

# **Draft Reserve Bank of India (Small Finance Banks – Licensing) Guidelines, 2025**

## **DRAFT FOR COMMENTS**

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## **Reserve Bank of India (Small Finance Banks – Licensing) Guidelines, 2025**

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## Chapter I - 'On tap' Licensing of Small Finance Banks in the Private Sector

### A. Preamble

The Reserve Bank had issued the Guidelines for Licensing of "Small Finance Banks" in the Private Sector on November 27, 2014. The licensing process culminated in the grant of in-principle approval to ten applicants, who have since established the banks. It was notified in these Guidelines that after gaining experience in dealing with these banks, the Reserve Bank will consider 'on tap' licensing of these banks. After a review of the performance of the existing small finance banks and to encourage competition, it was announced in the Second Bi-monthly Monetary Policy Statement, 2019-20 dated June 06, 2019 that the Reserve Bank would put out draft guidelines for 'on tap' licensing of such banks. Accordingly, the draft guidelines were published on the RBI website on September 13, 2019 inviting comments from the stakeholders and members of the public. The final Guidelines, taking into consideration the responses received, were issued on December 05, 2019. These guidelines have been updated with revised instructions in this area.

### B. Definitions

1. '*Promoter*' means, the person who together with his relatives [as defined in Section 2 (77) of the Companies Act, 2013 and Rules made there under], by virtue of his ownership of voting equity shares, will be/ is in effective control of the bank / NOFHC, and includes, wherever applicable, all entities which form part of the Promoter Group.
2. '*Promoting entity*' means the entity that promotes the bank.
3. '*Promoter Group*' includes:
  - (1) the promoter;
  - (2) relatives of the promoter [as defined in Section 2 (77) of the Companies Act, 2013 and Rules made there under]; and
  - (3) in case promoter is a body corporate:
    - (i) a subsidiary or holding company of such body corporate;
    - (ii) any body corporate in which the promoter holds ten per cent or more of the equity share capital or which holds ten per cent or more of the equity share capital of the promoter;

- (iii) any body corporate in which a group of individuals or companies or combinations thereof which hold twenty per cent or more of the equity share capital in that body corporate also holds twenty per cent or more of the equity share capital of the promoter;
  - (iv) Joint venture/Associate (as defined in terms of Ind AS 28) with the promoter;
  - (v) Related party (as defined in terms of Ind AS 24) of the promoter; and
- (4) in case the promoter is an individual:
- (i) any body corporate in which ten per cent or more of the equity share capital is held by the promoter or a relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member;
  - (ii) any body corporate in which a body corporate as provided in (4) (i) above holds ten per cent or more, of the equity share capital;
  - (iii) any Hindu Undivided Family or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten per cent of the total; and
- (5) all persons who are declared as promoters in the Articles of Association of the bank/ group companies.
- (6) all persons whose shareholding is aggregated for the purpose of disclosing in the prospectus (As per SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018) under the heading "shareholding of the promoter group";
- (7) Entities sharing a common brand name with entities discussed in (3) (i), (3) (ii), (3) (iii), (3) (iv), (3) (v), where the promoter is a body corporate and (4) (i), (4) (ii), (4) (iii) where the promoter is an individual;

*Provided that* a financial institution, scheduled commercial bank, foreign institutional investor or mutual fund shall not be deemed to be promoter group merely by virtue of the fact that ten per cent or more of the equity share capital of the promoter is held by such institution unless such investment is strategic in nature. the same meaning as stated in Master Direction on Know Your Customer (KYC).

4. 'Shell bank' has the same meaning as stated in Reserve Bank of India (Commercial Banks – Know Your Customer) Directions, 2025.

5. '*Significant Beneficial Owner*' has the same meaning as stated in Companies (Significant Beneficial Owners) Rules, 2018.

## **C. Guidelines**

### **C.1 Registration, licensing and regulations**

6. The small finance bank shall be registered as a public limited company under the Companies Act, 2013. It will be licensed under Section 22 of the Banking Regulation Act, 1949 and governed by the provisions of the Banking Regulation Act, 1949; Reserve Bank of India Act, 1934; Foreign Exchange Management Act, 1999; Payment and Settlement Systems Act, 2007; Credit Information Companies (Regulation) Act, 2005; Deposit Insurance and Credit Guarantee Corporation Act, 1961; other relevant Statutes and the Directives, Prudential Regulations and other Guidelines/ Instructions issued by Reserve Bank of India (RBI) and other regulators from time to time. The small finance banks will be given scheduled bank status once they commence their operations.

### **C.2 Objectives**

7. The objectives of setting up of small finance banks will be for furthering financial inclusion by (i) provision of savings vehicles primarily to unserved and underserved sections of the population, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other unorganised sector entities, through high technology-low cost operations.

### **C.3. Eligible promoters**

#### **8. Eligibility Criteria:**

- (1) Resident individuals/professionals (Indian citizens), singly or jointly, each having at least 10 years of experience in banking and finance at a senior level; and Companies and Societies in the private sector, that are owned and controlled by residents (as defined in FEMA Regulations, as amended from time to time), and having successful track record of running their businesses for at least a period of five years, will be eligible as promoters to set up small finance banks.
- (2) Existing Non-Banking Finance Companies (NBFCs), Micro Finance Institutions (MFIs), and Local Area Banks (LABs) in the private sector, that are controlled

by residents (as defined in FEMA Regulations, as amended from time to time), and having successful track record of running their businesses for at least a period of five years, can also opt for conversion into small finance banks after complying with all legal and regulatory requirements of various authorities and if they conform to these guidelines.

- (3) Existing Payments Banks (PBs) which are controlled by residents and have completed five years of operations are also eligible for conversion into small finance banks after complying with all legal and regulatory requirements of various authorities and if they conform to these guidelines.
- (4) Primary (Urban) Co-operative Bank (UCBs), which is desirous of voluntarily transitioning into small finance bank, may refer to Scheme on voluntary transition of Urban Co-operative Bank into a Small Finance Bank, as detailed in [Chapter II](#) of this Guidelines.
- (5) However, joint ventures by different promoter groups for the purpose of setting up small finance banks would not be permitted.
- (6) As local focus and the ability to serve smaller customers will be the key criteria in licensing such banks, this may be a more appropriate vehicle for local players or players who are focused on lending to unserved / underserved sections of the society. Accordingly, proposals from Government owned / public sector entities and large industrial house / business groups, including from NBFCs and PBs promoted by them, autonomous boards / bodies set up under enactment of a state legislature, state financial corporations, subsidiaries of development financial institutions, will not be entertained.
- (7) For the purpose of these guidelines, a group with assets of ₹5,000 crore or more with the non-financial business of the group accounting for 40 per cent or more in terms of total assets / gross income, will be treated as a large industrial house / business groups. In taking a view on whether the companies, either as promoters or investors, belong to a large industrial house or to a company connected to a large industrial house, the decision of the RBI will be final.
- (8) The proposals from Alternative Investment Funds (AIFs) will also not be entertained.
- (9) The guidelines do not envisage Registered Indian charitable trusts / Private or Public trusts to promote an SFB.

- (10) Entities conforming to definition of Shell bank are not eligible to promote/set up banks in India.

#### **9. 'Fit and Proper' criteria**

- (1) Promoters / Promoter Groups should be 'fit and proper' in order to be eligible to promote small finance banks. RBI would assess the 'fit and proper' status of the applicants on the basis of their past record of sound credentials and integrity; financial soundness and successful track record of professional experience or of running their businesses, etc. for at least a period of five years.

