

**Draft Reserve Bank of India (Rural Co-operative Banks - Financial Statements: Presentation and Disclosures) Directions, 2025**

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**Reserve Bank of India (Rural Co-operative Banks – Financial Statements: Presentation and Disclosures) Directions, 2025**

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In exercise of the powers conferred by section 35A read with Section 56 of the Banking Regulation Act, 1949 the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest and in the interest of banking policy to do so, hereby, issues the Directions hereinafter specified.

## **Chapter I - Preliminary**

### **A Short title and commencement**

1. These Directions shall be called the Reserve Bank of India (Rural Co-operative Banks - Financial Statements: Presentation and Disclosures) Directions, 2025.
2. These Directions shall come into effect on the day these are placed on the official website of the Reserve Bank of India.

### **B Applicability**

3. These Directions shall be applicable to Rural Co-operative Banks (hereinafter collectively referred to as 'banks' and individually as a 'bank').

*In this context, 'Rural Co-operative Banks (RCBs)' shall mean State Co-operative Banks and Central Co-operative Banks, as defined in the National Bank for Agriculture and Rural Development Act, 1981.*

## **Chapter II - Balance sheet and Profit and Loss account**

### **A Format of the balance sheet and profit and loss account**

4. In terms of the provisions of section 29 read with section 56 of the Banking Regulation Act, 1949, an RCB shall in respect of all business transacted by it prepare a Balance Sheet and Profit and Loss Account as on the last working day of the year or the period, as the case may be, in the Forms set out in the Third Schedule of the Banking Regulation Act, 1949 as substituted by clause (zI) of section 56 of the said Act.

### **B Notes and instructions for compilation**

5. A bank shall be guided by the announcements of the Institute of Chartered Accountants of India (ICAI) regarding applicability of Accounting Standards, subject to Directions/ Guidelines issued by the Reserve Bank of India. As per prevailing pronouncements of the ICAI, co-operative banks are classified as Level I enterprises. Level I enterprises are required to comply with all the accounting standards.

Note - Mere mention of an activity, transaction or item in the Directions does not imply that it is permitted, and the bank shall refer to the extant statutory and regulatory requirements while determining the permissibility or otherwise of an activity or transaction.

### **C Guidance on specific issues with respect to certain Accounting Standards**

6. A bank shall also be guided by following with respect to relevant issues in the application of certain Accounting Standards for the bank.

#### **(1) Accounting Standard 5 - Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies**

- (i) The objective of this standard is to prescribe the classification and disclosure of certain items in the statement of profit and loss so that all enterprises prepare and present such a statement on a uniform basis.
- (ii) Accordingly, this Standard requires the classification and disclosure of extraordinary and prior period items, and the disclosure of certain items within profit or loss from ordinary activities. It also specifies the accounting

treatment for changes in accounting estimates and the disclosures to be made in the financial statements regarding changes in accounting policies.

- (iii) Paragraph 4.3 of Preface to the Statements on Accounting Standards issued by the ICAI states that Accounting Standards are intended to apply only to items which are material. Since materiality is not objectively defined, it has been decided that a bank shall ensure compliance with the provisions of the Accounting Standard in respect of any item of prior period income or prior period expenditure which exceeds one percent of the total income / total expenditure of the bank if the income / expenditure is reckoned on a gross basis or one percent of the net profit before taxes or net losses as the case may be if the income is reckoned net of costs.
- (iv) Since the format of the profit and loss accounts of a bank prescribed in Form B under Third Schedule to the Banking Regulation Act, 1949 does not specifically provide for disclosure of the impact of prior period items on the current year's profit and loss, such disclosures, wherever warranted, may be made in the 'Notes on Accounts' to the balance sheet of a bank.

## **(2) Accounting Standard 9 – Revenue Recognition**

- (i) Non-recognition of income by the bank in case of non-performing advances and non-performing investments, in compliance with the regulatory prescriptions of the Reserve Bank of India, shall not attract a qualification by the statutory auditors as this would be in conformity with provisions of the standard, as it recognises postponement of recognition of revenue where collectability of the revenue is significantly uncertain.

## **(3) Accounting Standard 11 - The Effects of Changes in Foreign Exchange Rates**

- (i) AS 11 is applied in the context of the accounting for transactions in foreign currencies Exchange rate for recording foreign currency transactions As per paragraphs 9 and 21 of the Standard, a foreign currency transaction shall be recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. A bank may face difficulty in applying the exchange rate prevailing at the

date of the transaction in respect of the items which are not being recorded in Indian Rupees or are currently being recorded using a notional exchange rate, A bank, which is in a position to apply the exchange rate prevailing on the date of the transaction for recording the foreign currency transactions as required under AS 11 shall comply with the requirements. A bank, which has an extensive branch network, have a high volume of foreign currency transactions and is not fully equipped on the technology front shall be guided by the following:

- (a) Paragraph 10 of the Standard allows, for practical reasons, the use of a rate that approximates the actual rate at the date of the transaction. The Standard also states that if exchange rates fluctuate significantly, the use of average rate for a period is unreliable. Since the enterprises are required to record the transactions at the date of the occurrence thereof, the weekly average closing rate of the preceding week can be used for recording the transactions occurring in the relevant week, if the same approximates the actual rate at the date of the transaction. In view of the practical difficulties which a bank may have in applying the exchange rates at the dates of the transactions and since the Standard allows the use of a rate that approximates the actual rate at the date of the transaction, the bank may use average rates as detailed below:
- (b) FEDAI publishes a weekly average closing rate at the end of each week and a quarterly average closing rate at the end of each quarter for various currencies.
- (c) In respect of Indian branches, those foreign currency transactions, which are currently not being recorded in Indian Rupees at the date of the transaction or are being recorded using a notional exchange rate shall now be recorded at the date of the transaction by using the weekly average closing rate of the preceding week, published by FEDAI, if the same approximates the actual rate at the date of the transaction.
- (d) If the weekly average closing rate of the preceding week does not approximate the actual rate at the date of the transaction, the closing rate at the date of the transaction shall be used. For this purpose, the weekly

average closing rate of the preceding week would not be considered approximating the actual rate at the date of the transaction if the difference between (A) the weekly average closing rate of the preceding week and (B) the exchange rate prevailing at the date of the transaction, is more than three and a half percent of (B).

