

AlphaRating

CITIZENS BANK PLC

(Chini Shilpa Bhaban-2, 76 Motijheel C/A, Dhaka-1000, Bangladesh)

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11 June, 2026

Managing Director
Citizens Bank PLC
Chini Shilpa Bhaban-2, 76 Motijheel C/A, Dhaka-1000, Bangladesh

Subject: Credit Rating of Citizens Bank PLC

Dear Sir,

We are pleased to inform you that Alpha Credit Rating PLC (AlphaRating), vide credit rating Agreement No: 42108, has assigned the following rating to **Citizens Bank PLC**.

Date of Declaration	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
11 June, 2026	10 June, 2027	1 st Surveillance	A+	ST-2	Stable

The long term and short term rating is valid till 10 June, 2027. 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 PLC, while assigning this rating to **Citizens Bank PLC**, hereby solemnly declare that:

- (i) We, Alpha Credit Rating PLC as well as the analyst 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,



Tanzina Khaled
Chief Rating Officer

This letter is integral part of the credit rating report

Citizens Bank PLC

A+ Long Term Rating

ST-2 Short Term Rating

Stable Outlook

1st Surveillance Rating Action

Date of Declaration 11 June, 2026

Valid Till 10 June, 2027

Business Risk High	Solvency Score Good	Asset Quality Good	Profitability Positive	Management Quality Satisfactory	Capital Adequacy Adequate
Economic Moat Narrow	Industry Group Financial Institution				

Previous Rating

Long Term Rating: A

Short Term Rating: ST-3

Outlook: Stable

Date of Declaration: 30 June, 2025

Valid Till: 29 June, 2026

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Date of Incorporation:

13 December, 2020

Chairman:

Mr. Chowdhury Mohammed Hanif Shoeb

Managing Director:

Mr. Alamgir Hossain

Authorized Capital:

BDT 10,000.00 million

Paid Up Capital:

BDT 4,000.00 million

Total Asset:BDT 23,688.89 million
(As on 31.12.2025)**Total Liabilities:**BDT 19,623.96 million
(As on 31.12.2025)**Total shareholder equity:**BDT 4,064.93 million
(As on 31.12.2025)**Rationale**

Alpha Credit Rating PLC (AlphaRating), vide credit rating Agreement No: 42108, upgrades long term rating to "A+" (pronounced as "Single A Plus") from "A" (pronounced as "Single A") and short term rating to "ST-2" from "ST-3" in favor of Citizens Bank PLC (herein after referred to as "CZB" or "the bank"). This rating has been assigned by considering the financial performance for the year ended 31st December, FY 2023-2025 and other qualitative information till rating declaration date.

The rating takes into account several positive indicators including positive assets growth, increased net interest income, growth in loans & advances, increased customer deposits, Capital to Risk-Weighted Assets Ratio (CRAR) above the regulatory requirement, increased net interest income, NPL ratio under industry average. Additionally, the bank has demonstrated maintained an ADR within regulatory limits and has shown growth in interest-earning assets.

The bank exhibits a robust compliance culture, as reflected in its adherence to key regulatory requirements, including the Cash Reserve Requirement (CRR), Statutory Liquidity Ratio (SLR), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and the Leverage Ratio, all of which are maintained in line with or above the prescribed thresholds.


Tanzina Khaled
Chief Rating Officer
Alpha Credit Rating PLC.

Asset Quality & Operating Summary (BDT in Millions if applicable)

Particular	2025	2024	2023
Total Assets	23,688.89	19,101.48	14,570.52
Loans & Advance	11,063.67	8,272.78	4,383.57
Deposits	18,582.12	14,291.49	10,050.57
Net Interest Income	440.41	269.66	240.72
Non-Interest Income	537.57	517.75	229.79
Operating Income	977.98	787.42	470.51
Net Profit/(Loss)	20.09	39.46	(15.48)
Cost Income ratio (%)	82.10	81.64	92.96
Loans/Deposits (%)	59.54	57.89	43.62
Gross NPL Ratio (%)	0.20	-	-
Net NPL Ratio (%)	(1.04)	-	-
CRAR (%)	33.53	45.56	76.19
Cost of Fund (%)	11.56	11.45	7.86
Interest Spread (%)	4.97	5.22	3.59

Data obtained from audited financial statements of FY 2023 to 2025

Despite several positive contributors, certain issues have constrained the rating outcome. These include a liquidity shortfall in two maturity bucket, an increase in large loan, a rise in the cost of funds, decreased net profit and declined in ROAA and ROAE and deteriorate cost-to-income ratio. Nevertheless, as a newly established bank, CZB retains significant potential to enhance its performance in the coming years.

Company Profile

Citizens Bank PLC (CZB) is a fifth-generation private commercial bank in Bangladesh. The bank was incorporated on 13 December, 2020 as a Public Limited Company under the Companies Act 1994. On 15 December, 2020 CZB received its banking license from Bangladesh Bank as a scheduled bank. The bank started its commercial operation on 03 July, 2022. All types of commercial banking services will be provided by the bank within the stipulations laid down by the Bank Company Act 1991 and directive as received from the Bangladesh Bank from time to time. As of 31 December 2025, the authorized capital of the bank stood at BDT 10,000.00 million and paid-up capital stood at BDT 4,000.00 million.

