

[Company Header/Letterhead]

[Date]

[Client Name]

[Client Title]

[Company Name]

[Address]

**Subject: Asset Quality and Credit Risk Management IPO Readiness Advisory**

Dear [Client Name],

This letter outlines our advisory framework regarding Asset Quality and Credit Risk Management in preparation for your upcoming Initial Public Offering (IPO). To meet the expectations of institutional investors and regulatory bodies, the following areas require rigorous assessment and enhancement:

**1. Loan Loss Provisioning and IFRS 9/CECL Compliance**

Review of Expected Credit Loss (ECL) methodologies to ensure financial statements accurately reflect credit risk exposure and meet public market auditing standards.

**2. Portfolio Asset Quality Review**

Validation of Non-Performing Loan (NPL) ratios, aging schedules, and collateral valuation processes to ensure transparency in asset health disclosures.

**3. Credit Governance Framework**

Evaluation of the credit approval process, delegation of authority, and the independence of the risk management function from commercial business units.

**4. Concentration Risk Management**

Analysis of exposure limits regarding sectors, geographies, and single-obligor concentrations to mitigate volatility risks post-listing.

**5. Data Integrity and Reporting**

Ensuring that credit risk data systems are robust enough to support the frequent and granular reporting cycles required of a publicly traded entity.

**6. Stress Testing and Capital Adequacy**

Development of forward-looking stress scenarios to demonstrate the resilience of the balance sheet under adverse economic conditions.

Our objective is to identify any gaps in your current risk profile that may impact valuation or investor confidence. We will provide a detailed gap analysis and a roadmap for remediation prior to the filing of the registration statement.

Sincerely,

[Signature]

[Your Name]

[Your Title]

[Advisory Firm Name]