

AlphaRating

GLOBAL ISLAMI BANK PLC

*(Saiham Tower, House No: 34, Road No: 136, Block: S.E(C-1), Gulshan Model Town,
Dhaka-1212, Bangladesh)*

2023

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15 June, 2023

Managing Director
Global Islami Bank PLC
Saiham Tower, House No: 34, Road No: 136, Block: S.E(C-1),
Gulshan Model Town, Dhaka-1212, Bangladesh.

Subject: Credit Rating of Global Islami Bank PLC

Dear Sir,

We are pleased to inform you that Alpha Credit Rating Limited (AlphaRating), vide credit rating Agreement No: 9308 has assigned the following rating to **Global Islami Bank PLC**.

Date of Declaration	Valid From	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
15 June, 2023	12 June, 2023	11 June, 2024	5th Surveillance	A+	ST-2	Stable

The rating may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We, Alpha Credit Rating Limited, while assigning this rating to **Global Islami Bank PLC**, hereby solemnly declare that:

- (i) We, Alpha Credit Rating Limited as well as the analysts of the rating have examined, prepared, finalized and issued this report without compromising with the matters of our conflict of interest, if there be any; and
- (ii) We have complied with all the requirements, policy and procedures of these rules as prescribed by the Bangladesh Securities and Exchange Commission in respect of this rating.

We hope the rating will serve the intended purpose of your organization.

With kind regards,



Abdul Mannan
Chief Executive Officer

This letter is integral part of the credit rating report

Business Risk
ModerateSolvency Score
ModerateAsset Quality
ModerateProfitability
GoodManagement Quality
SatisfactoryCapital Adequacy
AdequateEconomic Moat
NarrowIndustry Group
Financial Institution

Rationale

AlphaRating vide credit rating Agreement No: 9308 affirms the long-term rating of "A+" (pronounced as single A Plus) and short-term rating of ST-2 in favor of Global Islami Bank PLC (herein after referred to as "GIB" or "the bank"). This rating has been assigned by considering the financial performance for the last four years of the bank from 31 December, 2019 to 31 December, 2022 and other qualitative information till rating publication date.

The rating has considered improvement in assets base, higher investment portfolio, significant growth in non-profit income, lower rescheduled investment, ADR ratio lower the regulatory requirement, higher ROA than industry average, sufficient provision, moderate liquidity management capability, higher deposit base, improve cost of fund and ability to maintain surplus capital. At the same time, GIB was able to comply with the Basel-III guideline and increased CRAR to 16.49% in FY 2022, whereas it was about 10.66% in FY 2021. AlphaRating observed that GIB's contribution to develop the HR division are strengthening over the years. In addition, good Corporate Governance practice in last few years and sound environmental risk management policy and low unsystematic risk have supported the above rating positively.

Despite performing well in the last four financial years, GIB had higher non-performing investment, lower profitability, lower pre-tax profit, higher large investment exposure, increased operating expenses, higher amount of cost to income ratio compared to previous period of the bank, which deterred AlphaRating from assigning higher ratings from the assigned one.

Asset Quality & Operating Summary (BDT in Millions)

	2022	2021	2020	2019
Total Assets	153,810.90	132,810.30	120,902.12	106,405.31
Gross Investment	118,680.54	107,086.97	92,909.17	82,365.60
Investment Growth (%)	10.83	15.26	12.80	15.11
Pre-Tax Profit (BDT Million)	2,022.31	2,426.03	1,803.98	875.43
Net Investment Income	5,588.22	5,016.10	2,959.26	2,618.76
Non-Investment Income	792.49	403.09	1,131.42	595.69
Cost Income ratio (%)	54.48	50.49	53.53	60.04
Profit Spread (%)	2.64	2.08	1.56	4.48
Investment /Customer deposits (%)	89.10	90.17	81.47	88.42
Gross NPI ratio (%)	4.48	2.23	2.03	1.77
Net NPI Ratio (%)	1.73	0.07	0.02	(0.15)
ROA (%)	0.67	1.04	0.91	0.37
ROE (%)	9.29	18.25	16.62	6.67
CRAR (%)	16.49	10.66	10.65	10.27
Cost of Fund (%)	8.28	8.72	10.95	11.35

Data obtained from audited financial statements of 2019-2022

Moreover, the Bank had lower ROE than industry average mainly due to IPO subscription. However, according to information provided by GIB, in Q1 FY 2023 total NPI was decreased as well as Bad/Loss classified investment was improved. Nevertheless, GIB still has scope to improve its performance in future years.

Abdul Mannan
Abdul Mannan
 Chief Executive Officer
 Alpha Credit Rating Limited

Previous Rating

Long Term Rating: A+
 Short Term Rating: ST- 2

Outlook: Stable

Date of Declaration: 12 June, 2022

Valid Till: 11 June, 2023

Contact Analysts

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Date of Incorporation:

21 July, 2013

Chairman:

Mr. Nizam Chowdhury

Managing Director:

Mr. Syed Habib Hasnat

Authorized Capital:

BDT 20,000.00 million

Paid Up Capital:

BDT 9,404.19 million
 (As on 31 December, 2022)

Total Asset:

BDT 153,810.90 million
 (As on 31 December, 2022)

Total Liabilities:

BDT 140,846.62 million
 (As on 31 December, 2022)

Total Shareholder Equity:

BDT 12,964.28 million
 (As on 31 December, 2022)

Company Profile

Era of globalization assisted to realize the importance of connectivity beyond the boundary of the country. With this aim three banks have been funding non-resident Bangladeshi (NRB) people. Global Islami Bank PLC is one of the fastest growing fourth generation private commercial bank. It is one of those three NRB banks. It is the brainchild of 25 (twenty five) well reputed visionary Non-Resident Bangladeshi (NRB) people and it has been approved by the regulatory bodies in 2013 to operate the business in Bangladesh. The Bank got approval from Bangladesh Bank to convert the Bank from conventional to full-fledged Islami Bank to start full-fledged Islamic Banking Operations, which includes banking services in four broad areas including Bai Muajjal Term Investment, Demand Deposit, SME banking, Term Investment In Hpsm, MIS Deposit & Staff Investment. These broad areas include deposit banking, investment and advances, export import financing, remittance facility and so on.

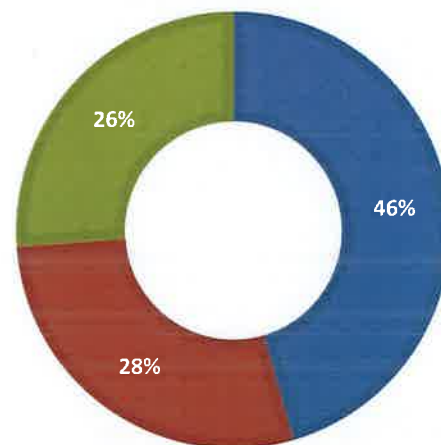
The Bank commenced banking operation on October 23, 2013 by obtaining license from Bangladesh Bank on July 25, 2013 under section 31(1) and 31(2) of the Bank Companies Act 1991 (amended up to 2018). Subsequently, GIB obtained permission vide reference no. BRPD (P-3) 745(62)/2020-11688, dated 31 December 2020 to change the name of the Bank to "Global Islami Bank Limited" from "NRB Global Bank Limited". Afterward on 15 May, 2023 the name was changed again to Global Islami Bank PLC vide letter no. BRPD (LS-1)/745(62)/2023-3574 of Bangladesh Bank. The authorized capital of the bank is BDT 20,000.00 million and paid up capital stood at BDT 9,404.19 million as on December 31, 2022. The bank is listed with both DSE and with CSE on 16 November, 2022. Market capitalization of GIB amounts to BDT 8,087.60 million as on 13 June, 2023.

Products and Services

Global Islami Bank PLC provides assorted services and products to ease out banking process for its customers' at the most convenient way possible. Since incorporation the bank has been emphasizing on optimum customer satisfaction. GIB proceeds with the vision "to become exceptional brand in the financial sector by offering service excellence and creating value for everybody encompassing customers, shareholders, partners, society and economy through transparency, technology, innovation & integrity."

OWNERSHIP PATTERN (AS ON 31.05.2023)

■ Sponsor/Director ■ Institute ■ Public



Currently, the bank has 99 branches, 122 Sub-Branch and one hundred and five (105) ATM booths covering commercially important locations of the country. The bank does not have any Off-shore banking unit (OBU) and subsidiary company now. The head office of business and registered office of the bank was located at Khandker Tower, 94 Gulshan Avenue, Gulshan 1, Dhaka-1212, Bangladesh however, the corporate head office is now shifted to Saiham Tower, House No: 34, Road No: 136, Gulshan Model Town, Block: S E, Dhaka-1212.

