

Board questions before approving an ICAAP

Before a board approves the ICAAP, each director should be able to say why the firm holds the capital it does and what would change that answer. These are the questions that test it, mapped to SS31/15 and to the sections of the document where the answers should be.

	Question for the board	SS31/15 para	SS4/25 para (SDDTs from 2027)	Where the answer should be
1	Is this our own assessment, or the PRA's methods replayed? A firm that only replicates them is not carrying out its own assessment.	2.1	2.1	Pillar 2A, risk by risk
2	Which risks did we call immaterial, and where is the evidence behind each call?	2.3	2.5	Risk identification
3	How would a liquidity stress turn into capital losses, through forced asset sales or dearer funding?	2.4	2.6, 2.7	Risk identification; Pillar 2A
4	Did the board review the scenario design before the tests were run and challenge the results, and are the scenarios at least as severe as the PRA's benchmark scenario?	3.11, 3.19	3.11, 3.18	Stress testing and capital plan
5	Does the plan project capital resources and requirements over three to five years, before and after management actions?	3.9, 3.25	3.9, 3.23	Stress testing and capital plan
6	Could we, and would we, take each management action in that stress, and what does each one depend on?	3.26, 3.27	3.24, 3.25	Stress testing and capital plan
7	At what point does the reverse stress test say the business fails, and is that before capital runs out?	4.3, 4.6	4.2, 4.6	Reverse stress test
8	Do the reverse stress test and the recovery plan scenarios connect, so our indicators would warn us in time?	4.8	4.8	Reverse stress test; recovery plan
9	Is the capital model conservative, and could our own team run it again without the person who built it?	2.6	2.9	Appendices: model documentation
10	Has anything changed since the draft that means our resources may no longer be adequate?	2.1	2.2, 2.3	Summary and board view
11	Could each of us explain why we hold the capital we do, and show the PRA we understand the ICAAP well enough to take responsibility for it?	2.2, 5.2, 5.7	2.4, 5.2, 5.6	Governance and use; board minutes

How to read the references. SS31/15 applies to PRA-regulated banks and building societies, including SDDTs until 1 January 2027 (since 20 January 2026 an SDDT's ICAAP update cycle has followed SS4/25 instead); the paragraph numbers are the same in the version in force from 1 July 2026 and the version that takes effect on 1 January 2027. From 1 January 2027 SDDTs follow SS4/25 in full, and its matching paragraphs are shown. The SREP also takes account of how far the management body was involved in the ICAAP (SS31/15 paragraph 5.2), so the minutes should record the challenge made and how it was answered.

Sources: PRA SS31/15 The ICAAP and the SREP (October 2025 version, effective 1 July 2026; July 2026 version, effective 1 January 2027); PRA SS4/25 The ICAAP and the SREP for SDDTs (July 2026 version, effective 1 January 2027). Checked 10 October 2026. This sheet is a prompt for directors, not a substitute for the PRA's texts.

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