



# SBP Capital Adequacy Framework 2025

## A Practical Guidance Session

16<sup>th</sup> July 2026

Movenpick Hotel, Karachi

### Program Overview

As per BPRD Circular No. 03 of 2025 Basel Capital Adequacy Framework, the State Bank of Pakistan has issued revised instructions under the Basel III Phase II capital framework. This session has been organized to provide banking professionals with a structured understanding of the key changes, their implications for capital planning and portfolio management, and the operational adjustments the new framework requires.

### Who Should Attend

- Risk and Credit Managers
- Finance Team
- Treasury Professionals
- Senior Management
- Internal / External Auditors
- Compliance Managers
- Business Managers

### Key Learning Points

- Understand the scope and structure of SBP's revised capital adequacy framework under Basel III Phase II
- Gain insight into the capital incentives embedded in the new provisioning and retail classification rules
- Identify the exposure categories most significantly impacted by the new risk weight treatments
- Recognize the documentation and due diligence obligations now in effect under the revised framework



Program Trainer

## Muhammad Yasin Moten

Director | KPMG Taseer Hadi & Co., Chartered Accountants

Yasin is a Chartered Accountant from The Institute of Chartered Accountants of Pakistan, working as a Director in Audit and Assurance, carrying a considerable experience of more than 15 years in auditing and accounting which portrays his competence, capability and immense exposure. He was further seconded to KPMG Al-Fozan and Partners - Saudi Arabia, which append to his experience in working with International clients adding to his versatility.

To Be Covered

Framework overview

Real estate lending

Problem loan management

Counterparty due diligence

Specialized Lending



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### Workshop Outline

#### Framework overview— scope, structure and what has changed

A structured walkthrough of the revised capital adequacy framework, covering the key departures from the previous Basel III treatment and the overall philosophy behind the updated SBP instructions.

#### Real estate lending — new ADC exposure category and risk weight treatment

A breakdown of the new ADC exposure category, the conditions under which the 150% risk weight applies, and the criteria that must be met to qualify for the risk weight of 100%.

#### Problem loan management — provision linked risk weights

How the framework links provisioning levels to capital charges on defaulted exposures, and the implications for NPL recognition and remediation strategies.

#### Counterparty due diligence — mandatory internal assessment requirements

The obligation to independently validate counterparty risk beyond external ratings, covering documentation standards, annual review cycles, and when internal assessments may override external ratings.

#### Specialized Lending – Three Pillar classification and risk weight treatment

Introduction to the new Specialized Lending category within the corporate portfolio, the eligibility criteria based on the Three-Pillar approach (Project, Object, and Commodities Finance), and the capital efficiency implications of the risk weight tiers (ranging from 80% to 130%) compared to the standard corporate risk weight 100%.

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