



External Relations Department

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Banking industry join hands to create Pakistan Corporate Restructuring Company Limited (PCRCL)

The Presidents and representatives of Habib Bank, National Bank of Pakistan, United Bank, MCB Bank, Allied Bank, Meezan Bank, Bank Al-falah, Bank Al-Habib, Habib Metropolitan Bank and Faysal Bank signed today the shareholders' agreement for the establishment of Pakistan Corporate Restructuring Company Limited (PCRCL) at State Bank of Pakistan (SBP), Karachi in the presence of Governor, SBP.

Under the provisions of Corporate Restructuring Companies Act 2016 and with an initial Paid-up Capital of Rs500 million, the above banks have decided to establish the Corporate Restructuring Company (CRC), which is first such type of company in Pakistan. The objectives of the CRC are aligned with the initiatives of the Government of Pakistan to revive the sick industrial units.

It would be pertinent to mention here that the CRCs, under CRC Act 2016, are empowered to acquire, restructure and resolve the Non-Performing Assets (NPAs) of financial institutions and thereby reorganize and revive the commercially or financially distressed companies. The CRCs are specialized institutions with skillset in NPL resolution and corporate restructuring. These companies through aggregation of NPLs, will be well positioned to negotiate with the sick units and finalize the restructuring of loans vis-à-vis multiple lenders negotiating simultaneously with the borrower. It is expected that CRCs will evolve as vibrant economic agent, contributing towards the revival of sick industrial units and generating employment opportunities.

Total Non-Performing Loans of the banking industry stand at Rs758 billion as of September 30, 2019. Total NPL amount includes the loans against such sick industrial units, which can be revived and rehabilitated, provided the NPLs are restructured promptly and the sponsors of the sick units also inject the fresh equity to demonstrate their willingness and commitment in the rehabilitation of sick units.

The Securities and Exchange Commission of Pakistan (SECP) has granted the license to PCRCL on December 31, 2019. State Bank of Pakistan appreciates the initiative of above banks and the supportive role of the SECP in incorporation and licensing of PCRCL.

SBP is also engaged with the Federal Government to introduce amendments in the relevant laws and to strengthen the Banking Courts in order to take forward Government's agenda of institutional reforms,
