

Date: [Insert Date]

To: The Board of Directors

From: [Insert Name/Title, e.g., Chief Risk Officer]

Subject: Proposal for Revisions to the Credit Risk Model

Dear Members of the Board,

This letter serves to formally notify the Board of proposed revisions to the organization's Credit Risk Model. These updates are intended to ensure our risk assessment framework remains robust, compliant with current regulations, and reflective of recent economic shifts.

Reason for Revision:

[Insert brief description, e.g., Changes in market conditions, regulatory updates, or performance back-testing results.]

Key Changes:

- [Description of change 1, e.g., Adjustment of probability of default (PD) parameters]
- [Description of change 2, e.g., Integration of new alternative data sources]
- [Description of change 3, e.g., Updates to loss given default (LGD) assumptions]

Impact Assessment:

Preliminary testing indicates that the revised model will provide a [Insert impact, e.g., 5% increase in predictive accuracy]. We anticipate these changes will impact capital requirement calculations by [Insert percentage or amount].

Validation and Compliance:

The revised model has undergone internal validation by the Model Risk Management team. It continues to meet all requirements set forth by [Insert Regulatory Body].

Recommendation:

Management recommends the Board's formal approval of these revisions to begin implementation effective [Insert Date].

We are available to discuss the technical documentation and validation reports at your earliest convenience.

Sincerely,

[Signature]

[Typed Name]

[Title]