

On Mar 15, 2022, at 6:57 PM, Muhammad Asim <muhammad.asim@mcbah.com> wrote:

Dear Sir

This is further to our earlier request for waiver of limit for Bank Islami. Due to more competitive offer, only for a short period of 22 days, we plan to now move maximum deposit with Soneri Bank i.e upto 100% of net assets with Soneri.

Earlier approval for Bank Islami may be revised down to now upto 50% of net assets (which we would utilize incase of inflow in fund at later dates which Soneri may not accept).

• SNBL has showed good deposit growth in the past few years. It showed a deposit growth of 14.4% in CY20 and 16.7% in CY21.
• The Net Infection Ratio has remained steady for the past few years. It's total coverage is 77.1% as of CY21.
• The ROE of the bank has improved driven by cost optimization and deposit growth. Its ROE has improved to 12.7% in CY21 compared an average of 10.3% in the last 3 years.
• The CAR as of 31 Dec 21 stands at 13.8% compared to regulatory requirement of 12.5%. (Excluding Covid-19 Relaxation).

Reasons for Exception Request

1. Quarter-End Attractive rate for a limited period – Offer for Higher Return (11.35% to 11.50% vs. 11.25%)
2. Relatively smaller fund (Rs. 4.20 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;

	CY16	CY17	CY18	CY19	CY20	CY21
Assets	278,521	322,134	382,498	442,541	485,345	579,489
Gross Advances	133,753	172,772	194,831	212,516	172,693	173,442
Investments	117,884	117,429	146,646	177,056	249,956	327,425
Deposits	210,840	227,348	262,379	302,083	345,499	403,037
Equity	18,289	18,505	17,989	20,214	23,157	21,636
Net Income	1,879	1,643	1,784	1,906	2,400	2,854
Gross Infection Ratio	7.8%	5.9%	5.8%	5.1%	6.2%	5.9%
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%	77.1%

Cost of Funds	4.4%	4.3%	4.5%	8.2%	7.5%	5.4%
Yield on Earning Assets	7.6%	7.0%	7.0%	10.9%	10.6%	7.9%
NIMs	3.2%	2.7%	2.5%	2.7%	3.1%	2.5%
Return on Equity	10.3%	8.9%	9.8%	10.0%	11.1%	12.7%
Capital Adequacy Ratio (Tier I)	10.8%	9.9%	11.6%	13.4%	14.1%	12.2%
Capital Adequacy Ratio (Total Capital)	14.1%	12.8%	14.7%	15.8%	17.0%	13.8%

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