

CREDIT RATING REPORT
On
ISLAMI BANK BANGLADESH LIMITED

REPORT: RR/2441/13

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL long-term rating is valid for only one year and short term rating for six months from the date of rating. After the above periods, these ratings will not carry any validity unless the bank goes for rating surveillance.

CRISL followed Bank/FI Rating Methodology published in CRISL website www.crislbd.com

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Date of Rating	May 30, 2013	
	Long Term	Short Term
Surveillance Rating	AA+	ST-1
Outlook	Stable	

Analysts:

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Entity Rating

Long Term: AA+
Short Term: ST-1

Outlook: Stable

**ISLAMI BANK
BANGLADESH
LIMITED**

CHAIRMAN

Professor Abu Nasser
Muhammad Abduz Zaher

MANAGING DIRECTOR

Janab Mohammad Abdul
Mannan

TOTAL ASSETS

Tk.482,649.49 million

TOTAL EQUITY

Tk.39,661.36 million

TOTAL INVESTMENT

Tk.372,920.72 million

1.0 RATIONALE

CRISL has reaffirmed its Long Term rating to 'AA+' (pronounced as double A plus) and Short Term rating to 'ST-1' of Islami Bank Bangladesh Limited (IBBL) through an in-depth analysis of the operational and financial performance of the bank along with all its relevant quantitative and qualitative factors. The basis of its evaluation has been the consolidated financials up to December 31, 2012 and other prevailing factors up to the date of rating.

The Bank continues to maintain its improved financial performance over the year as reflected in the financial results for 2012. The net investment income and operating income improved to Tk.17.80 billion and Tk.24.67 billion in YE2012 from Tk.13.62 billion and Tk.20.12 billion in 2011 respectively. The non-funded income remained 21.32% of the total income indicating a solid base on non-funded business. CRISL views IBBL's investments are well diversified with 28.37% in trade finance while 19.24% in textile and rest are segregated to other general investment. The bank continued to maintain adequate provision against its classified investments to keep the bank almost safe from loss that might arise from the counterparty defaults. The bank has been operating at the level of LD/ID ratio (Loan/Investment to Deposit Ratio) of 85.18% against the limit as prescribed by the central bank.

Though the bank is operating with comfortable capital adequacy at present, there is scope of emanating risk from asset quality which needs appropriate attention and regular monitoring. CRISL observed down turn in some of the quantitative indicators such as significant credit concentration with moderate assets quality and increase in cost of fund; although combined effect of these did not have any significant impact on the bank's operating performance.

Banks rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a banking entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions. Short term rating indicates highest certainty of timely repayment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost risk free like Government short-term obligations.

CRISL also viewed the bank with "Stable Outlook" and believes that bank will be able to maintain its good fundamentals in future. CRISL does not foresee any volatility in the operation of the bank within the rating validity period.

