



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

RBI/2025-26/390

DOR.ACC.REC.No.431/21.02.067/2025-26

March 10, 2026

**Reserve Bank of India (Regional Rural Banks – Prudential Norms on
Declaration of Dividend) Directions, 2026**

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Introduction

In exercise of the powers conferred by Section 35A of the Banking Regulation Act (BR Act), 1949, and all other provisions / laws enabling the Reserve Bank of India ('RBI') in this regard, RBI being satisfied that it is necessary and expedient in the public interest to do so, hereby, issues the Directions hereinafter specified.

Chapter I

A. Short title and commencement

1. These Directions shall be called the Reserve Bank of India (Regional Rural Banks – Prudential Norms on Declaration of Dividend) Directions, 2026.
2. These Directions shall come into effect from Financial Year (FY) 2026-27.

B. Applicability

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

C. Definitions

4. In these Directions, unless the context states otherwise, the terms herein shall bear the meanings assigned to them below.

(1) 'Adjusted Profit After Tax (PAT)' means PAT of the financial year for which the dividend is proposed to be paid *minus* 50 per cent of Net NPA as on March 31 of the financial year for which the dividend is to be paid;

(2) 'Dividend' means dividend payable on equity shares and includes interim dividend; and

(3) 'Extraordinary profit / income' shall have the same meaning as defined under applicable Accounting Standards.

5. All other expressions unless defined herein shall have the same meaning as have been assigned to them under the applicable Acts, Rules / Regulations made thereunder, or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

Chapter II - Declaration of dividend

A. Board oversight

6. The Board of Directors while considering the proposal for declaration of dividend of a bank shall consider the following:

(1) The divergence in asset classification and provisioning for Non-Performing Assets (NPAs), including its trend, as observed under supervisory findings of the National Bank for Agriculture and Rural Development (NABARD);

(2) Auditors' Report to the financial statements, including modified opinion or Emphasis of Matter, for the financial year in which the dividend is proposed.

(3) Current and projected capital position vis-à-vis applicable regulatory capital requirement; and

(4) Long term growth plans.

B. Eligibility criteria

7. A bank shall meet the following prudential requirements, to be eligible to declare dividends.

(1) The bank was in compliance with the applicable regulatory capital requirement as at the end of the previous financial year and shall continue to be in compliance as at the end of the financial year during which the dividend is proposed to be paid.

(2) The regulatory capital of the bank shall not fall below the applicable regulatory capital requirement even after the payment of dividend.

(3) The bank shall have positive adjusted Profit After Tax (PAT) for the financial year for which the dividend is proposed.

(4) The bank shall not be under any explicit restrictions for declaration of dividends from the Reserve Bank or any other authority.

C. Quantum of dividend payable

8. A bank which satisfies the eligibility criteria laid down in paragraph 7 above may declare and pay dividend up to the limits prescribed under [Table 1](#) below, but in aggregate not exceeding 80% of the PAT for the period for which the dividend is being proposed.

Table 1		
Bucket	Tier 1 Capital Ratio as at the end of previous FY	Dividend allowed as a % of adjusted PAT for the period
B1	Up to 7%	0
B2	Above 7% and up to 9%	20
B3	Above 9% and up to 11%	30
B4	Above 11% and up to 13%	40
B5	Above 13% and up to 15%	50
B6	Above 15% and up to 16%	60
B7	Above 16% and up to 17%	70
B8	Above 17% and up to 18%	80
B9	Above 18% and up to 19%	90
B10	Above 19%	100

9. The detailed illustrations are given in [Annex I](#).

D. Profits ineligible for payment of dividend

10. The following profits shall not be available for payment of dividend:

(1) Any exceptional and / or extra-ordinary profits / income shall not be available for payment of dividend.

(2) If the audit report by the statutory auditor contains a modified opinion that indicates an overstatement of the PAT, the same shall not be available for payment of dividend, to the extent it is included in PAT.

(3) The prudential treatment of reversal of excess provision, dividend payment by a bank on reversal of such provisions and unrealized profits arising on account of transfer of loans and Security Receipts guaranteed by the Government of India shall be guided by the instructions contained in the [Reserve Bank of India \(Regional Rural Banks – Transfer and Distribution of Credit Risk\) Directions, 2025](#).