Currently, the bank has 22 (twenty two) branches including principal branch, 08 (Eight) sub-branches and 16 (Sixteen) CRM & ATM booths. The principal place of business and registered office of the bank is located at Chini Shilpa Bhaban-2, 76 Motijheel C/A, Dhaka-1000, Bangladesh.

Ownership Pattern

Name	Number of Share
Arif Knit Spin Limited (Represented by Mr. Mukhlesur Rahman)	40,000,000
Modele De Capital Ind. Ltd. (Represented by Mr. Masduzzaman)	40,000,000
Pakiza Cotton Spinning Mills (Pvt) Ltd. (Represented by Mr. Rakibul Islam Khan)	40,000,000
NRG Hometex Ltd. (Represented by Ms. Tajkia Rahman)	40,000,000
Rahimaaziz Knitspin Ltd. (Represented by Mr. S M Shofiqul Hoq)	40,000,000
Mr. Mohammad Abdul Salam	40,000,000
Mr. Chowdhury Mohammed Hanif Shoeb	40,000,000
Mr. Mohammed Iqbal	40,000,000
Mr. Anisul Huq	40,000,000
Mr. Sk. Md. Iftekharul Islam	20,000,000
Mrs. Zebunnessa Begum Huq	10,000,000
Mrs. Towfika Aftab	5,000,000
Goumoti Knitwears Limited (Represented by Mrs. Samsun Naher)	5,000,000
Total	400,000,000

Products and Services

Corporate Banking Products	
• Syndication & Structured Finance	• Trade Finance
• Project Finance	• Work-order Finance
• Working Capital Finance	• Bank Guarantees
Retail Banking & SME	
Retail Deposit	
• CITIZENS নিরাপদ অর্জন	• CITIZENS Student Account
• CITIZENS নবীন	• CITIZENS জয়িতা
• CITIZENS মাসিক আয় সংস্থান	• CITIZENS Payroll Account
• CITIZENS Arthik Utkorsota	• CITIZENS স্বাস্থ্য সুরক্ষা
• CITIZENS মিলেওনিয়ার	• CITIZENS RMG SAVERS
• CITIZENS প্রবাসী সঞ্চয়	
Retail Loans	
• CITIZENS ইত্যাদি	• CITIZENS ডক্টরস লোন
• CITIZENS লাইফস্টাইল	• CITIZENS নাগরিক আশ্রয়ন
• CITIZENS ড্রিম ড্রাইভ	• CITIZENS ট্রাভেল লোন
• CITIZENS আবাসন	
SME Deposit	
• CITIZENS ইকুইটি বিল্ড আপ	• CITIZENS কমিউনিটি সেভিংস
• CITIZENS চলতি প্লাস	• CITIZENS মেয়াদী
• CITIZENS এসএমই ডিপিএস	
SME Loans	
• CITIZENS কৃষি প্রক্রিয়াজাতকরণ	• CITIZENS নব উদ্যোগ
• CITIZENS বিপন্ন	• CITIZENS নির্মাণ
• CITIZENS হালকা শিল্প	• CITIZENS শিল্পায়ন
• CITIZENS তথ্য-প্রযুক্তি উদ্যোগ	• CITIZENS এনজিও লিংকেজ
• CITIZENS মৌসুম	• CITIZENS নারী উদ্যোগ
• CITIZENS পরিসেবা	
Cards	
• Debit Card	• Prepaid Card
• Credit Card	

Debit Card	• VISA General Debit Card
	• VISA Payroll Debit Card
	• VISA School Banking Debit Card
Prepaid Card	• CZB VISA VIP Platinum Card
	• CZB VISA General Platinum Card
	• CZB VISA Women's Platinum Card
Online Banking Services	• e-Account Open (Savings)
	• Scheme & FDR Account Open
	• Account Summary
	• Account Statement
	• Account Details
	• QR Cash
	• Internal Account to Account Fund Transfer
	• Inter Bank Fund Transfer through BEFTN
	• Fund Transfer to other bank account through RTGS
	• Fund Transfer to other bank account through NPSB
	• Fund Transfer to bKash
	• Fund Transfer to Nagad
	• Fund Transfer to Rocket
	• Mobile Top-up
	• CZB Credit Card Bill Payment
	• Other Bank Credit Card Bill Payment
	• Cheque Book Request
	• Stop Cheque for Payment
	• Standing Instruction
	• Income TAX Return Acknowledgement Copy Upload
• Positive Pay Instruction	

*As per Bank Website

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 9.81% in FY 2024 and stood at BDT 25,412.76 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 12.56% at end of June 2024 compared to 9.00% in FY 2023. Moreover, the ratio of net NPL to net total outstanding investments of the banking sector increased to 3.68 percent at end of June 2024. Capital to Risk Weighted Assets Ratio (CRAR) has decreased and stood at 10.64 percent at end of June 2024. The provision shortfall increased significantly. In end of June 2024, the banking sector has Shortfall in provision of 248.10 billion.

The provision maintenance ratio at end of June 2024, reached 78.26% as opposed to 80.53% recorded at end December 2023.

