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Depositors of the former KASB Bank start transactions with BankIslami

State Bank of Pakistan is pleased to inform that the amalgamation of the defunct KASB Bank into BankIslami Pakistan Ltd has been implemented smoothly. As a result all the depositors which are over 150000 in number and have Rs 57 Billion in deposits are free to operate their accounts. Many of them have already started operating their accounts and more than 1200 employees have continued their jobs.

All the branches of the defunct bank, now taken over by BankIslami, remained open for business on Friday, while the branches at major business centres also opened on Saturday. The customers freely operated their accounts as per their convenience. So far, no complaint of any sort has been reported and, in any such case, the customers may contact their respective branches or call centre of BankIslami.

Regarding some apprehensions about the amalgamation of a conventional bank into an Islamic bank, it is clarified that the process is in compliance of Shariah. The BankIslami has planned to gradually transfer the defunct bank's conventional banking operations into Shariah based operations. The customers of the bank may seek further clarifications from the bank management in this regard.

An important issue that is often debated in some quarters of the media is the notional value at which the defunct bank has been handed over to BankIslami. In this regard, it would be pertinent to mention that post due diligence, all the four banks which had shown interest in acquiring the defunct bank had come out with an estimated negative equity gap of Rs. 12 to 14 billion in addition to the shortfall in Minimum Capital Requirement (Rs.10 billion). Following the international practices, a notional value of Rs1000 was set for the defunct bank. There are many examples of such international practices such as the sale of Barings Bank at a price of 1 pound to ING group, Lehman Brothers Asia Pacific business taken over by Nomura Holdings for consideration of only 2 US \$ and Northern Rock taken over by the government without any payment.

State Bank of Pakistan acknowledges the depositors' confidence in the regulator and reiterates its commitment to safeguard the interests of depositors to ensure safety and soundness of the banking system of the country. From now on it is business as usual.