

## Rs. 1,000 or Rs. 23.50 Billion\* and still Counting...

When Banks fail, taking over of liabilities is the real price the Acquirer pays. This is understandable because the Shareholders have the last claim on the assets of the Bank. So while BankIslami has paid Rs.1,000/- as a token amount to acquire Defunct KASB Bank, it has paid more than Rs. 23.50 Billion\* to the Depositors of Defunct KASB Bank alone. This amount augments on a daily basis as BankIslami stands committed to pay each and every Depositor of the Defunct KASB Bank. Even though this is a herculean feat in itself, it is simply a fraction of the liabilities BankIslami has been shouldering since taking over the Defunct KASB Bank...

....and we at BankIslami paid all this with a smile on our face. We even delivered the amount at the doorsteps of those who could not make it. After all, Banking is all about **TRUST...**

A number of Bank failures in modern Banking history reflect similar accounting numbers. Barings Bank Plc, a Bank which was fondly called 'The Queen's Bank', in 1995 was acquired by ING Group for UK £ 1/- only. Substantial assets of Lehman Brothers, a blue blooded Wall Street Bank, were sold for US \$ 2/- only in 2008 even though it reported an Equity of US \$ 26.28 Billion, a few months before US \$2/- became its price tag.

Since the takeover of the management in 2002 of the now Defunct KASB Bank by the KASB Group, the Bank had incurred Operating Losses of more than Rs. 18.13 Billion.

The Capital Adequacy Ratio ('CAR'), the international standard for gauging the strength of a Bank, was -4.63% against the required level of 10%.

[On the other hand, BankIslami's CAR was 23% immediately before the takeover].

Defunct KASB Bank was the only Bank in Pakistan or for that matter regionally which had a negative CAR. In simple terms, this figure reflected the hopeless inability of the Defunct KASB Bank to pay its Depositors and meet other liabilities.

**So what would you call such a Bank?**

***Failed, Failing, or.....?***

*And*

**What is the price tag you will attach to it now?**

***Rs. 1,000 or Rs. 23.50 Billion\* and still augmenting?***