Key profitability indicators i.e. ROA & ROE decreased significantly in last quarter. Return on Equity (ROE) fallen to 7.85 percent at the end of June 2024 from 7.88 percent at the end of December 2023. In addition, Return on Asset (ROA) also decreased to 0.40 percent at the end of June 2024 from 0.43 percent at the end of December 2023. In June 2024, banking sector as a whole had a liquidity coverage ratio of 151.01 percent. At the end of December 2023, the growth rate (year-on-year) of deposits was higher than that of advances. The Advance-Deposit Ratio (ADR) stood at 80.38 percent at the end of December 2023. The prudential limits of ADR for Conventional and Islamic Shariah 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 24; leading to a further easing of money market conditions. Net Interest Margin (NIM) of the banking industry stood at 2.94 percent in the end of June 24, which was 2.51 percent in FY 2023. The NIM of all banking sectors has increased in the end of June 24 compared to FY 2023. 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 24.

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 6.00 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 5.44, 12.29 and 39.46 percent respectively as on 30 June 2024. DFIs has failed to maintain MCR on risk weighted assets basis. The CRAR of the banking industry as a whole was 10.64 percent at the end of June 2024.

Table 5.02 Capital to Risk Weighted Assets Ratio by Types of Banks (In percent)

Bank Types	2015	2016	2017	2018	2019	2020	2021	2022	2023	End of June 2024
SCBs	6.4	5.9	7.0	10.3	5.0	9.6	8.1	7.2	6.43	5.44
DFIs	-32.0	-33.7	-32.8	-31.7	-32.0	-32.9	-33.6	-40.3	-40.80	-41.31
PCBs	12.4	12.4	12.2	12.8	13.6	13.7	13.7	13.7	13.08	12.29
FCBs	25.6	25.4	23.3	25.9	24.5	28.4	25.9	31.7	37.16	39.46
Total	10.8	10.8	10.8	12.1	11.6	12.5	12.0	11.7	11.44	10.64

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 2024 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

Operational Risk

Operational risk can be defined as the possibilities of losses resulting from inadequacy or failed internal processes, systems and people or from external events. Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, financial crime and environmental risk. It exists in some form in every Bank business and function. Operational risk can not only result in financial loss but also regulatory sanctions and damage to the Bank's reputation. CZB gives highest priority at managing operational risk with a view to safeguarding client assets and preserving shareholder value.

Compliance Risk

The success of CZB is largely dependent on the trust and confidence of our existing and potential customers, our shareholders, our staff, our regulators and the general public in our integrity and ethical standard. The confidence largely depends on meticulous compliance with applicable legal and regulatory requirements and internal policies of CZB. The confidence also depends on conformity with generally accepted market norms and standards in our business operations. The Board of Directors is primarily responsible for compliance with all applicable norms and regulations. The Board discharges its responsibilities itself and through delegation of authorities to Executive Committee, Audit Committee and Risk Management Committee of the Board. The objective is to identify any compliance risks at an early stage that may undermine the integrity and the success of CZB and to mitigate the risks in most appropriate way.

Market Risk

Market risk refers to the potential for financial loss arising from adverse movements in market variables such as interest rates, foreign exchange rates, equity prices and commodity prices. This type of risk can impact a bank's earnings, capital base and overall financial position. The primary objective of market risk management is to identify, measure, monitor and control exposure to market-related risks in order to minimize their potential adverse effects on the bank's profitability and shareholders' equity

Business Risk

Business risk covers the risk of losses arising from lower non-interest income and higher expenses from the budgeted amount. The business risk is resulted from the market condition, greater customer expectation and / or technological development that may be significantly different from the assumptions made at the time of planning. CZB deals with Business risk by setting clear targets for specific business units, in terms of business volume, income, cost, cost-income ratio, quality of assets etc. with an ongoing process of continuous improvement.

Legal Risks

In CZB, legal risks are covered by recognizing potential losses from litigation or possible litigation at an early stage and by formulating solutions for reducing, restricting and avoiding such risks and creating adequate provision there- against.

Asset liability management

Banks are exposed to the several risks such as Liquidity Risk, Interest Rate Risk, Foreign Exchange Risk, Credit Risk and Operational Risk etc. Monitoring and controlling of these risks is vital to the survival of a financial institution. Asset-Liability Management is a tool to oversee whether different balance sheet risks are properly identified, appropriate policies and procedures are well established to control and limit these risks. Asset-Liability Committee (ALCO) reviews country's overall economic position, the Bank's liquidity position, key performance ratios, interest rate risk, deposit and advance growth, cost of deposit & yield on advances, deposit & lending pricing strategy and different forecasted balance sheet risks of the Bank.

Financial Risk Analysis

The financial analysis are done based on CZB'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

As of FY 2025, Citizens Bank PLC reported a total asset base of BDT 23,688.89 million, representing a 24.02% increase from FY 2024. This continued growth underscores the bank's consistent upward trajectory in asset accumulation over recent years.

In FY 2025, the asset portfolio of CZB comprised 5.91% cash, 20.74% balances with other banks and financial institutions, 20.27% investments, 46.70% loans and advances, 3.53% fixed assets, 1.28% money at call and short notice, and 1.57% other assets. During the year, cash, loans and advances and other assets increased compared to the previous year, whereas balances with other banks and financial institutions, investments and fixed assets declined.

A detailed analysis of CZB's funding structure reveals that 78.44% of its total assets in FY 2025 were financed through deposits and other accounts, compared to 74.82% in FY 2024. The remaining portion of the asset base was funded through borrowings from other banks and financial institutions (0.09%), capital and shareholders' equity (17.16%) and other liabilities (4.31%). This reflects the bank's predominantly deposit-driven funding model, with a gradual increase in reliance on customer deposits over the years.

