Credit Rating Report (Surveillance)

Trust Bank Limited

Ratings

Long Term : AA_2

Short Term : ST-2

Outlook : Stable

Previous Rating

Date of Rating	Long Term	Short Term	Outlook
14 May 2015	AA_2	ST-2	Stable
12 May 2014	AA_3	ST-2	Stable

Date of Rating: 16 June 2016

Validity: 30 June 2017

Rating Based on: Audited financial statement up to 31 December 2015 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

Methodology: CRAB's Bank Rating Methodology (www.crab.com.bd)

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Key Financial Indicator of the Bank		
(Mil. BDT)	2015	2014
Loans	130,614.65	106,886.08
Deposit	150,854.20	125,059.13
Gross NPL	3,588.48	2,614.76
%		
NIM	3.12	2.87
ROAA (after tax)	0.95	0.99
Cost to Income Ratio	48.19	45.51
Gross NPL Ratio	2.74	2.45
SMA to Total Loans	4.64	3.64
Gross NPL Coverage Ratio	101.93	106.79
RWCAR	10.84	11.47

CORPORATE PROFILE

Trust Bank Limited was incorporated on 17 June 1999 as a private commercial bank. The Bank went into IPO in 2007. The paid up capital of the Bank reached BDT 4,688.27 million against authorized capital of BDT 10,000.00 million at the end of December 2015. Army Welfare Trust holds 60.00% shares of the Bank. The Bank offers all kinds of banking and investment services for retail and corporate customers. Presently the Bank has 107 branches, 06 SME service centers/Krishi branches and one off-shore banking unit. The Bank also has five Islamic banking wings in five branches which are governed by Islami Shariah. The Bank has launched Online Banking service and has countrywide network of own and shared ATM's.

The bank has 2 subsidiary companies named Trust Bank Investment Limited and Trust Bank Securities Limited.

Rationale

Credit Rating Agency of Bangladesh Limited (CRAB) has affirmed AA_2 rating (Pronounced double A two) of Trust Bank Ltd. in the long term and ST-2 rating in the short term based on audited financials up to 31st December 2015 and other relevant information.

The rating reflects the Bank's strength in asset quality. Ownership structure of the Bank was noted with importance in the rating. On the other hand, rating is constrained by marginal capital adequacy which will be replenished by subordinate bond in 2016 and moderate profitability.

Asset quality of TBL was better among the PCB industry. However, size of the portfolio was still moderate. Gross NPL ratio of the Bank was 2.74% in 2015 which is much lower than the industry average. The Bank also managed to slow down the fresh NPL generation to 1.89% of total loan portfolio in 2015. The net NPL ratio of the Bank was 0.98% Non-performing loan was concentrated in edible oil sector and trading business.

As the size of the loan portfolio was still moderate where large loan concentration was relatively high. Around 51.15% of the Bank's outstanding loans belonged to the top 50 funded borrowers as of December 2015. Moreover, the Bank top 50 funded and non funded outstanding loan was 7.13 times of core capital in the same duration.

Managing Director
Credit Rating Agency
of Bangladesh Ltd.