E. Reporting system

11. A bank declaring dividend shall report details thereof as per the format prescribed in [Annex II](#). The report shall be furnished to the Department of Supervision of the NABARD within a fortnight of declaration of dividend.

F. Restriction on payment of dividend

12. The Reserve Bank reserves the right to place restrictions on distribution of dividend where a bank is found to be non-compliant with the applicable laws, regulations / guidelines issued by the Reserve Bank.

13. If a bank does not meet the eligibility criteria as per paragraph 7 above, no special dispensation will be given for declaration of dividend for that period.

G. Penal consequences for non-compliance

14. Non-compliance with any of the provisions contained in these Directions may attract supervisory and / or enforcement action, as applicable.

Chapter III - Repeal and other provisions

A. Repeal and saving

15. The Directions, instructions, and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.

16. 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. Further, the repeal of these Directions, instructions, or guidelines shall not in any way prejudicially affect:

- (1) any right, obligation or liability acquired, accrued, or incurred thereunder;
- (2) any, penalty, forfeiture, or punishment incurred in respect of any contravention committed thereunder; and
- (3) any investigation, legal proceeding, or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, or punishment as aforesaid; and any such investigation, legal proceedings or remedy may be instituted, continued, or enforced and any such penalty, forfeiture, or punishment may be imposed as if those Directions, instructions, or guidelines had not been repealed.

B. Application of other laws not barred

17. 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

18. 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 Reserve Bank 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 Reserve Bank shall be final and binding.

(Sunil T S Nair)

Chief General Manager

Illustrations of calculation of maximum dividend

Note: The calculations are for illustrative purposes only to aid banks in their understanding of the Directions.

Illustration 1: Computation of maximum permissible dividend for FY 20X1-X2

Particulars	Amount (₹ '000)
Net profit (PAT) for FY 20X1-X2 (A)	17,000
Net NPAs as on March 31, 20X2 (B)	6,500
Adjusted PAT, i.e., (C) = (A) – 50% of (B)	13,750
Tier1 Capital ratio as on March 31, 20X1 (D)	11.72%
The CET1 ratio falls in bucket B4	
80% of PAT(E)	13,600
Max payable as per Table 1 (40% of 13,750) (F)	5,500
Maximum Eligible Dividend (i.e., Lower of E or F)	5,500
Maximum Eligible Dividend as percentage of PAT	32.35%

Illustration 2: Computation of maximum permissible dividend for FY 20X1-X2

Particulars	Amount (₹ '000)
Net profit (PAT) for FY 20X1-X2 (A)	40,500
Net NPAs as on March 31, 20X2 (B)	5,000
Adjusted PAT i.e., (C) = (A) – 50% of (B)	38,000
Tier1 Capital ratio as on March 31, 20X1 (D)	15%
The CET1 ratio falls in bucket B5	
80% of PAT(E)	32,400
Max payable as per Table 1 (50% of 38,000) (F)	19,000
Maximum Eligible Dividend (i.e., Lower of E or F)	19,000
Maximum Eligible Dividend as percentage of PAT	46.91%

Illustration 3: Computation of maximum eligible dividend for FY 20X1-X2

Particulars	Amount (₹ '000)
Net profit (PAT) for FY 20X1-X2 (A)	1500
Net NPAs as on March 31, 20X2 (B)	200
Adjusted PAT, i.e., (C) = (A) – 50% of (B)	1,400
Tier1 capital ratio as on March 31, 20X1 (D)	24.36%
The CET1 ratio falls in bucket B10	
80% of PAT (E)	1,200
Maximum payable as per Table (100% of 1,400) (F)	1,400
Maximum Eligible Dividend (i.e., G = Lower of E or F)	1,200
Maximum Eligible Dividend as percentage of PAT	80%
Interim dividend paid for FY 20X1-20X2 (H)	500
As the bank has already paid interim dividend of ₹500,000, the final dividend shall not be more than (G) – (H)	700

Details of dividend declared during the financial year

Name of the Bank: _____

Accounting period *	Net profit for the accounting period (₹ crore)	Net profit# for determining the Dividend Payout Ratio (₹ crore)	Rate of dividend (per cent)	Amount of dividend (₹ crore)	Dividend Payout ratio (per cent)

*Quarter or half year or year ended as the case may

excluding any exceptional and/or extra-ordinary profits/ income, or if audit report by the statutory auditor contains modified opinion that indicates an overstatement of net profit (including 'emphasis of matter'), reversal of excess provision and unrealized profits arising on account of transfer of loans and Security Receipts guaranteed by the Government of India (as provided in [Reserve Bank of India \(Regional Rural Banks – Transfer and Distribution of Credit Risk\) Directions, 2025](#)).