Company Profile

Management Quality

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Company Information

Business Risk

Financial Risk

The general banking facilities that offered by the bank is listed below:

BAI MURABAHA CONTINUOUS INVESTMENT:**Bai-Murabaha Hypo**

- ❖ Bai-Murabaha Hypo Trading
- ❖ Bai-Murabaha Hypo -Manufacturing
- ❖ Bai-Murabaha Hypo -Cmsme Trading
- ❖ Bai-Murabaha Hypo -Cmsme Manufacturing
- ❖ Bai-Murabaha Hypo -Cmsme Service
- ❖ Bai-Murabaha Hypo -Agriculture
- ❖ Bai-Murabaha Hypo -Women Entr Manufacturing

Bai-Murabaha General

- ❖ Bai-Murabaha General -Trading
- ❖ Bai-Murabaha General -Manufacturing
- ❖ Bai-Murabaha General - Service
- ❖ Bai-Murabaha General -Cmsme-Trading
- ❖ Bai-Murabaha General -Cmsme-Manufacturing
- ❖ Bai-Murabaha General -Cmsme-Services
- ❖ Bai-Murabaha General Against Work Order

Bai-Murabaha Working Capital Under Stimulus Package

- ❖ Bai Murabaha Working Capital Under Food Security-Agri
- ❖ Bai-Murabaha-Working Capital Under Stimulus Package - Cmsme
- ❖ Bai-Murabaha-Working Capital Stimulus Package - Agriculture

BAI-MUAJJAL CONTINUOUS INVESTMENT:

- ❖ Bai-Muajjal Financial Obligations

QUARD CONTINUOUS INVESTMENT:

- ❖ Quard Against Po Under E-Gp

INVESTMENT IN MURABAHA IMPORT:

- ❖ Bai-Murabaha Post Import TR Commercial Foreign
- ❖ Bai-Murabaha Post Import TR Under SME
- ❖ Bai Murabaha Import Bill Cashlc-MIB Commercial Foreign
- ❖ Bai-Murabaha MIB-EDF Industrial Foreign
- ❖ Bai-Murabaha MIB-EDF Industrial Other Local

BAI MUAJJAL TERM INVESTMENT

- ❖ Total Import Finance
- ❖ Bai-Murabaha Export Bill EDF Industrial EPZ
- ❖ Bai-Murabaha Export Bill EDF Industrial Other Local
- ❖ Total Investment In Murabaha Export
- ❖ FDBP-Fgn LC - Industrial
- ❖ Total Investment In FDBP
- ❖ LDBP-Lcy Industrial
- ❖ LDBP-Lcy Commercial
- ❖ Total Investment In LDBP
- ❖ Total Export Finance
- ❖ Bai Murabaha BG Forced
- ❖ Bai-Murabaha Import -Forced Commercial Foreign
- ❖ Bai-Murabaha Import -Forced Industrial Foreign
- ❖ Bai-Murabaha Export -Forced EPZ Industrial
- ❖ Bai-Murabaha Export -Forced Other Local Industrial
- ❖ Total Forced Investment
- ❖ Total Forced Investment
- ❖ Total Demand Investment
- ❖ Bai-Murabaha-Proshar Emi Eqi - Rural Agri Mfi Linkage
- ❖ Bai-Murabaha Financial Incl Emi Eqi Bb Refin 10tk Scheme
- ❖ Total Bai Murabaha Term Investment
- ❖ Bai Muajjal-Uddom-Trading
- ❖ Bai Muajjal-Uddom -Manufacturing
- ❖ Bai Muajjal-Uddom -Services
- ❖ Bai Muajjal-Nandini -Trading
- ❖ Bai Muajjal-Nandini -Manufacturing
- ❖ Bai Muajjal-Nandini -Services
- ❖ Bai Muajjal Agri Kishan
- ❖ Bai Muajjal Consumer Investment- Adhoc
- ❖ Bai Muajjal Consumer Investment- Executive
- ❖ Bai Muajjal Consumer Investment- Professionals
- ❖ Bai Muajjal Worker Salary Under Stimulus Fund
- ❖ Bai Muajjal Worker Salary Under Stimulus Package

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TERM INVESTMENT IN HPSM

- ❖ HPSM Transport - Manufacturing
- ❖ HPSM -Consumer Auto
- ❖ HPSM - House Building Real Estate Commercial
- ❖ HPSM Industrial Under Syndication
- ❖ HPSM Capital Machineries
- ❖ HPSM - Civil Building Construction
- ❖ HPSM Capital Machineries Under Cmsme
- ❖ HPSM - Civil Building Construction Under Cmsme
- ❖ HPSM - Civil Building Construction Under Agri
- ❖ HPSM - House Building Residential
- ❖ HPSM -NRB House Building Scheme
- ❖ HPSM -Lease Ijara Investment Mach Eqp Manufacturing

STAFF INVESTMENT

- ❖ Bai-Muajjal Consumer Durable Scheme Staff
- ❖ Quard Against Car Scheme - Staff

DEMAND DEPOSIT**AL-WADIAH CURRENT DEPOSIT**

- ❖ Current Deposit Investment Clients
- ❖ GIB Mudaraba Savings Account Msa
- ❖ GIB Mudaraba Savings Staff Account Msa-Staff
- ❖ GIB Mudaraba Freshers Savings Account Mfsa
- ❖ GIB Mudaraba Perfect Savings Account Mpsa
- ❖ GIB Mudaraba Farmers Savings Account Mfsa
- ❖ GIB Mudaraba Salary Savings Account Mssa
- ❖ GIB Mudaraba Queen Savings Account Mqsa
- ❖ GIB Mudaraba Junior Savings Account Mjsa
- ❖ GIB Mudaraba Swadesh Savings Account Mssa
- ❖ GIB Mudaraba Ehsan Savings Account
- ❖ GIB Mudaraba Short Notice Deposit Account Msnd

GIB MUDARABA GIFT CHEQUE

- ❖ GIB Mudaraba Deposit Pension Scheme - 02 Years
- ❖ GIB Mudaraba Deposit Pension Scheme - 03 Years
- ❖ GIB Mudaraba Deposit Pension Scheme - 05 Years
- ❖ GIB Mudaraba Deposit Pension Scheme - 08 Years
- ❖ GIB Mudaraba Deposit Pension Scheme - 10 Years

GIB MUDARABAH NRB SAVINGBOND SCHEME

- ❖ GIB Mudarabah NRB Savings Bondscheme 03 Years
- ❖ GIB Mudarabah NRB Savings Bondscheme 05 Years

MIS DEPOSIT

- ❖ GIB Mudaraba Monthly Profit Deposit Scheme Mmpds -03 Years
- ❖ GIB Mudaraba Monthly Profit Deposit Scheme Mmpds -05 Years
- ❖ GIB Mudaraba Monthly Profit Deposit Scheme Mmpds -06 Months
- ❖ GIB Mudaraba Monthly Profit Deposit Scheme Mmpds -09 Months
- ❖ GIB Mudaraba Monthly Profit Deposit Scheme Mmpds -12 Months
- ❖ GIB Mudaraba Monthly Profit Deposit Scheme Mmpds -18 Months
- ❖ GIB Mudaraba Monthly Profit Deposit Scheme Mmpds -24 Months
- ❖ GIB Mudaraba Monthly Profit Deposit Scheme Mmpds -30 Months

MUDARABA DOUBLE BENEFIT SCHEME MDBS

- ❖ GIB Mudaraba Double Benefit Scheme MdbS

MUDARABA HAJJ DEPOSIT SCHEME MHDS**GIB MUDARABA MUHOR SAVINGS SCHEME MMSA**

- ❖ GIB Mudaraba Mohrana Savings Scheme Mmss -3years
- ❖ GIB Mudaraba Mohrana Savings Scheme-5 Years
- ❖ GIB Mudaraba Mohrana Savings Scheme -8 Years
- ❖ GIB Mudaraba Mohrana Savings Scheme -10 Years

MUDARABA LAKHPOTI SCHEME

- ❖ GIB Mudaraba Lakhpoti Scheme 03 Years Mlds
- ❖ GIB Mudaraba Lakhpoti Scheme 05 Years Mlds
- ❖ GIB Mudaraba Lakhpoti Scheme 10 Years Mlds
- ❖ GIB Mudaraba Lakhpoti Scheme 15 Years Mlds

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MUDARABA MILLIONAIREScheme

- ❖ GIB Mudaraba Millionaire Scheme-03 Years MmDs
- ❖ GIB Mudaraba Millionaire Scheme -05 Years MmDs
- ❖ GIB Mudaraba Millionaire Scheme -10 Years MmDs
- ❖ GIB Mudaraba Millionaire Scheme -15 Years MmDs

MUDARABA KOTIPOTI Scheme

- ❖ GIB Mudaraba Kotipoti Scheme -03 Years MkDs
- ❖ GIB Mudaraba Kotipoti Scheme -05 Years MkDs
- ❖ GIB Mudaraba Kotipoti Scheme -10 Years MkDs

GIB MUDARABA KOTIPOTI Scheme -15 YEARS MKDS**Term Deposit**

- ❖ GIB Mudaraba Term Deposit – 01 months
- ❖ GIB Mudaraba Term Deposit – 03 months
- ❖ GIB Mudaraba Term Deposit – 06 months
- ❖ GIB Mudaraba Term Deposit – 12 months
- ❖ GIB Mudaraba Term Deposit – 14 months
- ❖ GIB Mudaraba Term Deposit – 24 months
- ❖ GIB Mudaraba Term Deposit – 36 months
- ❖ GIB Mudaraba Term Deposit - 100 Days

Branch Network

Ever since the inception Global Islami Bank PLC has spread its wings all over Bangladesh and opened so far 99 branches, 122 Sub-Branches in different divisions in the country. The location of the branches has been chosen on the basis of commercial importance and located in some of the vital areas of Bangladesh. The Banks branch network is located in Chattogram Division comprising 45.45% whereas Dhaka Division branch network comprises 34.34%. The Bank offers all kinds of Islami Shari'ah based commercial banking services to its customers through its branches & sub-branches. GIB is operating with well-diversified network spread throughout rural and urban areas of Bangladesh. The principal activities of the bank are banking & related activities such as accepting deposits, personal banking, trade financing, SME, trade & services, cash management, treasury etc.

