On 21 Dec 2021, at 10:47, Muhammad Asim <muhammad.asim@mcbah.com> wrote:

Dear Sir

We request a one-off approval for exception in limit on placement of deposit with Bank Islami in our Income Fund.

We need to move entire fund cash into Bank Islami while our Credit Policy restricts max deposit to Bank Islami at 50% of assets.

Reasons for Exception Request

1. Year End Attractive rate for a limited period – Offer for Higher Return (11.5% vs. 10.75%)
2. Relatively smaller fund (Rs. 1.9BN)
3. Fund Strategy is dominantly based on deposits
4. Daily Product Deposit – Not a term placement

Overall, Bank enjoys strong balance sheet and a comfortable position above minimum Capital Adequacy Ratio.

Key financial aspects of the bank;

- BIPL has showed good deposit growth in the past few years. It showed a deposit growth of 24% in CY20 and 9% in 9MCY21.
- The Net Infection Ratio has steadily declined from 3.5% in CY17 to 1.9% in 9MCY21. Its total coverage is 84.1% as of 9MCY21.
- The ROE of the bank has improved driven by improvement in deposit mix and deposit growth. Its ROE has improved to 11.8% in 9MCY21 compared to single digits ROE in the last 3 years.
- The CAR of the bank has also witnessed significant improvement over the past few years on the back of profit retention. The CAR as of 30 Sep 21 stands at 16.7% compared to regulatory requirement of 11.5%.

	CY16	**CY17**	**CY18**	**CY19**	**CY20**	**MCY21**
Assets	181,994	217,234	216,833	283,096	336,297	363,958
Gross Advances	89,637	130,488	129,328	144,720	145,338	170,990
Investments	46,643	42,364	39,237	55,194	95,240	106,909
Deposits	153,826	179,002	184,430	228,827	283,641	309,270
Equity	13,066	14,227	15,276	19,696	19,895	22,167
Net Income	647	1,690	324	1,087	1,703	1,855
Gross Infection Ratio	16.2%	12.1%	11.9%	10.6%	12.1%	10.7%
Net Infection Ratio	3.1%	3.5%	3.6%	1.8%	1.7%	1.9%
Coverage Ratio	83.5%	73.7%	72.5%	84.9%	87.2%	84.1%
Cost of Funds	3.7%	3.0%	3.2%	5.9%	4.8%	3.8%
Yield on Earning Assets	7.0%	6.4%	7.0%	12.0%	10.3%	7.6%
NIMs	3.3%	3.4%	3.8%	6.1%	5.5%	3.8%

Return on Equity	5.3%	12.4%	2.2%	6.2%	8.6%	11.8%
Capital Adequacy Ratio (Tier I)	10.0%	10.0%	11.2%	11.7%	12.3%	12.7%
Capital Adequacy Ratio (Total Capital)	13.6%	13.6%	15.1%	15.0%	16.1%	16.7%

Regards
Asim

Muhammad Asim, CFA
Chief Investment Officer
MCB Arif Habib Savings
0301-825-0907