Rating Report
International Finance Investment & Commerce Bank Ltd.

Ratings

Long Term	: **A_1**
Short Term	: **ST-2**
Date of Ratings	: **11 July 2010**
Valid till	: **30 June 2011**

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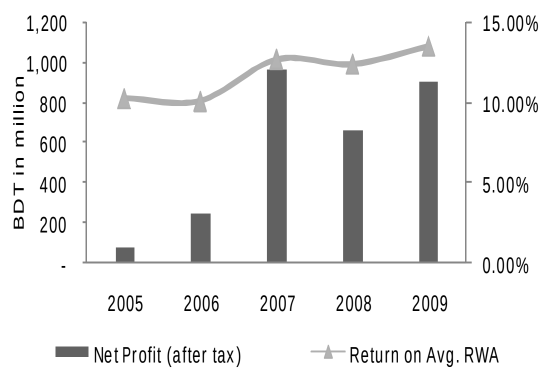
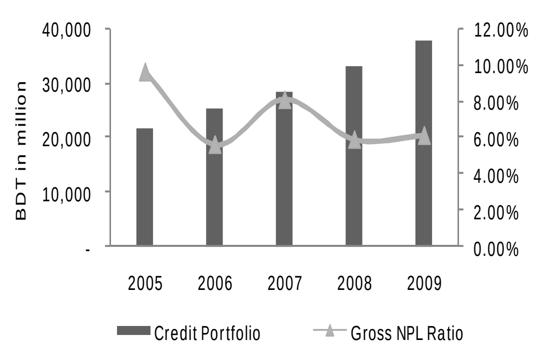
Financial Highlights

Particulars	2009	2008
ROAA (after tax) %	1.66	1.53
ROAE (after tax) %	24.33	22.62
Return on Avg. RWA (after tax) %	2.68	2.41
Cost to Income Ratio %	47.39	48.98
Gross NPL Ratio %	6.14	5.92
RWCAR (under Basel I) %	13.50	12.40
Loans to Deposit Ratio %	75.56	91.48





1.0 RATINGS RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned the long term rating of International Finance Investment & Commerce Bank Limited (hereinafter also called as IFIC or the Bank) at "A_1" (pronounced Single A one) and short term rating at "ST-2". CRAB performed the rating based on latest financial statements and other relevant information.

Commercial Banks rated 'A_1' have strong capacity to meet their financial commitments but are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than Commercial Banks in higher rated categories. A_1 rated banks are judged to be of high quality and are subject to low credit risk. Commercial Banks rated ST-2 are considered to have strong capacity for timely repayment. Commercial Banks rated in this category are characterized with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds.

The rating reflects the Bank's strength in average cost of deposits & borrowings, capital adequacy and 2010 half yearly improvement in asset quality. The rating also factors the satisfactory profitability and liquidity position. The rating however is constrained by dependency on investment income and higher rescheduling.

IFIC was initiated as a joint venture finance company which started functioning from 1976. In 1983 this finance company was converted into a commercial bank.

In 2009 the revenue of the Bank was dominated by investment income (37.32%) followed by net interest income (29.59%) which is not similar to that of last year (in 2008 net interest income was 36.76% and commission, exchange & brokerage income was 27.49% of the income portfolio). Higher investment income helped the Bank to offset the lower growth in interest income. The Bank's cost to income ratio decreased marginally in 2009 to 47.39% from 48.98% in 2008.

Net interest margin of the Bank decreased to 2.72% in 2009 from 3.56% in 2008 and the asset utilization of the Company decreased marginally. Though the asset utilization has decreased in 2009, IFIC's return on average assets (after tax) increased to 1.66% from 1.53% due to increase in net profit margin. The net profit margin increased because of increase in operating income which was backed by sharp increase in investment income. In 2009, IFIC's leverage position marginally improves from 2008. However, the return on average equity (after tax) increased to 24.33% from 22.62% in 2008.

The investment income of the Bank soared by 100.34% on the back of 73.67% increase in investment portfolio.

The Bank is mainly funded through customer deposits and internal capital generation. About 40.24% of total deposits of the Bank comprised of fixed deposits and 27.73% was term deposits. The average loans & advances to deposit ratio was 79.32% in 2009.

The asset composition of the Bank also changed due to minimal growth in loans & advances, 14.46%. In 2009, 60.08% of total assets comprised of loans & advances whereas in 2008 this percentage was 72.20%. During this period, the top 50 funded loan exposures was 33.34% of loan portfolio.

In 2009, asset quality of the Bank has decreased. Bank's gross non-performing loans ratio increased to 6.14% in 2009 from 5.92% in 2008. However, at the end of the second quarter of 2010 the Bank's asset quality improved compared to 2009. In 2009, Bank's fresh NPL generation increased by 68.55%. Bank's special mention account (SMA) to loans & advances was 2.11% in 2009.

The Bank was well capitalized with risk weighted capital adequacy ratio of 13.50% (under Basel I) against regulatory requirement of 10%. However, this ratio was 10.02% under Basel II standards set by BB which was running parallel with Basel I in 2009.