Divisions	No. of Branches
Dhaka Division	34 Branches & 46 Sub-Branches
Chattogram Division	45 Branches & 53 Sub-Branches
Barishal Division	01 Branch & 01 Sub-Branch
Khulna Division	06 Branches & 09 Sub-Branches
Rajshahi Division	09 Branches & 10 Sub-Branches
Sylhet Division	01 Branch & 02 Sub-Branches
Mymensingh Division	02 Branches
Rangpur Division	02 Branches & 01 Sub-Branch

Divisions & Districts	No. of ATMs
Dhaka Division	38 ATMs
Chattogram Division	33 ATMs
Barishal Division	01 ATM
Khulna Division	05 ATMs
Sylhet Division	01 ATMs
Mymensingh Division	02 ATMs
Rangpur Division	08 ATMs
Comilla Districts	15 ATMs
Faridpur Districts	02 ATMs

Industry Analysis

The financial system of Bangladesh consists of scheduled and non-scheduled banks, non-bank financial institutions, microfinance institutions, insurance companies, co-operative banks, credit rating companies, merchant banks, brokerage houses and stock exchanges. Broadly, the Bangladesh financial system is bank-based financed via financial intermediaries and remains dominated by the banking sector. At the recent date, the total number of scheduled banks increased to 61 due to opening of new domestic private commercial banks (PCBs) during the year. Bangladesh Bank (BB) implemented a number of policy measures to emphasize risk management and corporate governance in the banks, periodic review of stability of the individual bank as well as the whole banking system, stress testing, monitoring of large borrowers, fraud-forgeries and strengthening internal control and compliance through self-assessment of anti-fraud internal controls etc. Throughout the period the balance sheet size grew to a notable extent. All of the portions of asset composition have increased other than Govt. Bill and Bond. Total assets of the banking industry increased by 9.90% in FY 2021 and stood at BDT 20,429.3 billion. During the same period, the banking sector indicators showed some improvements compared to that of the preceding year led by the good performance of Private Commercial Banks (PCBs). Asset quality, measured by non-performing investments to aggregate investment portfolio, & NPL to regulatory capital showed mixed performance over the preceding year. The ratio of gross NPL to the total outstanding investments of the banking sector has been increased to 8.96% as of FY 2022 compared to 8.20% in FY 2021. Moreover, the ratio of net NPL to the total outstanding investments of the banking sector increased by 0.76 percent as on FY 2022. Capital to Risk Weighted Assets Ratio (CRAR) has decreased than that of June, 2021 & stood at 11.15 percent in as on FY 2022. The provision shortfall increased significantly. In June 2022, the banking sector has Shortfall in provision.

The provision maintenance ratio at end of June 2022, reached 84.70% as opposed to 82.60% recorded at end December 2021.

Key profitability indicators i.e. ROA & ROE increased significantly in last quarter. Return on Equity (ROE) risen up at 9.37 percent at the end of June 2022 from 4.44 percent at the end of December 2020. In addition, Return on Asset (ROA) also increased to 0.52 percent at the end of June 2022 from 0.25 percent at the end of December 2021. In June 2022, banking sector as a whole had a liquidity coverage ratio of 165.56. At the end of December 2021, the growth rate (year-on- year) of deposits was lower than that of advances. The Advance-Deposit Ratio (ADR) stood at 73.20 percent at the end of June 22. The prudential limits of ADR for Conventional and Islamic Shari'ah based banks were 87.0 percent and 92.0 percent respectively. The liquidity position in the banking sector as a whole was comfortable at the end of June 22; leading to a further easing of money market conditions. Net Profit Margin (NIM) of the banking industry stood at 2.40 percent in the end of June 22, which was 2.50 percent in FY 2021. The NIM of all banking sectors has decreased in the end of June 22 compared to FY 2021. Analysis of the indicator reveals that NIM for PCBs and FCBs was higher than the industry average. Furthermore, banking sector, as a whole, had no shortfall in Cash Reserve Ratio (CRR). Along with this, the banking sector was found to be fairly resilient in the face of various market risk shocks. Moreover, the individual banks & the banking system as a whole were found to be well resilient against various liquidity stress scenarios as of the end of June 22.

According to Bangladesh Bank's quarterly stability reports State-owned commercial banks are facing difficulty to continue business. The problems are poor capitalization, weak asset quality and substandard management quality etc. However, government has taken several steps to reform the sector, according to a recent analysis. The report (Source BMI Research a London based research firm) said Bangladesh's banking sector is one of the weakest in emerging Asia, as factors, such as low capital adequacy and poor asset and management quality, continue to challenge solvency and profitability. But in recent days this situation is changing. Under the Basel III framework, Bangladeshi banks are legally required to maintain a capital to risk-weighted asset ratio (CRAR) of at least 10 percent and a tier 1 capital ratio of at least 5.5 percent. The banking sector as a whole was able to maintain its CRAR above the minimum requisite. However, it is observed that the CRAR of SCBs, PCBs and FCBs were 6.40, 13.00 and 26.40 percent respectively as on 30 June 2022. Both the SBs failed to maintain MCR on risk weighted assets basis. Besides, 5 SCBs and 4 PCBs could not maintain the minimum required CRAR. The CRAR of the banking industry as a whole was 11.20 percent at the end of June 2022.

(in percent)

Bank Types	2013	2014	2015	2016	2017	2018	2019	2020	2021	End June 2022
SCBs	10.8	8.3	6.4	5.9	7.0	10.3	5.0	9.6	8.1	6.4
SBs	-9.7	-17.3	-32.0	-33.7	-32.8	-31.7	-32.0	-32.9	-33.6	-35.8
PCBs	12.6	12.5	12.4	12.4	12.2	12.8	13.6	13.7	13.7	13.0
FCBs	20.2	22.6	25.6	25.4	23.3	25.9	24.5	28.4	25.9	26.4
Total	11.5	11.3	10.8	10.8	10.8	12.1	11.6	12.5	12.0	11.2

Source: Department of Off-site Supervision, Bangladesh Bank.

Fig: Capital to Risk Weighted Assets Ratio by Type of Banks

However, Bangladesh Bank has taken a number of initiatives throughout 2022 having implications for financial stability. For instance Bangladesh bank has amended guidelines on internal control & compliance risk management, credit risk management etc. Besides Bangladesh Bank has issued integrated risk management guidelines for financial institutions to strengthen the overall risk management framework & introduces techniques of managing all possible risk under formal organizational set up with standard policies & procedure.

Business Risk Analysis

Credit Risk

Credit risk refers to the risk that a borrower will default on any type of debt by failing to make required payments. The risk is primarily that of the lender and includes loss of principal and profit, disruption of cash flows and increased collection costs. Credit risk management, meanwhile, is the practice of mitigating those losses by understanding the adequacy of both an institution's capital and investment loss reserves at any given time – a process that has long been a challenge for the Bank.

The credit risk is managed through implementation of a structured set of policies established by the board in accordance with the guideline from Bangladesh Bank which are clearly segregated to different level of management. The risk management strategies of GIB aims at mitigating as much risk as possible at the approval stage focusing the cash flow of the client & collateral in the light of certainty & legal enforceability. Moreover primary security must be insured and frequent valuation exercise is performed depending on the level of price volatility & nature of collateral. In spite of having clearly defined guideline & pursuance of checklist based approach, AlphaRating found several irregularities in the credit risk management system which has led the bank to bear higher NPL than that of previous year.

In these regard, auditor's guideline will be strictly followed to fully implement the credit risk manual to ensure better internal control & compliance with Bangladesh Bank requirement as confirmed by management. Moreover, a professional investment recovery team has recently been established which closely monitors approval procedure, transaction behavior & compliance issue in order to reduce the credit risk to some extent.