- (e) A bank is encouraged to equip itself to record the foreign currency transactions of Indian branches as well as integral foreign operations and translate the income as well as expense items of non-integral foreign operations at the exchange rate prevailing on the date of the transaction.

(ii) Closing rate

- (a) Paragraph 7 of the Standard defines 'Closing rate' as the exchange rate at the balance sheet date. To ensure uniformity among banks, closing rate to be applied for the purposes of AS 11 (revised 2003) for the relevant accounting period shall be the last closing spot rate of exchange announced by FEDAI for that accounting period.

#### **(4) Accounting Standard 17 – Segment Reporting**

The indicative formats for disclosure under 'AS 17 – Segment Reporting' are as below.

##### **Format**

##### **Part A: Business segments**

(Amount in ₹ crore)

Business Segments →	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Business		Total	
Particulars ↓	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue										
Result										
Unallocated expenses										
Operating profit										
Income taxes										
Extraordinary profit / loss										
Net profit										
Other information:										
Segment assets										
Unallocated assets										
Total assets										
Segment liabilities										

Business Segments →	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Business		Total	
Particulars ↓	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Unallocated liabilities										
Total liabilities										

Note: No disclosure need be made in the shaded portion

Note:

- a) The business segments will be 'Treasury', 'Corporate / Wholesale Banking', 'Retail Banking' and 'Other banking operations'.
- b) A bank shall adopt its own methods, on a reasonable and consistent basis, for allocation of expenditure among the segments.
- c) 'Treasury' shall include the entire investment portfolio.
- d) Retail Banking shall include exposures which fulfil the four criteria of orientation, product, granularity, and low value of individual exposures for retail exposures laid down in Reserve Bank of India (Rural Co-operative Banks – Prudential Norms on Capital Adequacy) Directions, 2025. Individual housing loans will also form part of Retail Banking segment for the purpose of reporting under AS-17.
- e) Corporate / Wholesale Banking includes all advances to trusts, partnership firms, companies, and statutory bodies, which are not included under 'Retail Banking'.
- f) Other Banking Business includes all other banking operations not covered under 'Treasury', 'Wholesale Banking' and 'Retail Banking' segments. It shall also include all other residual operations such as para banking transactions / activities.
- g) Besides the above-mentioned segments, a bank shall report additional segments within 'Other Banking Business' which meet the quantitative criterion prescribed in the AS 17 for identifying reportable segments.

## (5) Accounting Standard 18 – Related Party Disclosures

The manner of disclosures required by paragraphs 23 to 26 of AS 18 is illustrated as below. It may be noted that the format given below is merely illustrative in nature and is not exhaustive.

(Amount in ₹ crore)						
Items/Related Party	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings <sup>#</sup>						
Deposits <sup>#</sup>						

Items/Related Party	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Relatives of Key Management Personnel	Total
Placement of deposits#						
Advances#						
Investments#						
Non-funded commitments#						
Leasing / HP arrangements availed#						
Leasing / HP arrangements provided#						
Purchase of fixed assets						
Sale of fixed assets						
Interest paid						
Interest received						
Rendering of services*						
Receiving of services*						
Management contracts*						

#The outstanding at the year end and the maximum during the year are to be disclosed

\*Contract services etc. and not services like remittance facilities, locker facilities etc.

**Note:**

- i) Related parties for a bank are its parent, subsidiary(ies), associates / joint ventures, Key Management Personnel (KMP) and relatives of KMP. KMP are the whole-time directors for an Indian bank. Relatives of KMP would be on the lines indicated in section 45 S of the RBI Act, 1934
- ii) The name and nature of related party relationship shall be disclosed, irrespective of whether there have been transactions, where control exists within the meaning of the Standard. Control would normally exist in case of parent-subsidiary relationship. The disclosures may be limited to aggregate for each of the above related party categories and would pertain to the year-end position as also the maximum position during the year.
- iii) Secrecy provisions: If in any of the above category of related parties there is only one related party entity, any disclosure would tantamount to infringement of customer confidentiality. In terms of AS 18, the disclosure requirements do not apply in circumstances when providing such disclosures would conflict with the reporting enterprise's duties of confidentiality as specifically required in terms of statute, by regulator or similar competent authority. Further, in case a statute

or regulator governing an enterprise prohibits the enterprise from disclosing certain information, which is required to be disclosed, non-disclosure of such information would not be deemed as non-compliance with the Accounting Standards. On account of the judicially recognised common law duty of a bank to maintain the confidentiality of the customer details, it need not make such disclosures. In view of the above, where the disclosures under the Accounting Standards are not aggregated disclosures in respect of any category of related party i.e., where there is only one entity in any category of related party, a bank need not disclose any details pertaining to that related party other than the relationship with that related party.

**(6) Accounting Standard 24 - Discontinuing operations**

- (i) This Standard establishes principles for reporting information about discontinuing operations. Merger / closure of branches of a bank by transferring the assets / liabilities to the other branches of the same bank may not be deemed as a discontinuing operation and hence this Accounting Standard will not be applicable to merger / closure of branches of a bank by transferring the assets / liabilities to the other branches of the same bank.
- (ii) Disclosures shall be required under the Standard only when:
  - (a) discontinuing of the operation has resulted in shedding of liability and realisation of the assets by the bank or decision to discontinue an operation which will have the above effect has been finalised by the bank and
  - (b) the discontinued operation is substantial in its entirety.

**(7) Accounting Standard 25 – Interim Financial Reporting**

- (i) This Standard prescribes the minimum content of an interim financial report and the principles for recognition and measurement in a complete or condensed financial statements for an interim period.
- (ii) The disclosures required to be made by a listed bank in terms of the listing agreements would not tantamount to interim reporting as envisaged under AS 25 and as such AS 25 is not mandatory for the quarterly reporting prescribed for listed a bank.
- (iii) The recognition and measurement principles laid down under AS 25 shall however, be complied with in respect of such quarterly reports.

