

State Bank designates D-SIBs for 2020

KARACHI: The State Bank of Pakistan (SBP) on Thursday announced the designation of domestic systemically important banks (D-SIBs) for the year 2020 under the framework that was introduced in April 2018, a statement said.

In line with D-SIBs Framework, SBP has carried out the annual assessment on the basis of financials of end December 2019. As per this assessment, three banks viz Habib Bank Ltd, National Bank of Pakistan, and United Bank Ltd have been designated as D-SIBs for the year 2020, the SBP said.

These banks would continue to follow enhanced supervisory requirements as well as the prescribed additional common equity tier-1 capital (CET-1) requirements, it added.

NBP and HBL would require maintaining additional CET-1 of 2 percent with the UBL 1 percent.

Besides, branches of Global-Systemically Important Banks (G-SIBs) operating in Pakistan would hold additional CET-1 capital against their risk-weighted assets in Pakistan at the rate as applicable on the respective principal G-SIB, the SBP notified.

The framework introduced by the SBP is consistent with the international standards and practices and takes into account the local dynamics. It specifies the methodology for the identification and designation of D-SIBs, enhanced regulatory and supervisory requirements, and implementation guidelines.

These enhanced requirements aim to further strengthen the resilience of the systemically important banks against shocks and augment their risk management capacities.