

To: All Relevant Department Heads / Risk Management Committees

From: Chief Risk Officer / Capital Management Team

Date: [Insert Date]

Subject: Announcement of Scenarios for Internal Capital Adequacy Assessment Process (ICAAP) Stress Testing

Dear Colleagues,

This letter serves as the formal announcement regarding the commencement of the annual Internal Capital Adequacy Assessment Process (ICAAP) stress testing cycle for the upcoming period.

The Risk Management Department has defined the following stress scenarios to evaluate our capital resilience under adverse economic conditions:

- **Baseline Scenario:** Alignment with current budget and central bank economic forecasts.
- **Adverse Scenario:** Moderate economic downturn characterized by [Insert Detail, e.g., 2% GDP contraction and rising interest rates].
- **Severely Adverse Scenario:** Extreme market shock including [Insert Detail, e.g., liquidity freeze, significant asset devaluation, and high unemployment].

Key Objectives:

- To ensure capital levels remain above regulatory minimums during stress.
- To identify potential vulnerabilities within specific portfolios.
- To validate the effectiveness of our capital contingency plans.

Timeline and Actions:

All departments are required to provide departmental data projections based on these scenarios by [Insert Date]. Please refer to the attached technical guidelines for the specific shock parameters applicable to your business unit.

Results will be aggregated and presented to the Board of Directors on [Insert Date] for final approval of the ICAAP report.

If you have any questions regarding the methodology or data requirements, please contact the Risk Management Office.

Sincerely,

[Signature]

[Name and Title]

[Organization Name]