FYE 31 December	2025	2024	2023
Total Asset (Million)	23,688.89	19,101.48	14,570.52
Asset Growth (%)	24.02	31.10	99.38
Gross Loan (Million)	11,063.67	8,272.78	4,383.57
Loan Growth (%)	33.74	88.72	344.47
Gross NPL (Million)	21.64	-	-
Gross NPL Ratio (%)	0.20	-	-
Net NPL (Million)	(115.25)	-	-
Net NPL Ratio (%)	(1.04)	-	-
Loan Loss Provision/ Gross NPLs (%)	530.78	-	-
(Gross NPLs)/ (Equity + Loan Loss Provision) (%)	0.52	-	-

Data obtained from audited financial statements of FY 2023 to 2025



Asset Quality

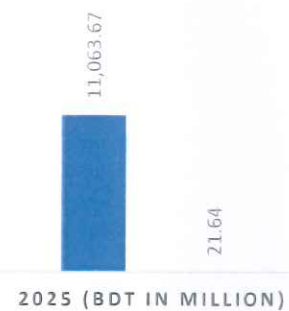
The total asset base of CZB is primarily composed of loans & advances, which stood at BDT 11,063.67 million in FY 2025, accounting for 46.70% of the bank's total assets. This high reliance on loans & advances, while supporting income generation, also increases the bank's exposure to credit risk. In FY 2025, loans & advances grew by 33.74%, compared to previous year, reflecting continued expansion in the lending activities. The portfolio composition reveals that 99.28% consisted of loans, cash credits and overdrafts, while the remaining 0.72% represented bills purchased and discounted. The growth was primarily driven by an increase in general loans and overdraft facilities.

Citizens Bank PLC commenced its commercial operations on 3rd July 2022. Though, the bank reported no non-performing loans during the 30-month period up to FY 2024 but in FY 2025, CZB's total non-performing loans (NPLs) stood at BDT 21.64 million. Of the total loan portfolio, BDT 11,042.03 million remained unclassified, representing 99.80% of total loans, while NPLs accounted for the remaining 0.20%. However, CZB's gross NPL ratio remained significantly lower than the PCBs industry average of 7.94% as of June 2024.

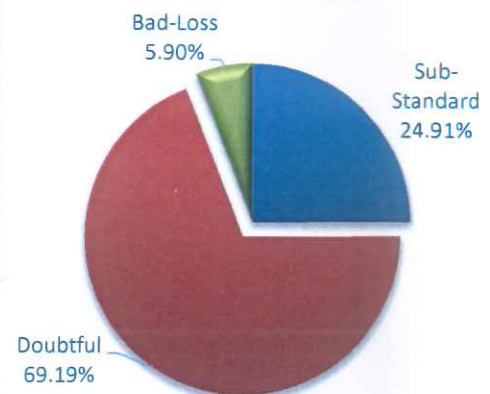
In FY 2025, CZB's total non-performing loans (NPLs) comprised 24.91% sub-standard, 69.19% doubtful and 5.90% bad or loss. The largest portion of NPLs fell under the doubtful category, amounting to BDT 14.97 million. Therefore, CZB needs to carefully monitor and control its credit risk exposure to prevent further deterioration in asset quality and ensure sustainable loan portfolio performance.

As per the Central Bank's guidelines, CZB was required to maintain general & specific provision of total BDT 114.86 million to mitigate potential credit risk. In FY 2025, the bank maintained provisions amounting to BDT 116.06 million, resulting in a provision surplus of BDT 1.20 million.

