may affect, among other things, the level of non-performing assets, charge-offs and provision expense;
- risks associated with maintaining customer relationships from our acquisition of certain assets and deposits (other than certain brokered deposits) of Doral Bank from the FDIC as receiver;
- changes in interest rates and market liquidity which may reduce interest margins, impact funding sources and affect our ability to originate and distribute financial products in the primary and secondary markets;

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- changes in market rates and prices which may adversely impact the value of financial assets and liabilities;
- liabilities resulting from litigation and regulatory investigations;
- changes in accounting standards, rules and interpretations;
- our ability to grow our core businesses;
- decisions to downsize, sell or close units or otherwise change our business mix; and
- management s ability to identify and manage these and other risks.

Moreover, the outcome of legal proceedings, as discussed in Part II, Item I. Legal Proceedings, is inherently uncertain and depends on judicial interpretations of law and the findings of regulators, judges, juries and arbitrators. Investors should refer to the Corporation s Annual Report on Form 10-K for the year ended December 31, 2015 as well as Part II, Item 1A of this Form 10-Q for a discussion of such factors and certain risks and uncertainties to which the Corporation is subject.

All forward-looking statements included in this Form 10-Q are based upon information available to Popular as of the date of this Form 10-Q, and other than as required by law, including the requirements of applicable securities laws, we assume no obligation to update or revise any such forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements.

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POPULAR, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(UNAUDITED)

(In thousands, except share information)	March 31, 2016	December 31, 2015
Assets:		
Cash and due from banks	$ 409,623	$ 363,674
Money market investments:		
Securities purchased under agreements to resell	97,830	96,338
Time deposits with other banks	1,819,630	2,083,754
Total money market investments	1,917,460	2,180,092
Trading account securities, at fair value:		
Pledged securities with creditors right to repledge	20,085	19,506
Other trading securities	51,199	52,153
Investment securities available-for-sale, at fair value:		
Pledged securities with creditors right to repledge	734,168	739,045
Other investment securities available-for-sale	5,915,662	5,323,947
Investment securities held-to-maturity, at amortized cost (fair value 2016 $80,914; 2015 $82,889)	99,216	100,903
Other investment securities, at lower of cost or realizable value (realizable value 2016 $167,111; 2015 $175,291)	164,024	172,248
Loans held-for-sale, at lower of cost or fair value	125,315	137,000
Loans held-in-portfolio:		
Loans not covered under loss-sharing agreements with the FDIC	22,618,488	22,453,813
Loans covered under loss-sharing agreements with the FDIC	625,130	646,115
Less Unearned income	110,751	107,698
Allowance for loan losses	538,472	537,111
Total loans held-in-portfolio, net	22,594,395	22,455,119
FDIC loss-share asset	219,448	310,221
Premises and equipment, net	527,493	502,611
Other real estate not covered under loss-sharing agreements with the FDIC	165,960	155,231
Other real estate covered under loss-sharing agreements with the FDIC	36,397	36,685
Accrued income receivable	120,308	124,234
Mortgage servicing assets, at fair value	205,051	211,405
Other assets	2,156,030	2,193,162
Goodwill	631,095	626,388
Other intangible assets	54,080	58,109

Total assets	$ 36,147,009	$ 35,761,733
Liabilities and Stockholders Equity		
Liabilities:		
Deposits:		
Non-interest bearing	$ 6,384,093	$ 6,401,515
Interest bearing	21,142,500	20,808,208
Total deposits	27,526,593	27,209,723
Federal funds purchased and assets sold under agreements to repurchase	760,154	762,145
Other short-term borrowings	6,370	1,200
Notes payable	1,583,468	1,662,508
Other liabilities	1,018,309	1,019,018
Liabilities from discontinued operations (Refer to Note 4)	1,815	1,815
Total liabilities	30,896,709	30,656,409
Commitments and contingencies (Refer to Note 23)		
Stockholders equity:		
Preferred stock, 30,000,000 shares authorized; 2,006,391shares issued and outstanding	50,160	50,160
Common stock, $0.01 par value; 170,000,000 shares authorized; 103,895,642 shares issued (2015 103,816,185) and 103,670,005 shares outstanding (2015 103,618,976)	1,039	1,038
Surplus	4,231,233	4,229,156
Retained earnings	1,156,476	1,087,957
Treasury stock at cost, 225,637 shares (2015 197,209)	(6,858)	(6,101)
Accumulated other comprehensive loss, net of tax	(181,750)	(256,886)
Total stockholders equity	5,250,300	5,105,324
Total liabilities and stockholders equity	$ 36,147,009	$ 35,761,733

The accompanying notes are an integral part of these consolidated financial statements.

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POPULAR, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(In thousands, except per share information)	Quarters ended March 31, 2016	2015
Interest income:		
Loans	$ 363,197	$ 355,631
Money market investments	2,863	1,446
Investment securities	36,271	30,301
Trading account securities	1,689	2,696
Total interest income	404,020	390,074
Interest expense:		
Deposits	29,874	25,864
Short-term borrowings	1,861	1,734
Long-term debt	19,873	19,281
Total interest expense	51,608	46,879
Net interest income	352,412	343,195
Provision for loan losses non-covered loans	47,940	29,711
Provision (reversal) for loan losses covered loans	(3,105)	10,324
Net interest income after provision for loan losses	307,577	303,160
Service charges on deposit accounts	39,862	39,017
Other service fees (Refer to Note 29)	53,382	53,626
Mortgage banking activities (Refer to Note 12)	10,551	12,852
Trading account (loss) profit	(162)	414
Net loss on sale of loans, including valuation adjustments on loans held-for-sale	(304)	(79)
Adjustments (expense) to indemnity reserves on loans sold	(4,098)	(4,526)
FDIC loss share (expense) income (Refer to Note 30)	(3,146)	4,139
Other operating income	15,545	9,792
Total non-interest income	111,630	115,235
Operating expenses:		
Personnel costs	127,091	116,458
Net occupancy expenses	20,430	21,709
Equipment expenses	14,548	13,411
Other taxes	10,195	8,574
Professional fees	75,459	75,528

Communications	6,320	6,176
Business promotion	11,110	10,813
FDIC deposit insurance	7,370	6,398
Other real estate owned (OREO) expenses	9,141	23,069
Other operating expenses	17,165	17,349
Amortization of intangibles	3,114	2,104
Restructuring costs		10,753
Total operating expenses	301,943	312,342
Income from continuing operations before income tax	117,264	106,053
Income tax expense	32,265	32,568
Income from continuing operations	84,999	73,485
Income from discontinued operations, net of tax		1,341
Net Income	$ 84,999	$ 74,826
Net Income Applicable to Common Stock	$ 84,068	$ 73,896
Net Income per Common Share Basic		
Net income from continuing operations	0.81	0.71
Net income from discontinued operations		0.01
Net Income per Common Share Basic	$ 0.81	$ 0.72
Net Income per Common Share Diluted		
Net income from continuing operations	0.81	0.71
Net income from discontinued operations		0.01
Net Income per Common Share Diluted	$ 0.81	$ 0.72
Dividends Declared per Common Share	$ 0.15	$

The accompanying notes are an integral part of these consolidated financial statements.

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POPULAR, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

(In thousands)	Quarters ended March 31, 2016	Quarters ended March 31, 2015
Net income	$ 84,999	$ 74,826
Other comprehensive income before tax:		
Foreign currency translation adjustment	(705)	(581)
Amortization of net losses on pension and postretirement benefit plans	5,486	5,025
Amortization of prior service cost of pension and postretirement benefit plans	(950)	(950)
Unrealized holding gains on investments arising during the period	76,236	35,342
Unrealized net losses on cash flow hedges	(2,000)	(2,535)
Reclassification adjustment for net losses included in net income	1,545	1,358
Other comprehensive income before tax	79,612	37,659
Income tax expense	(4,476)	(2,187)
Total other comprehensive income, net of tax	75,136	35,472
Comprehensive income, net of tax	$ 160,135	$ 110,298

Tax effect allocated to each component of other comprehensive income: (In thousands)	Quarters ended March 31, 2016	Quarters ended March 31, 2015
Amortization of net losses on pension and postretirement benefit plans	$ (2,140)	$ (1,960)
Amortization of prior service cost of pension and postretirement benefit plans	370	371
Unrealized holding gains on investments arising during the period	(2,885)	(1,057)
Unrealized net losses on cash flow hedges	781	989
Reclassification adjustment for net losses included in net income	(602)	(530)
Income tax expense	$ (4,476)	$ (2,187)

The accompanying notes are an integral part of these consolidated financial statements.

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POPULAR, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

(UNAUDITED)

thousands)	Common stock	Preferred stock	Surplus	Retained earnings	Treasury stock	Accumulated other comprehensive loss	Total
ance at December 31, 2014	$ 1,036	$ 50,160	$ 4,196,458	$ 253,717	$ (4,117)	$ (229,872)	$ 4,267,38
income				74,826			74,82
uance of stock	1		1,405				1,40
windfall benefit on vesting of restricted ck			69				6
idends declared:							
ferred stock				(930)			(93
mmon stock purchases					(1,123)		(1,12
mmon stock reissuance					18		1
er comprehensive income, net of tax						35,472	35,47
ance at March 31, 2015	$ 1,037	$ 50,160	$ 4,197,932	$ 327,613	$ (5,222)	$ (194,400)	$ 4,377,12
ance at December 31, 2015	$ 1,038	$ 50,160	$ 4,229,156	$ 1,087,957	$ (6,101)	$ (256,886)	$ 5,105,32
income				84,999			84,99
uance of stock	1		2,108				2,10
shortfall expense on vesting of restricted ck			(31)				(3
idends declared:							
mmon stock				(15,549)			(15,54
ferred stock				(931)			(93
mmon stock purchases					(764)		(76
mmon stock reissuance					7		
er comprehensive income, net of tax						75,136	75,13
ance at March 31, 2016	$ 1,039	$ 50,160	$ 4,231,233	$ 1,156,476	$ (6,858)	$ (181,750)	$ 5,250,30

closure of changes in number of shares:	March 31, 2016	March 31, 2015
ferred Stock:		
ance at beginning and end of period	2,006,391	2,006,39
mmon Stock Issued:		
ance at beginning of period	103,816,185	103,614,55
uance of stock	79,457	42,62

ance at end of the period	103,895,642	103,657,17
asury stock	(225,637)	(170,24
mmon Stock Outstanding	103,670,005	103,486,92

The accompanying notes are an integral part of these consolidated financial statements.

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POPULAR, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(In thousands)	Quarter ended March 31, 2016	2015
Cash flows from operating activities:		
Net income	$ 84,999	$ 74,826
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Provision for loan losses	44,835	40,035
Amortization of intangibles	3,114	2,104
Depreciation and amortization of premises and equipment	11,707	11,919
Net accretion of discounts and amortization of premiums and deferred fees	(11,158)	(19,100)
Fair value adjustments on mortgage servicing rights	8,477	4,929
FDIC loss share expense (income)	3,146	(4,139)
Adjustments (expense) to indemnity reserves on loans sold	4,098	4,526
Earnings from investments under the equity method	(7,089)	(2,301)
Deferred income tax expense	23,218	23,380
(Gain) loss on:		
Disposition of premises and equipment and other productive assets	(1,946)	(978)
Sale of loans, including valuation adjustments on loans held-for-sale and mortgage banking activities	(7,101)	(7,222)
Sale of foreclosed assets, including write-downs	2,802	14,851
Acquisitions of loans held-for-sale	(66,451)	(121,929)
Proceeds from sale of loans held-for-sale	22,253	27,547
Net originations on loans held-for-sale	(110,528)	(179,604)
Net decrease (increase) in:		
Trading securities	176,598	177,942
Accrued income receivable	3,926	(13)
Other assets	20,996	(28,027)
Net (decrease) increase in:		
Interest payable	(12,261)	(10,216)
Pension and other postretirement benefits obligation	1,536	1,019
Other liabilities	(17,010)	(19,377)
Total adjustments	93,162	(84,654)
Net cash provided by (used in) operating activities	178,161	(9,828)
Cash flows from investing activities:		
Net decrease (increase) in money market investments	262,632	(484,829)
Purchases of investment securities:		

Available-for-sale	(742,859)	(411,189)
Held-to-maturity		(250)
Other	(59,786)	(2,520)
Proceeds from calls, paydowns, maturities and redemptions of investment securities:		
Available-for-sale	239,399	385,672
Held-to-maturity	2,108	2,231
Other	41,664	30,785
Proceeds from sale of investment securities:		
Other	26,346	1,388
Net repayments on loans	13,335	154,794
Proceeds from sale of loans	1,128	19,127
Acquisition of loan portfolios	(212,798)	(49,510)
Net payments from FDIC under loss sharing agreements	88,588	132,265
Net cash received and acquired from business combination		711,051
Return of capital from equity method investments	206	
Mortgage servicing rights purchased		(2,400)
Acquisition of premises and equipment	(38,819)	(10,231)
Proceeds from sale of:		
Premises and equipment and other productive assets	5,092	3,093
Foreclosed assets	14,513	40,161
Net cash (used in) provided by investing activities	(359,251)	519,638
Cash flows from financing activities:		
Net increase (decrease) in:		
Deposits	318,550	265,906
Federal funds purchased and assets sold under agreements to repurchase	(1,991)	(139,013)
Other short-term borrowings	5,170	(148,215)
Payments of notes payable	(108,452)	(419,487)
Proceeds from issuance of notes payable	28,883	46,000
Proceeds from issuance of common stock	2,109	1,405
Dividends paid	(16,473)	(620)
Net payments for repurchase of common stock	(757)	(1,105)
Net cash provided by (used in) financing activities	227,039	(395,129)
Net increase in cash and due from banks	45,949	114,681
Cash and due from banks at beginning of period	363,674	381,095
Cash and due from banks at the end of the period	$ 409,623	$ 495,776

The accompanying notes are an integral part of these consolidated financial statements.