Profit Rate Risk

Profit rate risk arises when a banks principal and profit cash flow both on and off-balance sheet, have mismatched re-pricing dates. The amount at risk is a function of the magnitude or direction of profit rate changes and the size and maturity structure of the mismatched position. Such risk can't be eliminated as re-pricing period of assets and liabilities are different.

Liquidity Risk

Liquidity risk is the risk that a Bank may become unable to meet its short-term financial obligation. Usually it occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

To control liquidity risk, the bank has formed Asset Liability Committee (ALCO), as per Bangladesh Bank guideline which shapes the structure of its assets and liabilities. The committee regularly reviews the monthly projection of fund flows & maturity ladder to ensure sufficient cash inflow on demand. Nevertheless, 87.27% of total deposit are consists of fixed deposit which reduces the liquidity risk to some extent while compromising the profitability (more costly form of fund/investment).

Operational Risk

A form of risk that summarizes the risks a company or firm undertakes when it attempts to operate within a given field or industry. Operational risk is the risk that is not inherent in financial, systematic or market-wide risk. It is the risk remaining after determining financing and systematic risk, and includes risks resulting from breakdowns in internal procedures, people and systems.

GIB has established an effective operational risk management framework by establishing a Risk Management Committee, ensuring effective and efficient operations, reliable financial reporting and compliance with laws and regulations. Moreover, the board has established an organizational culture which enables the senior manager to transform/divert the strategic direction given by the board in order to reduce/eliminate any risks relating to specific issues in a cost effective manner. In spite of having these deterrent in place, some instances have emerged (not availing mandatory leave, maintenance of stock & fixed asset, inappropriately filled up documents) which increases the operational risk.

Money Laundering Risk

All financial institutions, both banks and non-banks, are susceptible to money laundering activities. Banks and other Financial Institutions conducting relevant financial business in liquid products are clearly most vulnerable to use by money launderers, particularly where they are of high value.

GIB has an Anti-Money Laundering and Combating the Financing of Terrorism (CFT) policy that have been prepared in line with Bangladesh Bank (BB) policy. All the branches follow the instruction of head office to prevent money laundering activities. The bank has appointed officials such as Chief Anti Money Laundering Compliance Officer (CAMLCO) and Deputy Anti Money Laundering Compliance Officer (DAMLCO) as well as Branch wise Branch Anti Money Laundering Officer (BAMLCO). This team will arrange conference every year and train up bank employees through in-house experts and also hire experts from BB. AML division has implemented sanction list into their CBS system to monitor the relevant criteria. Accordingly, the CBS system will automatically notify if anything suspicious has come up. KYC form has also been introduced for any walk in customer. Moreover since 2016 all the branches can verify NID of any individual through election commission link.

Portfolio Management Risk

For any financial institution, portfolio management is the crucial issue as any slackness in management of portfolio risk may cause serious setback.

The gross non-performing investment to total investments of the bank was 4.48% at the end of 2022, while industry average stood at 6.00%. But in this period, the position of non-performing asset has deteriorated and while analyzing the sector wise investment growth comparing to the sector wise NPL, it is observed that the management is very cautious regarding portfolio management and sector with lower NPL gets higher priority while making further investment.

Asset-Liability Mismatch

Asset-liability mismatch is another cause of concern for banking company. Demand for funds to meet the increasing lending requirements has increased many times. But, the availability of funds has become inadequate, as Banking Companies are mostly dependent on investment from other banks and financial institutions and customer deposits.

While analyzing the liquidity ladder, AlphaRating observed net excess in each liquidity bracket indicating relatively safer position of the company in terms of the asset liability mismatch risk.

Market Risk

The risk is the possibility for an investor to experience losses due to factors that affect the overall performance of the financial markets. Market risk, also called "systematic risk," cannot be eliminated through diversification, though it can be hedged against. The risk that a major natural disaster will cause a decline in the market as a whole is an example of market risk. Other sources of market risk include recessions, political turmoil, changes in profit rates and terrorist attacks.

The Risk Management Unit (RMU) of the bank regularly meets to assess the overall business environment and market conditions relating to major risk management areas of the bank. Further, following the risk identified, periodically reported to Bank Risk Management Committee (BRMC).

Information Technology Risk

Financial information are mostly processed and delivered through technological platform. Inherently it contains the risk of security breach, disaster and data contamination. Continuity of bank's operation and service completely depends on strong, reliable and secured technology.

GIB follows the guideline issued by Bangladesh Bank regarding information & communication technology. Information Security, the Standard of Bangladesh Bank is being followed by the bank which covers password control, user ID maintenance, input control, network security, data encryption, virus protection and access control of all the systems including internet and emailing. To carry out the operation, GIB uses Temenos (T24) latest version as core banking solution. The bank's continuity Plan (BCP) is formulated to cover operational risks and taking into account the potential for wide area disasters, data center disaster and recovery plan.

Financial Risk Analysis

The financial analysis are done based on GIB's asset quality, composition and trend, fund management, capital adequacy, liquidity management, risk management and ultimate financial goals of the firms based on both quantitative and qualitative aspects of the institution. Detailed analysis is presented below:

Asset Composition

During FY 2022, total asset base of GIB was BDT 153,810.90 million, which is showing an increasing trend since FY 2019. Industry data suggest that, total assets has increased by 10.99% as of Dec, 2021, whereas total assets GIB has increased by 15.81%. However, the current growth rate in FY 2022 was higher by 5.96% than the growth rate of FY 2021. While analyzing the fund application of GIB, it has been observed that, maximum proportion of total asset base is composed of investment, investment in shares & securities, cash and balance with other banks & FIs. Cash in hand, Balance with other banks & FIs, and investment have increased by 95.40%, 15.15% and 10.83% respectively in FY 2022 whereas investment in shares and securities has decreased by 14.85%.

Comparative analysis of asset composition revealed that nearly 77.16% of total asset base was comprised of investment in 2022, which was about 80.63% in 2021. Cash holds 7.89% in FY 2022 and it was 4.67% in FY 2021 and Balance with other banks & FIs holds 2.91% in FY 2022; it was 2.93% in FY 2021.

Detailed analysis of fund source revealed that 77.24% (88.70% in FY 2021) of total asset is financed by deposits and the remaining portion is funded by capital & shareholders' equity and other liability.

FYE 31 December	2022	2021	2020	2019
Total Asset (Million)	153,810.90	132,810.30	120,902.12	106,405.31
Asset Growth (%)	15.81	9.85	13.62	15.44
Gross Investment (Million)	118,680.54	107,086.97	92,909.17	82,365.60
Investment Growth (%)	10.83	15.26	12.80	15.11
Gross NPI (Million)	5,822.35	2,336.11	1,934.54	1,261.60
Gross NPI Ratio (%)	4.48	2.23	2.03	1.77
Net NPI (Million)	2,054.20	78.79	20.01	(121.82)
Net NPI Ratio (%)	1.73	0.07	0.02	(0.15)
Total Investment Loss Provision/Gross NPIs (%)	47.26	73.32	81.40	98.52
Investment in Share & Security (Millions)	7,202.43	8,810.98	7,570.81	11,207.42
Specific Investment Loss Provision/Gross NPIs (%)	28.07	28.50	23.18	41.95
Gross NPI/ (Equity + Investment Loss Provision) (%)	34.38	25.09	22.89	20.59
Net NPI without considering General Provision (Millions)	3,075.77	1,149.24	1,117.20	675.95
Net NPI Ratio without considering General Provision (%)	2.59	1.07	1.20	0.82

Data obtained from audited financial statements of 2019 to 2022

Asset Composition	2022	2021	2020
Cash	7.89%	4.67%	9.78%
Balance with other banks and other financial institutions	2.93%	2.93%	2.64%
Money at call and short notice	-	-	-
Investment in shares & securities	4.68%	6.63%	6.26%
Investment	77.20%	80.63%	76.85%
Fixed assets including premises, furniture and fixture	1.40	1.79%	1.72%
Other assets	5.90%	3.35%	2.76%

Data obtained from audited financial statements of 2020 to 2022

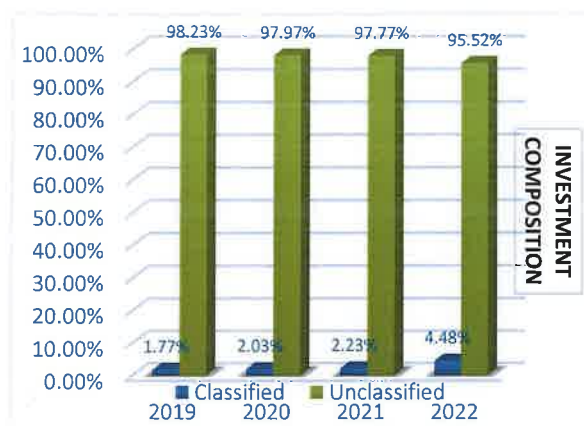
Asset Quality

The total asset of GIB is mainly comprised of Investment amounting to BDT 118,680.54 million which is 77.16% of the total asset base. High dependency on investment increases the vulnerability of assets to credit risk. It can be observed that total investment has increased by 10.83% in 2022, whereas there was 15.26% growth in FY 2021. It appears that the bank has concentrated on its core operation throughout FY 2022, which resulted increased investment. Total investment portfolio comprise of 99.95% general investment and 0.05% bill purchased.