#### **10. Corporate Structure:**

- (1) The promoters / promoter group may choose to set up the small finance bank either as a standalone entity or under a holding company, which shall act as the promoting entity of the bank.
- (2) However, if there is an intermediate company between the small finance bank and its promoting entity, it should be a Non-Operative Financial Holding Company (NOFHC). If the promoters desire to set up the small finance bank under a holding company structure, without an NOFHC, the holding company / the promoting entity shall be registered as an NBFC–CIC with the Reserve Bank. In case the small finance bank is set up under an NOFHC, the NOFHC, the bank held under NOFHC and financial entities (other than bank) held by the NOFHC would be required to conform to all applicable requirements stipulated in the Master Direction–Reserve Bank of India (Non-Operative Financial Holding Company) Directions, 2025.
- (3) The general principle for reorganisation of the activities in the group is that all activities permitted to a bank under Section 6 (1) (a) to (o) of Banking Regulation Act, 1949 shall be carried out from the bank. However, if the Promoters desire to continue existing specialized activities from a separate entity proposed to be held under the NOFHC, prior approval from RBI would be required and it should be ensured that similar activities are not conducted through the bank. Further, the activities not permitted to the bank would also not be permitted to the group i.e. entities under the NOFHC would not be permitted to engage in activities that the bank is not permitted to engage in. However, small finance banks will not be allowed to set up any subsidiaries.

#### **C.4. Scope of activities**

11. A small finance bank, in furtherance of the objectives for which it is set up, shall primarily undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities.
12. A small finance bank can also undertake other non-risk sharing simple financial services activities, not requiring any commitment of own fund, such as distribution of mutual fund units, insurance products, pension products, etc. with the prior approval of the RBI and after complying with the requirements of the sectoral regulator for such products. After three years from the date of commencement of operations of the bank, requirement for prior approval from the Reserve Bank will no longer apply and the bank will be governed by the extant norms as applicable to scheduled commercial banks.
13. A small finance bank can also become a Category II Authorised Dealer in foreign exchange business for its clients' requirements.
14. Further, a scheduled SFB, after completion of at least two years of operations as Authorised Dealer Category-II, will be eligible for Authorised Dealer Category-I license, subject to compliance with the following eligibility norms:
  - (1) The bank should have completed at least two years of operations as Authorised Dealer Category-II.
  - (2) The bank should have been included in the Second Schedule to RBI Act 1934.
  - (3) It should have a minimum net worth of ₹500 crore.
  - (4) Its CRAR should not be less than 15%.
  - (5) The net NPAs of the bank should not exceed 6%, during previous four quarters.
  - (6) It should have made profit in the preceding two years.
  - (7) It should not have defaulted in maintenance of CRR/ SLR during previous two years.
  - (8) It should have sound internal control systems.
  - (9) It should not have any major regulatory and supervisory concerns.

The eligible SFB may approach Foreign Exchange Department, Central Office, Reserve Bank of India through [PRAVAAH](#) with its applications along with the supporting documents with regard to their eligibility and requisite documents for grant of Authorised Dealer Category-I license. The list of documents to be furnished



along with the application include (i) A copy of applicant's banking license issued by Department of Regulation, Reserve Bank of India; and (ii) Necessary Board resolution for conducting the activities permitted to an Authorised Dealer Category-I and for obtaining necessary authorisation from the Reserve Bank under section 10(1) of FEMA 1999.

15. Small finance bank will have general permission to open banking outlets from the date of commencement of business as per RBI circular on Reserve Bank of India (Small Finance Banks – Branch Authorisation) Directions, 2025 as amended from time to time subject to the condition that the requirement of opening at least 25 per cent of its banking outlets in unbanked rural centers (population upto 9,999 as per the latest census). Where the small finance bank has been formed by conversion of an existing NBFC – MFI, the transition of existing branches to banking outlets will be governed by the provisions of Reserve Bank of India (Small Finance Banks – Branch Authorisation) Directions, 2025.
16. There will not be any restriction in the area of operations of small finance banks; however, preference will be given to those applicants who, in the initial phase, set up the bank in a cluster of under-banked States / districts, such as in the North-East, East and Central regions of the country. These applicants will not have any hindrance to expand to other regions in due course. It is expected that the small finance bank should primarily be responsive to local needs. After the initial stabilization period of five years, and after a review, RBI may liberalize the scope of activities of the small finance banks.
17. Subject to the instructions in para 8, the promoter entity can continue to carry its other business (other than which is to be carried out by bank) in the promoter group. The other financial and non-financial services activities of the promoters, if any, should be kept distinctly ring-fenced and not comingled with the banking business.

*Explanation:* Ring fencing does not restrict arrangements for sharing of infrastructure of the parent promoter / promoter group entities, provided that there is an agreement / contract, etc.; if such arrangement is entered into on an arm's length basis, suitable firewalls are built in, customer confidentiality maintained and risk mitigation measures are put in place. The business plan can clearly bring out these aspects.

18. The small finance bank will be required to use the words “Small Finance Bank” in its name in order to differentiate it from other banks.

### **C.5. Capital requirement**

19. The minimum paid-up voting equity share capital/ net worth for small finance banks shall be ₹300 crore, except for such small finance bank which has:

- (1) **Transitioned from a UCB:** The minimum net worth shall be ₹ 150 crore from the date of commencement of business. However, it will have to increase its minimum net worth to ₹ 300 crore within five years from the date of commencement of business.
- (2) **Converted from NBFC/MFI/LAB/PB:** The entity shall have a minimum net worth of ₹ 300 crore or it shall infuse additional paid-up voting equity share capital to achieve net worth of ₹300 crore within eighteen months from the date of in-principle approval or as on the date of commencement of operations, whichever is earlier.

*Explanation:* The minimum paid-up voting equity share capital/ net worth of ₹300 crore should be readily available at the time of obtaining banking licence.

20. The small finance bank shall be required to maintain a minimum capital adequacy ratio of 15 per cent of its risk weighted assets (RWA) on a continuous basis, subject to any higher percentage as may be prescribed by RBI from time to time. Tier I capital should be at least 7.5 per cent of RWAs. Tier II capital should be limited to a maximum of 100 per cent of total Tier I capital. The bank shall be guided by Reserve Bank of India (Small Finance Banks–Prudential Norms on Capital Adequacy) Directions, 2025 with respect to capital adequacy requirements.

### **C.6. Promoters’ contribution**

21. The promoters shall hold a minimum of 40 per cent of the paid-up voting equity share capital of the bank at all times during the first five years from the date of commencement of business of the bank. Whether a promoter ceases to be a promoter or could exit from the bank, after completing the lock-in period of five years, would depend on the RBI's regulatory and supervisory comfort / discomfort and SEBI regulations in this regard at that time. Also, a person or entity belonging to the Promoter Group cannot be replaced during the lock-in-period. Further, the promoters’ stake should be brought down to 26 per cent of paid-up voting equity

share capital within 15 years from the date of commencement of business of the bank.

22. Further, in the case of such small finance bank which has transitioned from UCB, the promoters shall hold a minimum of 26 per cent of paid-up voting equity share capital at all times during the first five years from commencement of business of the bank. The Promoters' holding in excess of 26 per cent may be brought down to 26 per cent over a period of 15 years from the date of reaching net worth of ₹ 300 crore by such UCBs.
23. If the existing NBFCs/MFIs/LABs have diluted the promoters' shareholding to below 40 per cent, but above 26 per cent, due to regulatory requirements or otherwise, RBI may not insist on the promoters' minimum initial contribution. In such cases, the promoters have to ensure that their holding does not fall below 26 per cent of paid-up voting equity share capital during the first five years from commencement of business of the bank, even if fresh equity is infused.
24. At the time of issue of licences, the promoters having shareholding in excess of 40 per cent or 26 per cent of paid-up voting equity share capital, as applicable, shall submit a dilution schedule for bringing down the stake to 26 per cent within 15 years, which will be examined and approved by the RBI. The progress in achieving these agreed milestones must be periodically reported by the banks and will be monitored by RBI.
25. Proposals having diversified shareholding, subject to the initial minimum shareholding of promoters, and a time frame for listing of the bank will be preferred. However, listing will be mandatory within eight years after the small finance bank commences operation. Small finance bank could also get its shares listed voluntarily before this timeline, subject to fulfilment of the requirements of the capital markets regulator. Any proposed material change (i.e., any change of 10 per cent or above of shareholding) in the shareholding pattern in the promoter entity at the time of application and during the period between the application and grant of license should be reported to RBI.

