On 27 Dec 2021, at 17:01, Muhammad Asim <muhammad.asim@mcbah.com> wrote:

Dear Sir

This is further to the approval for placing entire assets of an Income Fund into Bank Islami. Given a much improved offer from Soneri Bank, we request to kindly replace the same approval in favor of Soneri Bank. Extension that we earlier received for Bank Islami will not be required.

This exception shall only be till end Jan 2022 though we can withdraw deposit anytime after Dec 31 crossing but we would want to keep it for the maximum period. Our Credit Policy restricts max deposit to Soneri Bank at 20% of Net assets.

Reasons for Exception Request

1. Year-End Attractive rate for a limited period – Offer for Higher Return (11.75% vs. 11.50%)
2. Relatively smaller fund (Rs. 2.20 Billion)
3. Fund Strategy is dominantly based on deposits
4. Daily Product Deposit – Not a term placement

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

Key financial aspects of the bank:

- SNBL has shown good deposit growth in the past few years. It showed a deposit growth of 14.4% in CY20 and 4.2% in 9MCY21.
- The Net Infection Ratio has remained steady for the past few years. Its total coverage is 75.7% as of 9MCY21.
- The ROE of the bank has improved driven by cost optimization and deposit growth. Its ROE has improved to 13.7% in 9MCY21 compared to an average of 10.3% in the last 3 years.
- The CAR of the bank has also witnessed improvement over the past few years on the back of profit retention. The CAR as of 30 Sep 21 stands at 15.1% compared to the regulatory requirement of 11.5%.

	CY16	CY17	CY18	CY19	CY20	MCY21
Assets	278,521	322,134	382,498	442,541	485,345	509,907
Gross Advances	133,753	172,772	194,831	212,516	172,693	187,027
Investments	117,884	117,429	146,646	177,056	249,956	239,788
Deposits	210,840	227,348	262,379	302,083	345,499	359,925
Equity	18,289	18,505	17,989	20,214	23,157	22,769
Net Income	1,879	1,643	1,784	1,906	2,400	2,358
Gross Infection Ratio	7.8%	5.9%	5.8%	5.1%	6.2%	5.5%
Net Infection Ratio	1.6%	1.1%	1.6%	1.6%	1.6%	1.4%
Coverage Ratio	81.1%	82.8%	73.6%	69.8%	75.5%	75.7%
Cost of Funds	4.4%	4.3%	4.5%	8.2%	7.5%	5.8%

Yield on Earning Assets	7.6%	7.0%	7.0%	10.9%	10.6%	8.8%
NIMs	3.2%	2.7%	2.5%	2.7%	3.1%	2.9%
Return on Equity	10.3%	8.9%	9.8%	10.0%	11.1%	13.7%
Capital Adequacy Ratio (Tier I)	10.8%	9.9%	11.6%	13.4%	14.1%	13.4%
Capital Adequacy Ratio (Total Capital)	14.1%	12.8%	14.7%	15.8%	17.0%	15.1%

Regards

Muhammad Asim, CFA
CIO
MCBAH
0301-8250907