It appears that, total Non-Performing Investment (NPI) of the same period has been increased and reached to BDT 5,322.35 million, which is BDT 2,936.24 higher than previous year. Out of the total investment portfolio, BDT 113,358.19 million is unclassified, which makes up 95.52% of the total investment portfolio and NPI makes up 4.48%. It is quite usual for gross NPI to increase in line with gross investment. However, in FY 2022 investment has increased at a higher rate (10.83%) compared to growth of gross NPI (123.06%). As a result, the Gross NPI Ratio has increased by 2.25% in FY 2022. This shows deterioration in asset quality. However, Gross NPL percentage (4.48%) is lower than that of industry average of 6.00% (June 2022).

Net NPI ratio of the bank has increased over the last three years and stood at 1.73% and without considering General Provision it was 2.59%.

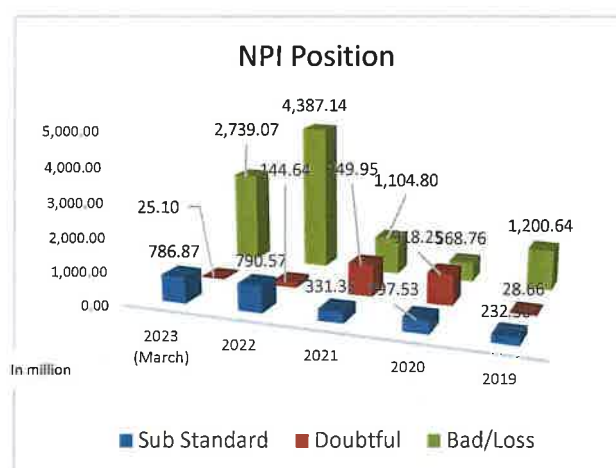
In FY 2022, Sub Standard and Bad/Loss has increased and reached to BDT 790.57 million and BDT 4,387.14 million respectively, whereas Doubtful portion had decreased to BDT 144.64 million. However, in first quarter of FY 2023 the bank was able to decrease the NPI to BDT 3,551.04 million. In Q1 FY 2023 total Bad/Loss improved to BDT 2,739.07 million. This improvement was mainly due to BDT 1,780.49 million declassification within this quarter. At the same time, the bank recovered BDT 39.38 million from these classified investments. This explains that GIB was able to undertake proper measures to recover the investment. However, if GIB does not become more careful of extending the credit facility periods, it would be really difficult for them to carry out the business maintaining quality of asset and will expose to higher credit risk. Thus, to minimize the NPL amount of the bank has a powerful monitoring & recovery team that has been formed at Head office and headed by an Additional Managing Director for regularizing the classified & irregular investments.



Specific provision is maintained against the classified investment as reserve for future loss whereas general provision is maintained against unclassified investment to meet any unexpected event.

As per Central Bank's guideline, GIB was required to maintain General Provision of BDT 1,021.57 (including provision for COVID-19) million and Specific Provision of BDT 1,493.89 million in FY 2022. The bank has satisfied this requirement and maintained the required provision for both Unclassified and Classified Investments. In FY 2022 the bank reported total provision of BDT 2,515.46 million.

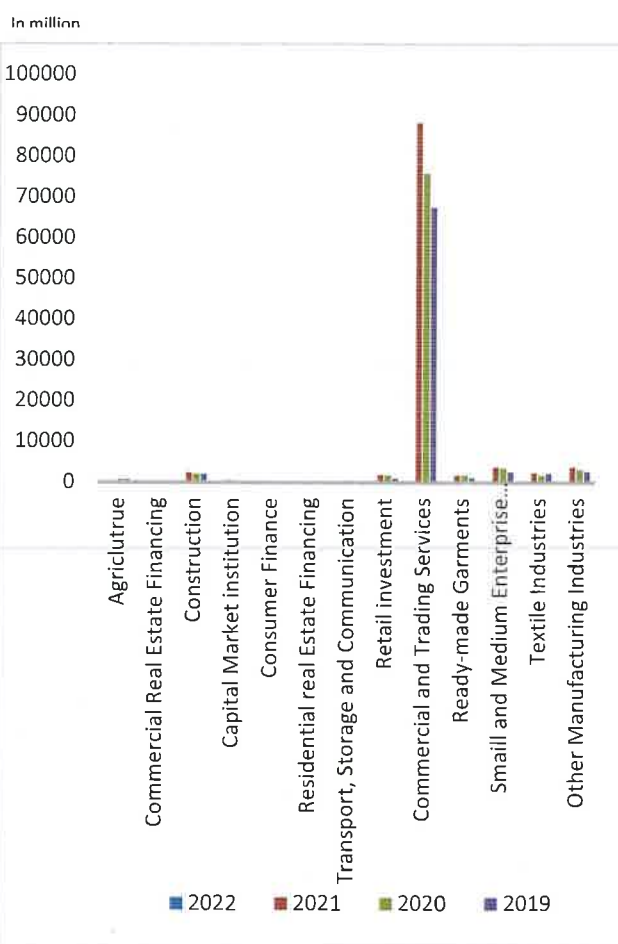
GIB has significant investment on government security i.e., 5 years Bangladesh Government Treasury Bonds. A total of BDT 5251.20 million has been invested in government security in FY 2022, which bears low risk as well as low return than any other corporate bonds in the market. Other than this, the bank has also invested on debenture, bond and shares. In FY 2022 the company had unrealized loss of BDT 86.06 million, which was BDT 11.96 million in FY 2021. As a result, unrealized loss has been increased dramatically by 619.57% in current year.



Investment Diversification & Concentration

Portfolio diversification in an optimal way by which GIB can steer away from any unpredictable downturn and protect itself from any economic storm. AlphaRating analyzes the investment portfolio of the GIB by considering the sector wise investment concentration and geographical location-wise investment concentration.

GIB has BDT 118,680.54 million of investments at the end of FY 2022. Since diversification of asset allocation is important to reduce the level of unsystematic risk, GIB was unable to maintain well diversified investment portfolio through the years as 82.52% of total investment base was invested in commerce and trading services; thus unsystematic risk related to industry seems high.



*Industry wise investment

However, during 2022, the investment portfolio is heavily concentrated on commercial & trading services, small and medium Enterprises, construction, textile and other industry and retail investments. The aggregated investment in commercial & trading services is 82.52%, small and medium Enterprises is 3.97%, textile is 2.32%, construction is 2.27%, and 8.92% in other types of industries of the total investment portfolio. Other than these, GIB has also highly invested in retail investment, readymade garments etc. GIB has significantly increased investment on commercial & trading services, construction, real estate, SME industry and other manufacturing industries in FY 2022 compared to that of prior year.

The region wise investment concentration of the bank reflects that, the bank spread its concentration almost in all regions of the country i.e. Dhaka, Chattogram, Khulna, Barisal, Rajshahi and Sylhet. Though concentration of investment in Chattogram region is high (70.83%), it is compatible with the economic activities as it includes port city of the country. Following to this, Dhaka in second position capturing 28.91% of total investment portfolio. Further analysis reflects that, the bank mainly concentrated in Urban Side and urban area has grabbed 81.74% of total outstanding.

It has been observed that, GIB has invested only in the private sector and not invested in the public sector.

Performance of Rescheduled Investment

In FY 2022 GIB has rescheduled BDT 627.47 million against 05 accounts and in FY 2021 the rescheduled amount was only BDT 656.03 million against 05 accounts. In FY 2022, all accounts has been rescheduled for the first time and BDT 8.06 million have been recovered from 01 account out of all accounts as on 29.12.2022. Total 05 accounts are classified as UC at the end of FY 2022. The total rescheduled amount represents 0.53% of the total investment portfolio in FY 2022. In FY 2022 overall rescheduled investment amount has decreased in comparison to rescheduled investment accounts.

Large Investment Exposure

According to the Bangladesh Bank circular BRPD 4 dated 29th January, 2015, large investment is defined as the investment sanctioned to any individual, enterprise or any organization of a group exceeding 10% of the particular commercial bank's total capital.