■ Gross Loan ■ Gross NPL



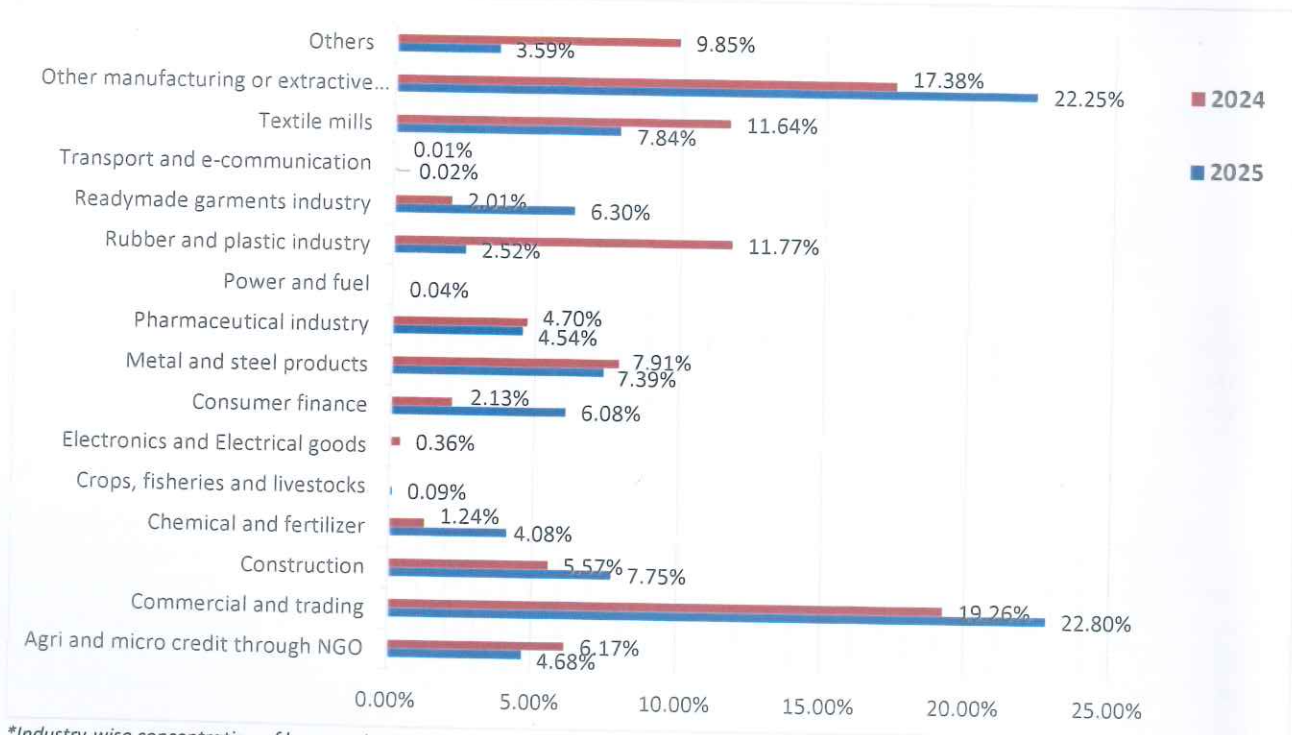
NPL Composition on 2025



Loan Diversification & Concentration

Diversification of loan portfolio is another key indicator of a bank's performance as this is a smart escape for a bank from any unpredictable industry downturn. AlphaRating analyzed CZB's loan portfolio based on sector-wise and geographical location wise concentration in FY 2025. The analysis reveals that CZB's lending activities were entirely concentrated in the private sector, with no exposure to the public sector. The loan portfolio of the bank shows concentration towards Agri and micro credit through NGO (4.68%), Commercial and trading (22.80%), Construction (7.75%), Chemical and fertilizer (4.08%), Crops, fisheries and livestock's (0.09%), Consumer finance (6.08%), Metal and steel products (7.39%), Pharmaceutical industry (4.54%), Power and fuel (0.04), Rubber and plastic industry (2.52%), Readymade garments industry (6.30%), Transport and e-communication (0.02%), Textile mills (7.84%), Other manufacturing or extractive industries (22.25%) and Others (3.59%). The significant growth in the loan portfolio during FY 2025 was primarily driven by increased lending to the Commercial and trading, Construction, Chemical and fertilizer, Consumer finance, Readymade garments industry and Other manufacturing or extractive industries.

The geographical distribution of CZB's loan portfolio in FY 2025 indicates a concentration across three divisions: Dhaka, Chattogram and Mymensingh. Notably, the Dhaka region alone accounts for approximately 98.23% of the total loan portfolio, followed by Chattogram with 1.60% and Mymensingh with the remaining 0.17%. While the high concentration in the Dhaka region may appear imbalanced, it aligns with the country's economic landscape, as a significant portion of national economic activity is also concentrated in this region.



*Industry-wise concentration of loans and advances

Performance of Rescheduled Investment

In FY 2025, CZB rescheduled 07 loan accounts amounting to BDT 368.96 million, which represented 3.33% of the bank's total loans and advances. Notably, all of these accounts were rescheduled for the first time during the year. In contrast, CZB had no rescheduled loans at the end of FY 2024.

Large Loan Exposure

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

Particulars	2025	2024
Amount of outstanding loans & advances (Million)	5,276.94	3,829.16
Number of clients	12	20

During FY 2025, CZB had 12 large loan accounts with total outstanding balances of BDT 5,276.94 million, representing 47.70% of the bank's total loan portfolio. In comparison, the bank had 20 large loan accounts in FY 2024 with outstanding balances totaling BDT 3,829.16 million, which accounted for 46.29% of the total loan portfolio. By the end of FY 2025, the outstanding amount of large loans increased by BDT 1,447.78 million, while the number of large loan accounts decreased by 8 compared to the previous year.

In FY 2025, the total funded outstanding amount against large loan accounts at CZB stood at BDT 4,010.41 million, while non-funded outstanding amounted to BDT 1,266.53 million. The funded exposures were primarily concentrated in companies such as MSA group, City group, Max group, Pran-RFL group, Parkscene group, Echo Spinning Mills Ltd., Azda Agro Ltd., Amin Businesslink Ltd., ACI group, Echotex Ltd. Non-funded exposures were mainly associated MSA group, Max group, Pran-RFL group, Parkscene group, Azda Agro Ltd., Amin Businesslink Ltd., ACI group.

Given the significant credit concentration among these large borrowers, it is imperative for CZB to implement rigorous and ongoing monitoring of these accounts. Strengthening oversight and enforcing robust credit risk controls are essential to safeguard asset quality and ensure financial stability.

Capital Adequacy

In FY 2025, the total shareholders' equity of CZB stood at BDT 4,064.93 million, registering a modest growth of 0.52% compared to the previous year. The increase was mainly driven by higher statutory reserves, revaluation reserves on government securities and retained earnings compared to FY 2024.

All commercial banks are required to comply with the Basel III guidelines on risk-based capital adequacy. CZB has consistently maintained a surplus of eligible capital, which is increasing steadily over the years. In FY 2025, the bank reported total eligible capital of BDT 4,183.00 million against a regulatory requirement of BDT 4,000.00 million, resulting in a capital surplus of BDT 183.00 million.

