

**From:** "Kirby, Kent" <Kent.Kirby@CommerceBank.com> on 05/19/2005 09:27:02 AM

**Subject:** Classification of Commercial Credit Exposures

> A small comment with regard to the proposal to change the Classification of Commercial Credit Exposures. We had issues with the category title "Default." Our fear is the there would be much confusion between legal default (e.g. a blown covenant) and the risk rating "Default." There will be instances where a borrower is in legal default, but the condition of the borrower is such that a "Default" risk rating would be too severe. While we plan to adopt the other two terms in our risk rating system, we plan to use "Impaired" instead of "Default." This is much clearer in our internal mind-set.

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> Thank you for your time.

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