**(8) Accounting Standard 26 – Intangible asset**

- (i) This Standard prescribes the accounting treatment for intangible assets that are not dealt with specifically in another accounting standard. With respect to computer software which has been customised for the bank's use and is expected to be in use for some time, the detailed recognition and amortisation principle in respect of computer software prescribed in the Standard adequately addresses these issues and may be followed by the bank.
- (ii) It may be noted that intangible assets recognised and carried in the balance sheet of a bank in compliance with AS 26 shall attract provisions of section 15(1) of the Banking Regulation Act 1949, in terms of which a bank is prohibited from declaring any dividend until any expenditure not represented by tangible assets is carried in the balance sheet.
- (iii) A bank desirous of paying dividend while carrying any intangible assets in its books must seek exemption from section 15(1) of the Banking Regulation Act, 1949 from the Central Government.

**(9) Accounting Standard 28 – Impairment of assets**

- (i) This standard prescribes the procedures that an enterprise applies to ensure that its assets are carried at no more than their recoverable amount. It is clarified that the standard shall not apply to inventories, investments and other financial assets such as loans and advances and shall generally be applicable to a bank in so far as it relates to fixed assets.
- (ii) The Standard shall generally apply to financial lease assets and non-banking assets acquired in settlement of claims only when the indications of impairment of the entity are evident.

### **Chapter III - Disclosure in Financial Statements – Notes to Accounts**

7. A bank shall disclose information as specified in this chapter in the notes to accounts of the financial statements.

*Explanation 1:* These disclosures are intended only to supplement and not to replace disclosure requirements under other laws, regulations, or accounting and financial reporting standards.

*Explanation 2:* A bank is encouraged to make disclosures that are more comprehensive than the minimum required under these Directions, especially if such disclosures significantly aid in the understanding of the financial position and performance.

#### **A General**

8. The items listed in these Directions shall be disclosed in the ‘Notes to Accounts’ to the financial statements. A bank shall make additional disclosures where material.

#### **B Presentation**

9. In addition to the schedules to the balance sheet, a summary of ‘significant accounting policies’ and ‘notes to accounts’ shall be disclosed as separate Schedules.

#### **C Disclosure requirements**

10. A bank shall, at the minimum, furnish the following information in the ‘notes to accounts’. The bank shall note that mere mention of an activity, transaction or item in the disclosure template does not imply that it is permitted, and the bank shall refer to the extant statutory and regulatory requirements while determining the permissibility or otherwise of an activity or transaction. The bank shall disclose comparative information in respect of the previous period for all amounts reported in the current period’s financial statements. Further, the bank shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period’s financial statements.

##### **(1) Regulatory capital**

- (i) Composition of regulatory capital

(Amount in ₹ crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Paid up share capital and reserves (net of deductions, if any)		
ii)	Other Tier 1 capital		
iii)	Tier 1 capital (i + ii)		
iv)	Tier 2 capital		
v)	Total capital (Tier 1+Tier 2)		
vi)	Total Risk Weighted Assets (RWAs)		
vii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)		
viii)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)		
ix)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)		
x)	Amount of paid-up equity capital raised during the year		
xi)	Amount of non-equity Tier 1 capital raised during the year, of which: Give list* as per instrument type (perpetual non-cumulative preference shares, perpetual debt instruments, etc.).		
xii)	Amount of Tier 2 capital raised during the year, of which Give list** as per instrument type (perpetual non-cumulative preference shares, perpetual debt instruments, etc.).		

\* Example: A bank may disclose as under

	Current year	Previous year
Amount of non-equity Tier 1 capital raised during the year of which:	###	###
a) Perpetual Non-Cumulative Preference Shares	###	###
b) Perpetual Debt Instruments	###	###

\*\*Example: A bank may disclose as under:

	Current year	Previous year
Amount of Tier 2 capital raised during the year of which:	###	###
a) Perpetual Cumulative Preference Shares	###	###
b) Long term subordinated debt instruments	###	###
c) .....	###	###

## (ii) Draw down from Reserves

- (a) Suitable disclosures mentioning the amount and the rationale for withdrawal shall be made regarding any draw down from reserves.

**(2) Asset liability management**

**(i) Maturity pattern of certain items of assets and liabilities**

	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	Over 2 months and to 3 months	Over 3 months and up to 6 Months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	(Amount in ₹ crore)
Deposits*												
Advances												
Investments												
Borrowings												
Foreign Currency assets												
Foreign Currency liabilities												

**(3) Investments**

**(i) Composition of Investment Portfolio**

(Amount in ₹ crore)

	Investments in Current Year					Investments in Previous Year					
	Government Securities	Other Approved Securities	Shares	Bonds of PSUs	Others	Total investments	Government securities	Other Approved Securities	Shares	Bonds of PSUs	Others
<b>Permanent</b>											
Gross											
Less: Provision for non-performing investments (NPI)											
Net											
<b>Current</b>											
Gross											
Less: Provision for depreciation and NPI											
Net											
<b>Total Investments</b>											
Less: Provision for non-performing investments											
Less: Provision for depreciation and NPI											
Net											

- (ii) Movement of provisions for depreciation on investments, non-performing investments (NPIs) and investment fluctuation reserve (IFR)

Particulars	Current Year	Previous Year
i) Movement of provisions held towards depreciation of investment and NPIs a) Opening balance b) Add: Provisions made during the year c) Less: Write off / write back of excess provisions during the year d) Closing balance  ii) Movement of Investment Fluctuation Reserve a) Opening balance b) Add: Amount transferred during the year c) Less: Drawdown d) Closing balance  iii) Closing balance in IFR as a percentage of closing balance of investments [carrying value less net depreciation (ignoring net appreciation) i.e. net amount reflected in the balance sheet] in Current category		

- (iii) Sale and transfers to / from Permanent category

- (iv) In case of transfers of securities to/from permanent category, an RCB shall make disclosure in the ‘Notes to Accounts’ to the Financial Statements.  
Non-SLR investment portfolio

- (a) Non-performing non-SLR investments

(Amount in ₹ crore)			
Sr. No.	Particulars	Current Year	Previous Year
a)	Opening balance		
b)	Additions during the year since 1 <sup>st</sup> April		
c)	Reductions during the above period		
d)	Closing balance		
e)	Total provisions held		

(b) Issuer composition of non-SLR investments

(Amount in ₹ crore)											
Sr. No.	Issuer	Amount		Extent of Private Placement		Extent of 'Below Investment Grade' Securities		Extent of 'Unrated' Securities		Extent of 'Unlisted' Securities	
(1)	(2)	(3)		(4)		(5)		(6)		(7)	
		Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
a)	PSUs										
b)	FIs										
c)	Banks										
d)	Private Corporates										
e)	Others										
f)	Provision held towards depreciation										
	Total *										

Note:

- For a bank the total shall match the total of non-SLR investments held by the bank.
- Amounts reported under columns 4, 5, 6 and 7 above may not be mutually exclusive.