During the quarter ended March 31, 2016 there have not been any cash flows associated with discontinued operations. The Consolidated Statement of Cash Flows for the quarter ended March 31, 2015 includes the cash flows from operating, investing and financing activities associated with discontinued operations.

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Notes to Consolidated Financial Statements (Unaudited)

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Note 1 Nature of Operations

Popular, Inc. (the Corporation) is a diversified, publicly-owned financial holding company subject to the supervision and regulation of the Board of Governors of the Federal Reserve System. The Corporation has operations in Puerto Rico, the United States and the Caribbean. In Puerto Rico, the Corporation provides retail, mortgage, and commercial banking services through its principal banking subsidiary, Banco Popular de Puerto Rico (BPPR), as well as investment banking, broker-dealer, auto and equipment leasing and financing, and insurance services through specialized subsidiaries. In the U.S. mainland, the Corporation operates Banco Popular North America (BPNA), including its wholly-owned subsidiary E-LOAN. BPNA focuses efforts and resources on the core community banking business. BPNA operates branches in New York, New Jersey and South Florida under the name of Popular Community Bank. E-LOAN markets deposit accounts under its name for the benefit of BPNA. Refer to Note 4 for discussion of the sales of the California, Illinois and Central Florida regional operations during 2014. Note 35 to the consolidated financial statements presents information about the Corporation s business segments.

On February 27, 2015, BPPR, in an alliance with other bidders, including BPNA, acquired certain assets and all deposits (other than certain brokered deposits) of former Doral Bank (Doral) from the Federal Deposit Insurance Corporation (FDIC), as receiver (the Doral Bank Transaction). Under the FDIC s bidding format, BPPR was the lead bidder and party to the purchase and assumption agreement with the FDIC covering all assets and deposits acquired by it and its alliance co-bidders. BPPR entered into back to back purchase and assumption agreements with the alliance co-bidders for the transfer of certain assets and deposits. The other co-bidders that formed part of the alliance led by BPPR were First Bank Puerto Rico, Centennial Bank, and a vehicle formed by J.C. Flowers III L.P. BPPR entered into transition service agreements with each of the alliance co-bidders. Refer to Note 5 for further details on the Doral Bank Transaction.

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Note 2 Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The consolidated interim financial statements have been prepared without audit. The consolidated statement of financial condition data at December 31, 2015 was derived from audited financial statements. The unaudited interim financial statements are, in the opinion of management, a fair statement of the results for the periods reported and include all necessary adjustments, all of a normal recurring nature, for a fair statement of such results.

Certain reclassifications have been made to the 2015 consolidated financial statements and notes to the financial statements to conform with the 2016 presentation.

Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted from the unaudited financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, these financial statements should be read in conjunction with the audited consolidated financial statements of the Corporation for the year ended December 31, 2015, included in the Corporation s 2015 Form 10-K. Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

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Note 3 New accounting pronouncements

Recently Adopted Accounting Standards Updates

FASB Accounting Standards Update 2015-03, Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs (ASU 2015-03)

The FASB issued ASU 2015-03 in April 2015, which simplified the presentation of debt issuance costs. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct reduction from the carrying amount of that debt liability.

The amendments of this Update, which are required to be applied on a retrospective basis, are effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015.

Since the Corporation s policy was to record debt issuance costs as a deferred asset, it reclassified $7.3 million (December 31, 2015 $7.8 million) of debt issuance costs as a result of the adoption of this accounting pronouncement during the first quarter of 2016 and adjusted prior periods accordingly.

Additionally, adoption of the following standards effective during the first quarter of 2016 did not have a significant impact on the presentation and disclosures in its consolidated financial statements:

FASB Accounting Standards Update 2014-12, Compensation Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (ASU 2014-12)

FASB Accounting Standards Update 2014-13, Consolidation (Topic 810): Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financial Entity (ASU 2014-13)

FASB Accounting Standards Update 2014-16, Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share is more Akin to Debt or to Equity (ASU 2014-16)

FASB Accounting Standards Update 2015-01, Income Statement Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items (ASU 2015-01)

FASB Accounting Standards Update 2015-02, Consolidation (Topic 810): Amendment to the Consolidation Analysis (ASU 2015-02)

FASB Accounting Standards Update 2015-04, Compensation Retirement Benefits (Topic 715): Practical Expedient for the Measurement Date of an Employer s Defined Benefit Obligation and Plan Assets (ASU

2015-04)

FASB Accounting Standards Update 2015-05, Intangibles Goodwill and Other Internal-Use Software (Subtopic 350-40): Customer s Accounting for Fees Paid in a Cloud Computing Arrangement (ASU 2015-05)

FASB Accounting Standards Update 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investment in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (ASU 2015-07)

FASB Accounting Standards Update 2015-09, Insurance (Topic 944): Disclosures about Short-Duration Contracts

Recently Issued Accounting Standards Updates

FASB Accounting Standards Update (ASU) 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing

The FASB issued ASU 2016-10 in April 2016 which clarifies two aspects of Topic 606, in particular, the identification of performance obligations. Among other things, an entity is not required to assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer. In addition, in determining whether promises to transfer goods or services are separately identifiable, an entity should determine whether the nature of its promise in the contract is to transfer each of the goods or services or whether the promise is to transfer a combined item (or items) to which the promised goods and/or services are inputs.

The amendments of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017 (same effective date as ASU 2015-14).

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FASB Accounting Standards Update (ASU) 2016-09, Compensation Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting

The FASB issued ASU 2016-09 in March 2016 which simplifies multiple aspects of the accounting for share-based payment transactions, including the recognition of excess tax benefits and deficiencies as an income tax benefit or expense in the income statement and classification in the statement of cash flows as an operating activity, allowing entities to elect as an accounting policy to account for forfeitures when they occur, permitting entities to withhold up to the maximum individual statutory rate without classifying the awards as a liability, and requiring that the cash paid to satisfy the statutory income tax withholding obligation be classified as a financing activity.

The amendments of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted.

The Corporation does not anticipate that the adoption of this accounting pronouncement will have a material effect on its consolidated statements of financial condition, results of operations, cash flows or presentation and disclosures.

FASB Accounting Standards Update (ASU) 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)

The FASB issued ASU 2016-08 in March 2016, which amends the implementation guidance in ASU 2014-09 by clarifying, among other things, that an entity should determine the nature of the goods or services provided to the customer and whether it controls each specified good or service before it is transferred to the customer, that an entity can be a principal for some goods or services and an agent for others with the same contract, and that an entity is a principal if it controls the goods or services before transferring them to the customer.

The amendments of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017 (same effective date as ASU 2015-14).

The Corporation is currently evaluating the impact that the adoption of this guidance will have on its consolidated statements of financial condition or results of operations.

FASB Accounting Standards Update (ASU) 2016-07, Investments Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting

The FASB issued ASU 2016-07 in March 2016, which eliminates the requirement to retroactively adopt the equity method of accounting. Therefore, as of the date the investment becomes qualified for equity method accounting, an entity should add the cost of acquiring the additional interest in the investee to the current basis of its previously held interest. For available-for-sale securities, an entity should recognize through earnings the unrealized holding gains/losses in accumulated other comprehensive income/loss as of that date.

The amendments of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted.

The Corporation does not anticipate that the adoption of this accounting pronouncement will have a material effect on its consolidated statements of financial condition or results of operations.

FASB Accounting Standards Update (ASU) 2016-06, Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments

The FASB issued ASU 2016-06 in March 2016, which clarifies that in assessing whether an embedded contingent put or call option is not clearly and closely related to the debt instrument, which is part of the assessment made to determine whether an embedded derivative must be bifurcated from the host contract, an entity is required to perform only the four step decision sequence. The four-step decision sequence requires an entity to consider whether (1) the payoff is adjusted based on changes in an index, (2) the payoff is indexed to an underlying other than interest rates or credit risk, (3) the debt involves a substantial premium or discount and (4) the put or call option is contingently exercisable. It does not have to separately assess whether the event that triggers its ability to exercise the contingent option itself is indexed only to interest rates and credit risk.

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The amendments of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted.

The Corporation does not anticipate that the adoption of this accounting pronouncement will have a material effect on its consolidated statements of financial condition or results of operations.

FASB Accounting Standards Update (ASU) 2016-05, Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships

The FASB issued ASU 2016-05 in March 2016, which clarifies that a novation, or a change in the counterparty to the derivative instrument that has been designated as a hedging instrument under Topic 815 does not, in and of itself, require de-designation of that hedging relationship, and therefore discontinuance of the application of hedge accounting, provided that all other hedge accounting criteria continue to be met.

The amendments of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted.

The Corporation does not anticipate that the adoption of this accounting pronouncement will have a material effect on its consolidated statements of financial condition or results of operations.

For recently issued Accounting Standards Updates not yet effective, refer to Note 3 to the consolidated financial statements included in the 2015 Form 10-K.

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Note 4 Discontinued operations and restructuring plan

During the year ended December 31, 2014, the Corporation completed the sale of its California, Illinois and Central Florida regional operations and relocated certain back office operations to Puerto Rico and New York.

As defined in ASC 805-10-55, the regional operations sold constituted a business, and for financial reporting purposes, the results of the discontinued operations are presented as Assets / Liabilities from discontinued operations in the consolidated statement of condition and (Loss) income from discontinued operations, net of tax in the consolidated statement of operations.

As of March 31, 2016 and December 31, 2015, there were no assets held within the discontinued operations and liabilities within discontinued operations amounted to approximately $1.8 million, mainly comprised of the indemnity reserve related to the California regional sale.

There were no activities from the discontinued operations for the quarter ended March 31, 2016. Net income from the discontinued operations amounted to $1.3 million for the quarter ended March 31, 2015.

Also, in connection with the sale, the Corporation has undertaken a restructuring plan (the PCB Restructuring Plan) which has been completed as of March 31, 2016. The Corporation incurred restructuring charges of $45.1 million. During the quarter ended March 31, 2015, the Corporation incurred $10.8 million in restructuring costs, mostly comprised of $9.4 million in personnel costs.

The following table presents the activity in the reserve for the restructuring costs associated with the PCB Restructuring Plan:

	Quarters ended March 31,	
(In thousands)	2016	2015
Beginning balance	$ 620	$ 13,536
Charges expensed during the period		6,297
Payments made during the period	(263)	(9,030)
Ending balance	$ 357	$ 10,803

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Note 5 Business combination

On February 27, 2015, BPPR, in an alliance with co-bidders, including BPNA, acquired certain assets and all deposits (other than certain brokered deposits) of former Doral Bank from the FDIC, as receiver. Under the FDIC s bidding format, BPPR was the lead bidder and party to the purchase and assumption agreement with the FDIC covering all assets and deposits acquired by it and its alliance co-bidders. BPPR entered into back to back purchase and assumption agreements with the alliance co-bidders for the transfer of certain assets and deposits. BPPR entered into transition service agreements with each of the alliance co-bidders. There is no loss-sharing arrangement with the FDIC on the acquired assets.

The following table presents the fair values of major classes of identifiable assets acquired and liabilities assumed by the Corporation as of February 27, 2015.

(In thousands)	Book value prior to purchase accounting adjustments	Fair value adjustments	Additional consideration[1]	As recorded by Popular, Inc.
Assets:				
Cash and due from banks	$ 339,633	$	$	$ 339,633
Investment in available-for-sale securities	172,706			172,706
Investments in FHLB stock	30,785			30,785
Loans	1,679,792	(165,925)		1,513,867
Accrued income receivable	7,808			7,808
Receivable from the FDIC			480,137	480,137
Core deposit intangible	23,572	(10,762)		12,810
Other assets	67,676	7,569		75,245
Total assets	$ 2,321,972	$ (169,118)	$ 480,137	$ 2,632,991
Liabilities:				
Deposits	$ 2,193,404	$ 9,987	$	$ 2,203,391
Advances from the Federal Home Loan Bank	542,000	5,187		547,187
Other liabilities	50,728	(511)		50,217
Total liabilities	$ 2,786,132	$ 14,663	$	$ 2,800,795
Excess of liabilities assumed over assets acquired	$ 464,160			
Aggregate fair value adjustments		$ (183,781)		
Additional consideration			$ 480,137	
Goodwill on acquisition				$ 167,804

[1] The additional consideration represents the cash to be received from the FDIC for the difference between the net liabilities assumed and the net premium paid on the transaction.