### **C.7. Foreign shareholding**

26. The foreign shareholding in the small finance bank would be as per the extant Foreign Direct Investment (FDI) policy for private sector banks, subject to paragraphs 21, 22, 23, 24 and 25 above.

### **C.8. Voting rights and transfer / acquisition of shares**

27. As per Section 12 (2) of the Banking Regulation Act, 1949, read with RBI notification dated July 21, 2016, published in the Gazette of India dated September 17, 2016, any shareholder's voting rights in private sector banks are currently capped at 26 per cent of the total voting rights of all the shareholders of the banking company. Further, as per Section 12 (B) of the Act *ibid*, any acquisition of 5 per cent or more of paid-up share capital in a private sector bank or voting rights therein will require prior approval of RBI. These provisions will apply to the small finance banks also. However, shareholding limits of promoters / promoter group will be guided by paragraphs 21, 22, 23, 24 and 25 of these guidelines.

### **C.9. Prudential norms**

28. The newly set up small finance bank should ensure that it puts in place a robust risk management framework. The small finance bank will be subject to all prudential norms and regulations of RBI as applicable to existing commercial banks including requirement of maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). No forbearance would be provided for complying with the statutory provisions.

29. In view of the objectives for which small finance banks are set up, the bank will be required to extend 60 per cent of its Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off-Balance Sheet Exposures (CEOBE), whichever is higher, to the sectors eligible for classification as priority sector lending (PSL) by RBI. While 40 per cent of its ANBC or CEOBE, whichever is higher, should be allocated to different sub-sectors under PSL as per the extant PSL prescriptions, the bank can allocate the balance 20 per cent to any one or more sub-sectors under the PSL where it has competitive advantage. The first audited balance sheet as on March 31st, post commencement of operations of the small finance bank, would form the basis for the first PSL target for the bank (for the subsequent financial year). During the 'intervening period' i.e. the period between date of commencement of business and the date of first audited balance sheet (i.e. March 31st), the small finance banks are not allowed to sell Priority Sector Lending Certificates.

30. In order to ensure that the bank extends loans primarily to small borrowers, at least 50 per cent of its loan portfolio should constitute loans and advances of up to ₹ 25 lakh on an ongoing basis. For assessing compliance with this requirement, the

entire loan portfolio of the bank, as on the date of commencement of operations, would be considered and not just the fresh loans disbursed after the commencement of operations. Further, the criteria of upper limit of ₹ 25 lakh shall be borrower wise.

31. After the initial stabilization period of five years, and after a review, RBI may relax the above exposure limits.
32. In addition to the restrictions placed on banks' loans and advances to its directors and the companies in which its directors are interested under Section 20 of the Banking Regulation Act, 1949, the small finance bank is precluded from having any exposure to its promoters, shareholders who have shareholding of 10 per cent or more of paid-up share capital or voting rights in the bank, the relatives [as defined in Section 2 (77) of the Companies Act, 2013 and Rules made there under] of the promoters as also the entities in which they have significant influence or control (as defined under Accounting Standards Ind AS 28 and Ind AS 110).

#### **C.10. Additional conditions for NBFCs/MFIs/LABs/PBs converting into a bank**

33. An existing NBFC/MFI/LAB/PB, if it meets the conditions under these guidelines, could apply to convert itself into a small finance bank, after complying with all legal and approval requirements from various authorities. It may be noted that on conversion into a small finance bank, the NBFC / MFI / PB will cease to exist and all its business which a bank can undertake should fold into the bank and the activities which a bank cannot statutorily undertake be divested / disposed of. Further, the conversion of branches of the NBFC / MFI / PB into bank branches shall be as per the stipulations in the Reserve Bank of India (Small Finance Banks – Branch Authorisation) Directions, 2025. The small finance bank and the NBFC / MFI cannot co-exist.
34. SFBs are precluded from creating floating charge on their assets. For such NBFCs / MFIs, which succeed in obtaining licenses to convert into small finance banks, if they have created floating charges on their assets for secured borrowings which stand in their balance sheets on the day of conversion into a small finance bank, RBI will permit grandfathering of such borrowings till their maturity. An additional risk weight of 25 per cent will be imposed on the assets on which charge / lien has been created by the converting entity, in favour of the existing lenders / debenture

holders, until such time these liabilities are extinguished in order to protect the interest of the depositors.

### **C.11. Business plan**

35. The applicants for small finance bank licenses will be required to furnish their business plans along with project reports with their applications. The business plan will have to address how the bank proposes to achieve the objectives behind setting up of small finance banks and in the case of an NBFC / MFI applicant, how the existing business of NBFC / MFI will fold into the bank or divested / disposed of. The business plan submitted by the applicant should be realistic and viable. In case of deviation from the stated business plan after issue of license, RBI may consider restricting the bank's expansion, effecting change in management and imposing other penal / regulatory measures as may be necessary.

### **C.12. Corporate governance**

36. The Board of small finance bank should have a majority of independent Directors, as defined in Companies Act, 2013.

*Explanation:* However, a director of the promoter entity being also a director on the Board of the bank will not be considered as independent director of the bank.

37. The small finance bank should comply with the corporate governance guidelines including 'fit and proper' criteria for Directors as issued by RBI from time to time.

### **C.13. Other conditions**

38. A promoter will not be granted licenses for both universal bank and small finance bank even if the proposal is to set them up under the NOFHC structure.

39. If a promoter of a payments bank desires to set up a small finance bank, both the banks should be under NOFHC structure.

Voting equity capital, other than the holding by promoter/s and promoter group / NOFHC, could be raised through public issue or private placements. The limits on shareholding, as prescribed in Annex-I of the Reserve Bank of India (Small Finance Banks – Acquisition and Holding of Shares or Voting Rights) Directions, 2025 shall be applicable.

(1) In case of existing NBFCs/MFIs/LABs converting into small finance bank, where there is shareholding in excess of 10 per cent and 15 per

cent of the paid-up voting equity capital by entities, other than the promoters (including private equity funds), RBI may consider providing time up to three years from the date of the 'in principle' approval for the shareholding to be brought down to a maximum of 10%/15%.

40. The small finance bank cannot be a Business Correspondent (BC) for another bank. However, it can have its own BC network.
41. The operations of the bank should be technology driven from the beginning, conforming to generally accepted standards and norms; while new approaches (such as for data storage, security and real time data updation) are encouraged, a detailed technology plan for the same should be furnished to RBI.
42. The bank should have a high powered Customer Grievances Cell to handle customer complaints. The small finance banks will come under the purview of RBI's Banking Ombudsman Scheme, 2006, as amended from time to time.
43. The compliance of terms and conditions laid down by RBI is an essential condition of grant of license. Any non-compliance will attract penal measures or regulatory actions including cancellation of license of the bank.

#### **C.14 Procedure for application**

44. In terms of Rule 11 of the Banking Regulation (Companies) Rules, 1949, applications shall be submitted in the prescribed form (Form III). In addition, the applicants should furnish the business plan as per paragraph 35 and other requisite information as per the [Annex I](#). The applicant should also furnish a plan and methodologies they would adopt to comply with all the requirements of the guidelines. After the 'in-principle approval' is accorded by RBI for setting up of a bank, the Promoters/Promoter Group will have to comply with all the requirements within 18 months from the date of in-principle approval or as on the date of commencement of operations whichever is earlier. Applications for setting up of small finance banks in the private sector, along with other details as mentioned above, should be submitted through [PRAVAAH](#) and should be addressed to:

The Chief General Manager,  
Department of Regulation,  
Reserve Bank of India,  
Central Office,  
Central Office Building,

Shahid Bhagat Singh Road,  
Mumbai – 400001

45. The licensing window will be open on-tap. As such, applications in the prescribed form along with requisite information could be submitted through [PRAVAAH](#) to RBI at any point of time, as desired by the applicant.

