



Reserve Bank Of India (Commercial Banks – Classification, Valuation And Operation Of Investment Portfolio) – Amendment Directions, 2026

RBI, vide circular dated April 27, 2026, has issued the Amendment Directions, 2026 to the Reserve Bank of India (Commercial Banks – Classification, Valuation and Operation of Investment Portfolio) Directions, 2025. The amendments shall come into force from April 1, 2027.

The amendments align investment accounting, valuation and impairment norms with the RBI Asset Classification, Provisioning and Income Recognition (ACPIR) Directions, 2026 and introduce the Expected Credit Loss (ECL) framework for investment portfolios.

Key Amendments Introduced are as follows:

- New definitions including amortised cost, Effective Interest Rate (EIR), ECL, gross carrying amount, loss allowance and Stage 1, Stage 2 and Stage 3 classification have been incorporated in line with the RBI ACPIR Directions, 2026.
- RBI has clarified that all investments shall be initially recognized at fair value, while investments classified under Held to Maturity (HTM) or Available for Sale (AFS) shall include directly attributable transaction costs at the time of initial recognition. RBI has prescribed specific situations where the fair value presumption must be reassessed, including related party transactions, distressed transactions, transactions outside the principal market.
- Debt securities under AFS shall be fair valued at least quarterly, while valuation gains and losses on Stage 1 and Stage 2 investments shall be adjusted through AFS-Reserve instead of the Profit & Loss Account.
- Detailed transition provisions have been introduced requiring fair valuation of existing HTM and AFS debt securities as on March 31, 2027 with corresponding reserve adjustments.
- Banks are required to recognise loss allowance on HTM and AFS debt securities based on Stage 1, Stage 2 and Stage 3 credit risk classification under the ECL framework.
- Income recognition, NPI classification and provisioning norms for investments shall now be governed by the RBI ACPIR Directions, 2026.
- Banks shall not accrue income on Stage 3 / Non-Performing Investments (NPIs) and income shall be recognised only on realisation basis.
- The circular revises the accounting treatment applicable on reclassification of investments between HTM, AFS and FVTPL categories by prescribing revised valuation, EIR and ECL treatment on the date of reclassification.
- Fair value on the reclassification date shall become the revised carrying amount, with resulting gains or losses recognised either through AFS-Reserve or the Profit & Loss Account depending on the category of transfer.



The amendments are expected to significantly transform investment accounting and impairment practices for banks. Banks will need to strengthen ECL modelling capabilities, investment valuation frameworks, treasury accounting systems and regulatory reporting processes. The transition to EIR-based accounting and stage-wise provisioning may also increase operational complexity and require substantial changes in finance, treasury and risk management systems. These are steps to gradually align banks financial reporting to the internationally aligned standards, Ind AS.

Kindly refer [RBI/2026-27/34 – DOR.STR.REC.9/00-00-001/2026-27](#) dated April 27, 2026 for details.