

**Date:** [Insert Date]

**To:** Board of Directors / Credit Committee

**From:** [Insert Name/Title of Preparer]

**Subject:** Allowance for Loan and Lease Losses (ALLL) Assessment - [Insert Quarter/Year]

### **1. Executive Summary**

This letter summarizes the assessment of the Allowance for Loan and Lease Losses for the period ending [Date]. The analysis was performed in accordance with established accounting principles and regulatory guidance to ensure the reserve remains adequate to cover estimated credit losses within the loan portfolio.

### **2. Portfolio Overview**

As of [Date], the total loan portfolio balance is \$[Amount]. The portfolio is segmented as follows:

- Commercial Loans: \$[Amount]
- Real Estate Loans: \$[Amount]
- Consumer Loans: \$[Amount]
- Other: \$[Amount]

### **3. Methodology and Analysis**

The assessment utilized the following components:

- **Specific Allocations (ASC 310-10):** Individual evaluation of impaired loans. Total specific reserve: \$[Amount].
- **General Allocations (ASC 450-20):** Historical loss rates applied to non-impaired loan pools. Total general reserve: \$[Amount].
- **Qualitative Factors:** Adjustments based on economic conditions, portfolio volume, and delinquency trends. Total qualitative adjustment: \$[Amount].

### **4. Findings and Adjustments**

Current ALLL Balance: \$[Amount]

Calculated Required Reserve: \$[Amount]

Recommended Provision/Adjustment: \$[Amount]

### **5. Conclusion**

Based on the quantitative and qualitative analysis performed, the current ALLL balance of \$[Amount] is considered [Adequate/Inadequate] to cover projected losses. It is recommended that the institution [increase/decrease/maintain] the reserve by \$[Amount].

**Approved By:**

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[Name/Title]

[Date]