M&T Bank

April 14, 2006

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

ATTN: Docket OP-1248
REF: Concentrations in Commercial Real Estate Lending,
Sound Risk Management Practices

Ladies and Gentlemen:

M&T Bank (M&T) appreciates the opportunity to comment on the proposed guidance on sound risk management practices for concentrations in commercial real estate lending ("Proposed Guidance") issued by the Agencies on January 10, 2006.

In general, M&T acknowledges that the majority of the Proposed Guidance restates and reemphasizes the Interagency Guidelines for Real Estate Lending Polices issued in 1993. As such, we take no issue with the risk management content of the Proposed Guidance, although we question the necessity to reissue such material at this time. M&T would suggest that the applicable regulatory agencies are presently empowered to highlight weaknesses at individual institutions based on their current capital and risk management practices. Nonetheless, we offer the following comments, focused in three general areas: CRE Definition and Concentration Identification, Portfolio Risk Management, and Capital Adequacy.

I. CRE Definition and Concentration Identification:

M&T Bank is encouraged that under the Proposed Guidance, the Agencies are making strides in establishing more consistent definitions around CRE. Uniformity of CRE classification amongst various institutions will help us better understand our portfolio in comparison to our peers and will enable the Agencies to evaluate various institutions in a more consistent fashion. It is valuable to consider unsecured lending to borrowers closely linked to the CRE industry when evaluating portfolio characteristics. In addition, we agree that owner occupied real estate loans exhibit very different risk profiles compared to investment real estate. There may, however, be room for additional clarity around various industry subsets, which could be treated differently by institutions (i.e. whether hotels, or assisted living facilities would be considered owner occupied versus investors).

II. Portfolio Risk Management:

In general, we agree that an institution's MIS system and procedures should enable it to capture relevant data about its CRE exposure at an appropriate level. We are, however, concerned that capturing every data element referenced in the guidance would create an unreasonable burden for many institutions (i.e. tenant concentrations or tenant industries). M&T believes that it should be incumbent upon a particular institution to demonstrate levels of portfolio analysis and sensitization approaches commensurate with its size, risk level, approval process, and credit culture.

III. Capital Adequacy:

M&T would offer that appropriate capital levels are dictated by many factors related to a banks lending and other risk based activities. We are pursuing a diligent course of migration to Basel II standards as part of continued enhancement in our risk management and capital adequacy practices. We are concerned that overemphasis by the Agencies on one particular industry, (CRE), may distract us and others from the more important holistic approach. CRE concentration in and of itself, should not be a "de facto" cause for increased capital levels, but should be considered by an institution among many factors.

M&T again wishes to express its appreciation for the opportunity to comment on the Proposed Guidance. We would be pleased to provide further assistance, if desired in the future.

Sincerely,

Louis P. Mathews Jr.
Senior Vice President
Deputy Credit Officer,
Commercial Real Estate
M&T Bank