Particulars	2025	2024	2023
Tier-1 Capital (Million)	4,039.86	4,042.79	4,003.33
Tier-2 Capital (Million)	143.14	82.72	37.49
Total Eligible Capital (Million)	4,183.00	4,125.51	4,040.82
Total Required Capital (Million)	4,000.00	4,000.00	4,000.00
Surplus/ (Shortfall)	183.00	125.51	40.82
Total Risk Weighted Assets (Million)	12,474.68	9,054.78	5,303.73
CRAR (%)	33.53	45.56	76.19

In FY 2025, CZB reported total Tier-1 capital of BDT 4,039.86 million, comprising paid-up capital or capital deposited with Bangladesh Bank, statutory reserves and retained earnings. In addition, the bank reported Tier-2 or supplementary capital of BDT 143.14 million, consisting of general provisions or general loan-loss reserves.

The bank's total risk-weighted assets stood at BDT 12,474.68 million during the year. Consequently, CZB's Capital to Risk-Weighted Asset Ratio (CRAR) reached 33.53% in FY 2025, substantially exceeding the minimum regulatory requirement of 12.50% as prescribed by Bangladesh Bank under the Basel III implementation framework. Of the total CRAR, Tier-1 capital accounted for 32.38%, while Tier-2 capital contributed 1.15%.

Funding & Liquidity**Fund Management**

The fund and liquidity management analysis shows that deposits remained the main source of funding for CZB. In FY 2025, around 78.44% of the bank's total assets were financed by deposits, which was higher than the previous year. At the end of FY 2025, total deposits stood at BDT 18,582.12 million, including current and other accounts, bills payable, savings deposits and fixed deposits. The increase in deposits was mainly due to growth in fixed deposits by BDT 2,717.31 million, savings deposits by BDT 477.77 million, bills payable by BDT 70.31 million and current and other accounts by BDT 1,025.23 million.

Maturity analysis reveals that 95.93% of the total deposit base is set to mature within one year, while only 4.07% will mature after one year. Given this concentration in short term deposits, the bank should focus on mobilizing more stable and long term deposits to support its growing loan portfolio and ensure sustained liquidity.

The Advance-to-Deposit Ratio (ADR) serves as a key indicator of how efficiently a bank utilizes customer deposits to generate income through lending. A lower ADR may reflect underutilization of available funds, whereas a higher ADR could indicate potential liquidity stress. Striking an optimal balance is essential for managing both profitability and liquidity risk. According to Bangladesh Bank regulations, conventional banks are required to maintain an ADR below the ceiling of 87.00%. In FY 2025, Citizens Bank PLC (CZB) reported an ADR of 59.54%, which is well below the regulatory threshold.

FYE 31 December	2025	2024	2023
Loans / Deposits (%)	59.54	57.89	43.62
Deposit Growth (%)	30.02	42.20	245.75
Net Loans / Stable Funding Base (%)	226.28	179.52	104.46
Net Loans / Deposits (%)	58.92	57.38	43.27
Deposit / Total Liability & Equity (%)	78.44	74.82	68.98
Interbank Liabilities/Total Funding Base (%)	0.09	0.20	0.18

Data obtained from audited financial statements of FY 2023 to 2025

Liquidity Management

Liquidity Profile FY 2025						
(BDT in Million)	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 5 Years	Total
Assets	9,614.85	4,309.31	4,862.24	2,590.28	2,312.21	23,688.89
Liabilities	7,079.48	4,765.72	6,145.46	817.37	815.94	19,623.96
Net Excess/ (Shortage)	2,535.37	(456.41)	(1,283.20)	1,772.91	1,496.27	4,064.93

Liquidity Profile FY 2024						
(BDT in Million)	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 5 Years	Total
Assets	5,524.48	3,058.63	6,869.90	1,739.71	1,908.75	19,101.48
Liabilities	4,459.84	3,774.78	5,649.26	612.35	561.35	15,057.59
Net Excess/ (Shortage)	1,064.64	(716.15)	1,220.64	1,127.36	1,347.40	4,043.89

To manage liquidity pressure, banks maintain liquid assets as a safety buffer. In FY 2025, the bank recorded positive balances in three maturity buckets and negative balances in two buckets, compared to the previous year when only one bucket reflected a negative balance. This indicates a deterioration in the bank's liquidity position during FY 2025, as negative mismatches were observed in both the '01-03 months' and '03-12 months' buckets. Although short-term deposits are generally renewed upon maturity, persistent negative mismatches in the short-term buckets may increase liquidity risk, particularly if CZB is unable to realize expected cash flows from its asset base on time. If not managed effectively, this could further widen the liquidity gap and adversely affect the bank's ability to maintain a sound liquidity profile across different time horizons.

CZB has maintained the required Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) with Bangladesh Bank in compliance with regulatory guidelines. The bank maintained CRR at 3.5% on a daily basis and 4.0% on a bi-weekly average basis, while SLR was maintained at 13% based on the weekly average of total demand and time liabilities. In FY 2025, CZB recorded a surplus CRR of BDT 374.51 million on a daily basis and BDT 232.96 million on a bi-weekly average basis, along with an SLR surplus of BDT 2,798.62 million. This reflects the bank's strong liquidity position and compliance with regulatory requirements.