(v) Repo transactions (in face value and market value terms)

		Minimum outstanding during the year		Maximum outstanding during the year		Daily average outstanding during the year		Outstanding as on March 31	
		FV	MV	FV	MV	FV	MV	FV	MV
i)	Securities sold under repo								
a)	Government securities								
b)	Corporate debt securities								
c)	Any other securities								
ii)	Securities purchased under reverse repo								
a)	Government securities								
b)	Corporate debt securities								
c)	Any other securities								

Note -

- 'FV' means Face Value and 'MV' means Market Value.
- The disclosure shall be as specified in Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018 as amended from time to time. For ease of reference the disclosure template as on the date of issuance of this Master Direction has been reproduced here.

(vi) Government Security Lending (GSL) transactions (in market value terms)

As at ... (current year balance sheet date)

(Amount in ₹ crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Total volume of transactions during the year	Outstanding as on March 31
Securities lent through GSL transactions					
Securities borrowed through GSL transactions					
Securities placed as collateral under GSL transactions					
Securities received as collateral under GSL Transactions					

As at ... (previous year balance sheet date)

(Amount in ₹ crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Total volume of transactions during the year	Outstanding as on March 31
Securities lent through GSL transactions					
Securities borrowed through GSL transactions					
Securities placed as collateral under GSL Transactions					
Securities received as collateral under GSL Transactions					

Note - The disclosure shall be as specified in [Reserve Bank of India \(Government Securities Lending\) Directions, 2023](#), as amended from time to time. For ease of reference the disclosure template as on the date of issuance of this Direction has been reproduced here.

#### (4) Asset quality

##### (i) Classification of advances and provisions held

	Standard	Non-Performing			Total Non- Performing Advances
	Total Standard Advances	Sub-standard	Doubtful	Loss	
<b>Gross Standard Advances and NPAs</b>					
Opening Balance					
Add: Additions during the year					
Less: Reductions during the year*					
Closing balance					
*Reductions in Gross NPAs due to:					
i) Upgradation					
ii) Recoveries (excluding recoveries from upgraded accounts)					
iii) Technical / Prudential Write-offs					
iv) Write-offs other than those under (iii) above					
<b>Provisions (excluding Floating Provisions)</b>					
Opening balance of provisions held					
Add: Fresh provisions made during the year					
Less: Excess provision reversed / Write-off loans					
Closing balance of provisions held					
<b>Net NPAs</b>					
Opening Balance					

	Standard	Non-Performing			Total Non- Performing Advances
	Total Standard Advances	Sub-standard	Doubtful	Loss	
Add: Fresh additions during the year					
Less: Reductions during the year					
Closing Balance					
<b>Floating Provisions</b>					
Opening Balance					
Add: Additional provisions made during the year					
Less: Amount drawn down during the year					
(Rationale for drawdown may be explained by way of a note below the table)					
Closing balance of floating provisions					
<b>Technical write-offs and the recoveries made thereon</b>					
Opening balance of Technical / Prudential written-off accounts					
Add: Technical / Prudential write-offs during the year					
Less: Recoveries made from previously technical / prudential written-off accounts during the year					
Closing balance					
Note –					
1) While making disclosures in audited annual financial statements, a bank shall invariably provide the figures for both the current and previous year to facilitate comparison.					
2) Technical or prudential write-off is the amount of non-performing loans which are outstanding in the books of the branches but have been written-off (fully or partially) at Head Office level. Amount of Technical write-off shall be certified by statutory auditors.					
3) To the extent that floating provisions have not been reckoned for Tier 2 capital, they may be netted off from Gross NPAs to arrive at Net NPAs.					

Ratios (in percent) (to be computed as per applicable regulatory instructions)	Current Year	Previous Year
Gross NPA to Gross Advances		
Net NPA to Net Advances		
Provision coverage ratio		

(ii) Sector-wise advances and Gross NPAs

(Amounts in ₹ crore)

Sr. No.	Sector*	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
a)	Agriculture and allied activities						
b)	Industry						
c)	Services						
d)	Personal loans						
	Sub-total (ii)						
	<b>Total (I + ii)</b>						

\*A bank shall also disclose in the format above, sub-sectors where the outstanding advances exceeds 10 percent of the outstanding total advances to that sector. For instance, if a bank's outstanding advances to the mining industry exceed 10 percent of the outstanding total advances to 'Industry' sector it shall disclose details of its outstanding advances to mining separately in the format above under the 'Industry' sector.

(iii) Overseas assets, NPAs and revenue

			(Amount in ₹ crore)
Particulars		Current Year	Previous Year
Total Assets			
Total NPAs			
Total Revenue			

Note - If a bank does not have any overseas assets, NPAs and revenues, in both the current and previous year it may omit this disclosure.

(iv) Details of accounts subjected to restructuring (as defined as per applicable regulations)

		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Standard	Number of borrowers										
	Gross Amount (₹ crore)										
	Provision held (₹ crore)										
Sub-standard	Number of borrowers										
	Gross Amount (₹ crore)										
	Provision held (₹ crore)										
Doubtful	Number of borrowers										
	Gross Amount (₹ crore)										
	Provision held (₹ crore)										
Total	Number of borrowers										
	Gross Amount (₹ crore)										
	Provision held (₹ crore)										

Note: A bank shall disclose in its published Annual Balance Sheets the amount and number of accounts in respect of which applications for restructuring are under process, but the restructuring packages have not yet been approved.

