



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

इ-मेल email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 022 2261 0835 फैक्स/Fax: 91 22 22660358

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RBI releases 2018 list of Domestic Systemically Important Banks (D-SIBs)

SBI, ICICI Bank, and HDFC Bank continue to be identified as Domestic Systemically Important Banks (D-SIBs), under the same bucketing structure as last year. The additional Common Equity Tier 1 (CET1) requirement for D-SIBs has already been phased-in from April 1, 2016 and will become fully effective from April 1, 2019. The additional CET1 requirement will be in addition to the capital conservation buffer.

The updated list of D-SIBs is as follows-

Bucket	Banks	Additional Common Equity Tier 1 requirement as a percentage of Risk Weighted Assets (RWAs) for FY 2018-19	Additional Common Equity Tier 1 requirement applicable from April 1, 2019 (as per phase-in arrangement)
5	-	0.75%	1%
4	-	0.60%	0.80%
3	State Bank of India	0.45%	0.60%
2	-	0.30%	0.40%
1	ICICI Bank, HDFC Bank	0.15%	0.20%

Background:

The Reserve Bank had issued the [Framework for dealing with Domestic Systemically Important Banks \(D-SIBs\)](#) on July 22, 2014. The D-SIB framework requires the Reserve Bank to disclose the names of banks designated as D-SIBs starting from 2015 and place these banks in appropriate buckets depending upon their Systemic Importance Scores (SISs). Based on the bucket in which a D-SIB is placed, an additional common equity requirement has to be applied to it. In case a foreign bank having branch presence in India is a [Global Systemically Important Bank \(G-SIB\)](#), it has to maintain additional CET1 capital surcharge in India as applicable to it as a G-SIB, proportionate to its Risk Weighted Assets (RWAs) in India i.e. additional CET1 buffer prescribed by the home regulator (amount) multiplied by India RWA as per consolidated global Group books divided by Total consolidated global Group RWA.

The higher capital requirements are applicable from April 1, 2016 in a phased manner and will become fully effective from April 1, 2019. The additional common equity requirement for different buckets over the four year phase-in period is as under:

Bucket	April 1, 2016	April 1, 2017	April 1, 2018	April 1, 2019
5	0.25%	0.50%	0.75%	1.00%
4	0.20%	0.40%	0.60%	0.80%
3	0.15%	0.30%	0.45%	0.60%
2	0.10%	0.20%	0.30%	0.40%
1	0.05%	0.10%	0.15%	0.20%

Based on the methodology provided in the D-SIB framework and data collected from banks as on March 31, 2015 and March 31, 2016, the Reserve Bank had announced State Bank of India and ICICI Bank Ltd. as D-SIBs on [August 31, 2015](#) and [August 25, 2016](#), respectively. Based on data collected from banks as on March 31, 2017, the Reserve Bank had announced State Bank of India, ICICI Bank Ltd. and HDFC Bank Ltd. as D-SIBs on [September 04, 2017](#). Current update is based on the data collected from banks as on March 31, 2018.

Further the D-SIB framework requires that *“The assessment methodology for assessing the systemic importance of banks and identifying D-SIBs will be reviewed on a regular basis. However, this review will be at least once in three years.”* Current review and analysis of cross country practices do not warrant any change in the extant framework at present.

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Jose J. Kattoor
Chief General Manager