In accordance with ASC Topic 805, the fair values assigned to the assets acquired and liabilities assumed are subject to refinement up to one year after the closing date of the acquisition as new information relative to closing date fair values become available, and thus the recognized goodwill may increase or decrease. During the second and third quarters of 2015, retrospective adjustments were made to the estimated fair values of certain assets acquired and liabilities assumed as part of the Doral Bank Transaction to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The retrospective adjustments resulted in a decrease of $2.1 million to the initial fair value estimate of the mortgage servicing rights, a decrease in other liabilities assumed of $0.5 million and, an increase of $2.6 million in the receivable from the FDIC related to the acquisition cost of deposits, all of which were adjusted against goodwill.

During the fourth quarter of 2015 the Corporation early adopted ASU 2015-16 Business Combination . Accordingly, adjustments to the initial fair value estimates identified during the measurement period were recognized in the reporting period in which the adjustment amounts were determined. Pursuant to ASU 2015-16, adjustments were made effective in the fourth quarter of 2015 to the estimated fair values of assets and liabilities assumed with the Doral Bank Transaction to reflect new information obtained during the measurement period about facts and circumstances that existed as of the acquisition date that, if known, would have affected the acquisition-date fair value measurements.

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During the quarter ended March 31, 2016, the Corporation recorded adjustments to its initial fair value estimates in connection with the Doral Bank Transaction. As a result, the discount on the loans increased by $4.7 million with a corresponding increase to goodwill.

The following table presents the principal changes in fair value and the revised amounts recorded during the measurement period.

(In thousands)	February 27, 2015 As recasted[a]	February 27, 2015 As previously reported[b]	Change
Assets:			
Loans	$ 1,513,867	$ 1,665,756	$ (151,889)
Goodwill	167,804	41,633	126,171
Core deposit intangible	12,810	23,572	(10,762)
Receivable from the FDIC	480,137	441,721	38,416
Other assets	626,177	626,177	
Total assets	$ 2,800,795	$ 2,798,859	$ 1,936
Liabilities:			
Deposits	$ 2,203,391	$ 2,201,455	$ 1,936
Advances from the Federal Home Loan Bank	547,187	547,187	
Other liabilities	50,217	50,217	
Total liabilities	$ 2,800,795	$ 2,798,859	$ 1,936

[a] Amounts reported include retrospective adjustments during the measurement period, in accordance with U.S. GAAP, related to the Doral Bank Transaction.

[b] Amounts are presented as previously reported as of September 30, 2015.

The impact in the results of operations for the quarter ended March 31, 2015 as a result of the recasting was an increase in net income of approximately $0.6 million as detailed in the following table:

	Quarter ended March 31, 2015		
(In thousands)	As recasted	As reported	Difference
Net Interest Income	$ 10,306	$ 9,768	$ 538
Non-Interest Income	4,262	4,262	
Operating Expenses	14,398	14,488	(90)
Income Before Taxes	$ 170	$ (458)	$ 628

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Note 6 Restrictions on cash and due from banks and certain securities

The Corporation s banking subsidiaries, BPPR and BPNA, are required by federal and state regulatory agencies to maintain average reserve balances with the Federal Reserve Bank of New York (the Fed) or other banks. Those required average reserve balances amounted to $ 1.1 billion at March 31, 2016 (December 31, 2015 $ 1.1 billion). Cash and due from banks, as well as other short-term, highly liquid securities, are used to cover the required average reserve balances.

At March 31, 2016, the Corporation held $52 million in restricted assets in the form of funds deposited in money market accounts, trading account securities and investment securities available for sale (December 31, 2015 $44 million). The amounts held in trading account securities and investment securities available for sale consist primarily of restricted assets held for the Corporation s non-qualified retirement plans and fund deposits guaranteeing possible liens or encumbrances over the title of insured properties.

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Note 7 Investment securities available-for-sale

The following tables present the amortized cost, gross unrealized gains and losses, approximate fair value, weighted average yield and contractual maturities of investment securities available-for-sale at March 31, 2016 and December 31, 2015.

	At March 31, 2016				
(In thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Weighted average yield
U.S. Treasury securities					
Within 1 year	$ 24,665	$ 143	$	$ 24,808	4.92%
After 1 to 5 years	1,281,481	6,792		1,288,273	1.03
After 5 to 10 years	9,939	332		10,271	1.99
Total U.S. Treasury securities	1,316,085	7,267		1,323,352	1.11
Obligations of U.S. Government sponsored entities					
After 1 to 5 years	904,631	5,221	109	909,743	1.33
After 5 to 10 years	250	3		253	5.64
After 10 years	23,000		58	22,942	3.24
Total obligations of U.S. Government sponsored entities	927,881	5,224	167	932,938	1.38
Obligations of Puerto Rico, States and political subdivisions					
After 1 to 5 years	7,292		176	7,116	3.88
After 5 to 10 years	5,925	1	1,963	3,963	4.02
After 10 years	18,604	1	5,954	12,651	6.99
Total obligations of Puerto Rico, States and political subdivisions	31,821	2	8,093	23,730	5.72
Collateralized mortgage obligations federal agencies					
Within 1 year	282			282	0.95
After 1 to 5 years	20,257	918		21,175	2.86
After 5 to 10 years	41,078	818		41,896	2.86
After 10 years	1,447,516	14,027	11,325	1,450,218	1.98
Total collateralized mortgage obligations federal agencies	1,509,133	15,763	11,325	1,513,571	2.01
Mortgage-backed securities					

Within 1 year	25			25	4.80
After 1 to 5 years	20,808	990	6	21,792	4.64
After 5 to 10 years	281,359	6,195	2	287,552	2.43
After 10 years	2,485,109	50,510	1,282	2,534,337	2.76
Total mortgage-backed securities	2,787,301	57,695	1,290	2,843,706	2.74
Equity securities (without contractual maturity)	1,351	1,090	2	2,439	7.82
Other					
After 1 to 5 years	8,819	10		8,829	1.72
After 5 to 10 years	1,220	45		1,265	3.62
Total other	10,039	55		10,094	1.95
Total investment securities available-for-sale[1]	$ 6,583,611	$ 87,096	$ 20,877	$ 6,649,830	2.07%

[1] Includes $2.2 billion pledged to secure public and trust deposits, assets sold under agreements to repurchase, credit facilities and loan servicing agreements that the secured parties are not permitted to sell or repledge the collateral, of which $1.3 billion serve as collateral for public funds.

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	At December 31, 2015				
(In thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Weighted average yield
U.S. Treasury securities					
Within 1 year	$ 24,861	$ 335	$	$ 25,196	4.31%
After 1 to 5 years	1,149,807	365	1,999	1,148,173	1.03
After 5 to 10 years	9,937	22		9,959	1.99
Total U.S. Treasury securities	1,184,605	722	1,999	1,183,328	1.11
Obligations of U.S. Government sponsored entities					
After 1 to 5 years	919,819	1,337	4,808	916,348	1.33
After 5 to 10 years	250	1		251	5.64
After 10 years	23,000	42		23,042	3.22
Total obligations of U.S. Government sponsored entities	943,069	1,380	4,808	939,641	1.38
Obligations of Puerto Rico, States and political subdivisions					
After 1 to 5 years	7,227		199	7,028	3.94
After 5 to 10 years	5,925		2,200	3,725	4.02
After 10 years	18,585		6,979	11,606	6.99
Total obligations of Puerto Rico, States and political subdivisions	31,737		9,378	22,359	5.74
Collateralized mortgage obligations federal agencies					
After 1 to 5 years	21,446	594	37	22,003	2.81
After 5 to 10 years	44,585	733		45,318	2.85
After 10 years	1,518,662	8,137	33,283	1,493,516	1.99
Total collateralized mortgage obligations federal agencies	1,584,693	9,464	33,320	1,560,837	2.02
Mortgage-backed securities					
After 1 to 5 years	22,015	987	8	22,994	4.65
After 5 to 10 years	256,097	4,866	1,197	259,766	2.51
After 10 years	2,039,217	34,839	12,620	2,061,436	2.83
Total mortgage-backed securities	2,317,329	40,692	13,825	2,344,196	2.81
Equity securities (without contractual maturity)	1,350	1,053	5	2,398	7.92
Other					

After 1 to 5 years	8,911		28	8,883	1.71
After 5 to 10 years	1,311	39		1,350	3.62
Total other	10,222	39	28	10,233	1.95
Total investment securities available-for-sale[1]	$ 6,073,005	$ 53,350	$ 63,363	$ 6,062,992	2.07%

[1] Includes $2.4 billion pledged to secure public and trust deposits, assets sold under agreements to repurchase, credit facilities and loan servicing agreements that the secured parties are not permitted to sell or repledge the collateral, of which $1.5 billion serve as collateral for public funds.

The weighted average yield on investment securities available-for-sale is based on amortized cost; therefore, it does not give effect to changes in fair value.

Securities not due on a single contractual maturity date, such as mortgage-backed securities and collateralized mortgage obligations, are classified in the period of final contractual maturity. The expected maturities of collateralized mortgage obligations, mortgage-backed securities and certain other securities may differ from their contractual maturities because they may be subject to prepayments or may be called by the issuer.

There were no securities sold during the quarters ended March 31, 2016 and 2015.

The following tables present the Corporation s fair value and gross unrealized losses of investment securities available-for-sale, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at March 31, 2016 and December 31, 2015.

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	At March 31, 2016					
	Less than 12 months		12 months or more		Total	
(In thousands)	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Obligations of U.S. Government sponsored entities	$ 73,342	$ 113	$ 19,376	$ 54	$ 92,718	$ 167
Obligations of Puerto Rico, States and political subdivisions	6,229	10	15,515	8,083	21,744	8,093
Collateralized mortgage obligations federal agencies			656,971	11,325	656,971	11,325
Mortgage-backed securities	231,705	816	80,005	474	311,710	1,290
Equity securities	48	2			48	2
Total investment securities available-for-sale in an unrealized loss position	$ 311,324	$ 941	$ 771,867	$ 19,936	$ 1,083,191	$ 20,877

	At December 31, 2015					
	Less than 12 months		12 months or more		Total	
(In thousands)	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
U.S. Treasury securities	$ 589,689	$ 1,999	$	$	$ 589,689	$ 1,999
Obligations of U.S. Government sponsored entities	390,319	2,128	181,744	2,680	572,063	4,808
Obligations of Puerto Rico, States and political subdivisions	884	164	19,490	9,214	20,374	9,378
Collateralized mortgage obligations federal agencies	331,501	4,446	814,195	28,874	1,145,696	33,320
Mortgage-backed securities	1,641,663	12,992	22,362	833	1,664,025	13,825
Equity securities	45	5			45	5
Other	8,883	28			8,883	28
Total investment securities available-for-sale in an unrealized loss position	$ 2,962,984	$ 21,762	$ 1,037,791	$ 41,601	$ 4,000,775	$ 63,363

As of March 31, 2016, the available-for-sale investment portfolio reflects gross unrealized losses of approximately $21 million, driven by U.S. Agency collateralized mortgage obligations, mortgage-backed securities and obligations of the Puerto Rico Government and its political subdivisions. As part of its analysis for all U.S. Agencies securities, management considers the U.S. Agency guarantee. The portfolio of obligations of the Puerto Rico Government is mostly comprised of securities with specific sources of income or revenues identified for repayments. The Corporation performs periodic credit quality reviews on these issuers.

Management evaluates investment securities for other-than-temporary (OTTI) declines in fair value on a quarterly basis. Once a decline in value is determined to be other-than-temporary, the value of a debt security is reduced and a corresponding charge to earnings is recognized for anticipated credit losses. Also, for equity securities that are considered other-than-temporarily impaired, the excess of the security s carrying value over its fair value at the evaluation date is accounted for as a loss in the results of operations. The OTTI analysis requires management to consider various factors, which include, but are not limited to: (1) the length of time and the extent to which fair value has been less than the amortized cost basis, (2) the financial condition of the issuer or issuers, (3) actual collateral attributes, (4) the payment structure of the debt security and the likelihood of the issuer being able to make payments, (5) any rating changes by a rating agency, (6) adverse conditions specifically related to the security, industry, or a geographic area, and (7) management s intent to sell the debt security or whether it is more likely than not that the Corporation would be required to sell the debt security before a forecasted recovery occurs.

At March 31, 2016, management performed its quarterly analysis of all debt securities in an unrealized loss position. Based on the analyses performed, management concluded that no individual debt security was other-than-temporarily impaired as of such date. However, further negative evidence impacting the factors described above with respect to the Obligations of Puerto Rico, States and political subdivisions , could result in a charge to earnings to recognize estimated credit losses determined to be other-than-temporary. At March 31, 2016, the Corporation did not have the intent to sell debt securities in an unrealized loss position and it is more likely than not that the Corporation will not have to sell the investment securities prior to recovery of their amortized cost basis.