(v) Disclosure of transfer of loan exposure

A lender shall make appropriate disclosures in its financial statements, under 'Notes to Accounts', relating to the total amount of loans not in default / stressed

loans transferred and acquired to / from other entities as prescribed below, on a quarterly basis:

- (a) In respect of loans not in default that are transferred or acquired, the disclosures shall cover, inter alia, aspects such as weighted average maturity, weighted average holding period, retention of beneficial economic interest, coverage of tangible security coverage, and rating-wise distribution of rated loans. Specifically, a transferor shall disclose all instances where it has agreed to replace loans transferred to transferee(s) or pay damages arising out of any representation or warranty. The disclosures shall also provide break-up of loans transferred / acquired through assignment / novation and loan participation.
- (b) In the case of stressed loans transferred or acquired, the following disclosures shall be made:

<b>Details of stressed loans transferred during the year (to be made separately for loans classified as NPA and SMA)</b>			
(all amounts in ₹ crore)	To ARCs	To permitted transferees	To other transferees (please specify)
No: of accounts			
Aggregate principal outstanding of loans transferred			
Weighted average residual tenor of the loans transferred			
Net book value of loans transferred (at the time of transfer)			
Aggregate consideration			
Additional consideration realised in respect of accounts transferred in earlier years			
<b>Details of loans acquired during the year</b>			
(all amounts in ₹ crore)	From Scheduled Commercial Banks, Regional Rural Bank, Co-operative Banks, All India Financial Institutions, Small Finance Banks and Non-Banking Finance Companies including Housing Finance Companies	From ARCs	

Details of stressed loans transferred during the year (to be made separately for loans classified as NPA and SMA)		
Aggregate principal outstanding of loans acquired		
Aggregate consideration paid		
Weighted average residual tenor of loans acquired		

(c) The transferor(s) shall also make appropriate disclosures with regard to the quantum of excess provisions reversed to the profit and loss account on account of sale of stressed loans. Also, the lender shall disclose the distribution of the SRs held by them across the various categories of Recovery Ratings assigned to such SRs by the credit rating agencies.

(vi) Fraud accounts

A bank shall make disclose details on the number and amount of frauds as well as the provisioning thereon as per template given below.

	Current year	Previous year
Number of frauds reported		
Amount involved in fraud (₹ crore)		
Amount of provision made for such frauds (₹ crore)		
Amount of unamortised provision debited from 'other reserves' as at the end of the year (₹ crore)		

(vii) Disclosure under resolution framework for COVID-19-related Stress

A special window under the Prudential Framework was extended to enable the lenders to implement a resolution plan in respect of eligible corporate exposures, and personal loans, while classifying such exposures as Standard. A bank shall make disclosures in the format prescribed below every half-year, i.e., in the financial statements as on September 30 and March 31, starting from the half-year ending September 30, 2021 till all exposures on which resolution plan was implemented are either fully extinguished or completely slip into NPA, whichever is earlier.

## Format for disclosures to be made half yearly starting September 30, 2021

(Amounts in ₹ crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half- year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans					
Corporate persons*					
Of which MSMEs					
Others					
Total					

\* As defined in section 3(7) of the Insolvency and Bankruptcy Code, 2016

Note - A bank that is not required by the listing requirements or otherwise to publish quarterly / half-yearly statements, shall make the disclosures for the full year in the annual financial statements.

### (5) Exposures

#### (i) Exposure to real estate sector

(Amount in ₹ crore)

Category	Current Year	Previous Year
i) Direct exposure		
a) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.		
b) Commercial Real Estate		
Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based (NFB) limits.		
c) Investments in Mortgage-Backed Securities (MBS) and other securitised exposures		
i. Residential		
ii. Commercial Real Estate		
ii) Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.		
<b>Total Exposure to Real Estate Sector</b>		

(ii) Exposure to capital market

Particulars	Current Year	Previous Year
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;		
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;		
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;		
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e., where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;		
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;		
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;		
vii) Bridge loans to companies against expected equity flows / issues;		
viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;		
ix) Financing to stockbrokers for margin trading;		
x) All exposures to Venture Capital Funds (both registered and unregistered)		
<b>Total exposure to capital market</b>		

Note: A bank may omit those line items which are not applicable/ permitted or have nil exposure both in current and previous year.

(iii) Risk category-wise country exposure

Risk Category*	(Amount in ₹ crore)			
	Exposure (net) as at March... (Current Year)	Provision held as at March... (Current Year)	Exposure (net) as at March... (Previous Year)	Provision held as at March... (Previous Year)
Insignificant				
Low				
Moderately Low				
Moderate				
Moderately High				
High				
Very High				
<b>Total</b>				

\*Till a bank moves over to internal rating systems, it shall use the seven-category classification followed by Export Credit Guarantee Corporation of India Ltd. (ECGC) for the purpose of classification and making provisions for country risk exposures. ECGC shall provide to a bank, on request, quarterly updates of their country classifications and shall also inform banks in case of any sudden major changes in country classification in the interim period.

Note - If a bank has no exposure to country risk in both the current and previous year, it may omit disclosure of the table while mentioning that it has no exposure to country risk.

(iv) Unsecured advances

A bank shall disclose the total amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken as also the estimated value of such intangible collateral as per the following format.

(Amounts in ₹ crore)		
Particulars	Current Year	Previous Year
Total unsecured advances of the bank		
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken		
Estimated value of such intangible securities		

(v) Factoring exposures

Factoring exposures shall be separately disclosed.

