



PEOPLES BANK OF VIRGINIA

P.O. Box 71960
Richmond, Virginia 23255
Ph (804) 270-6800
Fax (804) 270-7230
www.pbva.com

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
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June 20, 2005

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

RE: Proposal to Change Loan Classification System
Docket OP-1227

Dear Ms. Johnson:

After carefully reviewing the proposed revision to the classification system for commercial credit exposures, we feel that there would be no benefit to or improvement over the current methodology for identifying and managing criticized credits for institutions such as ours. While the changes may provide some benefit to larger institutions which employ a multitude of lenders to manage substantive and complex portfolios, community banks with relatively simple lending practices will continue to be served well by the existing system. In our opinion, the proposed system would only complicate the identification and management process and would add significant costs for training and implementation with no discernable benefit to the institution.

Thank you for considering our comments.

Sincerely,

William H. Pruitt
Vice Chairman
Loan Committee Chairman