

Ratings are based on Five years Audited Financial Statements up to 31<sup>st</sup> December, 2017 along with the other relevant Quantitative as well as Qualitative information up to the Date of Rating Declaration.

Followed Financial Institutions Rating Methodology (Bank & NBFI) of NCR published in our website.

Website: [www.ncrbd.com](http://www.ncrbd.com)

**FINANCIAL DATA**  
(TK in Millions)

Particulars	2017*	2016*
Total Earning Assets	310,799.61	275,110.67
Equity Capital	13,381.03	11,832.49
Deposit	316,652.92	276,672.89
Total Net Revenue	11,752.19	5,896.60
Net Income	602.30	(1,211.70)
NPL / Gross Advance (%)	23.41	20.64
Finance / Deposit (%)	65.36	63.38
ROE (%)	4.78	(9.82)
Equity to Total Assets (%)	3.49	3.54
Spread (%)	1.37	(0.49)
NIM (%)	1.22	(0.65)

\*Consolidated performance

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**RUPALI BANK LIMITED**
**SURVEILLANCE ENTITY RATING-2018**

Date of Rating Declaration	Long Term	Short Term
10.09.2018	As Government Supported Entity	
	AAA (Triple A)	ST-1
	Standalone Rating	
	A- (Single A Minus)	ST-3
<b>Outlook</b>	Developing	
<b>Validity</b>	09.09.2019	

**INITIAL ENTITY RATING-2017**

Date of Rating Declaration	Long Term	Short Term
10.09.2017	As Government Supported Entity	
	AAA (Triple A)	ST-1
	Standalone Rating	
	A- (Single A Minus)	ST-3

**RATING RATIONALE**

NCR has asseverated the surveillance ratings of *Rupali Bank Limited* as "AAA" on the basis of Government support entity, duly considering the implied commitment of the government to support in any adverse situation and being the leading state-owned commercial bank of the country. In essence, major portions of RBL's shares are held by Govt. (90.19%) and are controlled by Govt. body, thus influenced strongly on the ratings.

On the top of that, NCR has also reaffirmed the observed ratings as 'A-' of aforementioned entity on standalone basis mulling over the recent movement of the government by injecting more capital almost Tk. 300 crore to mitigate capital shortfall of the entity. The company has successfully generated its operating cash flows from negative results as well as declaring a higher EPS in the year 2017. The bank has reportedly given the highest stock dividend which is recorded as 24% so far. The bank's profitability parameters and additional buffers in terms of high capital levels provide comforts during assigning the above ratings. The ratings are further asserted by, management's strong knowledge of the primary area of operations, minimization of expenditure, and the adequate spreads that provide cushion to cover credit costs. The ratings also factor in RBL's experienced management team and their extensive local knowledge, the bank's track record of operations, and its well-established network with 566 branches all over the country.

The bank's credit profile, however, is constrained by the bank's fail to maintain adequate provision for last two years which indicates poor financial management practices. The volume of nonperforming loans (NPLs) has jumped by 23.41% in 2017 while it was 20.64% in 2016. Out of total NPLs 93.89% was recorded as bad & loss which indicates poor capitalization & instability of the earnings performance and asset quality of the company. The rating have further compressed by the withstanding of liquidity gap from 01 to 03 months to 01 to 05 years reflecting the entity's poor liquidity management to pay off the short term claims. Moreover, the entity could not maintain the adequate capital as per BB and recorded a huge capital shortfall in its financial position as bank's capital to risk weighted asset ratio (CRAR) reported as 6.53% which is below the standard level as per BASEL-III.

NCR believes RBL will continue to benefit in future from its experienced management team and their extensive local knowledge, the bank's track record of operations, and its well-established network. NCR has assigned the outlook as 'Developing' considering significant deterioration in RBL's asset quality & inability to maintain required provisions for the last two years. The outlook may be revised to stable if the bank continues to grow at a healthy pace while maintaining its profitability, provision and asset quality along with strengthening its capital position and deposit profile further.

**ASSESSMENT**

- The shareholders' equity of RBL on consolidated basis was recorded TK 13,381.03 million in 2017 against TK 11,832.49 million in 2016, registering a growth of 13.09%. The equity capital was composed of share capital of TK 3,036.42 million, statutory reserve of TK 3,107.821413 million, share money deposit of TK 3,799.95 Million, Asset revaluation reserve of TK 631.86 Million, Revaluation reserve for securities of TK 1,964.45 Million and retained earnings of TK 840.52 million during 2017.
- The gross loans & advances was recorded TK 206,955.35 million in 2017 against TK 175,368.67 million in 2016, registering a growth of 18.01%. The Non-Performing Loans (NPL) was recorded TK 45,820.57 million in 2017 against TK 34,848.50 million in 2016. The NPL under bad & loss categories increased to TK 43,021.69 million in 2017 from TK 31,473.86 million in 2016. The bank held 19.5% SLR including CRR with surplus amount of TK 406.94 million and TK 1,936.14 million respectively in 2017.
- The net interest-based income was TK 3,561.70 million in 2017 against TK (1,708.49) million in 2016. The net fee based income was recorded TK 1,684.47 million in 2017 against TK 1,585.47 million in 2016. The bank's efficiency ratio (cost to total net revenue) on consolidated basis stood 61.01% in 2017 from 123.27% in 2016.

**PROFILE**

▪ Rupali Bank Limited (hereinafter called as 'RBL' or 'The Bank') has been playing a vital role in socio-economic, industrial and agricultural development as well as in the overall economic development of the country through savings mobilization and investment of funds. The Bank is a planned successor of the erstwhile commercial banks i.e. Muslim Commercial Bank Ltd., Australasia Bank Ltd. and Standard Bank Ltd. Rupali Bank Limited has been incorporated on 14 December 1986 under the Companies Act 1913 & has now become a state-owned commercial bank (SCB) through a vendor's agreement dated 15 November 2007. The shares of the company are listed with both bourses of the country and are traded under 'A' category.

▪ The principal activities of the RBL are providing all types of commercial banking services as per the Banking Companies Act 1991. The Registered Office of RBL is located at 34, Dilkusha Commercial Area, Dhaka-1000, Bangladesh whereas the corporate office is located at Motijheel Rd, Dhaka, Bangladesh.

**DISCLAIMER**

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