### **C.15 Procedure for RBI decisions**

46. At the first stage, the applications will be screened by RBI to assess the eligibility of the applicants, vis-à-vis the criteria laid down in these guidelines. RBI may apply additional criteria to determine the suitability of applications, in addition to the 'fit and proper' criteria prescribed at paragraph 8, 9 and 10 above. Thereafter, the applications will be referred to a Standing External Advisory Committee (SEAC) to be set up by RBI.
47. The SEAC will comprise of eminent persons with experience in banking, financial sector and other relevant areas. The tenure of the SEAC will be for three years.
48. The SEAC will set up its own procedures for screening the applications. The SEAC will meet periodically, as and when required. The Committee will reserve the right to call for more information as well as have discussions with any applicant/s and seek clarification on any issue as may be required by it. The Committee will submit its recommendations to RBI for consideration.
49. The Internal Screening Committee (ISC), consisting of the Governor and the Deputy Governors will examine all the applications. The ISC will also deliberate on the rationale of the recommendations made by the SEAC and then submit its recommendations to the Committee of the Central Board (CCB) of RBI for the final decision to issue 'in-principle approval'.
50. The validity of the 'in-principle approval' issued by RBI will be 18 months from the date of granting 'in-principle approval' and would thereafter lapse automatically. Therefore, the -applicant will have to obtain the license within a period of 18 months of granting the 'in-principle approval'.
51. After issue of the 'in-principle approval' for setting up of a small finance bank, if any adverse features are noticed regarding the Promoters or the companies / entities with which the Promoters are associated and the group in which they have interest,



the RBI may impose additional conditions and if warranted, may withdraw the 'in-principle approval'.

52. The names of applicants that are found suitable for grant of in-principle approval will also be placed on the RBI website.
53. An applicant who has not been found suitable for issue of license will be advised of the Reserve Bank's decision. Such applicants will not be eligible to make an application for a banking license for a period of three years from the date of that decision. Applicants aggrieved by the decision of the Committee of the Central Board can prefer an appeal against the decision to the Central Board of Directors, within one month from the date of receipt of communication from RBI relating to the application not being considered as at paragraph 52 above.

## **Chapter II - Voluntary Transition of Urban Co-operative Banks into Small Finance Bank**

### **A. Introduction**

54. In terms of Section 5 (ccv) read with Section 56 of the Banking Regulation Act, 1949 a primary co-operative bank (Urban Co-operative Bank or UCB) means a co-operative society, other than a primary agricultural credit society, whose:

- (1) Primary object or principal business of which is the transaction of banking business;
- (2) Paid-up share capital and reserves of which are not less than one lakh of rupees; and
- (3) Bye-laws of which do not permit admission of any other co-operative society as a member: Provided that this sub-clause shall not apply to the admission of a co-operative bank as a member by reason of such co-operative bank subscribing to the share capital of such co-operative society out of funds provided by the State Government for the purpose.

55. Over the years, a few UCBs along with high rate of growth, have expanded their area of operation to multiple states thus acquiring the size and complexities of a small commercial bank. Discussion Paper on 'Banking Structure in India - The Way Forward' dated August 27, 2013, envisaged conversion of UCBs into commercial banks and exploring the possibilities of converting some UCBs into commercial banks or small banks. The High Powered Committee (HPC) on UCBs recommended voluntary conversion of large Multi-State UCBs into Joint Stock Companies and other UCBs which meet certain criteria into Small Finance Banks (SFBs).

56. RBI had issued guidelines for licensing of Small Finance Banks in the private sector on November 27, 2014, with the objective of furthering financial inclusion by (i) provision of savings vehicles primarily to unserved and underserved sections of the population, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other entities in the unorganized sector, through high technology low-cost operations. Subsequently, the guidelines for 'On tap' Licensing of Small Finance Banks in the Private Sector, were issued on December 05, 2019.

57. In view of the fast-paced changes in the banking space and to facilitate growth, a scheme for voluntary transition of UCBs into SFB, by way of transfer of assets and liabilities, was issued on September 27, 2018. This scheme is intended to enable UCBs to offer a full suite of products and services, sustain competition, raise capital, and ensure sustainability. These guidelines have been updated with revised instructions in this area.

## **B. General modalities of the Scheme**

58. Under the scheme UCBs with a good track record shall be eligible to voluntarily transit into a SFB. Eligible UCB shall identify promoters in the manner as set out subsequently in the scheme for making an application to RBI for transition to SFB under the scheme.

59. After due diligence exercise, RBI will issue an in-principle approval for transitioning of the UCB into SFB, subject to, compliance with the requirements mentioned in the scheme and will allow a maximum period of 18 months for commencement of business as SFB. The promoters shall incorporate a public limited company under the Companies Act, 2013 having the word 'bank' in its name after receiving the in-principle approval from RBI. The board of directors of the company shall have required experience and shall meet RBI's 'fit and proper' criteria.

60. The above company shall enter into an agreement with UCB for transfer of assets and liabilities, to be executed at a future date (after issuance of SFB licence). The promoters shall then approach RBI for issuance of SFB licence, with evidence of funds available for infusion as equity in any acceptable form, so as to ensure that the SFB commences operations with a minimum net worth of ₹150 crore and minimum promoters' contribution of 26% of the paid-up share capital as well as voting rights of the bank (subject to paragraph 19 (1) above).

61. The licence application will be examined in accordance with the Reserve Bank of India (Small Finance Banks – Licensing) Guidelines, 2025 for licensing of SFBs in the private sector, subject to, what is stated in this Scheme. RBI will issue SFB licence at this stage followed by execution of the slump sale agreement to transfer the assets and liabilities of the UCB to the new company. The licence will be effective only after transfer of assets and liabilities of the UCB to the SFB and meeting, inter alia, the minimum net worth requirement prescribed for SFBs.

62. The promoters will ensure that there is no business disruption during the process of transfer of assets and liabilities. On transition into an SFB, it will be subjected to all the norms as applicable to SFBs including maintenance of CRAR of 15% on a continuous basis. The UCB will surrender its banking licence to RBI. The resultant Co-operative Society will be wound up in due course.

### **C. Base financial benchmarks for eligibility**

63. UCBs with a minimum net worth of ₹50 crore and maintaining minimal Capital to Risk (Weighted) Assets Ratio requirement, as per Reserve Bank of India (Urban Co-operative Banks – Prudential Norms on Capital Adequacy) Directions, 2025, are eligible to apply for voluntary transition to SFB under this scheme.

#### **64. Promoters**

- (1) A group of individuals/professionals, having an association with UCB as regular members for a period of not less than three years and approved by General Body with 2/3rd majority of members present and voting shall be treated as promoters for the incorporation of the new public limited company.
- (2) The promoters must be residents and shall have ten years of experience in banking and finance. Promoter / Promoter Groups shall conform to the definition of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and RBI guidelines on 'fit and proper'.
- (3) RBI would assess the 'fit and proper' status of the applicants on the basis of their past record of sound credentials and integrity; financial soundness and successful track record of professional experience or of running their businesses.

65. **Capital requirement:** The minimum net worth of the proposed SFB shall be ₹150 crore from the date of commencement of business. As small finance banks are required to maintain a minimum capital adequacy ratio of 15 per cent of its risk weighted assets (RWA) on a continuous basis, availability of adequate capital shall be ensured. Promoters shall maintain at least 26% of the paid-up voting equity share capital.