(vi) **Exposure of Rural Co-operative Banks**

A bank shall disclose details of its exposure as per the template specified below:

(a) State Co-operative Banks

Sl. No	Exposure to	Current year			Previous year		
		Gross Exposure (₹ crore)	Advances (₹ crore)	Out of which gross non- performing advances (₹ crore)	Gross Exposure (₹ crore)	Advances (₹ crore)	Out of which gross non- performing advances (₹ crore)
	Central Co-operative banks						
	Apex Societies						
	Primary Agricultural Credit Societies (PACS) – on lending						
	PACS- other exposure						
	Other credit societies						
	Other non-credit co-operative societies						
	Companies						
	Public Sector Undertakings						

(b) Central Co-operative Banks

Sl. No	Exposure to	Current year			Previous Year		
		Gross Exposure (₹ crore)	Advances (₹ crore)	Out of which gross non- performing advances (₹ crore)	Gross Exposure (₹ crore)	Advances (₹ crore)	Out of which gross non- performing advances (₹ crore)
	Primary Agricultural Credit Societies (PACs) – on lending						
	PACs- other exposure						
	Other credit societies						
	Other non-credit co-operative societies						
	Companies						
	Public Sector Undertakings						

(vii) Loans against gold and silver collateral

(a) Details of loans extended against eligible gold and silver collateral

Particulars	Loan outstanding		Average ticket size (` crore)	Average LTV ratio	Gross NPA (%)
	₹ crore	As % of Total Loans			
<b>1. Opening balance of the FY [(a)+(b)]</b>					
(a) Consumption loans					
of which bullet repayment loans					
(b) Income generating loans					
<b>2. New loans sanctioned and disbursed during the FY [(c)+(d)]</b>					NA
(c) Consumption loans					NA
of which bullet repayment loans					NA
(d) Income generating loans					NA
<b>3. Renewals sanctioned and disbursed during the FY</b>					NA
<b>4. Top-up loans sanctioned and disbursed during the FY</b>					NA
<b>5. Loans repaid during the FY [(e)+(f)]</b>				NA	NA
(e) Consumption loans				NA	NA
of which bullet repayment loans				NA	NA
(f) Income generating loans				NA	NA
<b>6. Non-Performing Loans recovered during the FY [(g) + (h)]</b>				NA	NA
(g) Consumption loans				NA	NA
of which bullet repayment loans				NA	NA
(h) Income generating loans				NA	NA
<b>7. Loans written off during the FY [(i) + (j)]</b>				NA	NA
(i) Consumption loans				NA	NA
of which bullet repayment loans				NA	NA
(j) Income generating loans				NA	NA
<b>8. Closing balance at the end of FY [(k) + (l)]</b>					
(k) Consumption loans					
of which bullet repayment loans					
(l) Income generating loans					

Note:

(i) The disclosure shall be as specified in Reserve Bank of India (Rural Co-operative Banks – Credit Facilities) Directions, 2025, as amended from time to time. For ease of reference the disclosure template has been reproduced here.

(ii) Information may be disclosed separately for loans against gold collateral and loans against silver collateral

(iii) Average LTV ratio is Calculated as ratio of sum of LTVs of loans at the time of sanction to total number of such loans.

**(b) Details of gold and silver collateral and auctions**

Sr. No.	Particulars	
(a)	Unclaimed gold or silver collateral at the end of the financial year (in grams)	
(b)	Number of loan accounts in which auctions were conducted	
(c)	Total outstanding in loan accounts mentioned in (b)	
(d)	Gold or silver collateral acquired during the FY due to default of loans (in grams)	
(e)	Gold or silver collateral auctioned during the FY (in grams)	
(f)	Recovery made through auctions during the FY (in ₹ crore)	
(g)	Recovery percentage:	
(h)	as % of value of gold or silver collateral	
(i)	as % of outstanding loan	

**Note**

(i) Weight and value of collateral to be calculated in accordance with Reserve Bank of India (Rural Co-operative Banks – Credit Facilities) Directions, 2025 (as amended from time to time).

(ii) Unclaimed gold or silver collateral as defined under Reserve Bank of India (Rural Co-operative Banks – Credit Facilities) Directions, 2025 (as amended from time to time).

**(6) Concentration of deposits, advances, exposures and NPAs**

**(i) Concentration of deposits**

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total deposits of the twenty largest depositors		
Percentage of deposits of twenty largest depositors to total deposits of the bank		

(ii) Concentration of advances\*

Particulars	Current Year	Previous Year
Total advances to the twenty largest borrowers		
Percentage of advances to twenty largest borrowers to total advances of the bank		

\*Advances shall be computed based on credit exposure i.e., funded and non-funded limits including derivative exposures where applicable. The sanctioned limits or outstanding, whichever are higher, shall be reckoned. However, in the case of fully drawn term loans, where there is no scope for redrawal of any portion of the sanctioned limit, a bank may reckon the outstanding as the credit exposure

(iii) Concentration of exposures\*\*

Particulars	Current Year	Previous Year
Total exposure to the twenty largest borrowers / customers		
Percentage of exposures to the twenty largest borrowers / customers to the total exposure of the bank on borrowers / customers		

\*\*Exposures shall be computed as per applicable RBI regulation.

(iv) Concentration of NPAs

Particulars	Current Year	Previous Year
Total Exposure to the top twenty NPA accounts		
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.		

## (7) Derivatives

Note – A bank that has not entered into any derivative transactions, both in the current and previous year may omit these disclosures and instead disclose that it has not entered into any transactions in derivatives in the current and previous years.

(i) Forward rate agreement / Interest rate swap

Particulars	Current Year	Previous Year
i) The notional principal of swap agreements		
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements		
iii) Collateral required by the bank upon entering into swaps		

Particulars	Current Year	Previous Year
iv) Concentration of credit risk arising from the swaps (for example, exposures to particular industries, or swaps with highly geared companies.)		
v) The fair value of the swap book  (Note - If the swaps are linked to specific assets, liabilities, or commitments, the fair value shall be the estimated amount that the bank would receive or pay to terminate the swap agreements as on the balance sheet date. For a trading swap the fair value shall be its mark to market value)		

Note: Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps shall also be disclosed.

#### (ii) Exchange traded interest rate derivatives

(Amount in ₹ crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)		
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 <sup>st</sup> March ....(instrument wise)		
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)		
iv)	Mark to market value of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)		

#### (iii) Disclosures on risk exposure in derivatives

##### (a) Qualitative disclosures

A bank shall disclose its risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. The disclosure shall also include:

- (i) the structure and organisation for management of risk in derivatives trading,
- (ii) the scope and nature of risk measurement, risk reporting and risk monitoring systems,

- (iii) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants, and
- (iv) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.

