CRAB Bank Rating

Credit Rating Report (Surveillance)

Trust Bank Limited

Analysts:

Shahtaj Noor

shahtaj.noor@crab.com.bd

Tahmina Islam

tahmina.islam@crab.com.bd

Assigned Rating:

Long Term	:	AA_2
Short Term	:	ST-2
Outlook	:	Stable

Date of Rating	24 June 2019
Valid Till	30 June 2020

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

Key Performance Indicator of the Bank

	--Year ended December 31--	
(Mil. BDT)	2018	2017
Loans	197,128.1	184,910.7
Deposit	212,680.6	200,453.5
(%)		
NIM	3.2	3.2
ROAA (after tax)	0.8	0.8
Return on Avg. RWA	1.1	1.1
Cost to Income Ratio	37.5	39.1
RWCAR	13.9	13.0
Gross NPL Ratio	7.9	3.3
Liquid Asset To Deposit & Borrowing	22.2	20.9

RATING BASED ON: Audited financial statements up to 31 December 2018 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

■ Corporate Profile

Trust Bank Limited (hereafter also referred to as TBL or the Bank) was incorporated on 17 June 1999 as a private commercial bank. The Bank went into IPO in 2007. The paid up capital of TBL reached BDT 5,569.7 million against authorized capital of BDT 10,000.00 million at the end of December 2018. Army Welfare Trust holds 60.00% shares of the Bank. The Bank offers all kinds of banking and investment services for retail, SME and corporate customers. Presently the Bank has 111 branches including 6 SME service centers/Krishi branches and one off-shore banking unit. The Bank also has 15 Islamic Banking windows in 15 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 2018 and other relevant information. The rating reflects the Bank's strength in ownership structure, the Bank's efficiency in terms of cost to income ratio as well relatively moderate large loan concentration. Rating also considers the Bank's sound capital against risk weighted asset. On the other hand, principal concerns of the Bank are relatively high fresh NPL generation, provision shortfall and relatively cost stable deposit base (CASA).

Ownership Structure: The ratings reflect the Bank's competitive advantage in the local market for its ownership structure as well as brand value. Army Welfare Trust holds 60.0% shares of the Bank.

Better Operational Efficiency: The Bank's operational efficiency in terms of cost to income ratio improved significantly during last three years. Therefore, the Bank enjoys one of the lower cost to income ratio of 37.5% at the end of 2018 (having average of 40.8% for the last three years) in the industry on the back of better cost control.

Managing Director
Credit Rating Agency
of Bangladesh Ltd.