'Dividend Payout Ratio (DPR)' means the ratio of the amount of the dividend payable on equity shares (including interim dividend) in a year and the net profit during the year as per the audited financial statements for the financial year for which the dividend is proposed.



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

RBI/2025-26/391

DOR.ACC.REC.No.428/21.02.067/2025-26

March 10, 2026

**Reserve Bank of India (Small Finance Banks – Prudential Norms on
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Introduction

In exercise of the powers conferred by Section 35A of the Banking Regulation Act (BR Act), 1949, and all other provisions / laws enabling the Reserve Bank of India ('RBI') in this regard, RBI being satisfied that it is necessary and expedient in the public interest to do so, hereby, issues the Directions hereinafter specified.

Chapter I

A. Short title and commencement

1. These Directions shall be called the Reserve Bank of India (Small Finance Banks – Prudential Norms on Declaration of Dividend) Directions, 2026.
2. These Directions shall come into effect from Financial Year (FY) 2026-27.

B. Applicability

3. These Directions shall be applicable to Small Finance Banks (SFBs) (hereinafter collectively referred to as 'banks' and individually as a 'bank').

C. Definitions

4. In these Directions, unless the context states otherwise, the terms herein shall bear the meanings assigned to them below.

(1) 'Adjusted Profit After Tax (PAT)' means PAT of the financial year for which the dividend is proposed to be paid *minus* 50 per cent of Net NPA as on March 31 of the financial year for which the dividend is to be paid;

(2) 'Dividend' means dividend payable on equity shares and includes interim dividend but excludes dividend on Perpetual Non-Cumulative Preference Shares (PNCPS); and

(3) 'Extra-ordinary profit / income' shall have the same meaning as defined under applicable Accounting Standards.

5. All other expressions unless defined herein shall have the same meaning as have been assigned to them under the applicable Acts, Rules / Regulations made thereunder, or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

Chapter II - Declaration of dividend

A. Board oversight

6. The Board of Directors while considering the proposal for declaration of dividend of a bank shall consider the following:

- (1) The divergence in asset classification and provisioning for Non-Performing Assets (NPAs), including its trend, as observed under supervisory findings of the Reserve Bank;
- (2) Auditors' Report to the financial statements, including modified opinion or Emphasis of Matter, for the financial year in which the dividend is proposed;
- (3) Current and projected capital position vis-à-vis applicable regulatory capital requirement; and
- (4) Long term growth plans.

B. Eligibility criteria

7. A bank shall meet the following prudential requirements, to be eligible to declare dividends.

- (1) The bank was in compliance with the applicable regulatory capital requirement as at the end of the previous financial year and shall continue to be in compliance as at the end of the financial year during which the dividend is proposed to be paid.
- (2) The regulatory capital of the bank shall not fall below the applicable regulatory capital requirement even after the payment of dividend.
- (3) The bank shall have positive adjusted Profit After Tax (PAT) for the financial year for which the dividend is proposed.
- (4) The bank shall not be under any explicit restrictions for declaration of dividends from the Reserve Bank or any other authority.

C. Quantum of dividend payable

8. A bank which satisfies the eligibility criteria laid down in paragraph 7 above may declare and pay dividend up to the limits prescribed under [Table 1](#) below, but in

aggregate not exceeding 75% of the PAT for the period for which the dividend is being proposed.

Table 1		
Bucket	Tier 1 Capital Ratio as at the end of previous FY	Dividend allowed as a % of adjusted PAT for the period
B1	Up to 7.5%	0
B2	Above 7.5% and up to 9.5%	20
B3	Above 9.5% and up to 11.5%	30
B4	Above 11.5% and up to 13.5%	40
B5	Above 13.5% and up to 15.5%	50
B6	Above 15.5% and up to 16.5%	60
B7	Above 16.5% and up to 17.5%	70
B8	Above 17.5% and up to 18.5%	80
B9	Above 18.5% and up to 19.5%	90
B10	Above 19.5%	100

9. The detailed illustrations are given in [Annex I](#).

D. Profits ineligible for payment of dividend

10. The following profits shall not be available for payment of dividend:

(1) Any exceptional and / or extra-ordinary profits / income shall not be available for payment of dividend.