## **66.Compliance with ‘On tap’ Licensing of Small Finance Banks in the Private Sector’**

UCB applying for transitioning to small finance bank or obtaining in-principle approval for such transition (under the above referred scheme), will be required to ensure compliance with ‘On Tap’ licensing guidelines (as contained in Chapter I) from the date of commencement of business as small finance bank except the guideline on minimum capital as given in paragraphs 19 and 20 of these guidelines.

### **D. Procedure for application and required documents/ information**

67.The scheme shall be ‘on-tap’, and the applications could be submitted to the Reserve Bank at any point of time, through [PRAVAAH](#). In terms of Rule 11 of the Banking Regulation (Companies) Rules, 1949, promoters shall submit application in the prescribed form (Form III) along with the following documents and information:

- (1) The general body resolution by 2/3rd majority of members present and voting to transit into a Small Finance Bank as per the scheme and authorizing the Board of Directors for taking all steps for facilitating smooth transition process.
- (2) The general body resolution by 2/3rd majority of members present and voting to identify and approve the promoters.
- (3) An undertaking from the promoters to ensure strict adherence with the provisions of Reserve Bank of India Act, 1934, Banking Regulation Act, 1949, Multi State Co-operative Societies Act, 2002/ respective State Co-operative Societies Act, Companies Act, 2013 and any other provisions / instructions issued by the RBI, in connection to the scheme, from time to time.
- (4) A letter from Central Registrar/RCS to the effect that they have no objection in the UCB voluntarily transiting into SFB under the RBI’s scheme by way of transfer of assets and liabilities to the banking company incorporated by promoters with the approval of RBI.
- (5) A detailed plan on providing uninterrupted banking to existing customers during the period of transition.

68. Along with the application, the promoters shall submit documents for establishing compliance with the requirements and ensure that the UCB continues to comply with the above parameters till the application is finally disposed of.
69. The promoters shall furnish their business plans and project reports along with their applications. The business plan will have to address how the SFB proposes to achieve the objectives behind setting up of small finance banks. The business plan submitted by the applicant should be realistic and viable. In case of deviation from the stated business plan after issue of licence, RBI may consider restricting the SFB's expansion, effecting change in management and imposing other penal measures as may be necessary.
70. The promoters must ensure to furnish following additional information along with the application:

**(1) Information of individual promoters**

- (i) Name of the promoters, date of birth, residential status, parents' names, Aadhaar number, permanent account number (PAN) issued by Income Tax Department, branch and bank account details including the credit facilities availed.
- (ii) Detailed information on the background and experience of the individual promoters, his/her expertise, track record of business and financial worth, details of promoter's direct and indirect interests in various entities/companies/industries, shareholdings, directorships etc.

**(2) Information of UCB transiting into the Small Finance Bank**

- (i) Shareholding pattern, bye-laws and financial statements of the past five years (including a tabulation of important financial indicators for the said years), and income tax returns for last three years.
- (ii) The applicants should furnish detailed information about the persons who would subscribe to 5% or more of the paid-up equity share capital (shareholding pattern) of the proposed bank and the sources of capital of the proposed investors.
- (iii) The proposed promoter shareholding in compliance with the guidelines.

**(3) Project Report**

- (i) A project report covering business potential and viability of the proposed SFB, the proposed area of operation, the business plan, any other financial services proposed to be offered, plan for compliance with prudential norms on CRR/SLR,

composition of loan portfolio, priority sector, etc. as per the SFB guidelines, and any other information that is considered relevant.

- (ii) It should include detailed calculation of capital requirement after transfer of assets and liabilities of the UCB in order to maintain minimum CRAR of 15% from the date of commencement of business.
- (iii) The project report should give as much concrete details as feasible, based on adequate ground level information and avoid unrealistic or unduly ambitious projections.
- (iv) The business plan should address how the bank proposes to achieve financial inclusion and how the existing business of the UCB will fold into the small finance bank or divested / disposed of.

#### **(4) Any other information**

- (i) The promoters may furnish any other relevant information and documents supporting the applications. Further, the RBI may call for any other additional information, as may be required, in due course.
- (ii) In terms of Rule 11 of the Banking Regulation (Companies) Rules, 1949, promoters shall submit application in the prescribed form (Form III) along with other details as mentioned above, contained in an envelope superscripted "Application for voluntary transition into Small Finance Bank" to:

The Chief General Manager,  
Department of Regulation,  
Reserve Bank of India,  
Central Office,  
Central Office Building,  
Shahid Bhagat Singh Road,  
Mumbai – 400001

#### **D. Transition path**

- 71. After incorporating the banking company and complying with all the terms & conditions of the in-principle approval, the promoters shall approach RBI for banking licence along with following:

- (1) UCB's board resolution for transfer of assets and liabilities to the banking company.
- (2) The general body resolution passed by 2/3rd majority of members present and voting to surrender the UCB's licence to RBI for cancellation under Section 22(4) read with Section 56 of the BR Act, 1949.
- (3) The general body resolution passed by 2/3rd majority of members present and voting to voluntarily wind up the Co-operative Society in terms of provisions in the Central/State Co-operative Societies Act once the banking license of the UCB is cancelled by RBI.
- (4) Firm commitment from promoters for infusion of capital into the company equity for meeting the minimum net worth and minimum promoter's contribution requirement for SFB.

## **72. RBI decision**

- (1) The applications will be screened by RBI to ensure eligibility of the applicants. RBI may apply additional criteria to determine the suitability of applications, in addition to the prescribed criteria.
- (2) After issue of the in-principle approval to the UCB, if any adverse features are noticed subsequently regarding the promoters or the UCB, RBI may impose additional conditions and if warranted, may withdraw the in-principle approval.
- (3) SFB licence will be granted on demonstrating compliance to the conditions stipulated in the 'in-principle' approval, to the satisfaction of the Reserve Bank. Till such period, the UCB will continue to function in the depositors' interest.
- (4) On transition into a SFB, it will be subjected to all the norms as applicable to SFBs including maintenance of CRAR of 15% on a continuous basis. Decision of RBI in this regard will be final and no request for reconsideration will be entertained.



**A. Additional Information to be furnished by promoters along with relevant supporting documents**

**A.1 Existing Structure**

1. Information on the individual promoter :
  - (1) Self-declaration by the individual promoters as per [Appendix I](#).
  - (2) Detailed profiles on the background and experience of the individual promoters, his/their expertise, track record of business.
2. Information on the individuals and entities in the promoter group :
  - (1) Names and details of other entities in the promoter group as per [Appendix II](#) (if not covered in [Appendix I](#)).
  - (2) Shareholding pattern of all the entities in the promoter group along with the details of their Significant Beneficial Owners.
  - (3) A pictorial organogram indicating the corporate structure of all the entities in the group indicating the shareholding and total assets of the entities.
  - (4) Annual reports of the past five years of all the group entities.
3. Information on the entity converting/promoting the bank:
  - (1) Declaration by the promoting / converting entity as per [Appendix III](#). Information related to the main individual promoter/ significant beneficial owner behind the promoting/ converting entity as per [Appendix I](#) and [Appendix II](#).
  - (2) Shareholding pattern of the promoting / converting entity.
  - (3) Memorandum and Articles of Association and financial statements of the promoter entity for the past five years (including a tabulation of important financial indicators for the said years), board composition and representation of the Directors over a period of ten years, income tax returns for last three years, C.A certificate indicating source of funds for promoting / converting entity.

**A.2 Proposed Structure**

4. The applicants should furnish detailed information about the persons/entities, who would subscribe to 5% per cent or more of the paid-up voting equity share capital (shareholding pattern) of the proposed bank/ NOFHC, including foreign equity participation in the proposed bank/ NOFHC as per the Form A of the Guidelines provided in the Reserve Bank of India (Small Finance Banks – Acquisition and

Holding of Shares or Voting Rights) Directions, 2025 and as amended from time to time. Also, the sources of capital of the above major shareholders along with details regarding their significant beneficial ownership, if any, shall be furnished as per the aforesaid directions.