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The following table states the name of issuers, and the aggregate amortized cost and fair value of the securities of such issuer (includes available-for-sale and held-to-maturity securities), in which the aggregate amortized cost of such securities exceeds 10% of stockholders equity. This information excludes securities backed by the full faith and credit of the U.S. Government. Investments in obligations issued by a state of the U.S. and its political subdivisions and agencies, which are payable and secured by the same source of revenue or taxing authority, other than the U.S. Government, are considered securities of a single issuer.

	March 31, 2016		December 31, 2015	
(In thousands)	Amortized cost	Fair value	Amortized cost	Fair value
FNMA	$ 2,799,998	$ 2,824,458	$ 2,649,860	$ 2,633,899
FHLB	329,822	331,546	340,119	338,700
Freddie Mac	1,221,128	1,228,096	1,088,691	1,079,956

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Note 8 Investment securities held-to-maturity

The following tables present the amortized cost, gross unrealized gains and losses, approximate fair value, weighted average yield and contractual maturities of investment securities held-to-maturity at March 31, 2016 and December 31, 2015.

(In thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Weighted average yield
	At March 31, 2016				
Obligations of Puerto Rico, States and political subdivisions					
Within 1 year	$ 3,050	$	$ 1,601	$ 1,449	5.91%
After 1 to 5 years	14,270		5,910	8,360	6.00
After 5 to 10 years	18,930		7,716	11,214	6.17
After 10 years	60,880	5,266	8,320	57,826	1.99
Total obligations of Puerto Rico, States and political subdivisions	97,130	5,266	23,547	78,849	3.52
Collateralized mortgage obligations federal agencies					
After 5 to 10 years	86	5		91	5.45
Total collateralized mortgage obligations federal agencies	86	5		91	5.45
Other					
After 1 to 5 years	2,000		26	1,974	1.81
Total other	2,000		26	1,974	1.81
Total investment securities held-to-maturity[1]	$ 99,216	$ 5,271	$ 23,573	$ 80,914	3.49%

[1] Includes $97.5 million pledged to secure public and trust deposits that the secured parties are not permitted to sell or repledge the collateral.

(In thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Weighted average yield
	At December 31, 2015				
Obligations of Puerto Rico, States and political subdivisions					
Within 1 year	$ 2,920	$	$ 291	$ 2,629	5.90%

After 1 to 5 years	13,655		5,015	8,640	5.98
After 5 to 10 years	20,020		8,020	12,000	6.14
After 10 years	62,222	3,604	8,280	57,546	2.08
Total obligations of Puerto Rico, States and political subdivisions	98,817	3,604	21,606	80,815	3.55
Collateralized mortgage obligations federal agencies					
After 5 to 10 years	86	5		91	5.45
Total collateralized mortgage obligations federal agencies	86	5		91	5.45
Other					
After 1 to 5 years	2,000		17	1,983	1.81
Total other	2,000		17	1,983	1.81
Total investment securities held-to-maturity[1]	$ 100,903	$ 3,609	$ 21,623	$ 82,889	3.52%

[1] Includes $57.2 million pledged to secure public and trust deposits that the secured parties are not permitted to sell or repledge the collateral.

Securities not due on a single contractual maturity date, such as collateralized mortgage obligations, are classified in the period of final contractual maturity. The expected maturities of collateralized mortgage obligations and certain other securities may differ from their contractual maturities because they may be subject to prepayments or may be called by the issuer.

The following tables present the Corporation s fair value and gross unrealized losses of investment securities held-to-maturity, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2016 and December 31, 2015.

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	At March 31, 2016					
	Less than 12 months		12 months or more		Total	
(In thousands)	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Obligations of Puerto Rico, States and political subdivisions	$	$	$ 31,393	$ 23,547	$ 31,393	$ 23,547
Other	1,724	26			1,724	26
Total investment securities held-to-maturity in an unrealized loss position	$ 1,724	$ 26	$ 31,393	$ 23,547	$ 33,117	$ 23,573

	At December 31, 2015					
	Less than 12 months		12 months or more		Total	
(In thousands)	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Obligations of Puerto Rico, States and political subdivisions	$	$	$ 33,334	$ 21,606	$ 33,334	$ 21,606
Other	1,483	17			1,483	17
Total investment securities held-to-maturity in an unrealized loss position	$ 1,483	$ 17	$ 33,334	$ 21,606	$ 34,817	$ 21,623

As indicated in Note 7 to these consolidated financial statements, management evaluates investment securities for OTTI declines in fair value on a quarterly basis.

The Obligations of Puerto Rico, States and political subdivisions classified as held-to-maturity at March 31, 2016 are primarily associated with securities issued by municipalities of Puerto Rico and are generally not rated by a credit rating agency. This includes $55 million of securities issued by three municipalities of Puerto Rico that are payable from the real and personal property taxes collected within such municipalities. These bonds have seniority to the payment of operating cost and expenses of the municipality. The portfolio also includes approximately $42 million in securities for which the underlying source of payment is not the central government, but in which it provides a guarantee in the event of default.

The Corporation performs periodic credit quality reviews on these issuers. Based on the quarterly analysis performed, management concluded that no individual debt security was other-than-temporarily impaired at March 31, 2016. Further deterioration of the fiscal crisis of the Government of Puerto Rico could further affect the value of these securities, resulting in losses to the Corporation. The Corporation does not have the intent to sell securities held-to-maturity and it is more likely than not that the Corporation will not have to sell these investment securities prior to recovery of their amortized cost basis.

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Note 9 Loans

Loans acquired in the Westernbank FDIC-assisted transaction, except for lines of credit with revolving privileges, are accounted for by the Corporation in accordance with ASC Subtopic 310-30. Under ASC Subtopic 310-30, the acquired loans were aggregated into pools based on similar characteristics. Each loan pool is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows. The loans which are accounted for under ASC Subtopic 310-30 by the Corporation are not considered non-performing and will continue to have an accretable yield as long as there is a reasonable expectation about the timing and amount of cash flows expected to be collected. The Corporation measures additional losses for this portfolio when it is probable the Corporation 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. Lines of credit with revolving privileges that were acquired as part of the Westernbank FDIC-assisted transaction are accounted for under the guidance of ASC Subtopic 310-20, which requires that any differences between the contractually required loan payment receivable in excess of the Corporation s initial investment in the loans be accreted into interest income. Loans accounted for under ASC Subtopic 310-20 are placed in non-accrual status when past due in accordance with the Corporation s non-accruing policy and any accretion of discount is discontinued.

The risks on loans acquired in the FDIC-assisted transaction are significantly different from the risks on loans not covered under the FDIC loss sharing agreements because of the loss protection provided by the FDIC. Accordingly, the Corporation presents loans subject to the loss sharing agreements as covered loans in the information below and loans that are not subject to the FDIC loss sharing agreements as non-covered loans . The FDIC loss sharing agreements expired on June 30, 2015 for commercial (including construction) and consumer loans, and expires on June 30, 2020 for single-family residential mortgage loans, as explained in Note 11.

For a summary of the accounting policies related to loans, interest recognition and allowance for loan losses refer to Note 2 Summary of significant accounting policies, of the 2015 Form 10-K.

During the quarter ended March 31, 2016, the Corporation recorded purchases (including repurchases) of mortgage loans amounting to $122 million, consumer loans of $106 million and commercial loans amounting to $51 million. Excluding the impact of the Doral Bank Transaction, during the quarter ended March 31, 2015, the Corporation recorded purchases of mortgage loans amounting to $169 million. Refer to Note 5 for information on loans acquired as part of the Doral Bank Transaction.

The Corporation performed whole-loan sales involving approximately $21 million of residential mortgage loans during the quarter ended March 31, 2016 (March 31, 2015 $39 million). Also, during the quarter ended March 31, 2016, the Corporation securitized approximately $134 million of mortgage loans into Government National Mortgage Association (GNMA) mortgage-backed securities and $36 million of mortgage loans into Federal National Mortgage Association (FNMA) mortgage-backed securities, compared to $156 million and $47 million, respectively, during the quarter ended March 31, 2015.

Non-covered loans

The following table presents the composition of non-covered loans held-in-portfolio (HIP), net of unearned income, by past due status at March 31, 2016 and December 31, 2015, including loans previously covered by the commercial FDIC loss sharing agreements.

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March 31, 2016 Puerto Rico (In thousands)	Past due 30-59 days	60-89 days	90 days or more	Total past due	Current	Non-covered loans HIP Puerto Rico
Commercial multi-family	$ 652	$ 168	$ 1,418	$ 2,238	$ 172,413	$ 174,651
Commercial real estate non-owner occupied	46,119	3,102	103,719	152,940	2,506,513	2,659,453
Commercial real estate owner occupied	16,339	6,608	141,443	164,390	1,703,399	1,867,789
Commercial and industrial	7,267	4,297	39,529	51,093	2,615,305	2,666,398
Construction	678	372	13,133	14,183	90,961	105,144
Mortgage	352,313	134,842	823,440	1,310,595	4,789,164	6,099,759
Leasing	7,209	1,598	3,419	12,226	630,916	643,142
Consumer:						
Credit cards	10,915	7,159	18,864	36,938	1,061,845	1,098,783
Home equity lines of credit	82	141	280	503	9,126	9,629
Personal	12,963	7,693	20,495	41,151	1,150,239	1,191,390
Auto	32,638	6,029	10,844	49,511	776,794	826,305
Other	1,337	282	19,220	20,839	162,145	182,984
Total	$ 488,512	$ 172,291	$ 1,195,804	$ 1,856,607	$ 15,668,820	$ 17,525,427

March 31, 2016 U.S. mainland (In thousands)	Past due 30-59 days	60-89 days	90 days or more	Total past due	Current	Loans HIP U.S. mainland
Commercial multi-family	$ 32	$	$ 246	$ 278	$ 762,276	$ 762,554
Commercial real estate non-owner occupied	9,556		11,155	20,711	969,937	990,648
Commercial real estate owner occupied	3,817		193	4,010	219,791	223,801
Commercial and industrial	16,935	156	84,086	101,177	781,918	883,095
Construction	15,091		671	15,762	613,952	629,714
Mortgage	18,877	514	12,069	31,460	847,982	879,442
Legacy	3,119	400	4,046	7,565	53,479	61,044
Consumer:						
Credit cards	187	157	382	726	12,292	13,018
Home equity lines of credit	1,701	845	4,309	6,855	287,405	294,260
Personal	1,624	639	1,429	3,692	240,722	244,414
Auto			6	6	18	24
Other			10	10	286	296
Total	$ 70,939	$ 2,711	$ 118,602	$ 192,252	$ 4,790,058	$ 4,982,310

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	March 31, 2016					
	Popular, Inc.					
	Past due					Non-covered
	30-59	60-89	90 days	Total		loans HIP
(In thousands)	days	days	or more	past due	Current	Popular, Inc.[1] [2]
Commercial multi-family	$ 684	$ 168	$ 1,664	$ 2,516	$ 934,689	$ 937,205
Commercial real estate non-owner occupied	55,675	3,102	114,874	173,651	3,476,450	3,650,101
Commercial real estate owner occupied	20,156	6,608	141,636	168,400	1,923,190	2,091,590
Commercial and industrial	24,202	4,453	123,615	152,270	3,397,223	3,549,493
Construction	15,769	372	13,804	29,945	704,913	734,858
Mortgage	371,190	135,356	835,509	1,342,055	5,637,146	6,979,201
Leasing	7,209	1,598	3,419	12,226	630,916	643,142
Legacy[3]	3,119	400	4,046	7,565	53,479	61,044
Consumer:						
Credit cards	11,102	7,316	19,246	37,664	1,074,137	1,111,801
Home equity lines of credit	1,783	986	4,589	7,358	296,531	303,889
Personal	14,587	8,332	21,924	44,843	1,390,961	1,435,804
Auto	32,638	6,029	10,850	49,517	776,812	826,329
Other	1,337	282	19,230	20,849	162,431	183,280
Total	$ 559,451	$ 175,002	$ 1,314,406	$ 2,048,859	$ 20,458,878	$ 22,507,737

[1] Non-covered loans held-in-portfolio are net of $111 million in unearned income and exclude $125 million in loans held-for-sale.

[2] Includes $7.7 billion pledged to secure credit facilities and public funds that the secured parties are not permitted to sell or repledge the collateral, of which $4.7 billion were pledged at the FHLB as collateral for borrowings, $2.5 billion at the FRB for discount window borrowings and $0.5 billion serve as collateral for public funds.

[3] The legacy portfolio is comprised of commercial loans, construction loans and lease financings related to certain lending products exited by the Corporation as part of restructuring efforts carried out in prior years at the BPNA segment.

