



Reserve Bank Of India (Commercial Banks - Prudential Norms On Capital Adequacy) Fourth Amendment Directions, 2026

RBI has vide Circular no: RBI/2026-27/33 DOR.STR.REC.19/21-01-002/2026-27 issued the Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Fourth Amendment Directions, 2026 on April 27, 2026, amending the existing 2025 Directions.

The amendments have been issued under the provisions of the Banking Regulation Act, 1949 and shall come into force from April 01, 2027.

The amendment aligns the capital adequacy framework with the revised asset classification and provisioning norms by incorporating references to Stage-based classification and refining the treatment of provisions for regulatory capital purposes.

Key aspects include:

- Introduction of definition for Stage 1, Stage 2 and Stage 3 exposures in line with RBI's asset classification directions
- Inclusion of general provisions on standard assets (Stage 1 and Stage 2) and excess provisions on sale of NPAs within Tier 2 capital, subject to an overall cap of 1.25% of total credit Risk Weighted Assets (RWAs)
- Clarification that specific provisions on identified stressed assets (Stage 3) and similar adjustments shall be excluded from Tier 2 capital
- Deletion of certain existing provisions (including paragraph 130(2) and note to paragraph 223 of 2025 Directions) to streamline the framework

The amendment ensures consistency between provisioning norms and capital adequacy treatment while providing clarity on eligibility of provisions for inclusion in regulatory capital and brings greater alignment and clarity in the capital adequacy framework by harmonising provisioning treatment with regulatory capital computation and ensuring a more consistent and prudent approach. These are steps to gradually align bank capital adequacy to the internationally aligned standards, Ind AS.

Kindly refer the link for the further details- [RBI/2026-27/33 DOR.STR.REC.19/21-01-002/2026-27](https://www.rbi.org.in/press/2026-27/33-DOR-STR-REC-19-21-01-002-2026-27)