



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Reserve Bank of India (Small Finance Banks - Classification, Valuation, and Operation of Investment Portfolio) Amendment Directions, 2026

Please refer to paragraph 103 of [Reserve Bank of India \(Small Finance Banks - Classification, Valuation, and Operation of Investment Portfolio\) Directions, 2025, dated November 28, 2025](#), on Investment Fluctuation Reserve (IFR). In view of certain operational constraints being faced by banks in the maintenance of IFR, there is a need to amend the extant instructions.

2. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 (hereinafter called the Act) and all other laws enabling the Reserve Bank in this regard, the Reserve Bank, 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 Directions shall be called the Reserve Bank of India (Small Finance Banks – Classification, Valuation, and Operation of Investment Portfolio) Amendment Directions, 2026.

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

4. The [Reserve Bank of India \(Small Finance Banks - Classification, Valuation, and Operation of Investment Portfolio\) Directions, 2025](#), are amended as provided below.

(i) Paragraph 103 shall be substituted by the following, namely: -

“103. A bank shall create an Investment Fluctuation Reserve (IFR) out of the realised gains on sale of investments, subject to the availability of net profit, until the balance in IFR is at least two per cent of the AFS and FVTPL (including HFT) portfolio. This minimum requirement shall be assessed annually based on the AFS and FVTPL

(including HFT) portfolio values as of the balance sheet date. Transfer to IFR shall be made from net profit after mandatory appropriations.”.

(Sunil T S Nair)
Chief General Manager