

[Insert Institution Name]  
[Insert Department/Risk Management]  
[Insert Date]

To: [Insert Board of Directors / Senior Management]  
From: [Insert Chief Risk Officer / Credit Officer Name]  
Subject: Commercial Real Estate (CRE) Concentration Risk Management Notice

Dear [Insert Name/Body],

This letter serves to formally outline the current risk management strategy regarding our Commercial Real Estate (CRE) loan portfolio, in accordance with regulatory guidance and internal risk appetite statements.

### **1. Concentration Assessment**

Our recent portfolio analysis indicates that CRE concentrations have reached [Insert Percentage]% of total capital. Specifically, concentrations in [Insert Sub-sector, e.g., Office/Multi-family] have been identified as high-priority areas for monitoring.

### **2. Risk Mitigation Strategies**

To manage these levels, the following actions are being implemented:

- Tightening of underwriting standards for new CRE originations.
- Increased frequency of portfolio stress testing under adverse economic scenarios.
- Enhanced monitoring of Debt Service Coverage Ratios (DSCR) and Loan-to-Value (LTV) movements.
- Active diversification efforts into non-CRE asset classes.

### **3. Reporting and Oversight**

Risk Management will provide monthly updates to the Board regarding breach limits, market volatility, and any necessary adjustments to the allowance for credit losses (ACL). We will continue to evaluate the impact of interest rate changes and occupancy trends on collateral valuations.

### **4. Conclusion**

Maintaining a robust risk management framework is essential to preserving the institution's capital adequacy. We remain committed to proactive oversight of our CRE exposures.

Sincerely,

[Signature Block]  
[Insert Title]  
[Insert Institution Name]