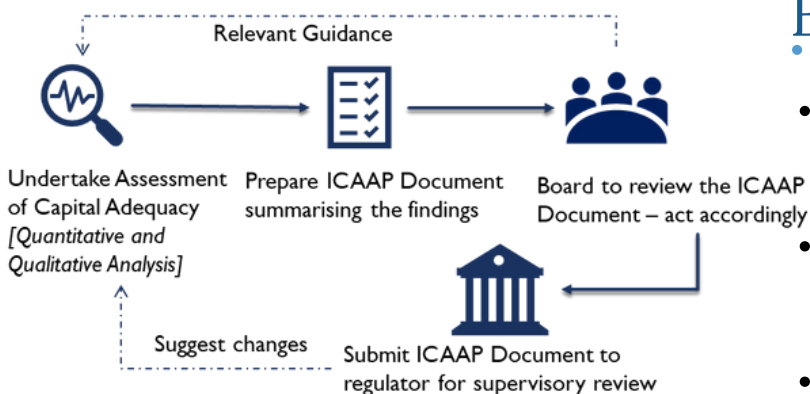
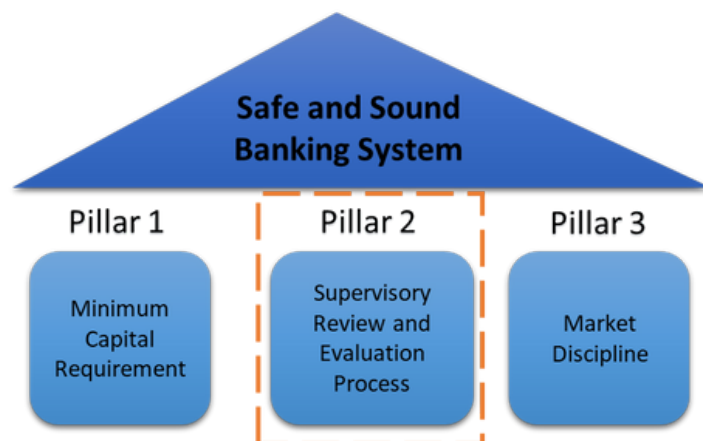


SERVICES AND ASSISTANCE FOR ICAAP IMPLEMENTATION

What is ICAAP

- Stands for Internal Capital Adequacy Assessment
- An entity-specific analysis for sufficiency of capital maintained
- CRAR may not sufficiently capture the risk faced by entity-
 - Hence, analysis of capital required to absorb losses that may arise from materialization of risk



Broad Process of the ICAAP

- ICAAP falls under Pillar 2 - Supervisory Review & Pro-active Monitoring by RBI is expected
- FIIs to demonstrate adequacy of implemented methods and procedures to ensure sufficiency of “Economic Capital”
- Entire process to be summarised in the ICAAP document

Objective of ICAAP

- ICAAP should strive to include:
 - Risks not captured by CRAR;
 - Risks partly captured by CRAR;
 - Factors external to an entity

Covered by
Regulatory
CRAR

- Credit Risk
- Market Risk
- Operational Risk

Not
captured by
Regulatory
CRAR

- Credit concentration risk
- Liquidity risk
- Settlement risk
- Reputational risk
- Strategic risk, etc.

Essential Elements of ICAAP

Entity specific
process

Forward looking

Risk based
process

Integral to
decision making

Our Approach



- Methodology to be tailored for each entity
- Assistance in determining the complexity level of operations, and accordingly aligning the ICAAP approach
- Developing econometric and stress testing model for each risk curated as per entity-specific needs and practices
- Drafting a Policy with appropriate responsibility allocation
- Drafting a template of the ICAAP document, mentioning key outcomes considering the first ICAAP analysis.

Our Services



01 Drafting of Policy

Appropriately capture the compliance obligations to avoid any adverse regulatory concerns

02 Aligning existing processes

Understand our existing practices and provided necessary assistance to comply with the ICAAP requirement

03 Hand holding

Provide complete end-end support for implementation of ICAAP

Our Experience



- More than 30 years of experience in fields of financial services such as securitization, housing finance, asset-backed financing, etc
- Conducted stress testing for various Banks, NBFCs, and an Indian unit of an international investment bank.
- Associated with India's top banks/NBFCs and multilateral organisations like World Bank, IFC, and ADB
- Multi-faceted team of corporate professionals, to handle an assignment from a range of relevant and diverse perspectives

For Detailed proposal & methodology reach out at
finserv@vinodkothari.com or at
qasim@vinodkothari.com | +91-7987691533