	December 31, 2015					
	Puerto Rico					
	Past due					Non-covered
	30-59	60-89	90 days	Total		loans HIP
(In thousands)	days	days	or more	past due	Current	Puerto Rico
Commercial multi-family	$ 459	$ 217	$ 1,316	$ 1,992	$ 130,154	$ 132,146
Commercial real estate non-owner occupied	166,732	12,520	84,982	264,234	2,404,858	2,669,092
Commercial real estate owner occupied	14,245	5,624	138,778	158,647	1,750,597	1,909,244
Commercial and industrial	6,010	6,059	38,464	50,533	2,607,204	2,657,737
Construction	238	253	13,738	14,229	86,719	100,948

Mortgage	344,858	162,341	863,869	1,371,068	4,756,423	6,127,491
Leasing	7,844	1,630	3,009	12,483	615,167	627,650
Consumer:						
Credit cards	11,078	9,414	19,098	39,590	1,088,755	1,128,345
Home equity lines of credit	186	292	394	872	9,816	10,688
Personal	13,756	7,889	22,625	44,270	1,158,565	1,202,835
Auto	33,554	7,500	11,640	52,694	763,256	815,950
Other	1,069	298	19,232	20,599	167,885	188,484
Total	$ 600,029	$ 214,037	$ 1,217,145	$ 2,031,211	$ 15,539,399	$ 17,570,610

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(In thousands)	December 31, 2015 U.S. mainland Past due 30-59 days	60-89 days	90 days or more	Total past due	Current	Loans HIP U.S. mainland
Commercial multi-family	$ 33	$ 253	$	$ 286	$ 693,647	$ 693,933
Commercial real estate non-owner occupied	160		253	413	962,610	963,023
Commercial real estate owner occupied	1,490	429	221	2,140	200,204	202,344
Commercial and industrial	13,647	1,526	75,575	90,748	780,896	871,644
Construction					580,158	580,158
Mortgage	18,957	3,424	13,538	35,919	872,671	908,590
Legacy	1,160	662	3,649	5,471	58,965	64,436
Consumer:						
Credit cards	327	134	437	898	13,037	13,935
Home equity lines of credit	3,149	1,114	4,176	8,439	296,045	304,484
Personal	1,836	690	1,240	3,766	168,860	172,626
Auto			6	6	22	28
Other		10	5	15	289	304
Total	$ 40,759	$ 8,242	$ 99,100	$ 148,101	$ 4,627,404	$ 4,775,505

(In thousands)	December 31, 2015 Popular, Inc. Past due 30-59 days	60-89 days	90 days or more	Total past due	Current	Non-covered loans HIP Popular, Inc.[1] [2]
Commercial multi-family	$ 492	$ 470	$ 1,316	$ 2,278	$ 823,801	$ 826,079
Commercial real estate non-owner occupied	166,892	12,520	85,235	264,647	3,367,468	3,632,115
Commercial real estate owner occupied	15,735	6,053	138,999	160,787	1,950,801	2,111,588
Commercial and industrial	19,657	7,585	114,039	141,281	3,388,100	3,529,381
Construction	238	253	13,738	14,229	666,877	681,106
Mortgage	363,815	165,765	877,407	1,406,987	5,629,094	7,036,081
Leasing	7,844	1,630	3,009	12,483	615,167	627,650
Legacy[3]	1,160	662	3,649	5,471	58,965	64,436
Consumer:						
Credit cards	11,405	9,548	19,535	40,488	1,101,792	1,142,280
Home equity lines of credit	3,335	1,406	4,570	9,311	305,861	315,172
Personal	15,592	8,579	23,865	48,036	1,327,425	1,375,461
Auto	33,554	7,500	11,646	52,700	763,278	815,978
Other	1,069	308	19,237	20,614	168,174	188,788
Total	$ 640,788	$ 222,279	$ 1,316,245	$ 2,179,312	$ 20,166,803	$ 22,346,115

[1] Non-covered loans held-in-portfolio are net of $108 million in unearned income and exclude $137 million in loans held-for-sale.

[2] Includes $7.3 billion pledged to secure credit facilities and public funds that the secured parties are not permitted to sell or repledge the collateral, of which $4.3 billion were pledged at the FHLB as collateral for borrowings, $2.5 billion at the FRB for discount window borrowings and $0.5 billion serve as collateral for public funds.

[3] The legacy portfolio is comprised of commercial loans, construction loans and lease financings related to certain lending products exited by the Corporation as part of restructuring efforts carried out in prior years at the BPNA segment.

The following tables present non-covered loans held-in-portfolio by loan class that are in non-performing status or are accruing interest but are past due 90 days or more at March 31, 2016 and 2015. Accruing loans past due 90 days or more consist primarily of credit cards, FHA / VA and other insured mortgage loans, and delinquent mortgage loans which are included in the Corporation s financial statements pursuant to GNMA s buy-back option program. Servicers of loans underlying GNMA mortgage-backed securities must report as their own assets the defaulted loans that they have the option (but not the obligation) to repurchase, even when they elect not to exercise that option.

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	At March 31, 2016					
	Puerto Rico		U.S. mainland		Popular, Inc.	
(In thousands)	Non-accrual loans	Accruing loans past-due 90 days or more [1]	Non-accrual loans	Accruing loans past-due 90 days or more [1]	Non-accrual loans	Accruing loans past-due 90 days or more [1]
Commercial multi-family	$ 1,178	$	$ 246	$	$ 1,424	$
Commercial real estate non-owner occupied	32,310		11,155		43,465	
Commercial real estate owner occupied	110,972		193		111,165	
Commercial and industrial	38,179	332	3,398		41,577	332
Construction	3,270		671		3,941	
Mortgage[3]	322,838	406,327	12,069		334,907	406,327
Leasing	3,419				3,419	
Legacy			4,046		4,046	
Consumer:						
Credit cards		18,864	382		382	18,864
Home equity lines of credit		280	4,309		4,309	280
Personal	20,023	46	1,429		21,452	46
Auto	10,844		6		10,850	
Other	18,579	588	10		18,589	588
Total[2]	$ 561,612	$ 426,437	$ 37,914	$	$ 599,526	$ 426,437

[1] Non-covered loans of $288 million accounted for under ASC Subtopic 310-30 are excluded from the above table as they are considered to be performing due to the application of the accretion method, in which these loans will accrete interest income over the remaining life of the loans using estimated cash flow analysis.

[2] For purposes of this table non-performing loans exclude $ 43 million in non-performing loans held-for-sale.

[3] It is the Corporation s policy to report delinquent residential mortgage loans insured by FHA or guaranteed by the VA as accruing loans past due 90 days or more as opposed to non-performing since the principal repayment is insured. These balances include $161 million of residential mortgage loans in Puerto Rico insured by FHA or guaranteed by the VA that are no longer accruing interest as of March 31, 2016. Furthermore, the Corporation has approximately $68 million in reverse mortgage loans in Puerto Rico which are guaranteed by FHA, but which are currently not accruing interest. Due to the guaranteed nature of the loans, it is the Corporation s policy to exclude these balances from non-performing assets.

	At December 31, 2015					
	Puerto Rico		U.S. mainland		Popular, Inc.	
(In thousands)	Non-accrual loans	Accruing loans past-due 90 days or more [1]	Non-accrual loans	Accruing loans past-due 90 days or more [1]	Non-accrual loans	Accruing loans past-due 90 days or more [1]

Commercial multi-family	$ 1,062	$	$	$	$ 1,062	$
Commercial real estate non-owner occupied	33,720		253		33,973	
Commercial real estate owner occupied	106,449		221		106,670	
Commercial and industrial	36,671	555	3,440		40,111	555
Construction	3,550				3,550	
Mortgage[3]	337,933	426,094	13,538		351,471	426,094
Leasing	3,009				3,009	
Legacy			3,649		3,649	
Consumer:						
Credit cards		19,098	437		437	19,098
Home equity lines of credit		394	4,176		4,176	394
Personal	22,102	523	1,240		23,342	523
Auto	11,640		6		11,646	
Other	18,698	61	5		18,703	61
Total[2]	$ 574,834	$ 446,725	$ 26,965	$	$ 601,799	$ 446,725

[1] Non-covered loans by $268 million accounted for under ASC Subtopic 310-30 are excluded from the above table as they are considered to be performing due to the application of the accretion method, in which these loans will accrete interest income over the remaining life of the loans using estimated cash flow analysis.

[2] For purposes of this table non-performing loans exclude $ 45 million in non-performing loans held-for-sale.

[3] It is the Corporation s policy to report delinquent residential mortgage loans insured by FHA or guaranteed by the VA as accruing loans past due 90 days or more as opposed to non-performing since the principal repayment is insured. These balances include $164 million of residential mortgage loans in Puerto Rico insured by FHA or guaranteed by the VA that are no longer accruing interest as of December 31, 2015. Furthermore, the Corporation has approximately $70 million in reverse mortgage loans in Puerto Rico which are guaranteed by FHA, but which are currently not accruing interest. Due to the guaranteed nature of the loans, it is the Corporation s policy to exclude these balances from non-performing assets.

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The following table provides a breakdown of loans held-for-sale (LHFS) at March 31, 2016 and December 31, 2015 by main categories.

(In thousands)	March 31, 2016	December 31, 2015
Commercial	$ 42,771	$ 45,074
Construction	2	95
Mortgage	82,542	91,831
Total loans held-for-sale	$ 125,315	$ 137,000

The following table provides a breakdown of loans held-for-sale (LHFS) in non-performing status at March 31, 2016 and December 31, 2015 by main categories.

(In thousands)	March 31, 2016	December 31, 2015
Commercial	$ 42,741	$ 45,074
Construction	2	95
Total	$ 42,743	$ 45,169

The following table presents loans acquired as part of the Doral Bank Transaction accounted for under ASC subtopic 310-20 as of the February 27, 2015 acquisition date:

(In thousands)	
Fair value of loans accounted under ASC Subtopic 310-20	$ 1,178,543
Gross contractual amounts receivable (principal and interest)	$ 1,666,695
Estimate of contractual cash flows not expected to be collected	$ 34,646

Covered loans

The following tables present the composition of loans by past due status at March 31, 2016 and December 31, 2015 for covered loans held-in-portfolio. The information considers covered loans accounted for under ASC Subtopic 310-20 and ASC Subtopic 310-30.

	March 31, 2016					
	Past due					
(In thousands)	30-59 days	60-89 days	90 days or more	Total past due	Current	Covered loans HIP [1]
Mortgage	$ 29,539	$ 15,953	$ 77,968	$ 123,460	$ 483,251	$ 606,711

Consumer	1,108	324	1,389	2,821	15,598	18,419
Total covered loans	$ 30,647	$ 16,277	$ 79,357	$ 126,281	$ 498,849	$ 625,130

[1] Includes $374 million pledged to secure credit facilities at the FHLB which are not permitted to sell or repledge the collateral.

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	December 31, 2015					
	Past due					
(In thousands)	30-59 days	60-89 days	90 days or more	Total past due	Current	Covered loans HIP [1]
Mortgage	$ 31,413	$ 16,593	$ 83,132	$ 131,138	$ 495,964	$ 627,102
Consumer	1,246	444	1,283	2,973	16,040	19,013
Total covered loans	$ 32,659	$ 17,037	$ 84,415	$ 134,111	$ 512,004	$ 646,115

[1] Includes $386 million pledged to secure credit facilities at the FHLB which are not permitted to sell or repledge the collateral.

The following table presents covered loans in non-performing status and accruing loans past-due 90 days or more by loan class at March 31, 2016 and December 31, 2015.

	March 31, 2016		December 31, 2015	
(In thousands)	Non-accrual loans	Accruing loans past due 90 days or more	Non-accrual loans	Accruing loans past due 90 days or more
Mortgage	$ 3,408	$	$ 3,790	$
Consumer	111		97	
Total[1]	$ 3,519	$	$ 3,887	$

[1] Covered loans accounted for under ASC Subtopic 310-30 are excluded from the above table as they are considered to be performing due to the application of the accretion method, in which these loans will accrete interest income over the remaining life of the loans using estimated cash flow analyses.

The Corporation accounts for lines of credit with revolving privileges under the accounting guidance of ASC Subtopic 310-20, which requires that any differences between the contractually required loans payment receivable in excess of the initial investment in the loans be accreted into interest income over the life of the loans, if the loan is accruing interest. Covered loans accounted for under ASC Subtopic 310-20 amounted to $10 million at March 31, 2016 (December 31, 2015 $10 million).

Loans acquired with deteriorated credit quality accounted for under ASC 310-30

The following provides information of loans acquired with evidence of credit deterioration as of the acquisition date, accounted for under the guidance of ASC 310-30.

Loans acquired from Westernbank as part of an FDIC-assisted transaction

The carrying amount of the Westernbank loans consisted of loans determined to be impaired at the time of acquisition, which are accounted for in accordance with ASC Subtopic 310-30 (credit impaired loans), and loans that were considered to be performing at the acquisition date, accounted for by analogy to ASC Subtopic 310-30 (non-credit impaired loans), as detailed in the following table.

