All Commercial Banks  
(Excluding Regional Rural Banks)  

Madam / Dear Sir,  

Disclosure in the "Notes to Accounts" to the Financial Statements - Divergence in the asset classification and provisioning  

Please refer to our circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, on the captioned subject, requiring disclosures by banks where divergences from prudential norms on income recognition, asset classification and provisioning exceed certain thresholds.  

2. It is observed that some banks, on account of low or negative net profit after tax, are required to disclose divergences even where the additional provisioning assessed by RBI is small, which is contrary to the regulatory intent that only material divergences should be disclosed. Therefore, it has been decided that henceforth, banks should disclose divergences, if either or both of the following conditions are satisfied:  

(a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and  

(b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.
3. All other instructions of our aforementioned circular dated April 18, 2017 would remain unchanged.

Yours faithfully,

(Saurav Sinha)
Chief General Manager-in-Charge