5. The proposed promoter shareholding and plan for dilution of promoter shareholding in compliance with the guidelines.
6. Proposed management of the bank, if finalised.

### **A.3 Project Report**

7. A project report covering business potential and viability of the proposed bank, the proposed area of operation, the business plan, any other financial services proposed to be offered, plan for compliance with prudential norms on CRR/SLR, composition of loan portfolio, priority sector, etc. as per the guidelines, and any other information that is considered relevant. The project report should give as much concrete details as feasible, based on adequate ground level information and avoid unrealistic or unduly ambitious projections. The business plan should address how the bank proposes to achieve financial inclusion and in the case of an NBFC / MFI applicant, how the existing business of NBFC / MFI will fold into the bank or divested / disposed of.

*Explanation (1):* Business plan should, inter alia, include (but not limited to), the underlying assumptions, the existing infrastructure/ network/ branches, and the proposed product lines, target clientele, target locations, usage of technology, risk management, plans relating to human resources, branch network, alternative points of presence, opening of branches in unbanked rural areas, priority sector compliance, financial projections for five years, etc.

*Explanation (2):* In case of NBFC applicants, information on existing CRR / SLR requirement, projected CRR / SLR requirement and plan for compliance with statutory norms on CRR / SLR may be given.

*Explanation (3):* Financial Inclusion Plan should include (but not limited to), details of joint venture or partnership for offering financial inclusion products, promoting financial literacy, achieving the objective of small finance banks, etc.

**A.4 Any other information**

8. The promoters may furnish any other relevant information and documents supporting the applications. Further, the RBI may call for any other additional information, as may be required, in due course.

## Self-declaration from the main individual promoter of the promoter group

**The applicant's name:**

| S. No | Aspect  | Remarks  |
|-------|---|----------|
| 1.    | Name of the main individual promoter (including previous names, if any) <sup>1</sup>  |          |
| 2.    | Details of bio-data   | Form I   |
| 3.    | Proposed shareholding amount and percentage of shareholding in the bank   |          |
| 4.    | Net worth of the main individual promoter(duly certified by a CA)   |          |
| 5.    | Average income over last 5 years  |          |
| 6.    | Source of funds for the proposed shareholding in the bank (Duly certified by the Chartered Accountant)  |          |
| 7.    | Name of the Hindu Undivided Family (HUF) in which the main individual promoter is a member/karta along with its proposed shareholding in the bank (in ₹ and %)  |          |
| 8.    | List of entities in which the HUF is holding 10% or more of the equity share capital along with the percentage of shareholding  | Form II  |
| 9.    | List of relatives of the main individual promoter with relationship (Refer Section 2 (77) of the Companies Act, 2013 and Rules made there under) and their proposed shareholding / voting rights in the bank    | Form III |
| 10.   | List of persons acting in concert (as defined in explanation1(a) to section 12 B of Banking Regulation Act, 1949) with the main individual promoter and their proposed shareholding / voting rights in the bank | Form IV  |

<sup>1</sup> If there are more than one individual promoter in the group, separate declaration forms are to be submitted

|     |   |           |
|-----|---|-----------|
| 11. | List of associate enterprises (as defined in explanation 1(c) to section 12 B of Banking Regulation Act, 1949) and their proposed shareholding / voting rights in the bank  | Form V    |
| 12. | List of entities in which the main individual promoter is holding 10% or more of the capital of such entities and their proposed shareholding / voting rights in the bank   | Form VI   |
| 13. | List of entities, if any, in which the main individual promoter is considered as being interested [Refer Section 184 of Companies Act, 2013] and their proposed shareholding / voting rights in the bank  | Form VII  |
| 14. | List of entities in which the entities named in 1, 7 to 13 above collectively are holding 10% or more of the equity share capital of that entity  | Form VIII |
| 15. | List of entities in which persons / entities named in 1, 7 to 14 above have individually or collectively divested their shareholding in the past 5 years  | Form IX   |
| 16. | Aggregate proposed shareholding of the entities named in 1 & 7 to 15 above in the bank (₹ and %)  |           |
| 17. | Source of funds for the entities named in 1 & 7 to 15 above for the proposed aggregate shareholding in the bank (Duly certified by the Chartered Accountant)  |           |
| 18. | In case of having voting rights alone in the bank, the details of agreement with the shareholder in brief   |           |
| 19. | If the person / entity listed in 1 & 7 to 15 above is a member of a professional association / body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him / her or whether he / she has been banned from entry of at any profession / occupation at any time |           |
| 20. | Has the person / entity listed in 1 & 7 to 15 above been subject to any investigation at the instance of Government department or agency?   |           |
| 21. | Details of prosecution, if any, pending or commenced or resulting in conviction in the past against person / entity listed in 1 & 7 to 15 above for violation of economic laws and regulations  |           |
| 22. | Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the past against the person / entity listed in 1 & 7 to 15 above  |           |
| 23. | Has the person / entity listed in 1 & 7 to 15 above at any time been found guilty of violation of rules / regulations / legislative requirements by customs / excise / income tax / foreign exchange / other revenue authorities, if so give particulars  |           |
| 24. | Whether the person / entity listed in 1 & 7 to 15 above has at any time come to the adverse notice of any regulator/investigative agency including issuance of Show Cause Notice. (Though it shall not be necessary for a person to mention in the column about orders and findings made by                             |           |

|     |   |  |
|-----|---|--|
|     | regulators which have been later on reversed / set aside in toto, it would be necessary to make a mention of the same, in case the reversal / setting aside is on technical reasons like limitation or lack of jurisdiction, etc., and not on merit. If the order of the regulator is temporarily stayed and the appellate / court proceedings are pending, the same also should be mentioned). |  |
| 25. | Whether the person / entity listed in 1 & 7 to 15 above has been convicted for any offence under any legislation designed to protect members of the public from financial loss due to dishonesty, incompetence or malpractice.  |  |
| 26. | Details of shareholding / voting rights of the person / entity listed 1 & 7 to 15 above in other banks and other institutions in the financial sector   |  |
| 27. | Details of representation of the individual promoter on the Boards of other banks and other institutions in the financial sector  |  |
| 28. | Income Tax returns of the individual promoter for last three years (if already submitted with the application, the same may be mentioned)   |  |
| 29. | List of major entities listed in 7 to 15 above (covering at least 50% of the group's total assets or total revenue)   |  |
| 30. | Audited annual reports of the entities listed in 29 above should be submitted for the last five years (if already submitted with the application, the same may be mentioned)  |  |
| 31. | Any other explanation / information   |  |

### Undertaking

I confirm that the above information is to the best of my knowledge and belief, true and complete. I undertake to keep the bank fully informed, as soon as possible, of all events which take place subsequent to submission of this declaration which are relevant to the information provided above.

