

Docket No. OP-1227  
Classification of Commercial Credit Exposures  
April 26, 2005  
North Carolina Bankers Association

A meeting was held in Durham, NC with the North Carolina Bankers Association on April 26, 2005. Approximately 36 bankers representing 28 banks were present. The discussion centered on the framework of the proposed commercial loan risk rating system. Specifically, the borrower and facility ratings were reviewed in detail and examples were shown as how both rating parts are brought together into a criticized or classified loan.

Participants questions focused on the “remote risk of loss” category and what would be accepted as acceptable collateral. Another question concerned the treatment of guarantees regarding if they would be applied to the “borrower” rating or “facility” rating. A final question was asked about the tie-in of the “default” facility rating and the accounting guidance. Participants were asked a general question whether they could implement the proposal as it stood. Overall, most participants indicated that the proposal could be complied with with little complications. Some indicated they were already performing many of the items in the proposed framework.