SL No.	Name of Client	Total Outstanding (million)	% of Investment to Total Capital
1	SS Power Limited	3,483.26	25%
2	Minhaj Corporation	1,361.83	10%
3	Shah Amanat Traders	1,284.60	9%
4	Md Tamizuddin	1,282.33	9%
5	M/S Nabir Trading Corporation	1,275.39	9%
6	Radiance Business House	1,251.56	8%
7	M/S Jupitar Trade International	1,249.49	8%
8	View Point Corporation	1,225.70	8%
9	Rainbow Corporation	1,224.38	8%
10	Indigo Trading Corporation	1,220.56	8%

*top 10 large investment clients

As on the year end of 2022 there was 33 borrowers or group of borrowers with whom amount of outstanding investment exceeded 10% and the total outstanding amount increased by BDT 5,354.40 million in current year compared to FY 2021. Among the 33 large accounts, SS Power Limited alone holds 8.56% share in the total large investment and 25% of total capital. Minhaj Corporation holds the second position holding 3.35% share in the total large investment amount and 10% of the total capital. The total funded outstanding against large investment accounts as on FY 2022 was BDT 36,565.56 million and BDT 4,111.19 million was for the total non-funded outstanding. Total large investment outstanding of BDT 40,676.75 million was fully unclassified.

As per BRPD Circular No. 02 dated January 16, 2014, aggregate outstanding principal amount of funded exposures shall not exceed 15% of the capital at any point of time. Complying this guideline, the bank has not extended investment facilities exceeding the limit. As outstanding against SS Power Limited is fully non-funded.

Keen observation must be executed on large accounts to prevent any liquidity crisis in the future. While financing such large investments GIB must ensure proper monitoring and control over credit exposure. Furthermore, the bank has been complying with the ceiling rate of investment portfolio which is below 50%.

The bank has taken measures for recovery of classified investments such as- sending letters & reminders to customers, legal proceedings and settlement, establishing special asset management department, disposal of security through legal action and negotiation and settlement with approval from competent authority etc.

Capital Adequacy

In FY 2022, total eligible regulatory capital of GIB is BDT 13,957.73 million, which has been increased by 57.95% from that of the previous year. This growth in equity is mainly attributable to statutory reserve, retained earnings and addition share capital due to IPO subscription on 16 November, 2022.

All commercial bank needs to fulfill or satisfy the requirement of Basel III guidelines regarding risk based capital adequacy. It has been observed that, GIB's was able to maintain required capital in FY 2022. Moreover, In FY 2022, the bank had reported a surplus capital of BDT 3,376.71 million, where there was BDT 1528.21 shortfall in FY 2021. Moreover, the bank was able to maintain required capital conversion buffer of 2.50% in FY 2022.

Capital adequacy focuses on the total position of bank's capital and it is the protection of depositors and other creditors from the potential tremors of losses that the bank might incur. In FY 2022 Global Islami Bank PLC increased its Tier I capital by 66.97% and it has been observed that there was significant increment in statutory reserve, retained earnings and paid up capital. However, total risk weighted assets experienced an upgrade of 2.08% in the current year compared to previous financial year 2021. In the FY 2022 Tier-1 capital to RWA increased to 15.21%, the percentage is well above the required level 6.00% mentioned by Bangladesh bank. Moreover, CRAR (16.49%) significantly improved from previous year, this value is fully able to maintain the Regulatory requirement of 12.50% in FY 2022.

Capital Requirement	2022		2021		2020	
	Required	Held	Required	Held	Required	Held
Tier I	6.00%	15.21%	6.00%	9.30%	6.00%	9.09%
Tier II	-	1.28%	-	1.36%	-	1.56%
Total	12.50%	16.49%	12.50%	10.66%	12.50%	10.65%

Funding & Liquidity

Fund Management

FYE 31 December	2022	2021	2020	2019
Investment/ Customers Deposits (%)	89.10	90.17	81.47	88.42
Total Customer Deposit Growth (%)	0.85	10.36	10.37	16.69
Net Investment/ Stable Funding Base (%)	469.59	458.75	392.71	441.23
Net Investment/ Customer Deposits (%)	97.77	89.42	85.60	83.70
Deposit / Total Liability & Equity (%)	77.24	88.70	88.29	90.89
Interbank Liabilities/Total Funding Base (%)	8.34	0.17	1.14	0.00

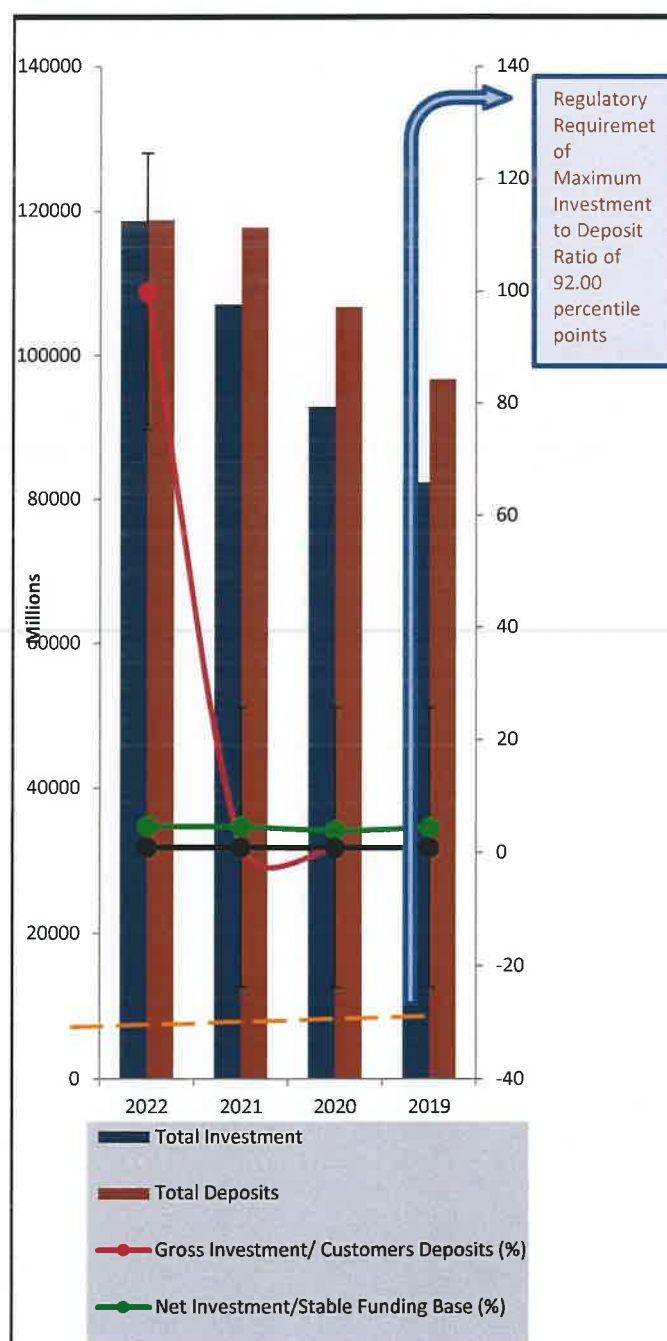
Data obtained from audited financial statements of 2019 to 2022

The fund and liquidity management showed that, deposit from customers is the key source of fund for bank. In FY 2022, GIB has financed almost 77.24% of its total asset through deposits, which is slightly lower than that of last year. At the end of FY 2022, total deposits of GIB stood at BDT 118,809.22 million, which includes Mudaraba Savings Deposits Accounts, Mudaraba Term Deposits, Other Mudaraba Deposits, Bills Payable and Al-Wadiah Current deposit and Other Accounts. BDT 913.71 million increase in Mudaraba savings deposits, BDT 1,468.20 million increase in Al-Wadiah Current deposit and Other Accounts, BDT 212.08 million increase in Bills Payable are mainly contributable to the growth of deposit.

The relation between investments to customer deposit depends on the structure of the domestic financial system. The lower ratio means that, the bank is not using its deposits to disburse investment to earn profit and the higher ratio means the bank could be in liquidity crisis. To avoid those situations the bank should balance the ratio efficiently. According to directive issued by Central Bank all Islamic banks have to maintain their ADR at 92.00%. It is observed that Investment to Deposit Ratio of the bank stood at 89.10% which is lower than the regulatory requirement. It states that the bank is exposed to low liquidity risk. Though, the strategy to keep the Investment to Deposit ratio under 92.00% exposes minimal risk to the organization but hinder the profitability as opportunity cost.

Net Investment to Stable Funding base of the bank has been increased and reached to 469.59% in FY 2022 as the amount of investment has been raised at a higher rate than that of stable funding base. The ratio suggests that the bank is more reliant on short term funding than long term funds.

GIB's deposit to total liabilities ratio has been decreased slightly in FY 2022 as total liabilities has increased at a higher rate than deposit.



