

[Date]

[Recipient Name/Title]

[Department/Regulatory Body Name]

[Address Line 1]

[Address Line 2]

Subject: Internal Capital Adequacy Assessment Process (ICAAP) - Annual Declaration

Dear [Name/Regulatory Authority],

In accordance with the regulatory requirements under Pillar Two of the Basel Framework, [Company Name] (the "Firm") has completed its annual Internal Capital Adequacy Assessment Process (ICAAP) for the period ending [Date].

The Board of Directors and Senior Management have reviewed the Firm's risk profile, including risks not fully captured under Pillar One—such as operational, reputational, strategic, and interest rate risk in the banking book (IRRBB). Based on this comprehensive assessment, we confirm the following:

- **Risk Identification:** All material risks inherent in the Firm's business model have been identified, measured, and mitigated where appropriate.
- **Capital Sufficiency:** The Firm maintains a capital level that is sufficient to cover its aggregate risk profile and to support its business strategy, even under stressed scenarios.
- **Governance:** The ICAAP is integrated into the Firm's strategic planning and risk management framework, ensuring ongoing compliance with internal risk appetite limits.

As of [Date], the Firm's total Pillar Two capital requirement is calculated at [Amount/Percentage], resulting in a total capital adequacy ratio of [Percentage].

The detailed ICAAP report, including stress testing methodologies and capital allocation breakdowns, is attached for your review.

Yours sincerely,

[Signature]

[Name of Chief Risk Officer/Chief Financial Officer]

[Company Name]