**(b) Quantitative disclosures**

		(Amount in ₹ crore)			
Sr. No	Particular	Current Year		Previous Year	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
a)	Derivatives (Notional Principal Amount)				
	i) For hedging				
	ii) For trading				
b)	Marked to Market Positions [1]				
	i) Asset (+)				
	ii) Liability (-)				
d)	Likely impact of one percentage change in interest rate (100*PV01)				
	i) on hedging derivatives				
	ii) on trading derivatives				
e)	Maximum and Minimum of 100*PV01 observed during the year				
	i) on hedging				
	ii) on trading				

Note: The net position shall be shown either under asset or liability, as the case may be, for each type of derivatives.

**(8) Transfers to Depositor Education and Awareness Fund (DEA Fund)**

(Amount in ₹ crore)			
Sr. No.	Particulars	Current Year	Previous Year
i)	Opening balance of amounts transferred to DEA Fund		
ii)	Add: Amounts transferred to DEA Fund during the year		
iii)	Less: Amounts reimbursed by DEA Fund towards claims		
iv)	Closing balance of amounts transferred to DEA Fund		

Sr. No.	Particulars	Current Year	Previous Year
A bank shall specify here that the closing balance of the amount transferred to DEA Fund, as disclosed above, are also included under 'Schedule 12 - Contingent Liabilities - Other items for which the bank is contingently liable' or 'Contingent Liabilities - Others,' as the case may be.			

## (9) Disclosure of complaints

- (i) Summary information on complaints received by a bank from customers and from the Offices of Ombudsman (previously office of banking ombudsman)

Sr. No	Particulars	Current Year	Previous Year
Complaints received by the bank from its customers			
1.	Number of complaints pending at beginning of the year		
2.	Number of complaints received during the year		
3.	Number of complaints disposed during the year		
3.1	Of which, number of complaints rejected by the bank		
4.	Number of complaints pending at the end of the year		
Maintainable complaints received by the bank from Office of Ombudsman			
5.	Number of maintainable complaints received by the bank from Office of Ombudsman		
5.1.	Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman		
5.2	Of 5, number of complaints resolved through conciliation / mediation / advisories issued by Office of Ombudsman		
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank		
6.	Number of Awards unimplemented within the stipulated time (other than those appealed)		

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme.

- (ii) Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e., complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year					
Ground - 1					
Ground - 2					
Ground - 3					
Ground - 4					
Ground - 5					

Grounds of complaints, (i.e., complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
<b>Others</b>					
<b>Total</b>					
Previous Year					
Ground - 1					
Ground - 2					
Ground - 3					
Ground - 4					
Ground - 5					
<b>Others</b>					
<b>Total</b>					

Note - As per Master List for identifying grounds of complaints as provided in Appendix 1 to circular [CEPD.CO.PRD.Cir.No.01/13.01.013/2020-21](#) dated January 27, 2021 on 'Strengthening the Grievance Redress Mechanism of Banks'.

1. ATM / Debit Cards	2. Credit Cards	3. Internet / Mobile / Electronic Banking	4. Account opening / difficulty in operation of accounts
5. Mis-selling / Para-banking	6. Recovery Agents / Direct Sales Agents	7. Pension and facilities for senior citizens / differently abled	8. Loans and advances
9. Levy of charges without prior notice / excessive charges / foreclosure charges	10. Cheques / drafts / bills	11. Non-observance of Fair Practices Code	12. Exchange of coins, issuance / acceptance of small denomination notes and coins
13. Bank Guarantees / Letter of Credit and documentary credits	14. Staff behaviour	15. Facilities for customers visiting the branch / adherence to prescribed working hours by the branch, etc	16. Others

#### (10) Disclosure of penalties imposed by the Reserve Bank of India

- (i) Penalties imposed by the Reserve Bank of India under the provisions of the (i) Banking Regulation Act, 1949, (ii) Payment and Settlement Systems Act, 2007 and (iii) Government Securities Act, 2006 (for bouncing of SGL) shall be disclosed in the 'Notes to Accounts' to the balance sheet in the concerned bank's next Annual Report.
- (ii) A bank shall make appropriate disclosures on the nature of the breach, number of instances of default and the quantum of penalty imposed.
- (iii) The defaulting participant in a reverse repo transaction shall make appropriate disclosure on the number of instances of default as well as the quantum of penalty paid to the Reserve Bank of India during the financial year.

## (11) Other Disclosures

### (i) Business ratios

Particular	Current Year	Previous Year
i) Interest Income as a percentage to Working Funds <sup>1</sup>		
ii) Non-interest income as a percentage to Working Funds <sup>1</sup>		
iii) Cost of Deposits		
iv) Net Interest Margin <sup>2</sup>		
v) Operating Profit as a percentage to Working Funds <sup>1</sup>		
vi) Return on Assets <sup>3</sup>		
vii) Business (deposits plus advances) per employee <sup>4</sup> (in ₹ crore)		
viii) Profit per employee (in ₹ crore)		

<sup>1</sup>Working funds to be reckoned as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form IX for Co-operative Banks, during the 12 months of the financial year.

<sup>2</sup>Net Interest Margin = Net Interest Income / Average Earning Assets Where Net Interest Income= Interest Income – Interest Expense.

<sup>3</sup>Return on Assets shall be with reference to average working funds (i.e., total of assets excluding accumulated losses, if any).

<sup>4</sup>For the purpose of computation of business per employee (deposits plus advances), inter-bank deposits shall be excluded.

### (ii) Bancassurance business

The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by a bank shall be disclosed for both the current year and previous year.

### (iii) Marketing and distribution

A bank shall disclose the details of fees / remuneration received in respect of the marketing and distribution function (excluding bancassurance business) undertaken by it.

(iv) Provisions and contingencies

(Amount in ₹ crore)		
Provision debited to Profit and Loss Account	Current Year	Previous Year
i) Provisions for NPI		
ii) Provision towards NPA		
iii) Provision made towards Income tax		
iv) Other Provisions and Contingencies (with details)		

(v) Payment of DICGC Insurance Premium

(Amount in ₹ crore)			
Sr. No.	Particulars	Current Year	Previous Year
i) Payment of DICGC Insurance Premium			
ii) Arrears in payment of DICGC premium			

(vi) Disclosure of facilities granted to directors and their relatives

A bank shall disclose any fund or non-fund (guarantees, letters of credit, etc.) facilities extended to directors, their relatives, companies or firms in which they are interested.

