



## **RBI Amends Disclosure Requirements for NPIs in Financial Statements of Commercial Banks**

The Reserve Bank of India vide notification bearing reference no. RBI/2026-27/91 dated May 18, 2026, has issued the “Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) Sixth Amendment Directions, 2026” under Section 35A of the Banking Regulation Act, 1949. The amendment has been introduced pursuant to the issuance of the Reserve Bank of India (Commercial Banks - Classification, Valuation, and Operation of Investment Portfolio) Second Amendment Directions, 2026, and revises certain disclosure requirements relating to reserves and non-performing investments (“NPIs”).

### **Analysis**

- The amendment substitutes the notes and instructions relating to “Revenue and Other Reserves” under Schedule 2(IV) of the Reserve Bank of India (Commercial Banks - Financial Statements: Presentation and Disclosures) Directions, 2025. The revised provision clarifies that “Revenue Reserve” shall mean any reserve other than Capital Reserve and shall include all reserves not separately classified. Further, the amendment expressly excludes amounts retained towards depreciation, renewals, diminution in value of assets, or known liabilities from the scope of reserves.
- The amendment also revises Paragraph 10(3)(vi) concerning disclosure requirements relating to NPIs. The earlier disclosure requirement has now been substituted with a revised format titled “Movement of provisions for non-performing investments (NPIs)”.
- Commercial Banks are now required to specifically disclose year-wise movement of provisions held towards NPIs, including opening balance, provisions made during the year, write-offs/write-backs of excess provisions, and closing balance.
- The amendment directions have come into force with immediate effect from the date of issuance, i.e., May 18, 2026.
- **Key Takeaways**
  - Commercial Banks will be required to update their financial statement templates and internal disclosure mechanisms to incorporate the revised NPI provisioning disclosure format.



- Finance, compliance, and reporting teams may need to realign reserve classification practices to ensure that provisions relating to depreciation, diminution in asset value, and known liabilities are not reflected as “Revenue Reserves.”
  - Banks shall be required to maintain granular tracking of NPI provisioning movements, including additions, write-backs, and closing balances, for regulatory reporting and audit purposes.
  - The amendment has immediate effect and may require corresponding changes in accounting, disclosure, and regulatory reporting processes for the ongoing financial year.
- The notification is attached herein.

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