



## External Relations Department

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### **State Bank of Pakistan Designates Domestic Systemically Important Banks (D-SIBs)**

The State Bank of Pakistan (SBP) has announced the designation of D-SIBs for the year 2022 under the Framework for Domestic Systemically Important Banks (D-SIBs) that was introduced in April 2018.

The framework introduced by the State Bank 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.

The identification of D-SIBs involves two-steps process. In the first step, sample banks are identified each year based on the quantitative and qualitative criteria. In the second step, D-SIBs are designated from among the sample banks based on institutions' systemic score in terms of their size, interconnectedness, substitutability and complexity.

In line with the D-SIBs framework, State Bank has carried out the annual assessment based on banks' financials as of December 31, 2021. As per this assessment, three banks viz. Habib Bank Limited, National Bank of Pakistan and United Bank Limited have been designated as D-SIBs. These banks will be required to follow the following additional common equity tier-1 capital (CET-1) requirement revised recently through BPRD Circular Letter No.34 dated the 12<sup>th</sup> December, 2022, in addition to the enhanced supervisory requirements:

<b>Bucket</b>	<b>Name of the Institution</b>	<b>Additional CET-1 Requirement for the Bucket</b>
<b>D</b>	Empty	2.5%
<b>C</b>	Habib Bank Ltd & National Bank of Pakistan	1.5%
<b>B</b>	Empty	1%
<b>A</b>	United Bank Limited	0.5%

Besides, branches of Global-Systemically Important Banks (G-SIBs) operating in Pakistan will hold additional CET1 capital against their risk-weighted assets in Pakistan at the rate as applicable on the respective principal G-SIB.

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