M&T Bank Corporation

One M&T Plaza, Buffalo, NY 14203

July 29, 2019

Shayne Kuhaneck
Acting Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856

Re: Financial Instruments — Credit Losses

Dear Mr. Kuhaneck:

M&T Bank Corporation ("M&T") appreciates the opportunity to comment on the Proposed Accounting Standards Update, "Codification Improvements to Topic 326, Financial Instruments — Credit Losses." M&T is a bank holding company headquartered in Buffalo, New York that operates 750 domestic banking offices in New York, Maryland, New Jersey, Pennsylvania, Delaware, Connecticut, Virginia, West Virginia and the District of Columbia. M&T, with $121 billion of assets and $92 billion of deposits, offers a broad range of financial services to a diverse base of consumers, businesses, professional clients, government entities and other financial institutions.

We are supportive of the Board's attempt to provide clarity and reduce complexity of the current expected credit losses (CECL) guidance. We are supportive of the proposed (1) transition relief for trouble debt restructurings, (2) disclosure relief for accrued interest receivable, and (3) clarifying amendments to the collateral maintenance provisions practical expedient. The Board also has tentatively concluded that an entity should include expected recoveries of the amortized cost basis previously written off or expected to be written off in the valuation account for PCD assets.

M&T Bank does not believe a distinction should be made between PCD assets and non PCD assets for purposes of considering how recoveries should be accounted for. However, M&T Bank believes that a distinction should be made between how expected recoveries should be considered within (1) the recognition of amounts expected to be collected on financial assets in which a write off has not been taken and (2) the realization of amounts expected to be collected on financial assets in which a write off has been taken.

When determining the allowance for credit losses for financial assets in which a write-off has not been taken, the impact of expected recoveries would be embedded in the method (loss given

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default rates, net charge-off/loss rates, fair value of collateral, discounted cash flows, etc.) used in the calculation.

When determining the allowance for credit losses for financial assets in which a write-off is imminent or has been taken, the calculation method for determining the amount of the write-off would provide for a remaining amortized cost balance equal to the net amount expected to be collected. When regulatory or other guidance requires a write off in an amount greater than what the entity expects not to collect at the date of the write off, expected recoveries should be required to be considered to achieve a result equal to the net amount expected to be collected.

We believe that recognizing expected recoveries beyond the above situations should be "permitted" but not "required" for PCD asset as well as non PCD assets. We believe that once a write off realization event has occurred any recoveries associated with that write off should not be recognized until realized. Requiring the recognition of potential expected recoveries based on changes in such things as collateral values creates unnecessary allowance volatility and compliance costs.

In summary, we believe the Board should move forward with the amendments in the proposed ASU, but for cost benefit reasons "permit" instead of "require" the recognition of potential expected recoveries associated with financial assets that have been written off.

We appreciate your consideration of M&T's views on the above issues.

Very truly yours,

Kevin Stoklosa
Group Vice President and Associate
Director of Accounting Policy

cc: Darren King
Michael R. Spychala
John Taylor