

**From:** todd.hirsch@kc.frb.org on 06/29/2005 10:56:48 AM

**Subject:** Classification of Commercial Credit Exposures

RE: Commercial Credit Classifications

I see no need for changes to the current classifications systems in place. Although the system may date back to 1938, It has evolved over the last 15 years I have been in the business to keep up with regulatory and industry changes.

The substance of classifications has been the root of past problems and not the system. A pending loss is a pending loss and until it is recognized by any system the system will not work. It is really a very simple net number or a range of numbers that should be determined and the current system does that if used properly.

Adding more complexity to what should be a simple calculation will do nothing but confuse the issue, create more reporting, etc.

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