



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
www.rbi.org.in

RBI/2017-18/200

DBR.No.BP.BC.113 /21.04.048/2017-18

June 15, 2018

All Scheduled Commercial Banks  
& Small Finance Banks (SFBs)

Dear Sir/Madam,

**Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks – Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR)**

Please refer to [Circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018](#) on the captioned subject.

2. In view of the continuing rise in the yields on Government Securities, as also the inadequacy of time to build investment fluctuation reserve (IFR) for many banks, it has been decided to grant banks the option to spread provisioning for their mark to market (MTM) losses on all investments held in AFS and HFT for the quarter ending June 30, 2018 as well. The provisioning required may be spread equally over up to four quarters, commencing with the quarter ending June 30, 2018.

3. Banks that utilise the above option shall make suitable disclosures in their notes to accounts/ quarterly results providing details of -

- (a) the provisions made for depreciation of the investment portfolio for the quarter ending June 2018 and
- (b) the balance required to be made in the remaining quarters.

4. It may be noted that the other requirements prescribed in the above circular, including creation of IFR, remain in force.

Yours faithfully,

(Saurav Sinha)  
Chief General Manager-In-Charge