In FY 2025, CZB reported a robust LCR of 393.45% and NSFR of 133.77%, both significantly exceeding the minimum regulatory requirements of 100%. This reflects the bank's good liquidity and stable funding position. The Leverage Ratio was reported at 14.63%, well above the minimum requirement of 3% in FY 2025.

Earning Trend & Profitability

In FY 2025, CZB generated interest income of BDT 1,870.51 million, registering a significant growth of 36.72% over the previous year. This positive performance was mainly driven by higher interest earnings from loans and advances, along with increased income from placements with banks and financial institutions, SND accounts with other banks and interest from Bangladesh Bank. At the same time, interest expenses on deposits and borrowings increased to BDT 1,430.11 million in FY 2025. As a result, the bank's net interest income rose substantially to BDT 440.04 million, compared to BDT 269.66 million in FY 2024. Furthermore, CZB achieved a 3.83% growth in non-interest income during FY 2025. The increase was primarily supported by a 62.93% rise in commission, exchange, and brokerage income, along with a 160.66% increase in other operating income compared to the previous financial year.

The total operating income of CZB increased by 24.20% in FY 2025, reaching BDT 977.98 million, compared to BDT 787.42 million in the previous year. In line with this growth, operating expenses also rose by 24.90% to BDT 802.93 million in FY 2025. Consequently, the bank's cost-to-income ratio, a key indicator of operational efficiency, deteriorated during the year, as operating expenses grew at a higher rate than operating income.

In FY 2025, the bank reported a profit before provision and tax of BDT 175.05 million. However, due to higher provision of BDT 76.19 million along with tax expenses of BDT 78.77 million, the bank posted a net profit after tax of BDT 20.08 million in FY 2025 compared to BDT 39.46 million in FY 2024.

Return on Average Assets (ROAA) is an indicator used to evaluate an entity's ability to generate profit by efficiently utilizing its assets, while Return on Average Equity (ROAE) measures profitability relative to the organization's total equity base. It is observed that both ROAA and ROAE declined in FY 2025, indicating comparatively weaker efficiency in utilizing the bank's assets and equity to generate returns compared to FY 2024.

Net Interest Margin (NIM) measures the difference between the interest income earned by banks from their interest-bearing assets and the interest paid to depositors and other funding sources, expressed as a percentage of the bank's average interest-earning assets. In FY 2025, CZB's Net Interest Margin (NIM) increased to 2.35% from previous year.

FYE 31 December	2025	2024	2023
Net Interest Income (Million)	440.41	269.66	240.72
Non-Interest Income (Million)	537.57	517.75	229.79
Net Profit/ (Loss) (Million)	20.09	39.46	(15.48)
ROAA (%)	0.09	0.23	(0.14)
ROAE (%)	0.50	0.98	(0.39)
Net interest Margin (%)	2.35	1.79	2.45
Cost Income Ratio (%)	82.10	81.64	92.96
Average Earning Asset (Million)	18,710.03	15,103.29	9,810.81
Cost of Fund (%)	11.56	11.45	7.86
Interest Spread (%)	4.97	5.22	3.59

Data obtained from audited financial statements of FY 2023 to 2025

The cost of fund is regarded as the profit paid to the depositors added with administrative cost on the financial products offered by CZB. In FY 2025, the cost of fund has increased to 11.56%, which marks as an adverse movement as it refers that the bank is incurring higher costs to collect and administrate the fund. In FY 2025, CZB reported a Profit Spread of 4.97%, representing a decrease from 5.22% recorded in FY 2024.

Management & Other Qualitative Factors

Board of Directors

The board of Directors of CZB consists of 10 (Ten) members including the Managing Director. The number of Board member is within the limit persisting in Bank Company Act. Three Statutory Committees namely Executive Committee, Audit Committee and Risk Management Committee of the Board extend co-operation and help the Board to discharge its responsibility. The Board also handles bank's affairs and helps ensuring smooth operation. The Board of CZB is chaired by Mr. Chowdhury Mohammed Hanif Shoeb. The committee held 13 meetings during FY 2025.

Audit Committee

The Audit Committee of CZB is composed of 03 (Three) members. The Committee is chaired by Mr. A K M Shahidul Haque. The committee reviews the inspection reports of compliance department, financial reporting as well as draft financial statement audited by the external auditors. The committee held 05 meetings during FY 2025.

Risk Management Committee

The Risk Management Committee of CZB is composed of 03 (Three) members. The Committee is chaired by Mr. Chowdhury Mohammed Hanif Shoeb. The committee monitors the risk management procedures in line with Risk Management Guidelines conferring the way out to address the lapses identified by the Risk Management Committee. The committee held 04 meetings during FY 2025.

Executive Committee

The Executive Committee of CZB is composed of 03 (Three) members. The Committee is chaired by Mr. Masuduzzaman. The committee approves the credit & business proposals as per approved policy of the board as well as reviews the policies & guidelines issued by Bangladesh Bank. The committee held 02 meetings during FY 2025.

Management Committee (MANCOM)

MANCOM is the policy making committee consisting of senior members of the management team and is chaired by the Managing Director. The committee is involved in setting policy, forming strategy and monitoring the operations. The committee sits regularly and discusses on issues regarding smooth running of the Bank and ensures proper implementation of the decisions.

