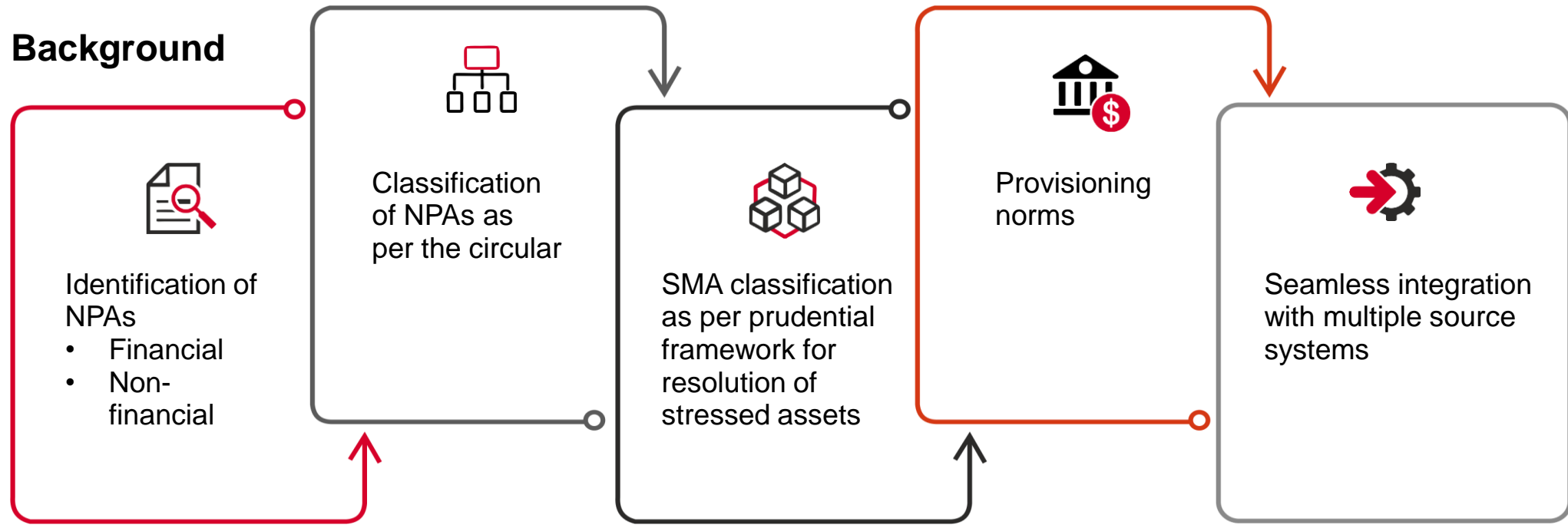




**Asset classification
and provisioning
(ACP) solution**

Background and recent updates



Recent updates



RBI prescribed adherence to requirements as per RBI circular DoS.CO.PPG./SEC.03/11.01.005/2020-21 dated 14 September 2020



Ensure completeness and integrity of automated asset classification and provisioning



Implement IT systems for NPA identification and generation of returns



RBI requirements

Solution's adherence to the recent RBI requirements:

☑ **Coverage**

- All borrowal accounts, including TODs, investments
- Provisioning on Basis of Pre set Rules
- System driven rule based downgrade/upgrade

☑ **Frequency**

☑ **Exception handling as per IRAC norms**

☑ **Data input**

- Untruncated data capture
- Validation/ verification checks
- Authentication

☑ **Comprehensive user access management**

- Two-factor or higher authentication
- Maker-checker authorization

☑ **Back-end data access restriction**

RBI requirements (continued)

☑ **Audit logs - secure storage and Retention**

☑ **Different type of Provisions supported such as:**

- Standard Provisioning
 - Accelerated Provisioning for SMA cases, willful defaulters with other Bank
 - Floating provisions for Standard Assets – cannot be reversed unless Board and RBI approved
- NPA Provisioning as per downgrade class
- Provisions for unhedged foreign currency exposures
- RERFA (Reserve for Exchange Rate Fluctuations Account)
- Provisioning for country risk
 - No provision for 'home country' exposures i.e. exposure to India
 - Mapper for country and ECGC Classification

☑ **Reverse feed back to source system**

☑ **Different Provision percentages for different product class and business segments**

CRISIL Solution Advantage

- ✓ **Complete adherence to the RBI guidelines and circulars**
- ✓ **Demonstrated high level of performance**
- ✓ **Front-end based user-friendly configurator to add/edit rules**
- ✓ **Development of single repository of NPA data for future reference, audit queries, analytics and reporting**
- ✓ **No/limited manual intervention required for NPA finalisation**
- ✓ **Maintenance of audit trail for any changes or modification done**
- ✓ **Minimal personnel dependency**
- ✓ **Enrichment of RBI reporting through ADF**

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