Signature and stamp of the individual promoter

Place:

Date :

**Bio-data details of the main individual promoter of the group**

|   |  |
|---|--|
| Name of the person (including previous names, if any)   |  |
| Date of birth   |  |
| Father's name   |  |
| PAN no.   |  |
| DIN no.   |  |
| Present Address   |  |
| Permanent Address   |  |
| Citizenship/Residential Status as per FEMA  |  |
| Occupation  |  |
| Income tax circle to which the individual belongs   |  |
| Bank, branch and account number (including credit facilities and non-fund based facilities availed) |  |
| Details of experience in banking and finance  |  |
| Details of experience in other fields   |  |

**Form II**

**Entities in which the HUF is holding 10% or more of the equity share capital**

| Name of the entity* | Relationship with the individual promoter Along with % of shareholding, if any | Date of incorporation | Nature of business activity | Registered Office address | PAN no. | TAN No. | CIN no. | Income tax circle to which the entity belongs to | Name of the regulator | Registration details in case the entity is regulated | Bank, branch and account number (including credit facilities and non-fund based facilities availed) | As on March 31, ----       |                            | Proposed shareholding in the bank |      |
|---------------------|--|-----------------------|-----------------------------|---------------------------|---------|---------|---------|--|-----------------------|--|---|----------------------------|----------------------------|-----------------------------------|------|
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   | Total assets (₹. in crore) | Total revenue (₹ in crore) | In ₹                              | In % |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                            |                                   |      |

\*(including previous names, if any)



**Form III****Details of the relatives (Refer Section 2 (77) of the Companies Act, 2013 and Rules made there under) of main individual promoter behind the group**

| S. No. | Name of the person* | Relationship with main individual promoter | Date of birth | Residential status as per FEMA | Father's name | PAN no. | DIN no. | Income tax circle to which the individual belongs to | Proposed shareholding in the bank |      |
|--------|---------------------|--|---------------|--------------------------------|---------------|---------|---------|--|-----------------------------------|------|
|        |                     |  |               |                                |               |         |         |  | In ₹                              | In % |
|        |                     |  |               |                                |               |         |         |  |                                   |      |
|        |                     |  |               |                                |               |         |         |  |                                   |      |
|        |                     |  |               |                                |               |         |         |  |                                   |      |
|        |                     |  |               |                                |               |         |         |  |                                   |      |
|        |                     |  |               |                                |               |         |         |  |                                   |      |
|        |                     |  |               |                                |               |         |         |  |                                   |      |
|        |                     |  |               |                                |               |         |         |  |                                   |      |
|        |                     |  |               |                                |               |         |         |  |                                   |      |
|        |                     |  |               |                                |               |         |         |  |                                   |      |

\*(including previous names, if any)

**Form IV****Details of the persons acting in concert (as defined in explanation 1(c) to section 12 B of Banking Regulation Act, 1949)  
with the individual promoter of the group**

| S.No. | Name of the person* | Date of birth | Nature of Relationship with the individual promoter | Residential status as per FEMA | Father's name | PAN no. | DIN no. | Income tax circle to which the individual belongs to | Proposed shareholding in the bank |      |
|-------|---------------------|---------------|---|--------------------------------|---------------|---------|---------|--|-----------------------------------|------|
|       |                     |               |   |                                |               |         |         |  | In ₹                              | In % |
|       |                     |               |   |                                |               |         |         |  |                                   |      |
|       |                     |               |   |                                |               |         |         |  |                                   |      |
|       |                     |               |   |                                |               |         |         |  |                                   |      |
|       |                     |               |   |                                |               |         |         |  |                                   |      |
|       |                     |               |   |                                |               |         |         |  |                                   |      |
|       |                     |               |   |                                |               |         |         |  |                                   |      |
|       |                     |               |   |                                |               |         |         |  |                                   |      |
|       |                     |               |   |                                |               |         |         |  |                                   |      |
|       |                     |               |   |                                |               |         |         |  |                                   |      |
|       |                     |               |   |                                |               |         |         |  |                                   |      |

\*(including previous names, if any)

**Form V**

**Details of associate enterprises (as defined in explanation 1(a) to section 12 B of Banking Regulation Act, 1949) of the individual promoter**

| Name of the entity* | Relationship with the individual promoter along with % of shareholding is any | Date of incorporation | Nature of business activity | Registered Office address | PAN no. | TAN No. | CIN no. | Income tax circle to which the entity belongs to | Name of the regulator | Registration details in case the entity is regulated | Bank, branch and account number (including credit facilities and non-fund based facilities availed) | As on March 31, --        |                            | Proposed shareholding in the bank |      |
|---------------------|---|-----------------------|-----------------------------|---------------------------|---------|---------|---------|--|-----------------------|--|---|---------------------------|----------------------------|-----------------------------------|------|
|                     |   |                       |                             |                           |         |         |         |  |                       |  |   | Total assets (₹ in crore) | Total revenue (₹ in crore) | In ₹                              | In % |
|                     |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |

\*(including previous names, if any)

**Form VI**

**Details of entities in which the individual promoter is holding 10% or more of the capital of such entities**

| Name of the entity* | Percentage of shareholding by the individual promoter in the concerned company | Date of incorporation | Nature of business activity | Registered Office address | PAN no. | TAN No. | CIN no. | Income tax circle to which the entity belongs to | Name of the regulator | Registration details in case the entity is regulated | Bank, branch and account number (including credit facilities and non-fund based facilities availed) | As on March 31, --        |                            | Proposed shareholding in the bank |      |
|---------------------|--|-----------------------|-----------------------------|---------------------------|---------|---------|---------|--|-----------------------|--|---|---------------------------|----------------------------|-----------------------------------|------|
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   | Total assets (₹ in crore) | Total revenue (₹ in crore) | In ₹                              | In % |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |

\*(including previous names, if any)

**Form VII**

**Details of entities in which the individual promoter is considered as being interested [Refer Section 184 of Companies Act, 2013]**

| Name of the entity* | Relationship with the individual promoter along with % of shareholding, if any | Date of incorporation | Nature of business activity | Registered Office address | PAN no. | TAN No. | CIN no. | Income tax circle to which the entity belongs to | Name of the regulator | Registration details in case the entity is regulated | Bank, branch and account number (including credit facilities and non-fund based facilities availed) | As on March 31, ---        |                             | Proposed shareholding in the bank |      |
|---------------------|--|-----------------------|-----------------------------|---------------------------|---------|---------|---------|--|-----------------------|--|---|----------------------------|-----------------------------|-----------------------------------|------|
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   | Total assets (₹ in crores) | Total revenue (₹ in crores) | In ₹                              | In % |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |

\*(including previous names, if any)

# Form VIII

**Details of entities in which aggregate shareholding is 10% or more (by individual promoter, HUF, entities in which the HUF is having shareholding 10% or more, relatives, persons acting in concert, associate enterprises, entities in which the individual promoter is having shareholding 10% or more & entities in which the individual promoter is considered as being interested)**

| Name of the entity* | Relationship with the individual promoter along with breakup of the present shareholding | Date of incorporation | Nature of business activity | Registered Office address | PAN no. | TAN No. | CIN no. | Income tax circle to which the entity belongs to | Name of the regulator | Registration details in case the entity is regulated | Bank, branch and account number (including credit facilities and non-fund based facilities availed) | As on March 31, ---<br>-   |                             | Proposed shareholding in the bank |      |
|---------------------|--|-----------------------|-----------------------------|---------------------------|---------|---------|---------|--|-----------------------|--|---|----------------------------|-----------------------------|-----------------------------------|------|
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   | Total assets (₹ in crores) | Total revenue (₹ in crores) | In ₹                              | In % |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |

\*(including previous names, if any)

**Form IX**

**Details of entities in which; individual promoter, HUF, entities in which the HUF is having shareholding 10% or more, relatives, persons acting in concert, associate enterprises, entities in which the individual promoter is having shareholding 10% or more & entities in which the individual promoter is considered as being interested; have individually or collectively divested their shareholding in the past 5 years**

| Name of the entity* | Relationship with the individual promoter along with earlier % and present % of shareholding | Date of incorporation | Nature of business activity | Registered Office address | PAN no. | TAN No. | CIN no. | Income tax circle to which the entity belongs to | Name of the regulator | Registration details in case the entity is regulated | Bank, branch and account number (including credit facilities and non-fund based facilities availed) | As on March 31, ---        |                             | Proposed shareholding in the bank |      |
|---------------------|--|-----------------------|-----------------------------|---------------------------|---------|---------|---------|--|-----------------------|--|---|----------------------------|-----------------------------|-----------------------------------|------|
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   | Total assets (₹ in crores) | Total revenue (₹ in crores) | In ₹                              | In % |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                            |                             |                                   |      |

