

DATE: [Insert Date]

TO: The Risk Committee

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

SUBJECT: Quarterly Report on Unsecured Lending Exposure

Dear Members of the Risk Committee,

This letter serves to formally outline the current status and strategic concerns regarding the institution's unsecured lending portfolio for the period ending [Insert Period End Date].

1. Portfolio Overview

The total exposure in the unsecured lending segment currently stands at [Insert Amount]. This represents [Insert Percentage]% of the total credit portfolio. Key products include personal loans, credit cards, and overdraft facilities.

2. Risk Assessment and Asset Quality

During the last quarter, we have observed the following trends:

- **Delinquency Rates:** The 30-day and 90-day delinquency rates have [Increased/Decreased/Remained Stable] by [Insert Percentage].
- **Default Rates:** The annualized default rate is currently [Insert Percentage], which is [Within/Outside] the approved risk appetite.
- **Concentration Risk:** Exposure remains concentrated in the [Insert Segment/Region] demographic.

3. Economic Sensitivity

Given the current [High/Low] interest rate environment and inflationary pressures, the unsecured portfolio remains highly sensitive to shifts in borrower disposable income. Stress testing results indicate that a [Insert Percentage] increase in unemployment could lead to a [Insert Amount] increase in credit losses.

4. Mitigation Strategies

In response to the identified risks, the Risk Management department has implemented the following:

- Tightening of credit scoring thresholds for new applicants.
- Enhanced collection efforts and early-warning monitoring systems.
- Reduction of credit limits for high-risk, inactive accounts.

5. Recommendations

We recommend that the Committee [Insert Action, e.g., maintain current exposure limits / approve a temporary reduction in lending volume] until the next economic outlook review.

We remain available to provide further data or clarification during the upcoming Committee meeting.

Sincerely,

[Signature]

[Typed Name]

[Title]