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	March 31, 2016 [1]			December 31, 2015 [1]		
	Carrying amount			Carrying amount		
(In thousands)	Non-credit impaired loans	Credit impaired loans	Total	Non-credit impaired loans	Credit impaired loans	Total
Commercial real estate	$ 1,104,257	$ 30,090	$ 1,134,347	$ 1,114,368	$ 35,393	$ 1,149,761
Commercial and industrial	83,267	519	83,786	84,765	519	85,284
Construction	8,479	6,026	14,505	8,943	6,027	14,970
Mortgage	647,739	31,627	679,366	667,023	33,090	700,113
Consumer	22,198	1,239	23,437	23,047	1,326	24,373
Carrying amount	1,865,940	69,501	1,935,441	1,898,146	76,355	1,974,501
Allowance for loan losses	(58,703)	(4,264)	(62,967)	(59,753)	(3,810)	(63,563)
Carrying amount, net of allowance	$ 1,807,237	$ 65,237	$ 1,872,474	$ 1,838,393	$ 72,545	$ 1,910,938

[1] The carrying amount of loans acquired from Westernbank and accounted for under ASC 310-30 which remains subject to the loss sharing agreement with the FDIC amounted to approximately $615 million as of March 31, 2016 and $636 million as of December 31, 2015.

The outstanding principal balance of Westernbank loans accounted pursuant to ASC Subtopic 310-30, amounted to $2.4 billion at March 31, 2016 (December 31, 2015 $2.4 billion). At March 31, 2016, none of the acquired loans from the Westernbank FDIC-assisted transaction accounted for under ASC Subtopic 310-30 were considered non-performing loans. Therefore, interest income, through accretion of the difference between the carrying amount of the loans and the expected cash flows, was recognized on all acquired loans.

Changes in the carrying amount and the accretable yield for the Westernbank loans accounted pursuant to the ASC Subtopic 310-30, for the quarters ended March 31, 2016 and 2015, were as follows:

	Activity in the accretable yield Westernbank loans ASC 310-30 For the quarters ended					
	March 31, 2016			March 31, 2015		
(In thousands)	Non-credit impaired loans	Credit impaired loans	Total	Non-credit impaired loans	Credit impaired loans	Total
Beginning balance	$ 1,105,732	$ 6,726	$ 1,112,458	$ 1,265,752	$ 5,585	$ 1,271,337
Accretion	(42,000)	(1,533)	(43,533)	(53,776)	(1,921)	(55,697)
Change in expected cash flows	54,544	5,339	59,883	42,273	1,035	43,308
Ending balance	$ 1,118,276	$ 10,532	$ 1,128,808	$ 1,254,249	$ 4,699	$ 1,258,948

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Carrying amount of Westernbank loans accounted for pursuant to ASC 310-30

	For the quarters ended					
	March 31, 2016 [1]			March 31, 2015		
(In thousands)	Non-credit impaired loans	Credit impaired loans	Total	Non-credit impaired loans	Credit impaired loans	Total
Beginning balance	$ 1,898,146	$ 76,355	$ 1,974,501	$ 2,272,142	$ 172,030	$ 2,444,172
Accretion	42,000	1,533	43,533	53,776	1,921	55,697
Collections and charge-offs	(74,206)	(8,387)	(82,593)	(114,137)	(18,636)	(132,773)
Ending balance	$ 1,865,940	$ 69,501	$ 1,935,441	$ 2,211,781	$ 155,315	$ 2,367,096
Allowance for loan losses ASC 310-30 Westernbank loans	(58,703)	(4,264)	(62,967)	(49,750)	(18,636)	(68,386)
Ending balance, net of ALLL	$ 1,807,237	$ 65,237	$ 1,872,474	$ 2,162,031	$ 136,679	$ 2,298,710

[1] The carrying amount of loans acquired from Westernbank and accounted for under ASC 310-30 which remain subject to the loss sharing agreement with the FDIC amounted to approximately $ 615 million as of March 31, 2016.

Other loans acquired with deteriorated credit quality

The outstanding principal balance of other acquired loans accounted pursuant to ASC Subtopic 310-30, amounted to $713 million at March 31, 2016 (December 31, 2015 $710 million). At March 31, 2016, none of the other acquired loans accounted under ASC Subtopic 310-30 were considered non-performing loans. Therefore, interest income, through accretion of the difference between the carrying amount of the loans and the expected cash flows, was recognized on all acquired loans.

Changes in the carrying amount and the accretable yield for the other acquired loans accounted pursuant to the ASC Subtopic 310-30, for the quarters ended March 31, 2016 and 2015 were as follows:

Activity in the accretable yield - Other acquired loans ASC 310-30

	For the quarters ended	
(In thousands)	March 31, 2016	March 31, 2015
Beginning balance	$ 221,128	$ 116,304
Additions	4,340	50,662
Accretion	(8,555)	(3,223)
Change in expected cash flows	50,855	(5,319)
Ending balance	$ 267,768	$ 158,424

Carrying amount of other acquired loans accounted for pursuant to ASC 310-30

	For the quarters ended
(In thousands)	

	March 31, 2016	March 31, 2015
Beginning balance	$ 564,050	$ 212,763
Purchase accounting adjustments related to the Doral Bank Transaction (Refer to Note 5)	(4,707)	
Additions	10,051	157,091
Accretion	8,555	3,223
Collections and charge-offs	(15,226)	(9,980)
Ending balance	$ 562,723	$ 363,097
Allowance for loan losses ASC 310-30 non-covered loans	(15,258)	(16,092)
Ending balance, net of allowance for loan losses	$ 547,465	$ 347,005

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The following table presents loans acquired as part of the Doral Bank Transaction accounted for pursuant to ASC Subtopic 310-30 at the February 27, 2015 acquisition date.

(In thousands)	
Contractually-required principal and interest	$ 560,833
Non-accretable difference	112,153
Cash flows expected to be collected	448,680
Accretable yield	113,977
Fair value of loans accounted for under ASC Subtopic 310-30	$ 334,703

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Note 10 Allowance for loan losses

The Corporation follows a systematic methodology to establish and evaluate the adequacy of the allowance for loan losses to provide for inherent losses in the loan portfolio. This methodology includes the consideration of factors such as current economic conditions, portfolio risk characteristics, prior loss experience and results of periodic credit reviews of individual loans. The provision for loan losses charged to current operations is based on this methodology. Loan losses are charged and recoveries are credited to the allowance for loan losses.

The Corporation s assessment of the allowance for loan losses is determined in accordance with the guidance of loss contingencies in ASC Subtopic 450-20 and loan impairment guidance in ASC Section 310-10-35. Also, the Corporation determines the allowance for loan losses on purchased impaired loans and purchased loans accounted for under ASC Subtopic 310-30, by evaluating decreases in expected cash flows after the acquisition date.

The accounting guidance provides for the recognition of a loss allowance for groups of homogeneous loans. The determination for general reserves of the allowance for loan losses includes the following principal factors:

Base net loss rates, which are based on the moving average of annualized net loss rates computed over a 5-year historical loss period for the commercial and construction loan portfolios, and an 18-month period for the consumer and mortgage loan portfolios. The base net loss rates are applied by loan type and by legal entity.

Recent loss trend adjustment, which replaces the base loss rate with a 12-month average loss rate, when these trends are higher than the respective base loss rates. The objective of this adjustment is to allow for a more recent loss trend to be captured and reflected in the ALLL estimation process.

For the period ended March 31, 2016, 44% (March 31, 2015 59%) of the ALLL for non-covered BPPR segment loan portfolios utilized the recent loss trend adjustment instead of the base loss. The effect of replacing the base loss with the recent loss trend adjustment was mainly concentrated in the mortgage, commercial multi-family and commercial and industrial loan portfolios for 2016, and in the consumer and mortgage loan portfolios for 2015.

For the period ended March 31, 2016, 2% (March 31, 2015 13%) of the ALLL for BPNA segment loan portfolios utilized the recent loss trend adjustment instead of the base loss. The effect of replacing the base loss with the recent loss trend adjustment was concentrated in the consumer loan portfolio for 2016 and in the consumer loan portfolio for 2015.

Environmental factors, which include credit and macroeconomic indicators such as unemployment rate, economic activity index and delinquency rates, adopted to account for current market conditions that are likely to cause estimated credit losses to differ from historical losses. The Corporation reflects the effect of these environmental factors on each loan group as an adjustment that, as appropriate, increases the historical loss rate applied to each group. Environmental factors provide updated perspective on credit and economic conditions. Regression analysis is used to select these indicators and quantify the effect on the general reserve of the allowance for loan losses.

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The following tables present the changes in the allowance for loan losses, loan ending balances and whether such loans and the allowance pertain to loans individually or collectively evaluated for impairment for the quarters ended March 31, 2016 and 2015.

For the quarter ended March 31, 2016 Puerto Rico - Non-covered loans						
(In thousands)	Commercial	Construction	Mortgage	Leasing	Consumer	Total
Allowance for credit losses:						
Beginning balance	$ 186,925	$ 4,957	$ 128,327	$ 10,993	$ 138,721	$ 469,923
Provision (reversal of provision)	13,369	(409)	10,869	1,680	18,362	43,871
Charge-offs	(8,968)	(544)	(15,972)	(2,127)	(27,379)	(54,990)
Recoveries	6,264	233	1,276	489	6,081	14,343
Ending balance	$ 197,590	$ 4,237	$ 124,500	$ 11,035	$ 135,785	$ 473,147
Specific ALLL	$ 55,098	$ 172	$ 41,660	$ 608	$ 24,326	$ 121,864
General ALLL	$ 142,492	$ 4,065	$ 82,840	$ 10,427	$ 111,459	$ 351,283
Loans held-in-portfolio:						
Impaired non-covered loans	$ 338,980	$ 2,020	$ 471,183	$ 2,391	$ 109,920	$ 924,494
Non-covered loans held-in-portfolio excluding impaired loans	7,029,311	103,124	5,628,576	640,751	3,199,171	16,600,933
Total non-covered loans held-in-portfolio	$ 7,368,291	$ 105,144	$ 6,099,759	$ 643,142	$ 3,309,091	$ 17,525,427

For the quarter ended March 31, 2016 Puerto Rico - Covered loans						
(In thousands)	Commercial	Construction	Mortgage	Leasing	Consumer	Total
Allowance for credit losses:						
Beginning balance	$	$	$ 33,967	$	$ 209	$ 34,176
Provision (reversal of provision)			(3,149)		44	(3,105)
Charge-offs			(1,221)		(33)	(1,254)
Recoveries			225		3	228
Ending balance	$	$	$ 29,822	$	$ 223	$ 30,045
Specific ALLL	$	$	$	$	$	$
General ALLL	$	$	$ 29,822	$	$ 223	$ 30,045

Loans held-in-portfolio:						
Impaired covered loans	$	$	$	$	$	$
Covered loans held-in-portfolio excluding impaired loans			606,711		18,419	625,130
Total covered loans held-in-portfolio	$	$	$ 606,711	$	$ 18,419	$ 625,130

For the quarter ended March 31, 2016

U.S. Mainland

(In thousands)	Commercial	Construction	Mortgage	Legacy	Consumer	Total
Allowance for credit losses:						
Beginning balance	$ 9,908	$ 3,912	$ 4,985	$ 2,687	$ 11,520	$ 33,012
Provision (reversal of provision)	(116)	827	344	(450)	3,464	4,069
Charge-offs	(495)		(441)	(109)	(2,648)	(3,693)
Recoveries	290		211	356	1,035	1,892
Ending balance	$ 9,587	$ 4,739	$ 5,099	$ 2,484	$ 13,371	$ 35,280
Specific ALLL	$	$	$ 1,592	$	$ 581	$ 2,173
General ALLL	$ 9,587	$ 4,739	$ 3,507	$ 2,484	$ 12,790	$ 33,107
Loans held-in-portfolio:						
Impaired loans	$	$	$ 7,909	$	$ 2,247	$ 10,156
Loans held-in-portfolio excluding impaired loans	2,860,098	629,714	871,533	61,044	549,765	4,972,154
Total loans held-in-portfolio	$ 2,860,098	$ 629,714	$ 879,442	$ 61,044	$ 552,012	$ 4,982,310

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For the quarter ended March 31, 2016							
	Popular, Inc.						
(In thousands)	Commercial	Construction	Mortgage	Legacy	Leasing	Consumer	Total
Allowance for credit losses:							
Beginning balance	$ 196,833	$ 8,869	$ 167,279	$ 2,687	$ 10,993	$ 150,450	$ 537,111
Provision (reversal of provision)	13,253	418	8,064	(450)	1,680	21,870	44,835
Charge-offs	(9,463)	(544)	(17,634)	(109)	(2,127)	(30,060)	(59,937)
Recoveries	6,554	233	1,712	356	489	7,119	16,463
Ending balance	$ 207,177	$ 8,976	$ 159,421	$ 2,484	$ 11,035	$ 149,379	$ 538,472
Specific ALLL	$ 55,098	$ 172	$ 43,252	$	$ 608	$ 24,907	$ 124,037
General ALLL	$ 152,079	$ 8,804	$ 116,169	$ 2,484	$ 10,427	$ 124,472	$ 414,435
Loans held-in-portfolio:							
Impaired loans	$ 338,980	$ 2,020	$ 479,092	$	$ 2,391	$ 112,167	$ 934,650
Loans held-in-portfolio excluding impaired loans	9,889,409	732,838	7,106,820	61,044	640,751	3,767,355	22,198,217
Total loans held-in-portfolio	$ 10,228,389	$ 734,858	$ 7,585,912	$ 61,044	$ 643,142	$ 3,879,522	$ 23,132,867

