

Docket No. OP-1227

Classification of Commercial Credit Exposures

April 12, 2005

Conference of State Banking Supervisors, Districts II and IV

A meeting was held with the Conference of State Bank Supervisors, Districts II and IV, in Kansas City, MO on April 12, 2005. The purpose of the meeting was to brief the state banking supervisors on the proposed changes to the commercial loan risk rating framework that is out for public comment. The meeting was attended by approximately 15 different state banking supervision departments, members of five different Federal Reserve Districts and members of the FDIC regional offices.

A brief overview was provided describing the two-dimensional approach and the individual borrower and facility rating components. It was also discussed where the information to categorize the default borrowers would be derived. Also mentioned was a draft timeline for implementation that would provide both banking institutions as well as regulatory agencies adequate time to train and implement the proposal, if approved.

Participant's questions and concerns centered around internal technology costs to revise existing database systems if the proposed framework is implemented. Additionally, some questioned whether the changes provided any value added, especially for community banks given all the other regulatory requirement changes.