(2) If the audit report by the statutory auditor contains a modified opinion that indicates an overstatement of the PAT, the same shall not be available for payment of dividend, to the extent it is included in PAT.

(3) In terms of [Reserve Bank of India \(Small Finance Banks - Classification, Valuation and Operation of Investment Portfolio\) Directions, 2025](#), a bank shall not pay dividend out of net unrealised gains arising on fair valuation of Level 3 financial instruments (including derivatives).

(4) The prudential treatment of reversal of excess provision, dividend payment by a bank on reversal of such provisions and unrealized profits arising on account of transfer of loans and Security Receipts guaranteed by the Government of India shall be guided by the instructions contained in the [Reserve Bank of India \(Small Finance Banks – Transfer and Distribution of Credit Risk\) Directions, 2025](#).

E. Reporting system

11. A bank declaring dividend shall report details thereof as per the format prescribed in [Annex II](#). The report shall be furnished to the Department of Supervision of the Reserve Bank within a fortnight of declaration of dividend.

F. Restriction on payment of dividend

12. The Reserve Bank reserves the right to place restrictions on distribution of dividend where a bank is found to be non-compliant with the applicable laws, regulations / guidelines issued by the Reserve Bank.

13. If a bank does not meet the eligibility criteria as per paragraph 7 above, no special dispensation will be given for declaration of dividend for that period.

G. Penal consequences for non-compliance

14. Non-compliance with any of the provisions contained in these Directions may attract supervisory and / or enforcement action, as applicable.

Chapter III - Repeal and other provisions

A. Repeal and saving

15. The list of circulars repealed with respect to the provisions relating to SFBs coming under the purview of this Direction is in [Annex III](#).

16. The Directions, instructions, and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.

17. 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. Further, the repeal of these Directions, instructions, or guidelines shall not in any way prejudicially affect:

(1) any right, obligation or liability acquired, accrued, or incurred thereunder;
(2) any, penalty, forfeiture, or punishment incurred in respect of any contravention committed thereunder; and

(3) any investigation, legal proceeding, or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, or punishment as aforesaid; and any such investigation, legal proceedings or remedy may be instituted, continued, or enforced and any such penalty, forfeiture, or punishment may be imposed as if those Directions, instructions, or guidelines had not been repealed.

B. Application of other laws not barred

18. 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

19. 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 Reserve Bank 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 Reserve Bank shall be final and binding.

(Sunil T S Nair)

Chief General Manager

Illustrations of calculation of maximum dividend

Note: The calculations are for illustrative purposes only to aid banks in their understanding of the Directions.

Illustration 1: Computation of maximum permissible dividend for FY 20X1-X2

Particulars	Amount (₹ Crore)
Net profit (PAT) for FY 20X1-X2 (A)	17,000
Net NPAs as on March 31, 20X2 (B)	6,500
Adjusted PAT, i.e., (C) = (A) – 50% of (B)	13,750
Tier1 Capital ratio as on March 31, 20X1 (D)	11.72%
The CET1 ratio falls in bucket B4	
75% of PAT(E)	12,750
Max payable as per Table 1 (40% of 13,750) (F)	5,500
Maximum Eligible Dividend (i.e., Lower of E or F)	5,500
Maximum Eligible Dividend as percentage of PAT	32.35%

Illustration 2: Computation of maximum permissible dividend for FY 20X1-X2

Particulars	Amount (₹ Crore)
Net profit (PAT) for FY 20X1-X2 (A)	40,500
Net NPAs as on March 31, 20X2 (B)	5,000
Adjusted PAT i.e., (C) = (A) – 50% of (B)	38,000
Tier1 Capital ratio as on March 31, 20X1 (D)	15%
The CET1 ratio falls in bucket B5	
75% of PAT(E)	30,375
Max payable as per Table 1 (50% of 38,000) (F)	19,000
Maximum Eligible Dividend (i.e., Lower of E or F)	19,000
Maximum Eligible Dividend as percentage of PAT	46.91%