Liquidity Management

To stand against liquidity pressure banks hold liquid assets as buffer. The liquid assets of GIB comprises of cash in hand, balance with other banks and financial institutes, investment in shares & securities, investment, fixed assets and other assets. The overall liquidity management of FY 2022 has been improved with Positive Liquidity gap of BDT 12,964.28 million, which has been increased by 67.05% compared to prior year. Liquidity Statement of GIB reflects that, the bank has maintained positive balance in all buckets in FY 2022, which is same as previous year. The bank has enough asset base to meet the liabilities at any point of time. In maximum cases the deposit in short term gets renewed further at maturity. If GIB is unable to realize the expected assets on time then the liquidity shortage might occur in short term making it difficult for GIB to realize the assets. Assets such as investments in Banks and other FI's can be realized on time upon maturity; however, investments are risky assets which need to be followed up on a regular basis despite the maturity time.

Majority of the fund of GIB is managed via deposit and about 77.24% of the total asset have been financed by deposit in FY 2022. The breakdown of the deposit of the bank suggests that GIB is more inclined towards Mudaraba Term deposit that covers 87.27% of the total deposit amount. This total deposit has increased by 0.85% in the 2022 compared to last year. As per DOS Circular No 1, all commercial banks are required to report Liquidity Coverage Ratio (LCR) of 100% or more on monthly basis to comply Basel III implementation. GIB has maintained the Liquidity Coverage Ratio (LCR) of 69.11% as on FY 2022. However, the bank has also maintained adequate stable funding. As on FY 2022, Net Stable Funding Ratio (NSFR) was reported 109.89%.

Liquidity Profile FY 2022

(BDT in Million)	Up to 1 Month	Up to 1-3 Months	Up to 3-12 Months	1-5 Years	Above 5 Years	Total
Assets	31,624.93	49,303.40	48,817.55	18,881.78	5,183.25	153,810.90
Liabilities	28,553.71	48,552.64	44,447.80	16,024.71	3,267.75	140,846.62
Net Excess/ Shortage	3,071.21	750.76	4,369.75	2,857.07	1,915.47	12,964.28

Liquidity Profile FY 2021

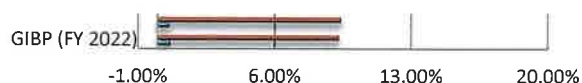
(BDT in Million)	Up to 1 Month	Up to 1-3 Months	Up to 3-12 Months	1-5 Years	Above 5 Years	Total
Assets	29,574.99	37,177.99	45,338.65	15,755.85	4,962.83	132,810.30
Liabilities	27,766.17	35,600.86	43,666.76	14,974.00	3,041.76	125,049.55
Net Excess/ Shortage	1,808.81	1,577.13	1,671.89	781.85	1,921.07	7,760.75

According to latest MPD Circular no. 03, dated 09/04/2020, the statutory cash reserve requirement (CRR) on Bank's time and demand liabilities at the rate 4.00% has been calculated and maintained with Bangladesh Bank (BB) and 5.50% statutory liquidity ratio (SLR) for Islamic banking, excluding CRR on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC (Foreign Currency) balances with Bangladesh Bank. Both the reserves maintained by the bank are in excess of the statutory requirements of BDT 5,882.37 million for CRR on Bi-weekly basis and BDT 6,521.38 million for SLR.

Earning Trend & Profitability

Net Investment Income of GIB has been growing with positive growth since FY 2019. In FY 2022, the bank has reported BDT 5,588.22 million. Net Investment Income while in FY 2021 it was BDT 5,016.10 million, which represents 11.41% growth in FY 2022 from FY 2021. Total investment income has climbed up in FY 2022 mainly due to raise in income from Bai-Murabaha, Profit on Bai Murabaha, Bai-Murabaha Term Investment, Bai-Muajjal Term Investment and income from cards. However, the reason behind for NII improvement was mainly because of increasing investment income in FY 2022. In support of this, average deposit rate in FY 2021 was 6.76% and in FY 2022 it decreased to 6.21%.

On the other hand, GIB has reported 96.60% of higher non-investment income in FY 2022 compared to last financial year. This raise of non-investment income was mainly attributable to growth in income from investment in shares and securities & commission, exchange and brokerage income. GIB's Pre-Tax Profit has been decreased by BDT 403.72 million in FY 2022 mainly due to higher operating expenses & total provision (specific provision on classified investment & provision other assets).



	GIBP (FY 2022)	Industry (End June 2022)
ROE	9.29%	9.38%
ROA	0.67%	0.59%

Return on assets is a measure used for evaluating the ability of an entity to generate profit by utilizing its assets whereas return on equity measures profitability as a percentage of the organization's total equity base. It has been observed that both ROA and ROE has been decreased in FY 2022 than that of FY 2021. However, ROA stands on higher level than the industry average of 0.59% (June, 2022) and ROE stands on lower level than the industry average of 9.38% (June, 2022) respectively.

Net Investment Margin (NIM) is a measure of the difference between the investment income generated by banks and the amount of profit paid out to their lenders (for example, depositors), relative to the amount of their (profit-earning) assets. In FY 2022, GIB has experienced slightly higher net investment margin of 4.52% than that of FY 2021 which was higher than industry average of 2.50% (June, 2022) as net investment income has increased at a higher rate than average profit earning asset.

FYE 31 December	2022	2021	2020	2019
Net Investment Income (BDT Million)	5,588.22	5,016.10	2,959.26	2,618.76
Non-Investment Income (BDT Million)	792.49	403.09	1,131.42	595.69
Pre-Tax Profit (BDT Million)	2,022.31	2,426.03	1,803.98	875.43
ROA (%)	0.67	1.04	0.91	0.37
ROE (%)	9.29	18.25	16.62	6.67
Net Investment Margin (%)	4.52	4.24	2.94	2.79
Cost Income Ratio (%)	54.48	50.49	53.53	60.04
Average Earning Asset (BDT in Millions)	123,575.21	110,044.44	99,336.42	90,520.91
Cost of Fund (%)	8.28	8.72	10.95	11.35
Profit Spread (%)	2.64	2.08	1.56	4.48

Data obtained from audited financial statements of 2019 to 2022

The cost of fund is regarded as the profit paid to the depositors added with administrative cost on the financial products offered by GIB. In FY 2022, the cost of fund has declined to 8.28%, which marks a positive movement as it refers that the GIB is incurring lower costs to collect and administrate the fund.

On the other hand, cost-to-income ratio is important for determining the profitability of a bank. The ratio gives clear view of how efficiently the bank is being operated. In FY 2022, this indicator has deteriorated by 3.99%, which means that cost efficiency comparing to the level of income generated during this period has decreased for the GIB.

Moreover, GIB has shown a trend of increasing profit earning assets over the years, which suggests that the chance of increasing profit income. However, the bank should focus on controlling operating expense to improve their net profit.

In FY 2022, GIB reported profit Spread of 2.64%, which was lower than the industry average of 3.00% (December, 2022) which means that GIB is able to offer competitive profit rate than the industry average and Bank is very cautious about its quality of assets and extending credit to the quality clients without concentrating merely on short term profitability.

Management & Other Qualitative Factors

Corporate Governance

According to Cadbury (1992), "Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the profits of individuals, corporations and society". Since Inception, GIB has taken into insight of corporate influence drill in order to secure the profits of all shareholders. Moreover, the priority is to create professionalism with trust and certainty around the investing individuals, to build ability to work proficiently and to make amiable working environment for moving toward the vision of the bank. The key responsibility of the Board of Directors of GIB is to ensure overall governance of the Bank. They are held obligated for assembling and executing policies, risk management, internal control, internal audit and its compliances.

Board of Directors

The board of Directors of GIB consists of 19 members excluding the Chair Person and Vice Chairperson. The number of board members is within the limit compiled with the persisting Bank Company Act. Maintaining the Corporate Governance, it has been ensured that the Chairman and Chief Executive Officer of GIB are two different individuals. The board has three core committees that include Audit Committee, Executive Committee and Risk Management Committee.

Management

The management of the bank is mainly responsible to manage risk related to administration, operation, procurement, development, training and overall integrity and objectivity of the bank. The committee is also responsible to recommend appropriate policy and procedures to asses, accomplish and regulate these risks.

Human Resources Management

Human Resource department of GIB is composed of 2223 employees who are responsible for conducting all banking operations. The bank is now focusing on

automation of everything. For instance employee database, leave management, training management and ACR management. To ensure the effective development of its human resource, GIB has set a long term comprehensive future action plan. With the gradual expansion of business network, the bank is determined to have a sustainable growth by ensuring quality services. Keeping this idea in mind GIB has training institute which had arranged 39 training to improve the human resource eminence of the bank throughout FY 2022.

Executive Committee

Executive Committee is one of the three sub-committees of Board of Directors GIB and the Committee consists of 5 members and led by Chairperson of the committee, Mrs. Maimuna Khanam. The committee is responsible for looking after different issues of the bank.

