

**Date:** [Insert Date]

**To:** [Insert Name of Recipient/Management]

**From:** [Insert Name of Validator/Advisory Team]

**Subject:** Advisory Letter: Validation of Credit Impairment Model

Dear [Insert Name],

This letter provides our advisory findings regarding the validation of the [Insert Model Name/Version] used for calculating credit impairment under [Insert Accounting Standard, e.g., IFRS 9 or CECL].

### **1. Scope of Work**

The validation objective was to assess the conceptual soundness, data integrity, and performance of the credit impairment model. Our review focused on Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) parameters.

### **2. Summary of Findings**

Based on our assessment, we have identified the following areas for consideration:

- **Data Quality:** [Insert brief summary of data issues or observations].
- **Methodology:** [Insert observations regarding model assumptions or statistical techniques].
- **Performance:** [Insert notes on back-testing results or sensitivity analysis].

### **3. Recommendations**

To improve the accuracy and robustness of the model, we recommend:

- [Recommendation 1]
- [Recommendation 2]
- [Recommendation 3]

### **4. Conclusion**

While the model is [Insert Status, e.g., fit for purpose / requires remediation], implementing the above recommendations will enhance compliance with regulatory requirements and internal risk management standards.

Sincerely,

[Insert Name]

[Insert Title]

[Insert Organization]