Illustration 3: Computation of maximum eligible dividend for FY 20X1-X2

Particulars	Amount (₹ Crore)
Net profit (PAT) for FY 20X1-X2 (A)	1500
Net NPAs as on March 31, 20X2 (B)	300
Adjusted PAT, i.e., (C) = (A) – 50% of (B)	1,350
Tier1 capital ratio as on March 31, 20X1 (D)	24.36%
The CET1 ratio falls in bucket B10	
75% of PAT (E)	1,125
Maximum payable as per Table (100% of 1,350) (F)	1,350
Maximum Eligible Dividend (i.e., G = Lower of E or F)	1,125
Maximum Eligible Dividend as percentage of PAT	75%
Interim dividend paid for FY 20X1-20X2 (H)	500
As the bank has already paid interim dividend of ₹500 crore, the final dividend shall not be more than (G) – (H)	625

Details of dividend declared during the financial year

Name of the Bank: _____

Accounting period *	Net profit for the accounting period (₹)	Net profit# for determining the Dividend Payout Ratio (₹)	Rate of dividend (per cent)	Amount of dividend (₹)	Dividend Payout ratio (per cent)

*Quarter or half year or year ended as the case may be

excluding any exceptional and/or extra-ordinary profits/ income, or if audit report by the statutory auditor contains modified opinion that indicates an overstatement of net profit (including 'emphasis of matter'), net unrealised gains on fair valuation of Level 3 financial instruments (including derivatives), reversal of excess provision and unrealized profits arising on account of transfer of loans and Security Receipts guaranteed by the Government of India (as provided in [Reserve Bank of India \(Small Finance Banks – Transfer and Distribution of Credit Risk\) Directions, 2025](#)).

'Dividend Payout Ratio (DPR)' means the ratio of the amount of the dividend payable on equity shares (including interim dividend) in a year and the net profit during the year as per the audited financial statements for the financial year for which the dividend is proposed.

Annex III**List of circulars repealed**

Sr. No.	Circular Number	Date of Issue	Subject
a)	DOR.ACC.REC.118/21-02-067/2025-26	November 28, 2025	Reserve Bank of India (Small Finance Banks – Prudential Norms on Declaration of Dividends) Directions, 2025



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI/2025-26/240

DOR.MRG.REC.No.435/21-01-002/2025-26

March 10, 2026

Reserve Bank of India (Payments Banks - Prudential Norms on Capital Adequacy) Amendment Directions, 2026

Please refer to paragraph 52 on 'Treatment of total Counterparty Credit Risk' of the [Reserve Bank of India \(Payments Banks - Prudential Norms on Capital Adequacy\) Directions, 2025](#). It has been decided to amend these instructions to provide greater clarity and to largely align them with international standards.

2. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, and all other provisions / laws enabling the Reserve Bank of India (RBI) in this regard, RBI being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Amendment Directions hereinafter specified.

3. (i) These instructions shall be called the Reserve Bank of India (Payments Banks - Prudential Norms on Capital Adequacy) Amendment Directions, 2026.

(ii) These Amendment Directions shall come into effect from the date of issue.

4. The [Reserve Bank of India \(Payments Banks - Prudential Norms on Capital Adequacy\) Directions, 2025](#), are amended as provided below.

4.1. Table 10 in paragraph 52(2) shall be substituted by the following, namely: –



“Table 10: Add-on factors for market-related off-balance sheet items

	Add-on Factor (Per Cent)
	Exchange Rate Contracts and Gold
One year or less	1.00
Over one year to five years	5.00
Over five years	7.50

”.

4.2. The following note shall be inserted after note (c) in paragraph 52(2), namely:–
“(d) Add-on factors as per Table 10 shall be applicable to all outstanding CCR exposures.”.

4.3. In paragraph 52(5)(i), sub-paragraph (a) shall be substituted by the following, namely: –

“(a) Where a bank acts as a clearing member of a QCCP for its own purposes, a risk weight of 2 per cent shall be applied to the bank’s trade exposure to the QCCP in respect of OTC derivatives transactions, exchange traded derivatives transactions, and SFTs. Where the clearing member (bank) offers clearing services to clients, the 2 per cent risk weight also applies to the clearing member’s (bank) trade exposure to the QCCP that arises in cases where the clearing member (bank) is obligated to reimburse the client for any losses on such transactions in the event that the QCCP defaults.

