

OFFICIAL SUPERVISORY NOTICE

Date: [Insert Date]

To: [Name of Executive Officer/Board of Directors]

Institution: [Name of Financial Institution]

Address: [Insert Address]

RE: SUPERVISORY WARNING - CONCENTRATION RISK EXPOSURE

Dear [Name],

This letter serves as a formal supervisory warning regarding the level of concentration risk identified within your institution's portfolio during the recent examination period ending [Date].

Our analysis indicates that [Name of Financial Institution] has exceeded established regulatory thresholds or internal risk limits in the following areas:

- **Sector Concentration:** [Detail specific sector, e.g., Commercial Real Estate]
- **Counterparty Concentration:** [Detail specific group or entity exposure]
- **Geographic Concentration:** [Detail specific region]

The current level of exposure represents a significant vulnerability to the institution's capital and earnings in the event of a localized economic downturn or industry-specific volatility. We have noted that current risk mitigation strategies and capital buffers are insufficient to offset these specific concentrations.

Required Actions:

1. Submit a formal Risk Reduction Plan to this office by [Date].
2. Review and adjust internal concentration limits to align with current market conditions.
3. Perform enhanced stress testing on the identified concentrated segments.
4. Provide a Board-approved strategy for portfolio diversification.

Failure to address these concerns may result in further supervisory action, including a downward revision of your institution's regulatory rating or the issuance of a formal enforcement order.

Please acknowledge receipt of this letter within [Number] business days.

Sincerely,

[Signature]

[Name of Supervisor]

[Title]

[Regulatory Agency Name]