

September 18, 2017



BankIslami

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REVISED

MSH/KEH

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Our Ref: 100.2.261

Subject: Clarification of mis-leading news item in a news paper.

Dear Sir,

On September 17, 2017 a newspaper published a mis-leading and factually in-correct news alleging BankIslami Pakistan Limited ('BIPL') has received an abnormal financial assistance to its benefit from State Bank of Pakistan ('SBP') on amalgamation of the defunct KASB Bank Limited ('the Defunct Bank') into it under Section 47 of the Banking Companies Ordinance 1962. By way of this notification we would like to state the factual position for the benefit of the investing public and your members.

BIPL received as long term financing Rs. 5 billion by pledging its Sukuk to partly cover the negative net worth of the Defunct Bank, which was arrived at not by one, but by five leading firms of chartered accountants working independently. This should not come as a surprise as the Capital Adequacy Ratio of the Defunct Bank, from the financial statements prepared by its own management, was negative -4.06% This amount was primarily for the benefit of those depositors of the Defunct Bank who would have liked to stay post lifting of moratorium so that BIPL could be partly subsidized for loss in capitalization due to take over of a negative net worth entity.

In addition to that, BIPL also received temporary funding support against its Sukuk of Rs. 15 billion from SBP to pay off those depositors of the Defunct Bank who would have liked to be paid off. Against that, BIPL paid in total more than Rs. 27 billion to the depositors of the Defunct Bank. This temporary funding assistance was paid back on time.

Grant of liquidity support and financial assistance to rescue a failing bank is one of the functions of a central bank and for the benefit of the society in general and depositors in particular. The assistance BIPL received was in no way different from what central banks have provided all over the world and the main beneficiaries are the depositors of the Defunct Bank.

Scandalizing a normal, transparent central bank operation to the detriment of legitimate business interests of BIPL is deeply regretted. BIPL is contemplating appropriate legal action in this regard. The factual position, which is in no way different from what is already disclosed in our financial statements, is also being informed again to the relevant regulatory and investigation agencies.

Kindly circulate this amongst your members for the benefit of the investing public.

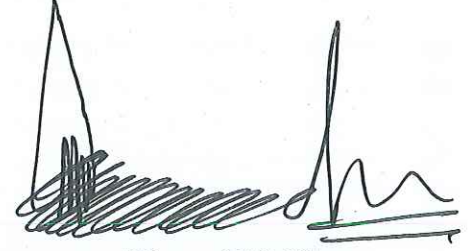
With Warm Regards,

Yours Truly,



Muhammad Shoaib

Unit Head – Corporate Affairs



Masood M. Khan

Head of Compliance

CC: Commissioner
Securities and Exchange Commission of Pakistan
Securities Market Division
Market Supervision & Capital Issues Department
NIC Building, 63 Jinnah Avenue
Islamabad