Human Resources Management

Human resource is the set of skills which an employee acquires on the job through training and experience, which increase the employee's value in the marketplace. CZB values its employees that play the vital role in materializing the mission, vision, goals and objectives of the bank. To ensure workforce stability, the company implemented robust talent retention strategies, including performance-based rewards, structured career progression frameworks, and employee engagement initiatives. These efforts have led to a noticeable reduction in employee turnover and improved overall productivity. As of 2025, the bank had a total of 355 employees responsible for carrying out all banking operations. During the year, 116 new employees were recruited, 33 employees resigned and 41 were promoted.

The organization has demonstrated a consistent and strategic focus on human resource development to enhance operational efficiency and support long-term business sustainability. During the review period, comprehensive training and development programs were conducted across all levels to strengthen employee competencies in line with evolving industry standards and organizational goals. As part of these initiatives, a total of 28 internal and 36 external training programs were conducted during FY 2025.

Information Technology

The IT system of Citizens Bank Plc is under developing stage. The bank has implemented "Bank Ultimus" core banking software. The Head office and 16 branches are using this software. The bank has implemented its core network infrastructure and secured WAN connectivity at Head Office and at Branches for smooth and uninterrupted operation. The bank provides services over internet banking, mobile app and Bangladesh Electronic Fund Transfer Network (BEFTN) from the starting of operation. Currently the bank kept a data center (DC) in the rented premises at Royal Green Limited, 114, Motijheel C/A, Dhaka and a near data center (NDC) as Disaster Recovery Site in the rented premises at Metro Sky, Ahmed Tower, 28-30 Kamal Ataturk Avenue, Banani, Dhaka. The automated process will cover online reporting, online CIB report, Central clearing and Centralized Trade & SWIFT operation.

END OF REPORT

Company Information:

Board of Directors

Name	Designation
Mr. Chowdhury Mohammed Hanif Shoeb	Chairman
Mr. Mukhlesur Rahman	Director
Mr. Masduzzaman	Director
Mrs. Tajkia Rahman	Director
Mrs. Towfika Aftab	Director
Mr. S. M. Shofiqul Hoq	Director
Mrs. Zebunnessa Begum Huq	Director
Mr. N.K.A Mobin FCS, FCA	Independent Director
Mr. AKM Shahidul Haque	Independent Director
Mr. Alamgir Hossain	Managing Director

Shareholders

Name	Number of Share
Arif Knit Spin Limited (Represented by Mr. Mukhlesur Rahman)	40,000,000
Modele De Capital Ind. Ltd. (Represented by Mr. Masduzzaman)	40,000,000
Pakiza Cotton Spinning Mills (Pvt) Ltd. (Represented by Mr. Rakibul Islam Khan)	40,000,000
NRG Hometex Ltd. (Represented by Ms. Tajkia Rahman)	40,000,000
Rahimaaziz Knitspin Ltd. (Represented by Mr. S M Shofiqul Hoq)	40,000,000
Mr. Mohammad Abdul Salam	40,000,000
Mr. Chowdhury Mohammed Hanif Shoeb	40,000,000
Mr. Mohammed Iqbal	40,000,000
Mr. Anisul Huq	40,000,000
Mr. Sk. Md. Iftekharul Islam	20,000,000
Mrs. Zebunnessa Begum Huq	10,000,000
Mrs. Towfika Aftab	5,000,000
Goumoti Knitwears Limited (Represented by Mrs. Samsun Naher)	5,000,000
Total	400,000,000

Head Office

Citizens Bank PLC

Chini Shilpa Bhaban-2, 76 Motijheel C/A, Dhaka-1000, Bangladesh

Tel: 09666757000, 09666248001-5

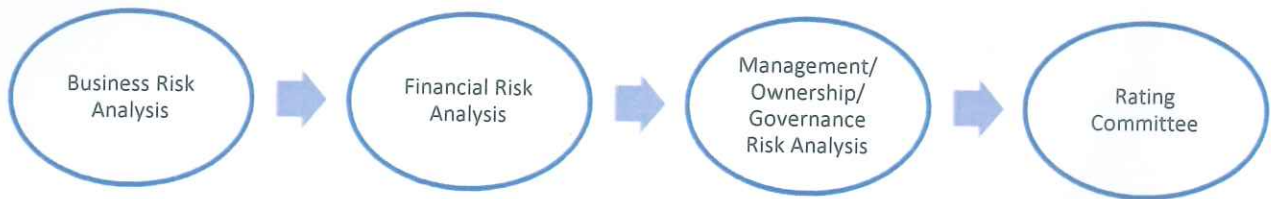
Email: info@citizensbankbd.com

Web: www.citizensbankbd.com

Auditor

Mahamud Sabuj & CO.,
Chartered Accountants
House 22 (3rd floor), Road 13C, Block E, Banani
Dhaka-1213, Bangladesh

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:

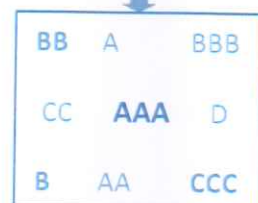
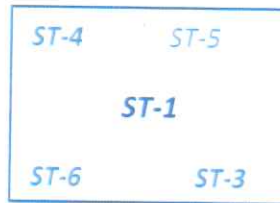
- ▶ Earnings
- ▶ Cash Flow Generating Ability & Debt Servicing Capacity
- ▶ Capital Adequacy
- ▶ Financial Flexibility

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.

