Credit Rating Report (Surveillance)

Trust Bank Limited

Analysts:

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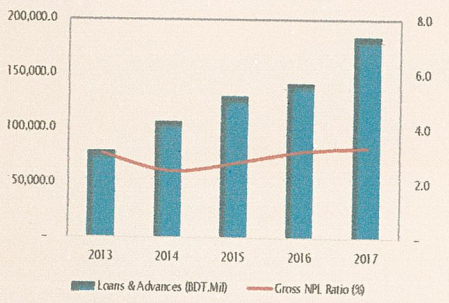
Assigned Rating:

Long Term	:	AA_2
Short Term	:	ST-2
Outlook	:	Stable
Date of Rating		27 June 2018
Valid Till		30 June 2019

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

Key Performance Indicator of the Bank

	--Year ended December 31--	
(Mil. BDT)	2017	2016
Loans	184,910.7	141,987.4
Deposit	200,453.5	173,059.9
(%)		
NIM	3.2	3.0
ROAA (after tax)	0.8	1.0
Return on Avg. RWA	1.1	1.5
Cost to Income Ratio	39.1	45.9
RWCAR	13.0	14.7
Gross NPL Ratio	3.3	3.2
Liquid Asset To Deposit & Borrowing	20.9	31.6



RATING BASED ON: Audited financial statement up to 31 December 2017 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

■ 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 5,569.7 million against authorized capital of BDT 10,000.00 million at the end of December 2017. 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 110 branches including 6 SME service centers/Krishi branches and one off-shore banking unit. The Bank also has five Islamic Banking windowsin 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 two subsidiary companies named Trust Bank Investment Limited and Trust Bank Securities Limited.

■ Rationale

Credit Rating Agency of Bangladesh Limited (CRAB) has affirmed AA_2 (Pronounced Double A two) rating in the long term and ST-2 rating in the short term of Trust Bank Limited based on audited financials up to 31st December 2017 and other relevant information.

The rating reflects the Bank's strength in asset quality and sound risk weighted capital adequacy. Rating also considers the ownership structure of the Bank. The Bank's efficiency in terms of cost to income ratio also showed improvement. On the other hand, principal concern of the Bank are relatively are high fresh NPL generation, lower profitability and relatively cost stable deposit base (CASA).

Relatively Low Gross NPL Ratio with Moderate Large loan Concentration: The Bank's gross NPL ratio remained much lower than the industry average for the last couple of years. However, fresh NPL ratio emerged significantly in 2017,

Managing Director
Credit Rating Agency
of Bangladesh Ltd