Provided that, a clearing member (bank) is not required to maintain capital for such transactions, for the trade exposure to the QCCP, if it is not obligated to reimburse the client for such losses, provided the bank obtains and maintains an independent, written, and reasoned legal opinion that it is protected from any such liability in case of QCCP defaults.”.

(Sunil T S Nair)
Chief General Manager



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DOR.MRG.REC.No.434/21-01-002/2025-26

March 10, 2026

Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026

Please refer to paragraph 75 on 'Treatment of total Counterparty Credit Risk' of the [Reserve Bank of India \(Small Finance Banks - Prudential Norms on Capital Adequacy\) Directions, 2025](#). It has been decided to amend these instructions to provide greater clarity and to largely align the guidelines with international standards.

2. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, and all other provisions / laws enabling the Reserve Bank of India (RBI) in this regard, RBI being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Amendment Directions hereinafter specified.

3. (i) These instructions shall be called the Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026.

(ii) These Amendment Directions shall come into effect from the date of issue.

4. The [Reserve Bank of India \(Small Finance Banks - Prudential Norms on Capital Adequacy\) Directions, 2025](#), are amended as provided below.

4.1. Table 14 in paragraph 75(2) shall be substituted by the following, namely: –

वित्तियमन विभाग, केंद्रीय कार्यालय, 12 वीं और 13 वीं मंजिल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001
दूरभाष: 022-22601000 फैक्स: 022-22705691 ई-मेल: cgmicdor@rbi.org.in

Department of Regulation, Central Office, 12th and 13th Floor, Central Office Building, Shahid Bhagat Singh Marg, Fort, Mumbai- 400 001
Tel: 022- 2260 1000 Fax: 022-2270 5691 email: cgmicdor@rbi.org.in

हिंदी आसान है इसका प्रयोग बढ़ाइए



“Table 14: Add-on factors for market-related off-balance sheet items

	Add-on Factor (Per Cent)				
	Interest Rate Contracts	Exchange Rate Contracts and Gold	Equities	Precious Metals except Gold	Other Commodities
One year or less	0.25	1.00	6.00	7.00	10.00
Over one year to five years	0.50	5.00	8.00	7.00	12.00
Over five years	1.50	7.50	10.00	8.00	15.00

”.

4.2. Note (b) in paragraph 75(2) shall be substituted by the following, namely: –

“For contracts that are structured to settle outstanding exposure following specified payment dates and where the terms are reset such that the market value of the contract is zero on these specified dates, the residual maturity shall be set equal to the time until the next reset date. However, in the case of interest rate contracts which have residual maturities of more than one year and meet the above criteria, the add-on factor shall be subject to a floor of 0.50 per cent.”.

4.3. The following notes shall be inserted after note (d) in paragraph 75(2), namely:–

“(e) Add-on factors as per Table 14 shall be applicable to all outstanding CCR exposures.

(f) A bank acting as a clearing member of SEBI-recognised stock exchanges in the equity derivatives and commodity derivatives segments shall compute and maintain capital charge for CCR, in terms of paragraph 75 of these Directions. The add-on factors prescribed in Table 14 for ‘Equities’, ‘Precious Metals except Gold’, and ‘Other Commodities’ are applicable only in such cases.

(g) In Table 14, ‘Precious Metals’ include Silver, Platinum and Palladium. ‘Other Commodities’ include energy contracts, agricultural contracts, base metals (e.g., aluminium, copper, and zinc), and any other non-precious metal commodity contracts.”.



4.4. In paragraph 75(5)(i), sub-paragraph (a) shall be substituted by the following, namely: –

“(a) Where a bank acts as a clearing member of a QCCP for its own purposes, a risk weight of 2 per cent shall be applied to the bank’s trade exposure to the QCCP in respect of OTC derivatives transactions, exchange traded derivatives transactions, and SFTs. Where the clearing member (bank) offers clearing services to clients, the 2 per cent risk weight also applies to the clearing member’s (bank) trade exposure to the QCCP that arises in cases where the clearing member (bank) is obligated to reimburse the client for any losses on such transactions in the event that the QCCP defaults.

