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Circular to members # 21/2026-27
August 7, 2026

Unrated large private borrowers
SBP raises financing limit to Rs10bn

BUSINESS RECORDER

In a significant step aimed at improving access to bank financing for the private sector, the State Bank of Pakistan (SBP) on Tuesday increased the aggregate exposure limit for unrated large private sector borrowers by more than 233 percent to Rs10 billion for all banks and Development Finance Institutions (DFIs).

Under the current framework, banks and DFIs could collectively extend financing of up to Rs3 billion to an unrated large private sector borrower. With the latest revision, the ceiling has been more than tripled to Rs10 billion, allowing financial institutions to support larger investment projects and working capital requirements.

The SBP said the decision was taken after reviewing changes in the macroeconomic environment and considering feedback received from the banking industry.

"It has been decided to increase the currently applicable aggregate exposure limit of unrated large private sector borrowers from all banks & DFIs, from existing Rs3 billion to Rs10 billion, effective from September 30, 2026," a circular issued by the SBP said.

According to SBP, these changes will also be incorporated in the Revised Instructions for Credit Risk (Standardised Approach) under Basel-III framework issued vide BPRD Circular No. 3 dated September 24, 2025, which is being implemented, in parallel run, by the banks and DFIs. However, SBP mentioned that all other instructions, on the subject, will remain the same.

The increase in the exposure limit is expected to provide greater financing flexibility to large private sector companies that do not possess external credit ratings while enabling banks to meet the financing needs of expanding businesses.

Banking analysts said that this move is also expected to support private sector investment, facilitate business expansion and contribute to economic growth by easing financing constraints for eligible borrowers. However, banks will be required to comply with all applicable prudential regulations, internal risk management policies and credit assessment standards before extending financing.

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