Credit Rating Report (Surveillance)

Trust Bank Limited

Analysts:

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Assigned Rating:

Long Term	:	**AA_2**
Short Term	:	**ST-1**
Outlook	:	**Stable**

Date of Rating:	30 September 2021
Valid Till :	30 June 2022

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

RATING BASED ON: Audited financial statements up to 31 December 2020, unaudited financial statements as of June 2021 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

Key Performance Indicator of the Bank

	--Year ended December 31--	
(Mil. BDT)	**2020**	**2019**
Loans	221,063.7	210,766.7
Deposit	288,403.9	242,024.8
(%)		
NIM	1.8	2.9
ROAA (after tax)	0.6	0.7
Return on Avg. RWA	0.9	1.1
Cost to Income Ratio	37.9	36.1
CRAR	13.7	12.9
Gross NPL Ratio	4.5	5.5
LCR	316.3	195.7
NSFR	122.6	119.2
Liquid Asset To Deposit & Borrowing	37.2	27.0

■ 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 6,433.0 million against authorized capital of BDT 10,000.00 million at the end of December 2020. 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 113 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 three subsidiary companies named Trust Bank Investment Limited, Trust Bank Securities Limited and Trust Axiata Digital Limited.

■ RATING STRENGTH

- Strong ownership structure and group support
- Sound operational efficiency in terms of cost to income ratio
- Substantial improvement in large loan concentration
- Sound liquidity in terms of liquidity ratios
- Adequate capitalization

■ RATING CHALLENGES

- Sizable increase in classified loans in recent time
- Relatively lower contribution of stable low cost deposit base
- Reduction in bottom-line profitability

■ Rationale

Credit Rating Agency of Bangladesh Limited (CRAB) has retained the long term rating of **Trust Bank Limited** to **AA_2** (Pronounced Double A two) and upgraded the short term rating to **ST-1** based on audited financials up to 31st December 2020, unaudited financial statements of 30 June 2021 and other relevant information. The rating reflects the Bank's strength in efficiency in terms of cost to income ratio, well capitalization as well as sound liquidity in terms of liquidity ratios. The assignment of rating emphasize on the Bank's competitive advantage in the local market for

Managing Director
Credit Rating Agency
of Bangladesh Ltd