

[Company Name/Bank Name]
[Department Name]
[Address Line 1]
[City, State, Zip Code]

[Date]

[Client/Counterparty Name]
[Address Line 1]
[City, State, Zip Code]

Subject: Advisory Regarding Loss Given Default (LGD) Calculation

Dear [Recipient Name],

This letter serves as a formal advisory regarding the recent Loss Given Default (LGD) assessment conducted for your account(s) under our credit risk management framework.

Based on our internal methodology and current market valuations, the following LGD parameters have been identified:

- **Facility Reference:** [Loan/Account Number]
- **Current Exposure at Default (EAD):** [Currency Amount]
- **Estimated Recovery Rate:** [Percentage]%
- **Calculated LGD Percentage:** [Percentage]%
- **Projected Loss Amount:** [Currency Amount]

The calculation above incorporates several variables, including the current valuation of pledged collateral, seniority of the debt, and expected legal or administrative costs associated with recovery processes. Please note that these figures are subject to change based on market fluctuations or updates to the valuation of underlying assets.

This advisory is for informational and risk management purposes. No immediate action is required from your side at this time; however, we recommend reviewing these figures as they impact your overall credit rating and capital requirement allocations.

If you have any questions regarding the methodology used or the specific data points in this calculation, please contact your Relationship Manager or our Risk Assessment Department at [Phone Number/Email Address].

Sincerely,

[Signature]

[Name of Officer]
[Title/Position]
[Company Name]