

PUBLIC NOTICE



BankIslami

As public at large in general and those involved in trade and commerce in particular are aware that the Defunct KASB Bank was merged into BankIslami Pakistan Limited ('BIPL') on May 07, 2015 by a Scheme of Amalgamation ('the Scheme') approved by the Federal Government under Section 47 of the Banking Companies Ordinance, 1962. Amalgamation of a failing/failed Bank into another Bank by a regulatory order is by no way unique either in Pakistan or for that matter, elsewhere in the world.

After the amalgamation some unsubstantiated, irresponsible & malicious comments and analysis were made by a small section of the print and electronic media at the behest of some shareholders of the Defunct KASB Bank. These statements were circulated without ascertaining the veracity of the allegations and without understanding the Scheme, similar Schemes in other jurisdictions and the financial health of the Defunct KASB Bank and for that matter BIPL. BankIslami Pakistan Limited preferred to keep quiet or where it became necessary, privately engaged with the publication/media house to clarify. We are grateful, almost all of them, when provided with the facts and figures modified their stance and even made amends.

However, since September 17, 2015 a day before BIPL's Board was scheduled to meet to take some sensitive decisions with regard to affairs of the Defunct KASB Bank, a Television Anchor (the 'TV Anchor') launched a frivolous smear campaign by twisting the facts, quoting absolutely wrong financial figures, conducting flawed analysis and putting loaded questions to the invitees he chose to rely on, irrespective of their own expertise in similar matters. Programs of such types were repeated on September 22nd and 23rd where the person in question conducted himself as a one man judge, jury and prosecutor with a deliberate intent to damage the reputation and legitimate business interests of BIPL, its shareholders, depositors and employees. In one of his Tweets, a copy of which has been saved by us in Pakistan as well as abroad, he went on to the extent of declaring BIPL as 'Un-Islamic', clearly overstepping his role and making his bias overt. This type of maliciously irresponsible conduct is liable for persecution not only under the laws of Pakistan but also in Singapore, UK and UAE from where substantial financial investment has been made in BIPL. Additionally, a number of depositors of BIPL who are resident in these countries and in the USA, Canada and Australia to name a few, came to know of these programs and suffered from mental agony and torture, a suitable remedy of which may be demanded by them in these countries. BIPL is already in the process of initiating appropriate legal proceedings in this regard and reserves its rights to claim damages.

By way of this Public Notice we would like to inform the public at large that BIPL as a responsible corporate citizen has at all times conducted itself according to the highest standards of honesty, responsibility, transparency, diligence and care. While we are not hesitant to respond to query or inquiry from any regulatory or investigation agency, we will not submit ourselves to the accountability of any self-appointed, biased and misinformed person conducting himself in an extremely irresponsible manner with a deliberate intent to harm our market position and business interests. It will also in no way stand in our way of prosecuting those who were responsible for plundering the depositors money in the Defunct KASB Bank Limited.

Contrary to what was claimed in the above programs, we would like to deny that our network before the amalgamation was 45 or 49 branches (it was in fact 213), BIPL was **NOT** 'four times smaller' but twice the size of the Defunct KASB Bank. Our Equity was **NOT** Rs. 6.5 billion (it was Rs. 9.95 billion and a fully underwritten rights issue of Rs. 4.32 billion was in the final stages of closure) and BIPL was **NOT** a 'weak Bank'. Our Capital Adequacy Ratio ('CAR') was more than 23% on April 30, 2015 as against prescribed

10%, making BIPL one of the strongest Banks in the country. On the contrary, the Defunct KASB Bank Limited (which was called by the TV Anchor a 'strong Bank') had a 'negative' CAR of 4.16% making it the only Bank in Pakistan in such a precarious position. We found nothing in the records including Board minutes of the Defunct KASB Bank, any tangible offer of an identifiable Chinese group for investment of US\$ 1M let alone US\$ 100M. Similarly, Central Banks around the world have provided financial assistance packages for acquiring troubled Banks and in a number of cases this assistance was not even returnable. Neither BIPL was offered nor has BIPL received any financial package from State Bank of Pakistan ('SBP') which was unprecedented in similar circumstances. We are also not aware if anywhere in the world 'bidding' took place for such purposes in similar circumstances.

Further, we would also like to deny that BIPL has taken any funds on 'interest basis' from SBP. All the financial assistance from SBP was accepted under the principles of Shariah and duly approved by its Shariah Board. The entire collateral for such financial assistance was provided by BIPL from its shariah compliant investment portfolio.

We would also like to categorically deny that by acquiring a conventional Bank, BIPL itself has become un-Islamic as claimed by the TV Anchor. Islamic Banks around the world have been acquiring conventional Banks which are converted through a prescribed methodology that ensures no part of haram income enters into the earnings of the Islamic Bank. Local example includes acquisition and subsequent amalgamation of Societe Generale Bank by Al-Meezan Investment Bank which resulted in the formation of Meezan Bank in 2002 and acquisition and subsequent amalgamation of HSBC Bank by Meezan Bank recently. Both of these transactions were similar in structure and scope of BIPL's acquisition of the Defunct KASB Bank Limited, yet BIPL was singled out to be declared 'un-Islamic' for obviously malicious reasons with a deliberate purpose to damage our standing as an Islamic Bank.

The general public is advised in its own interest that a number of so called questions raised by the TV Anchor in transmissions of September 17th, 22nd and 23rd were considered and form part of the dismissal order of WP 1274/2015 by Honorable Islamabad High Court filed by the sponsors of the Defunct KASB Bank while some of the others are sub-judice in Honorable Sindh High Court and Lahore High Court. Any speculation with regard to Scheme of Amalgamation and events surrounding it, may tantamount to contempt of court as well as violation of Section 20 of the Pakistan Electronic Media Regulatory Authority ('PEMRA') Ordinance, 2002 read with Rule 15(1) of the PEMRA Rules, 2009. BIPL reserves its rights to initiate appropriate contempt proceedings in this regard.

BIPL has served a legal notice to the concerned TV Anchor and is also proceeding with initiating legal action against a journalist, the newspaper he claims to represent, a misinformed Shariah scholar who appeared in one of these TV programs and made irresponsible & unsubstantiated statements. Those contemplating such appearances are advised in their best interest to make themselves fully conversant with the facts before offering any comments in future.

Finally, we are grateful for the confidence and support of our depositors, financial fraternity in Pakistan & abroad and our customers. We would like to assure that we will not submit to any undue coercion and will protect our legitimate business interests vigorously. Our website and other social media channels are being updated regularly for your convenience.



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