For the quarter ended March 31, 2015						
	Puerto Rico - Non-covered loans					
(In thousands)	Commercial	Construction	Mortgage	Leasing	Consumer	Total
Allowance for credit losses:						
Beginning balance	$ 201,589	$ 5,483	$ 120,860	$ 7,131	$ 154,072	$ 489,135
Provision (reversal of provision)	(1,321)	(6,813)	16,192	846	23,009	31,913
Charge-offs	(9,572)		(10,973)	(1,237)	(29,699)	(51,481)
Recoveries	4,770	2,925	500	468	6,046	14,709
Ending balance	$ 195,466	$ 1,595	$ 126,579	$ 7,208	$ 153,428	$ 484,276
Specific ALLL	$ 69,946	$ 158	$ 42,229	$ 687	$ 25,223	$ 138,243
General ALLL	$ 125,520	$ 1,437	$ 84,350	$ 6,521	$ 128,205	$ 346,033
Loans held-in-portfolio:						
Impaired non-covered loans	$ 417,377	$ 9,838	$ 445,506	$ 2,924	$ 114,416	$ 990,061

Non-covered loans held-in-portfolio excluding impaired loans	5,984,132	88,868	5,725,741	578,195	3,237,790	15,614,726
Total non-covered loans held-in-portfolio	$ 6,401,509	$ 98,706	$ 6,171,247	$ 581,119	$ 3,352,206	$ 16,604,787

	For the quarter ended March 31, 2015 Puerto Rico - Covered Loans					
(In thousands)	Commercial	Construction	Mortgage	Leasing	Consumer	Total
Allowance for credit losses:						
Beginning balance	$ 30,871	$ 7,202	$ 40,948	$	$ 3,052	$ 82,073
Provision (reversal of provision)	1,995	6,276	2,802		(749)	10,324
Charge-offs	(14,239)	(9,046)	(3,386)			(26,671)
Recoveries	2,640	3,275	105		727	6,747
Ending balance	$ 21,267	$ 7,707	$ 40,469	$	$ 3,030	$ 72,473
Specific ALLL	$ 1,473	$	$	$	$	$ 1,473
General ALLL	$ 19,794	$ 7,707	$ 40,469	$	$ 3,030	$ 71,000
Loans held-in-portfolio:						
Impaired covered loans	$ 8,394	$ 2,336	$	$	$	$ 10,730
Covered loans held-in-portfolio excluding impaired loans	1,562,753	55,489	795,477		32,103	2,445,822
Total covered loans held-in-portfolio	$ 1,571,147	$ 57,825	$ 795,477	$	$ 32,103	$ 2,456,552

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For the quarter ended March 31, 2015 U.S. Mainland - Continuing Operations						
(In thousands)	Commercial	Construction	Mortgage	Legacy	Consumer	Total
Allowance for credit losses:						
Beginning balance	$ 9,648	$ 1,187	$ 2,462	$ 2,944	$ 14,343	$ 30,584
Provision (reversal of provision)	299	662	(6,127)	(1,810)	4,774	(2,202)
Charge-offs	(450)		(221)	(474)	(2,518)	(3,663)
Recoveries	929		67	2,302	1,251	4,549
Net recoveries (write-down)			6,081		(3,401)	2,680
Ending balance	$ 10,426	$ 1,849	$ 2,262	$ 2,962	$ 14,449	$ 31,948
Specific ALLL	$	$	$ 341	$	$ 381	$ 722
General ALLL	$ 10,426	$ 1,849	$ 1,921	$ 2,962	$ 14,068	$ 31,226
Loans held-in-portfolio:						
Impaired loans	$	$	$ 5,106	$	$ 2,048	$ 7,154
Loans held-in-portfolio excluding impaired loans	2,252,052	592,022	1,012,874	77,675	466,366	4,400,989
Total loans held-in-portfolio	$ 2,252,052	$ 592,022	$ 1,017,980	$ 77,675	$ 468,414	$ 4,408,143

For the quarter ended March 31, 2015 Popular, Inc.							
(In thousands)	Commercial	Construction	Mortgage	Legacy	Leasing	Consumer	Total
Allowance for credit losses:							
Beginning balance	$ 242,108	$ 13,872	$ 164,270	$ 2,944	$ 7,131	$ 171,467	$ 601,792
Provision (reversal of provision)	973	125	12,867	(1,810)	846	27,034	40,035
Charge-offs	(24,261)	(9,046)	(14,580)	(474)	(1,237)	(32,217)	(81,815)
Recoveries	8,339	6,200	672	2,302	468	8,024	26,005
Net recoveries (write-down)			6,081			(3,401)	2,680
Ending balance	$ 227,159	$ 11,151	$ 169,310	$ 2,962	$ 7,208	$ 170,907	$ 588,697
Specific ALLL	$ 71,419	$ 158	$ 42,570	$	$ 687	$ 25,604	$ 140,438
General ALLL	$ 155,740	$ 10,993	$ 126,740	$ 2,962	$ 6,521	$ 145,303	$ 448,259
Loans held-in-portfolio:							
Impaired loans	$ 425,771	$ 12,174	$ 450,612	$	$ 2,924	$ 116,464	$ 1,007,945
	9,798,937	736,379	7,534,092	77,675	578,195	3,736,259	22,461,537

Loans held-in-portfolio excluding impaired loans							
Total loans held-in-portfolio	$ 10,224,708	$ 748,553	$ 7,984,704	$ 77,675	$ 581,119	$ 3,852,723	$ 23,469,482

The following table provides the activity in the allowance for loan losses related to Westernbank loans accounted for pursuant to ASC Subtopic 310-30.

	ASC 310-30 Westernbank loans For the quarters ended	
(In thousands)	March 31, 2016	March 31, 2015
Balance at beginning of period	$ 63,563	$ 78,846
Provision for loan losses	1,791	8,601
Net charge-offs	(2,387)	(19,061)
Balance at end of period	$ 62,967	$ 68,386

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Impaired loans

The following tables present loans individually evaluated for impairment at March 31, 2016 and December 31, 2015.

March 31, 2016 Puerto Rico								
	Impaired Loans With an Allowance			Impaired Loans With No Allowance		Impaired Loans - Total		
(In thousands)	Recorded investment	Unpaid principal balance	Related allowance	Recorded investment	Unpaid principal balance	Recorded investment	Unpaid principal balance	Related allowance
Commercial real estate non-owner occupied	$ 107,706	$ 112,100	$ 37,638	$ 13,636	$ 23,754	$ 121,342	$ 135,854	$ 37,638
Commercial real estate owner occupied	120,121	139,841	10,888	38,763	63,165	158,884	203,006	10,888
Commercial and industrial	39,347	40,849	6,572	19,407	21,525	58,754	62,374	6,572
Construction	2,020	5,472	172			2,020	5,472	172
Mortgage	418,321	460,813	41,660	52,862	62,090	471,183	522,903	41,660
Leasing	2,391	2,391	608			2,391	2,391	608
Consumer:								
Credit cards	37,778	37,778	5,963			37,778	37,778	5,963
Personal	67,834	67,834	17,517			67,834	67,834	17,517
Auto	3,863	3,863	771			3,863	3,863	771
Other	445	445	75			445	445	75
Total Puerto Rico	$ 799,826	$ 871,386	$ 121,864	$ 124,668	$ 170,534	$ 924,494	$ 1,041,920	$ 121,864

March 31, 2016 U.S. mainland								
	Impaired Loans With an Allowance			Impaired Loans With No Allowance		Impaired Loans - Total		
(In thousands)	Recorded investment	Unpaid principal balance	Related allowance	Recorded investment	Unpaid principal balance	Recorded investment	Unpaid principal balance	Related allowance
Mortgage	$ 4,774	$ 5,487	$ 1,592	$ 3,135	$ 3,903	$ 7,909	$ 9,390	$ 1,592
Consumer:								
HELOCs	921	921	352	715	715	1,636	1,636	352
Personal	530	530	229	81	81	611	611	229

Total U.S. mainland	$ 6,225	$ 6,938	$ 2,173	$ 3,931	$ 4,699	$ 10,156	$ 11,637	$ 2,173

March 31, 2016
Popular, Inc.

	Impaired Loans With an Allowance			Impaired Loans With No Allowance		Impaired Loans - Total		
(In thousands)	Recorded investment	Unpaid principal balance	Related allowance	Recorded investment	Unpaid principal balance	Recorded investment	Unpaid principal balance	Related allowance
Commercial real estate non-owner occupied	$ 107,706	$ 112,100	$ 37,638	$ 13,636	$ 23,754	$ 121,342	$ 135,854	$ 37,638
Commercial real estate owner occupied	120,121	139,841	10,888	38,763	63,165	158,884	203,006	10,888
Commercial and industrial	39,347	40,849	6,572	19,407	21,525	58,754	62,374	6,572
Construction	2,020	5,472	172			2,020	5,472	172
Mortgage	423,095	466,300	43,252	55,997	65,993	479,092	532,293	43,252
Leasing	2,391	2,391	608			2,391	2,391	608
Consumer:								
Credit Cards	37,778	37,778	5,963			37,778	37,778	5,963
HELOCs	921	921	352	715	715	1,636	1,636	352
Personal	68,364	68,364	17,746	81	81	68,445	68,445	17,746
Auto	3,863	3,863	771			3,863	3,863	771
Other	445	445	75			445	445	75
Total Popular, Inc.	$ 806,051	$ 878,324	$ 124,037	$ 128,599	$ 175,233	$ 934,650	$ 1,053,557	$ 124,037

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	December 31, 2015 Puerto Rico							
	Impaired Loans With an Allowance			Impaired Loans With No Allowance		Impaired Loans - Total		
(In thousands)	Recorded investment	Unpaid principal balance	Related allowance	Recorded investment	Unpaid principal balance	Recorded investment	Unpaid principal balance	Related allowance
Commercial real estate non-owner occupied	$ 102,199	$ 106,466	$ 30,980	$ 13,779	$ 23,896	$ 115,978	$ 130,362	$ 30,980
Commercial real estate owner occupied	118,253	137,193	12,564	38,955	63,383	157,208	200,576	12,564
Commercial and industrial	42,043	43,629	5,699	21,904	32,922	63,947	76,551	5,699
Construction	2,481	7,878	264			2,481	7,878	264
Mortgage	424,885	468,240	42,965	40,232	45,881	465,117	514,121	42,965
Leasing	2,404	2,404	573			2,404	2,404	573
Consumer:								
Credit cards	38,734	38,734	6,675			38,734	38,734	6,675
Personal	68,509	68,509	16,365			68,509	68,509	16,365
Auto	1,893	1,893	338			1,893	1,893	338
Other	524	525	100			524	525	100
Total Puerto Rico	$ 801,925	$ 875,471	$ 116,523	$ 114,870	$ 166,082	$ 916,795	$ 1,041,553	$ 116,523

	December 31, 2015 U.S. mainland							
	Impaired Loans With an Allowance			Impaired Loans With No Allowance		Impaired Loans - Total		
(In thousands)	Recorded investment	Unpaid principal balance	Related allowance	Recorded investment	Unpaid principal balance	Recorded investment	Unpaid principal balance	Related allowance
Mortgage	$ 4,143	$ 5,018	$ 1,064	$ 2,672	$ 3,574	$ 6,815	$ 8,592	$ 1,064
Consumer:								
HELOCs	778	796	259	783	783	1,561	1,579	259
Personal	534	534	226	81	81	615	615	226
Total U.S. mainland	$ 5,455	$ 6,348	$ 1,549	$ 3,536	$ 4,438	$ 8,991	$ 10,786	$ 1,549

December 31, 2015

Popular, Inc.

(In thousands)	Impaired Loans With an Allowance Recorded investment	Unpaid principal balance	Related allowance	Impaired Loans With No Allowance Recorded investment	Unpaid principal balance	Impaired Loans - Total Recorded investment	Unpaid principal balance	Related allowance
Commercial real estate non-owner occupied	$ 102,199	$ 106,466	$ 30,980	$ 13,779	$ 23,896	$ 115,978	$ 130,362	$ 30,980
Commercial real estate owner occupied	118,253	137,193	12,564	38,955	63,383	157,208	200,576	12,564
Commercial and industrial	42,043	43,629	5,699	21,904	32,922	63,947	76,551	5,699
Construction	2,481	7,878	264			2,481	7,878	264
Mortgage	429,028	473,258	44,029	42,904	49,455	471,932	522,713	44,029
Leasing	2,404	2,404	573			2,404	2,404	573
Consumer:								
Credit Cards	38,734	38,734	6,675			38,734	38,734	6,675
HELOCs	778	796	259	783	783	1,561	1,579	259
Personal	69,043	69,043	16,591	81	81	69,124	69,124	16,591
Auto	1,893	1,893	338			1,893	1,893	338
Other	524	525	100			524	525	100
Total Popular, Inc.	$ 807,380	$ 881,819	$ 118,072	$ 118,406	$ 170,520	$ 925,786	$ 1,052,339	$ 118,072

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The following tables present the average recorded investment and interest income recognized on impaired loans for the quarters ended March 31, 2016 and 2015.