Audit Committee

An Audit Committee of GIB was formed and its role and responsibilities were defined in line with BRPD Circular No. 11 issued by Bangladesh Bank on 27 October, 2013. All the members of the Audit Committee are non-executive directors. According to BB requirement banks should hold at least 4 meetings per year and the Audit Committee of GIB has fulfilled the requirement. The committee is consists of 5 members and led by the Chairman, Mr. Hasan Iqbal and the committee looks after the audit related issues, reviews anti-fraud internal control, unaudited financial reports, inception reports etc. During FY 2022, total 05 meetings were held by the committee.

Risk Management Committee

The Risk Management Committee of GIB is composed of 4 members and led by Chairman, Mr. Arif Ahmed. The risk management committee of the bank covers the six core risk areas covered by bank as defined by BB which includes Credit Risk Management, Foreign Exchange Risk Management, Asset Liability Management, Prevention of Money Laundering, Internal Control & Compliance and Information Technology Risk. The committee takes well calculative business risks for safeguarding its capital, financial resources and profitability.

Management Committee (MANCOM)

MANCOM is the highest-level policy making committee of senior members of the management team. The management team consists of 12 team members. The committee is led by Mr. Syed Habib Hasnat who joined Global Islami Bank PLC as Managing Director. He is a prominent and professional banker with more than 36 years of rewarding multi-dimensional experience in Finance and other fields of Management. The committee also appointed two Additional Managing Director Mr. Md. Golam Sarwar & Mr. Kazi Mashiur Rahman Jayhad and two Deputy Managing Director Mr. Ataus Samad and Mr. Sami karim. The committee sits regularly and discusses on issues regarding smooth running of the Bank and ensures proper implementation of the decisions.

Asset Liability Committee (ALCO)

The Asset Liability Committee one of the sub-committees of MANCOM holds the responsibility of managing and controlling liquidity of the bank. It evaluates and approves various aspects related to balance sheet risk and liquidity risk of the bank. The ALCO also reviews liquidity requirement of the bank, the maturity of assets and liabilities, deposits and lending pricing strategy and the liquidity contingency plan.

Management Credit Committee (MCC)

Another sub-committees of MANCOM is MCC which holds the responsibility of assessing the credit standing and ability of repay debt of prospective borrowers of the bank.

Risk Management Unit

The bank has formed a 4 (four) members committee on risk management formally as per requirement of regulatory authority. The committee provides risk management solutions to bank in order to ensure smooth running of the organization. During FY 2022, total 01 meetings were held by the committee.

Sustainable Finance Committee

The committee is responsible for the provision of financial capital and risk management products and services in a way that promote but not harm economic prosperity the ecology and community well-being.

Corporate Social Responsibility (CSR)

GIB is involved in variety CSR activities divided in numerous broad sectors including education, health, disaster management, infrastructural development, art & development and miscellaneous. The extent of its activities ranges from individual distressed people to donation and subscription & expenses for corporate social responsibility, GIB has contributed total sum of BDT 49.29 million.

Information Technology (IT)

Total man power of IT division in 2022 is 41 individuals and they are divided in different teams with specified responsibilities. GIB is using Temenos (T24) latest version as core banking solution and is running 24/7 and in real-time. Being one of the fourth generation bank it has introduced Debit Card and Prepaid Cards for the customer base. ATM booths are installed acquiring all cards including cards for Q Cash member banks. GIB is operating under full automation and created online MIS system. To comply with the regulation the bank always stays upgraded.

Shari'ah Supervisory Committee

As per Islamic Banking Guidelines issued by Bangladesh Bank, GIB formed an independent Shari'ah Supervisory Committee consisting of 7 (seven) members including experienced and knowledgeable persons in Islamic Jurisprudence. The committee is headed by Professor Dr. Mohammad Giasuddin Talukder. The Shari'ah Supervisory Committee of GIB gives opinions and guidelines to ensure Shari'ah compliance in all activities of the Bank particularly in investment portfolio. The Committee is governed by a by-laws approved by the Board of Directors. The representatives of the Shari'ah Supervisory Committee attend different meetings of the Bank, like Board of Directors, Executive Committee, Audit Committee and Shari'ah Annual Business Development Meetings and Conferences to give opinions and oversee the activities of the Bank from Shari'ah perspective. The Committee also evaluates performance of the officials in terms of their Shari'ah compliance. During the year 2022, total 3 (three) were held.

END OF THE REPORT

Company Information:

Board of Directors

Mr. Nizam Chowdhury	Chairman
Mrs. Maimuna Khanam	Vice Chairperson
Mr. Mohammed Shahjahan Meah	Director
Dr. Mohammed Faruque	Director
Mr. Arif Ahmed	Director
Mr. Subrata Kumar Bhowmick FCA	Director
Mr. Md. Mostan Billah Adil	Director
Ms. Shahana Ferdous	Director
Mr. Bourhanul Hassan Chowdhury	Director
Ms. Rokea Yesmin	Director
Mr. Hasan Mansur	Director
Mr. Wahidul Alam Seth	Director
Mr. Shahidul Alam	Director
Mr. Mohammed Oheidul Alam	Director
Ms. Farzana Begum	Director
Mr. Hasan Iqbal	Independent Director
Dr. Md. Nizamul Hoque Bhuiyan	Independent Director
Mr. Ahmed Muktadir Arif	Independent Director
Mr. Syed Habib Hasnat	Managing Director

Company Profile

Industry Overview

Business Risk

Financial Risk

Management Quality

Company Information**Shareholders (As on 31 May, 2023)**

Sponsor/Director, Institute and Foreign	73.84%
General Public	26.16%

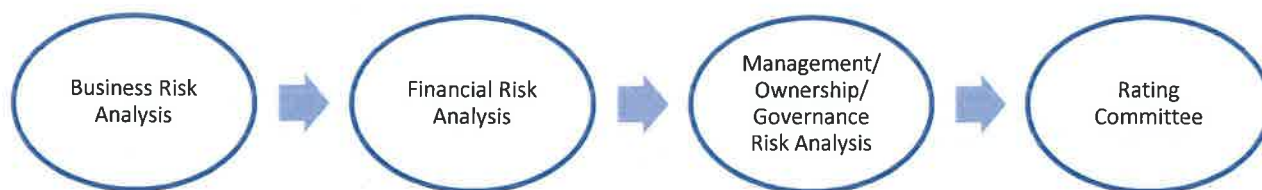
Head Office

Global Islami Bank PLC
 Saiham Tower,
 House No: 34, Road No: 136,
 Block: S.E(C-1), Gulshan Model Town,
 Dhaka-1212, Bangladesh.
 Phone: +88 09617176037
 E-mail: info@globalislamibankbd.com

Auditor

Shafiq Basak & Co.
 Chartered Accountants
 Shatabdi Center (6th Floor),
 292, Inner Circular Road, Fakirapool, Motijheel
 Dhaka, Bangladesh.
 Phone: 01711-025146
 Fax: 02-7192098
 E-Mail: shafiq_basak@yahoo.com

AlphaRating's Research Methodology for Determining Rating of Financial Institution



Analysis is segmented into two or three sub sectors:

- ▶ Industry Outlook
- ▶ Competitive Position
- ▶ Operational Analysis

Analysis is segmented into four sub sectors:

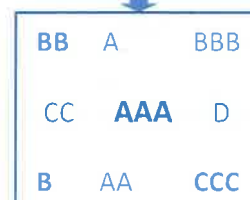
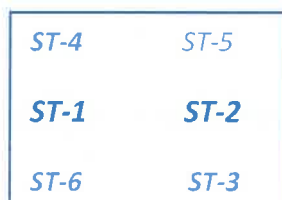
- ▶ Earnings
- ▶ Cash Flow Generating Ability & Debt Servicing Capacity
- ▶ Capital Adequacy
- ▶ Financial Flexibility

It is one of the key elements of the rating methodology since management decides what businesses to be in, what strategies should be pursued and how these activities should be financed.

Senior personnel review each company to determine the appropriate final credit rating.

- ▶ Review Modeling Assumption
- ▶ Approve Company-Specific Adjustments

Rating Outlook



POSITIVE	Rating may be raised
NEGATIVE	Rating may be lowered
STABLE	Rating is likely to remain unchanged
DEVELOPING	Rating may be raised, lowered or remain unchanged.

ST-1	Superior Capacity
ST-2	Strong Capacity
ST-3	Adequate Capacity
ST-4	Inadequate Capacity
ST-5	High Likelihood of Default, with little Capacity to Address Further Adverse Changes in Financial Circumstances
ST-6	Payment in Default

AAA	Exceptionally Strong Capacity
AA	Very Strong Capacity
A	Strong Capacity
BBB	Adequate Capacity
BB	Some Obvious Weakness in Operating Practices & Key Financial Indicators
B	Fundamental Weakness In Operating Practices & Key Financial Indicators
C	Several Immediate Problems of a Serious Nature
D	Requires Sustained External Support without which its Continued Viability is in Doubt

Notes: Ratings from AA to B may be modified by the addition of a plus (+) or minus (-) suffix to show relative standing within the major rating categories.