Provided that, a clearing member (bank) is not required to maintain capital for such transactions, for the trade exposure to the QCCP, if it is not obligated to reimburse the client for such losses, provided the bank obtains and maintains an independent, written, and reasoned legal opinion that it is protected from any such liability in case of QCCP defaults.”.

(Sunil T S Nair)
Chief General Manager



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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March 10, 2026

Reserve Bank of India (All India Financial Institutions (AIFIs) - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026

Please refer to paragraph 77 on 'Treatment of total counterparty credit risk' of the [Reserve Bank of India \(All India Financial Institutions \(AIFIs\) - Prudential Norms on Capital Adequacy\) Directions, 2025](#). It has been decided to amend these instructions to provide greater clarity and to largely align them with international standards.

2. Accordingly, in exercise of the powers conferred by Section 45L of the Reserve Bank of India Act, 1934, and all other provisions / laws enabling the Reserve Bank of India (RBI) in this regard, RBI being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Amendment Directions hereinafter specified.

3. (i) These instructions shall be called the Reserve Bank of India (All India Financial Institutions (AIFIs) - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026.

(ii) These Amendment Directions shall come into effect from the date of issue.

4. The [Reserve Bank of India \(All India Financial Institutions \(AIFIs\) - Prudential Norms on Capital Adequacy\) Directions, 2025](#), are amended as provided below:

4.1. In paragraph 77(1), the following note shall be inserted in the end, namely: –

“Note: For computation of capital requirement on a consolidated basis, an AIFI shall include CCR exposures of all entities required to be consolidated in terms of Section B ‘Scope of application of capital adequacy framework’ under Chapter II of these Directions.”

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4.2. Table 13 in paragraph 77(2) shall be substituted by the following, namely: –

“Table 13: Add-on factors for Market-Related Off-Balance Sheet Items (see paragraph 197 for CDS exposures)

	Add-on Factors (Per Cent)				
	Interest Rate Contracts	Exchange Rate Contracts and Gold	Equities	Precious Metals except Gold	Other Commodities
One year or less	0.25	1.00	6.00	7.00	10.00
Over one year to five years	0.50	5.00	8.00	7.00	12.00
Over five years	1.50	7.50	10.00	8.00	15.00

”.

4.3. Note (b) in paragraph 77(2) shall be substituted by the following, namely: –

“For contracts that are structured to settle outstanding exposure following specified payment dates and where the terms are reset such that the market value of the contract is zero on these specified dates, the residual maturity shall be set equal to the time until the next reset date. However, in the case of interest rate contracts which have residual maturities of more than one year and meet the above criteria, the add-on factor is subject to a floor of 0.50 per cent.”.

4.4. The following notes shall be inserted after note (d) in paragraph 77(2), namely: –

“(e) Add-on factors as per Table 13 shall be applicable to all outstanding CCR exposures.

(f) An AIFI acting as a clearing member of SEBI-recognised stock exchanges in the equity derivatives and commodity derivatives segments shall compute and maintain capital charge for CCR, in terms of paragraph 77 of these Directions.

(g) In Table 13, ‘Precious Metals’ include Silver, Platinum and Palladium. ‘Other Commodities’ include energy contracts, agricultural contracts, base metals (e.g. aluminium, copper, and zinc), and any other non-precious metal commodity contracts.”.

4.5. In paragraph 77(6)(i), sub-paragraph (a) shall be substituted by the following, namely: –



“(a) Where an AIFI acts as a clearing member of a QCCP for its own purposes, a risk weight of 2 per cent shall be applied to the AIFI’s trade exposure to the QCCP in respect of OTC derivatives transactions, exchange traded derivatives transactions, and SFTs. Where the clearing member (AIFI) offers clearing services to clients, the 2 per cent risk weight also applies to the clearing member's (AIFI) trade exposure to the QCCP in cases where the clearing member (AIFI) is obligated to reimburse the client for any losses on such transactions in the event that the QCCP defaults.

Provided that, a clearing member (AIFI) is not required to maintain capital for such transactions, for the trade exposure to the QCCP, if it is not obligated to reimburse the client for such losses, provided the AIFI obtains and maintains an independent, written, and reasoned legal opinion that it is protected from any such liability in case of QCCP defaults.”.

(Sunil T S Nair)
Chief General Manager