For the quarter ended March 31, 2016						
	Puerto Rico		U.S. Mainland		Popular, Inc.	
(In thousands)	Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized
Commercial real estate non-owner occupied	$ 118,660	$ 1,159	$	$	$ 118,660	$ 1,159
Commercial real estate owner occupied	158,046	1,393			158,046	1,393
Commercial and industrial	61,351	516			61,351	516
Construction	2,251	21			2,251	21
Mortgage	468,150	3,387	7,362		475,512	3,387
Leasing	2,398				2,398	
Consumer:						
Credit cards	38,256				38,256	
Helocs			1,599		1,599	
Personal	68,172		613		68,785	
Auto	2,878				2,878	
Other	485				485	
Total Popular, Inc.	$ 920,647	$ 6,476	$ 9,574	$	$ 930,221	$ 6,476

For the quarter ended March 31, 2015						
	Puerto Rico		U.S. Mainland		Popular, Inc.	
(In thousands)	Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized
Commercial multi-family	$ 276	$	$	$	$ 276	$
Commercial real estate non-owner occupied	88,773	1,140			88,773	1,140
Commercial real estate owner occupied	127,969	2,166			127,969	2,166
Commercial and industrial	170,127	4,432	125		170,252	4,432
Construction	11,553				11,553	
Mortgage	438,538	4,453	4,681	13	443,219	4,466
Leasing	2,974				2,974	
Consumer:						
Credit cards	41,337				41,337	
Helocs			1,762		1,762	
Personal	71,241		206		71,447	
Auto	1,984				1,984	
Other	526		44		570	
Covered loans	8,818	35			8,818	35

Total Popular, Inc.	$ 964,116	$ 12,226	$ 6,818	$ 13	$ 970,934	$ 12,239

Modifications

Troubled debt restructurings related to non-covered loan portfolios amounted to $ 1.2 billion at March 31, 2016 (December 31, 2015 $ 1.2 billion). The amount of outstanding commitments to lend additional funds to debtors owing receivables whose terms have been modified in troubled debt restructurings amounted $9 million related to the commercial loan portfolio at March 31, 2016 (December 31, 2015 $11 million).

A modification of a loan constitutes a troubled debt restructuring (TDR) when a borrower is experiencing financial difficulty and the modification constitutes a concession. For a summary of the accounting policy related to TDRs, refer to the summary of significant accounting policies included in Note 2 of the 2015 Form 10-K.

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The following tables present the non-covered and covered loans classified as TDRs according to their accruing status at March 31, 2016 and December 31, 2015.

Popular, Inc.
Non-Covered Loans

	March 31, 2016				December 31, 2015			
(In thousands)	Accruing	Non-Accruing	Total	Related Allowance	Accruing	Non-Accruing	Total	Related Allowance
Commercial	$ 170,534	$ 87,841	$ 258,375	$ 47,571	$ 166,415	$ 88,117	$ 254,532	$ 37,355
Construction	194	1,826	2,020	172	221	2,259	2,480	264
Mortgage	679,719	120,694	800,413	43,252	644,013	130,483	774,496	44,029
Leases	1,749	642	2,391	608	1,791	609	2,400	573
Consumer	104,133	12,576	116,709	24,907	104,630	12,805	117,435	23,963
Total	$ 956,329	$ 223,579	$ 1,179,908	$ 116,510	$ 917,070	$ 234,273	$ 1,151,343	$ 106,184

Popular, Inc.
Covered Loans

	March 31, 2016				December 31, 2015			
(In thousands)	Accruing	Non-Accruing	Total	Related Allowance	Accruing	Non-Accruing	Total	Related Allowance
Mortgage	$ 2,958	$ 2,500	$ 5,458	$	$ 3,328	$ 3,268	$ 6,596	$
Total	$ 2,958	$ 2,500	$ 5,458	$	$ 3,328	$ 3,268	$ 6,596	$

The following tables present the loan count by type of modification for those loans modified in a TDR during the quarters ended March 31, 2016 and 2015.

Puerto Rico
For the quarter ended March 31, 2016

	Reduction in interest rate	Extension of maturity date	Combination of reduction in interest rate and extension of maturity date	Other
Commercial real estate non-owner occupied	1	1		
Commercial real estate owner occupied	16	1		
Commercial and industrial	6			
Mortgage	20	10	112	54
Consumer:				

Credit cards	175			174
Personal	261	5		
Auto		2	2	
Other	10			
Total	489	19	114	228

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U.S. mainland
For the quarter ended March 31, 2016

	Reduction in interest rate	Extension of maturity date	Combination of reduction in interest rate and extension of maturity date	Other
Mortgage			11	1
Consumer:				
HELOCs			1	
Total			12	1

Popular, Inc.
For the quarter ended March 31, 2016

	Reduction in interest rate	Extension of maturity date	Combination of reduction in interest rate and extension of maturity date	Other
Commercial real estate non-owner occupied	1	1		
Commercial real estate owner occupied	16	1		
Commercial and industrial	6			
Mortgage	20	10	123	55
Leasing				
Consumer:				
Credit cards	175			174
HELOCs			1	
Personal	261	5		
Auto		2	2	
Other	10			
Total	489	19	126	229

Puerto Rico
For the quarter ended March 31, 2015

	Reduction in interest rate	Extension of maturity date	Combination of reduction in interest rate and	Other

			extension of maturity date	
Commercial multi-family		2		
Commercial real estate non-owner occupied	2	1		
Commercial real estate owner occupied	2	3		
Commercial and industrial	5	5		
Construction	1			
Mortgage	13	19	98	15
Leasing		1	12	
Consumer:				
Credit cards	228			187
Personal	228	14		
Auto		2	2	
Other	11			
Total	490	47	112	202

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U.S. mainland
For the quarter ended March 31, 2015

	Reduction in interest rate	Extension of maturity date	Combination of reduction in interest rate and extension of maturity date	Other
Mortgage		1	8	
Consumer:				
HELOCs				1
Total		1	8	1

Popular, Inc.
For the quarter ended March 31, 2015

	Reduction in interest rate	Extension of maturity date	Combination of reduction in interest rate and extension of maturity date	Other
Commercial multi-family		2		
Commercial real estate non-owner occupied	2	1		
Commercial real estate owner occupied	2	3		
Commercial and industrial	5	5		
Construction	1			
Mortgage	13	20	106	15
Leasing		1	12	
Consumer:				
Credit cards	228			187
HELOCs				1
Personal	228	14		
Auto		2	2	
Other	11			
Total	490	48	120	203

The following tables present by class, quantitative information related to loans modified as TDRs during the quarters ended March 31, 2016 and 2015.

Puerto Rico

	For the quarter ended March 31, 2016			
(Dollars in thousands)	Loan count	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment	Increase (decrease) in the allowance for loan losses as a result of modification
Commercial real estate non-owner occupied	2	$ 6,323	$ 6,307	$ 4,163
Commercial real estate owner occupied	17	3,095	3,149	136
Commercial and industrial	6	2,529	2,527	5
Mortgage	196	24,405	23,244	1,806
Consumer:				
Credit cards	349	3,256	3,665	576
Personal	266	4,413	4,411	887
Auto	4	72	76	12
Other	10	23	24	4
Total	850	$ 44,116	$ 43,403	$ 7,589

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U.S. Mainland
For the quarter ended March 31, 2016

(Dollars in thousands)	Loan count	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment	Increase (decrease) in the allowance for loan losses as a result of modification
Mortgage	12	$ 1,167	$ 1,230	$ 423
Consumer:				
HELOCs	1	147	147	77
Total	13	$ 1,314	$ 1,377	$ 500

Popular, Inc.
For the quarter ended March 31, 2016

(Dollars in thousands)	Loan count	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment	Increase (decrease) in the allowance for loan losses as a result of modification
Commercial real estate non-owner occupied	2	$ 6,323	$ 6,307	$ 4,163
Commercial real estate owner occupied	17	3,095	3,149	136
Commercial and industrial	6	2,529	2,527	5
Mortgage	208	25,572	24,474	2,229
Consumer:				
Credit cards	349	3,256	3,665	576
HELOCs	1	147	147	77
Personal	266	4,413	4,411	887
Auto	4	72	76	12
Other	10	23	24	4
Total	863	$ 45,430	$ 44,780	$ 8,089

Puerto Rico
For the quarter ended March 31, 2015

(Dollars in thousands)	Loan count	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment	Increase (decrease) in the allowance for loan losses as a result of

				modification
Commercial multi-family	2	$ 551	$ 551	$ 2
Commercial real estate non-owner occupied	3	18,000	17,998	2,986
Commercial real estate owner occupied	5	4,759	4,552	171
Commercial and industrial	10	5,534	5,889	224
Construction	1	268	259	(166)
Mortgage	145	15,902	16,766	1,339
Leasing	13	323	325	73
Consumer:				
Credit cards	415	3,617	4,066	629
Personal	242	4,502	4,500	967
Auto	4		51	8
Other	11	29	29	5
Total	851	$ 53,485	$ 54,986	$ 6,238

U.S. Mainland
For the quarter ended March 31, 2015

(Dollars in thousands)	Loan count	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment	Increase (decrease) in the allowance for loan losses as a result of modification
Mortgage	9	$ 468	$ 1,465	$ 82
Consumer:				
HELOCs	1		92	9
Total	10	$ 468	$ 1,557	$ 91

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Popular, Inc.
For the quarter ended March 31, 2015

(Dollars in thousands)	Loan count	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment	Increase (decrease) in the allowance for loan losses as a result of modification
Commercial multi-family	2	$ 551	$ 551	$ 2
Commercial real estate non-owner occupied	3	18,000	17,998	2,986
Commercial real estate owner occupied	5	4,759	4,552	171
Commercial and industrial	10	5,534	5,889	224
Construction	1	268	259	(166)
Mortgage	154	16,370	18,231	1,421
Leasing	13	323	325	73
Consumer:				
Credit cards	415	3,617	4,066	629
HELOCs	1		92	9
Personal	242	4,502	4,500	967
Auto	4		51	8
Other	11	29	29	5
Total	861	$ 53,953	$ 56,543	$ 6,329

The following tables present by class, TDRs that were subject to payment default and that had been modified as a TDR during the twelve months preceding the default date. Payment default is defined as a restructured loan becoming 90 days past due after being modified, foreclosed or charged-off, whichever occurs first. The recorded investment at March 31, 2016 is inclusive of all partial paydowns and charge-offs since the modification date. Loans modified as a TDR that were fully paid down, charged-off or foreclosed upon by period end are not reported.

Puerto Rico
Defaulted during the quarter ended March 31, 2016

(Dollars in thousands)	Loan count	Recorded investment as of first default date
Commercial real estate non-owner occupied	2	$ 327
Commercial real estate owner occupied	6	2,456
Mortgage	27	3,235
Consumer:		
Credit cards	106	1,122
Personal	43	1,139
Auto	1	17
Other	1	4
Total [1]	186	$ 8,300

[1] Excludes loans for which the Corporation has entered into liquidation agreements with borrowers and guarantors and is accepting payments which differ from the contractual payment schedule. The Corporation considers these as defaulted loans and does not intent to return them to accrual status.

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During the quarter ended March 31, 2016, there were no U.S. mainland TDRs that were subject to payment default and that had been modified as a TDR during the twelve months preceding the default date.

Popular, Inc.
Defaulted during the quarter ended March 31, 2016

(Dollars In thousands)	Loan count	Recorded investment as of first default date
Commercial real estate non-owner occupied	2	$ 327
Commercial real estate owner occupied	6	2,456
Mortgage	27	3,235
Consumer:		
Credit cards	106	1,122
Personal	43	1,139
Auto	1	17
Other	1	4
Total	186	$ 8,300

Puerto Rico
Defaulted during the quarter ended March 31, 2015

(Dollars In thousands)	Loan count	Recorded investment as of first default date
Commercial real estate owner occupied	1	$ 291
Commercial and industrial	1	90
Construction	2	1,192
Mortgage	22	1,695
Consumer:		
Credit cards	153	1,792
Personal	22	178
Auto	5	96
Other	2	2
Total [1]	208	$ 5,336

[1] Exclude loans for which the Corporation has entered into liquidation agreements with borrowers and guarantors and is accepting payments which differ from the contractual payment schedule. The Corporation considers these as defaulted loans and does not intent to return them to accrual status.

During the quarter ended March 31, 2015, there were no U.S. mainland TDRs that were subject to payment default and that had been modified as a TDR during the twelve months