## **Chapter IV - Other Instructions**

### **A Inter-branch account - provisioning for net debit balance**

11. A bank shall adhere to following guidelines for unreconciled inter-branch account entries.
  - (1) The bank shall segregate the credit entries outstanding for more than five years in the inter-branch account and transfer them to a separate 'Blocked Account' which shall be shown under 'Other Liabilities - Suspense'.
  - (2) Any adjustment from the Blocked Account shall be permitted only with the authorisation of two officials, one of whom should be from the Controlling / Head Office if the amount exceeds Rupees One lakh.
  - (3) The balance in Blocked Account shall be reckoned as a liability for the purpose of the maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR).
  - (4) The bank shall maintain category-wise (head-wise) accounts for various types of transactions put through inter-branch accounts, so that the netting can be done category-wise. As on the balance sheet date, the bank shall segregate the debit and credit entries remaining unreconciled for more than six months and arrive at the net position category-wise, while also considering the balance in the Blocked Account.
  - (5) The net debit under all the categories of inter-branch accounts shall be aggregated and a provision equivalent to 100 percent of the aggregate net debit shall be made.

*Provided that* the bank shall ensure that the net debit in one category is not set-off against net credit in another category.

### **B Reconciliation of Nostro account and treatment of outstanding entries**

12. Treatment of outstanding entries in Nostro accounts shall of a bank shall be as under.
  - (1) The bank shall take steps to have a strong control over reconciliation and put in place a system of real-time reconciliation, which provides for immediate escalation of differences, if any.

- (2) There shall be close monitoring of pending items in Nostro accounts by top management at short intervals.
- (3) All unreconciled credit entries in Nostro accounts which are outstanding for more than three years shall be transferred to a Blocked Account and shown as outstanding liabilities.
- (4) The balance in the Blocked Account shall be reckoned for the purpose of CRR / SLR.
- (5) A bank shall make 100 percent provision in respect of all unreconciled debit entries in the Nostro accounts, which are outstanding for more than two years.

**C Transfer to / appropriation from Reserve funds**

- 13. In terms of sections 17(1) and 56 of the Banking Regulation Act, 1949 a bank is required to transfer, out of the balance of profit as disclosed in the profit and loss account, a sum equivalent to not less than 20 percent of such profit to Reserve Fund.
- 14. Unless specifically allowed by extant regulations, the bank shall take prior approval from the Reserve Bank of India before any appropriation is made from the Statutory Reserve or any other reserve.
- 15. A bank is further advised that:
  - (1) all expenses including provisions and write-offs recognised in a period, whether mandatory or prudential, shall be reflected in the profit and loss account for the period as an 'above the line' item (i.e., before arriving at the net profit / loss for the year);
  - (2) draw down from reserves, with the prior approval of Reserve Bank of India, shall be effected only 'below the line' (i.e. after arriving at the net profit / loss for the year); and
  - (3) suitable disclosures shall be made of such draw down in the 'Notes on Accounts' to the Balance Sheet.
  - (4) Subject to compliance with applicable laws, a bank, without prior approval of Reserve Bank of India, can utilise the share premium account for meeting issue

expenses of shares to the extent that such expenses are incremental costs directly attributable to the transaction that otherwise would have been avoided.

*Provided that* the share premium account shall not be utilised for writing off the expenses relating to the issue of debt instruments.

Explanation: For the purposes of this Direction, issue expenses shall include registration and other regulatory fees, payments made to legal, accounting, and other professional advisers, printing costs, and stamp duties.

#### **D Provisioning for fraud**

16. In respect of provisioning for frauds, a bank that has reported the fraud within the prescribed time shall have the option to make the provision for the same over a period, not exceeding four quarters, commencing from the quarter in which the fraud has been detected.
17. Where the bank chooses to provide for the fraud over two to four quarters and this results in the full provisioning being made in more than one financial year, subject to compliance with applicable laws, it may debit reserves other than the Statutory Reserve by the amount remaining un-provided at the end of the financial year by credit to provisions.

*Provided that* it shall subsequently proportionately reverse the debits to the reserves and complete the provisioning by debiting profit and loss account, in the successive quarters of the next financial year.

18. Where there has been delay, beyond the prescribed period, in reporting the fraud to the Reserve Bank, the entire provisioning is required to be made at once.

#### **E Unreconciled balances**

19. Unreconciled credit balances in any transitory account representing unclaimed balances shall not be transferred to the profit and loss account or to any reserves.

#### **F Deferred tax liability (DTL) on Special Reserve created under Section 36(1)(viii) of the Income Tax Act, 1961**

20. A bank shall make provisions for DTL on the Special Reserve created under section 36(1)(viii) of Income Tax Act, 1961.

## **G Window dressing**

21. A bank shall ensure that balance sheet and profit and loss account reflects true and fair picture of its financial position.
22. Instances of window dressing of financials, short provisioning, misclassification of NPAs, under-reporting / incorrect computation of exposure / risk weight, incorrect capitalisation of expenses, capitalisation of interest on NPAs, deliberate inflation of asset and liabilities at the end of the financial year and subsequent reversal immediately in next financial year, etc. shall be viewed seriously and appropriate penal action in terms of the provisions of the Banking Regulation Act, 1949 shall be considered.

## **Chapter VI - Repeal and Other Provisions**

### **A Repeal and saving**

23. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Financial Statements- Presentation and Disclosures as applicable to Rural Co-operative Banks stands repealed, as communicated vide notification dated XX, 2025. The Directions, instructions, and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.
24. Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed Directions, instructions, or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions.

### **B Application of other laws not barred**

25. The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations or directions, for the time being in force.

### **C Interpretations**

26. For the purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the RBI may, if it considers necessary, issue necessary clarifications in respect of any matter covered herein and the interpretation of any provision of these Directions given by the RBI shall be final and binding.