\*(including previous names, if any)

## Appendix II

### Details of other entities in the promoter group

| Name of the entity* | Percentage of shareholding by the individual promoter in the concerned company | Date of incorporation | Nature of business activity | Registered Office address | PAN no. | TAN No. | CIN no. | Income tax circle to which the entity belongs to | Name of the regulator | Registration details in case the entity is regulated | Bank, branch and account number (including credit facilities and non-fund based facilities availed) | As on March 31, -- --     |                            | Proposed shareholding in the bank |      |
|---------------------|--|-----------------------|-----------------------------|---------------------------|---------|---------|---------|--|-----------------------|--|---|---------------------------|----------------------------|-----------------------------------|------|
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   | Total assets (₹ in crore) | Total revenue (₹ in crore) | In ₹                              | In % |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |
|                     |  |                       |                             |                           |         |         |         |  |                       |  |   |                           |                            |                                   |      |

\*(including previous names, if any)



## Declaration to be submitted by the promoting / converting entities

| S. No | Aspect  | Remarks |
|-------|---|---------|
| 1.    | Name of entity (including previous names, if any)   |         |
| 2.    | Details of the entity   | Form X  |
| 3.    | Ownership and control status of the entity  |         |
| 4.    | Shareholding pattern of the entity along with details of its main individual promoter/ Significant Beneficial Owner   |         |
| 5.    | Proposed shareholding and voting rights of the entity in the bank   |         |
| 6.    | Net worth of the entity (duly certified by a CA)  |         |
| 7.    | Source of funds for the proposed shareholding in the bank (Duly certified by the Chartered Accountant)  |         |
| 8.    | Aggregate proposed shareholding in the bank (amount and %) by the promoter group, persons acting in concert (as defined in explanation 1(a) to section 12 B of Banking Regulation Act, 1949), associate enterprises (as defined in explanation 1(a) to section 12 B of Banking Regulation Act, 1949) and by entities in which the promoter group is considered as being interested [Refer Section 184 of Companies Act, 2013] | Form XI |
| 9.    | Source of funds for the aggregate shareholding in the bank as indicated in 7 above (Duly certified by the Chartered Accountant)   |         |
| 10.   | If the entity is a member of a professional association / body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against it or whether it has been banned from entry of at any profession / occupation at any time   |         |
| 11.   | Has the entity been subject to any investigation at the instance of Government department or agency?  |         |
| 12.   | Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the entity for violation of economic laws and regulations   |         |

| S. No | Aspect  | Remarks |
|-------|---|---------|
| 13.   | Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the past against the entity   |         |
| 14.   | Has the entity at any time been found guilty of violation of rules / regulations / legislative requirements by customs / excise / income tax / foreign exchange / other revenue authorities, if so give particulars   |         |
| 15.   | Whether the entity has at any time come to the adverse notice of any regulator/investigative agency including issuance of Show Cause Notice. (Though it shall not be necessary for a person to mention in the column about orders and findings made by regulators which have been later on reversed / set aside in toto, it would be necessary to make a mention of the same, in case the reversal / setting aside is on technical reasons like limitation or lack of jurisdiction, etc, and not on merit. If the order of the regulator is temporarily stayed and the appellate / court proceedings are pending, the same also should be mentioned). |         |
| 16.   | Whether the entity has been convicted for any offence under any legislation designed to protect members of the public from financial loss due to dishonesty, incompetence or malpractice.   |         |
| 17.   | Details of shareholding / voting rights of the entity in other banks and other institutions in the financial sector   |         |
| 18.   | Details of representation of the entity on the Boards of other banks and other institutions in the financial sector   |         |
| 19.   | Income tax returns of the entity for the last three years   |         |
| 20.   | Audited annual reports of the entity for the last 3 years   |         |
| 21.   | Any other explanation / information   |         |

### Undertaking

I confirm that the above information is to the best of my knowledge and belief, true and complete. I undertake to keep the bank fully informed, as soon as possible, of all events which take place subsequent to submission of this declaration which are relevant to the information provided above. Signature and stamp of the promoting / converting entity

Place :

Date :

## Details of the promoting / converting entity

| Name of the entity* | Foreign shareholding in the promoting / converting entity | Main promoter behind the entity, with % of shareholding | Date of incorporation | Nature of business activity | Registered Office address | PAN no. | TAN No. | CIN no. | Income tax circle to which the entity belongs to | Name of the regulator | Registration details in case the entity is regulated | Bank, branch and account number (including credit facilities and non-fund based facilities availed) | As on March 31, ----      |                             |                              |                 |
|---------------------|---|---|-----------------------|-----------------------------|---------------------------|---------|---------|---------|--|-----------------------|--|---|---------------------------|-----------------------------|------------------------------|-----------------|
|                     |   |   |                       |                             |                           |         |         |         |  |                       |  |   | Total assets (₹ in crore) | Total revenue (₹ in crores) | Total net worth (₹ in crore) | Paid-up capital |
|                     |   |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                             |                              |                 |
|                     |   |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                             |                              |                 |
|                     |   |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                             |                              |                 |
|                     |   |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                             |                              |                 |
|                     |   |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                             |                              |                 |
|                     |   |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                             |                              |                 |
|                     |   |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                             |                              |                 |
|                     |   |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                             |                              |                 |
|                     |   |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                             |                              |                 |
|                     |   |   |                       |                             |                           |         |         |         |  |                       |  |   |                           |                             |                              |                 |

\* To indicate the previous names also, if any

Form XI

**Aggregate proposed shareholding in the bank (amount and %) by the promoter group, persons acting in concert (as defined in explanation 1(a) to section 12 B of Banking Regulation Act, 1949), associate enterprises (as defined in explanation 1(a) to section 12 B of Banking Regulation Act, 1949) and by entities in which the promoter group is considered as being interested [Refer Section 184 of Companies Act, 2013]**

| Name of the person / entity * | Relationship with the major shareholder along with % of shareholding, if any | Date of birth / incorporation | Nature of business activity | Registered Office address | PAN no. | DIN no. | TAN No. | CIN no. | Income tax circle to which the person / entity belongs to | Name of the regulator | Registration details in case the entity is regulated | Bank, branch and account number (including credit facilities and non-fund based facilities availed) | As on March 31, --        |                              | Proposed shareholding in the bank |                                     |
|-------------------------------|--|-------------------------------|-----------------------------|---------------------------|---------|---------|---------|---------|---|-----------------------|--|---|---------------------------|------------------------------|-----------------------------------|-------------------------------------|
|                               |  |                               |                             |                           |         |         |         |         |   |                       |  |   | Total assets (₹ in crore) | Total net worth (₹ in crore) | Proposed shareholding in ₹        | Proposed shareholding in percentage |
|                               |  |                               |                             |                           |         |         |         |         |   |                       |  |   |                           |                              |                                   |                                     |
|                               |  |                               |                             |                           |         |         |         |         |   |                       |  |   |                           |                              |                                   |                                     |
|                               |  |                               |                             |                           |         |         |         |         |   |                       |  |   |                           |                              |                                   |                                     |
|                               |  |                               |                             |                           |         |         |         |         |   |                       |  |   |                           |                              |                                   |                                     |
|                               |  |                               |                             |                           |         |         |         |         |   |                       |  |   |                           |                              |                                   |                                     |
|                               |  |                               |                             |                           |         |         |         |         |   |                       |  |   |                           |                              |                                   |                                     |
|                               |  |                               |                             |                           |         |         |         |         |   |                       |  |   |                           |                              |                                   |                                     |
|                               |  |                               |                             |                           |         |         |         |         |   |                       |  |   |                           |                              |                                   |                                     |

\* To indicate the previous names also, if any